

E.SUN Financial Holdings Corporate Governance Best Practice Principles

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Chapter I General Rules

- Article 1 These Principles are adopted to establish and implement effective corporate governance framework.
- The Company shall ensure sound business practices at its subsidiaries, and oversee that its subsidiaries comply with the applicable corporate governance principles of individual industries.
- Article 2 The Company shall establish a sound corporate organization and culture that comply with laws and the Articles of Incorporation, and implement an effective corporate governance framework based on the following principles:
1. Comply with the regulations and strengthen internal management;
 2. Protect the rights of shareholders and the governance relationships between the Company and its subsidiaries and other affiliates.
 3. Strengthen the roles and powers of the board of directors;
 4. Respect the rights and interests of employees and stakeholders;
 5. Enhance information disclosure to increase transparency.
- Article 3 The Company shall map out overall operational strategies with its subsidiaries, risk management policies and relevant guidelines to enhance business management. Each of the Company's subsidiaries shall formulate and follow their own operational plans, risk management procedures, and implementation guidelines.

Chapter 2 Regulatory compliance and sound internal management

- Article 4 The Company shall establish a regulatory compliance officer system and appoint a designated unit to be in charge of planning, management, and implementation of the system. It shall set up an inquiry, coordination, and communication system to impose regulation training on each unit, and shall appoint a chief regulatory compliance officer to be in charge of regular compliance matters, to ensure the effective operation of the system, and to enhance self-discipline.
- Article 5 The Company shall establish mechanisms for internal controls and audits and ensure mechanisms are implemented throughout in order to strengthen the company's business operations.

The adoption or amendment of the internal control system shall be subject to the

consent of one-half or more of all Audit Committee members and submitted to the board of directors for resolution.

Article 6 The Company's internal control and system shall encompass the Company's business activities and establish appropriate policies and operating procedures in the form of organizational rules, articles of incorporation, business guidelines and procedural manuals, which are subject to regular review and revision in response to changes in the law, business items and operating processes. Compliance, internal audit and risk management units may be involved when necessary.

Article 7 The Company's internal audit system shall evaluate the effectiveness and operating efficiency of the internal control system and provide suggestions for improvement as required in order to ensure the continuing effectiveness of the internal control system and to assist the board of directors and management in fulfilling their duties.

The Company shall establish an Audit Division that reports directly to the board of directors and shall appoint a Chief Auditor who oversees audit related affairs in an independent and detached manner and provides quarterly reports to the board of directors and Audit committee. The Company shall also allow the Chief Auditor the choice of his or her subordinates.

Internal audit personnel of the Company shall hold qualifications as required by law and attend professional training courses in order to upgrade audit quality and capabilities.

The Company should set up channels and mechanisms for facilitating communication between independent directors, the Audit Committee, and internal audit officers. With respect to internal controls system reviews, directors of the Company shall meet at least once a year with internal auditors, keep minutes of discussions, conduct follow-ups, implement improvements, and submit a report to the board of directors.

The composition of the Audit Committee and communication with the chief internal auditor in the preceding paragraph shall be reported by the convener of the Audit Committee at the shareholders' meeting.

For the sake of implementing the internal control system, strengthening the professional competencies of internal auditors and their proxies, and maintaining and enhancing the quality and performance of audits, the Company shall appoint authorized deputies for internal auditors.

Article 8 Management of the Company shall respect the internal audit unit and personnel and grant them sufficient authority and oversight so that they may perform effective inspections and assessments of the internal control system and measure operational efficiency in order to ensure the continuing effective operation of the system and the sound corporate governance of the Company.

The assessment of the effectiveness of the internal controls system shall be subject to the consent of one-half or more of all Audit Committee members and submitted to the board of directors for resolution.

Article 9 In addition to ensuring that the Company completes required audit procedures and complies with applicable laws and regulations, the audit division and compliance division of the Company shall oversee that all subsidiaries follow applicable rules.

If a proposal for improvement of a material weakness or violation of the law or rules of the internal audit system is made by any audit or compliance officer of the Company but is not acted on by the management, and the Company incurs major

losses as a result, the audit or compliance officer shall report the incident to the competent authority.

In the course of executing and managing activities of the Company, the senior management shall be subject to the direction and oversight of the board of directors and shall comply with all business strategies, risk preferences, and remuneration and other policies approved by the board of directors. The organization (including job roles, authorities, and responsibilities), procedures, and decisions of senior management shall be made in an explicit, clear, and transparent manner

Chapter 3 Protection of shareholder rights and interests

Article 10 The Company shall establish a corporate governance system that ensures that shareholders are made fully aware of, and can participate in and decide on important matters of the Company in order to protect the rights and interests of shareholders and ensure their equal treatment.

Article 11 The Company shall convene shareholders meetings in accordance with. the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings (including: 1. notices of meetings; 2. keeping attendance lists; 3. confirming that shareholders' meetings shall be convened at the proper place and time and by way of video conferencing, 4. the chairman and attending staff at shareholders' meetings; 5. preserving evidence, by audio-recording or video-taping, of shareholders' meetings; 6. convening shareholders' meetings, deliberation of proposals, statements by shareholders, the method of voting, supervision of vote counting, and vote tallying; 7. meeting minutes and documents to be executed; 8. an issuing securities firm shall make public announcements; 9. disqualification of interested shareholders; 10. principles governing authorization by shareholders' meetings; and 11. ensuring the conduct of order of shareholders' meetings). Resolutions adopted by the shareholder meetings shall be executed according to the Shareholder Meeting Rules.

Resolutions adopted by the shareholder meetings must conform to acts and regulations and to the Company's Articles of Incorporation.

Article 12 The board of directors shall properly arrange the agenda items and procedures for shareholder meetings and allocate reasonable time for the discussion of proposals and the opportunity for shareholders to make statements.

Shareholders meetings convened by the board of directors should be chaired by the chairman, attended by more than half of the board (including at least one independent director), and attended by at least one member of each functional committee. In addition, a record of attendance shall be made in the shareholders meeting minutes.

Article 13 The Company shall encourage shareholders to participate in corporate governance and ensure shareholder meetings are convened under legal, valid and secure conditions.

The Company shall make its best effort, including fully exploiting technology for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, in order to increase shareholder attendance rates at shareholder meetings and to ensure that shareholders may exercise their rights at such meetings in accordance with the law.

The Company allows shareholders to make use of electronic ballots, adopts a candidate nomination system for the election of directors, and precludes the proposal of extempore motions and revisions to existing agenda items.

The Company should arrange for shareholders to cast votes by ballot on each agenda item addressed at shareholders meetings and disclose the results of shareholders' approval, objection, or abstention in the Market Observation Post System (MOPS) on the same day after the shareholders meeting has been convened.

Article 14 In accordance with the Company Act and relevant laws and regulations, the Company's shareholders meeting minutes shall detail the date, time, and venue of the meeting, the Chairman's name, the method of resolution, and the proceeding and results of various meeting agenda items. With respect to the election of directors, the meeting minutes shall record the method of voting adopted and the total number of votes for the directors who were elected.

Minutes for the shareholder meetings shall be properly and perpetually kept by the Company during its legal existence, and should be sufficiently disclosed on the Company's website.

Article 15 The chairperson of the shareholder meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholder meetings 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.

In order to protect the interests of shareholders, if the chairperson declares the adjournment of the meeting in breach of the meeting rules, it is advisable for the members of the board of directors to promptly assist the attending shareholders in electing a new chairperson by a majority of the votes represented, in accordance with the legal procedures, to continue the proceedings of the meeting.

Article 16 The Company shall place high importance on the shareholders' right to know and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the Company's website.

To maintain the rights and interests of shareholders and treat all shareholders equally, the Company strictly forbids insiders from trading securities based on material insider information yet to be made public on the market. The Company's directors shall not trade their 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.

The Company shall establish internal guidelines for the handling of donations and submit them to the board of directors for approval. Donations made to political parties, stakeholders, and charitable institutions shall be disclosed to the public.

Article 17 The shareholders shall be entitled to profit distributions by the Company. In order to protect the investment interests of shareholders, the shareholder meetings may, pursuant to Article 184 of the Company Act, examine the records and books prepared and submitted by the board of directors and the reports submitted by the Audit Committee and may decide profit distributions and deficit off-setting plans by resolution. The Board of Directors, Audit Committee, and managers shall fully cooperate in the examination conducted by the inspectors without any obstruction, rejection or circumvention.

Article 18 When engaged in important financial transactions such as the acquisition or disposal of assets, the Company shall follow applicable laws and regulations and devise related operating procedures to be submitted to the shareholder meeting for approval to ensure shareholders' rights are protected.

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 pay attention to not only the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but also information disclosure and the soundness of the company's financial structure thereafter.

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

Article 18-1 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 18-2 In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the Company's board of directors together with managers 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.

Article 19 To protect the rights of shareholders, the Company should respond appropriately to suggestions, questions and complaints raised by shareholders.

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 by the shareholder meeting or the board of directors is in violation of applicable laws, regulations or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors or managers in performing their duties.

The Company should formulate internal operating procedures to properly handle the matters mentioned in the aforementioned two paragraphs, keep records of these procedures as a reference, and incorporate them into the internal control system.

Article 20 In order to protect the best interest of all shareholders, a shareholder having controlling power over the Company shall comply with the following provisions:

1. The controlling shareholder shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or to operate for illicit profit gains.
2. The representative of the controlling shareholder shall exercise rights and participate in resolutions in good faith for the best interest of all shareholders. Should the controlling shareholder be a director of the Company, he or she shall exercise the duty of a director faithfully and attentively.
3. The controlling shareholder shall comply with relevant laws, regulations and the Articles of Incorporation in nominating directors and shall not act beyond the authority granted by the shareholder meeting or the board of directors.
4. The controlling shareholder shall not improperly intervene in corporate policy making or obstruct corporate management activities.

5. The controlling shareholder shall not restrict or impede the management of the company by methods of unfair competition.
6. The representative that is designated for the purpose of director election shall meet the company's requirements for professional qualifications. Arbitrary replacement of the controlling shareholder's representative is inappropriate.

Communication between controlling shareholders and the Company shall comply with the following principles to abide by the aforementioned rules:

1. Communication shall be done through a representative of the Company's director who is appointed and elected by shareholders. The director's representative, if necessary, may request the presence of managerial officers when communicating with controlling shareholders, and the minutes of the communication shall be documented by the Company.
2. If the controlling shareholder has suggestions for board proposals or business decisions, the suggestions shall be presented by the director's representative at the meetings of the board or functional committees for discussion and engagement. The controlling shareholder shall not convene meetings or otherwise improperly interfere in company decisions.
3. If the controlling shareholder has acquired material information pertaining to the company before it is publicly disclosed, the controlling shareholder shall be bound by the obligation to maintain the confidentiality of such information and shall not use such information to engage in insider trading.

Article 21 Authority for the management of personnel, assets and finances between the Company and its subsidiaries or other affiliates shall be clearly defined, and risk assessment shall be performed accordingly with effective firewalls established.

The Company shall exercise due care in the management of its subsidiaries in accordance with the Financial Holding Company Act.

Article 22 In order to avoid improper transfer of benefits that can cause damages to the Company or its shareholders, the Company, when entering into a real estate transaction with its major shareholders, invested enterprises, responsible person, employees, or stakeholder of the Company's responsible person, the transaction shall be made in a way that is fair, impartial and objective, and in accordance with the norms of business, the Financial Holding Company Act, and other regulations made by competent authorities.

Article 23 Appointment of the Company's responsible person to other positions in the Company or in subsidiaries shall be governed by the Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company and other applicable laws.

To protect the rights of shareholders, where the Company's responsible person is concurrently appointed to hold an additional position in accordance with the regulations set forth under the preceding paragraph, he or she shall ensure that the duties of all such positions are effectively executed and may not have a conflict of interest or be in contravention of the check-and-balance mechanism of the internal control and supervisory mechanisms of the Company, its investees, and subsidiaries.

Article 24 The Company's directors shall offer explanations for what they plan to do for

themselves or others that are within the boundaries of the financial holding company's operations, and ask for approval at the shareholders' meeting.

Article 25 The Company and its subsidiaries shall establish sound financial, sales and accounting management targets and systems in accordance with applicable laws and regulations.

Article 26 The transaction made between the Company, its subsidiaries and other affiliated enterprises shall be in compliance with laws, be based on the principles of fairness and reasonability, and adhere to guidelines governing the relevant financial and business operations between them. Price and payment terms shall be clearly specified in the contract, with non-arm's length transactions or transfer of benefits strictly prohibited. The Company shall obtain an appraisal report from securities underwriters, appraisal companies, or accountants before proceeding with the transaction.

Article 27 The Company shall have access to the stock-holding information of major shareholders who have a significant stake in or de facto control of the Company.

The definition of "a significant stake" can be found in Article 22-2 and 25 of the Securities and Exchange Act, but the Company has the liberty of setting different and broader definitions based on the actual share structure of the Company.

Chapter 4 Enhancing the Functions of the Board of Directors

Article 28 The Company's board of directors shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholder meetings.

Article 29 In consideration of the Company's business scale, the board of directors, the shareholdings of its major shareholders, and practical operational needs, shall consist of not less than five board members.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and directors shall comply with the regulations set forth under Article 23 concerning concurrent appointments. Furthermore, an adequate diversification policy shall be developed based on the operations, mode of operation, and development requirements of the board. This policy should include, but not be limited to, the following two dimensions:

I. Basic requirements: Gender, age, and nationality; it is advisable that the number of female directors account for at least one quarter of all the directors.

II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience 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 sound business judgments;

2. Ability to conduct accounting and financial analysis;
3. Ability to manage business activities (including ability to manage subsidiaries);
4. Ability to handle crisis management;
5. Knowledge of the industry;
6. An understanding of international markets;
7. Leadership;
8. Ability to make policy decisions; and
9. Risk management knowledge and skills.

Article 29-1 The board of directors shall perceive the risks faced by the Company's operations, shall confirm the effectiveness of risk management, and shall take ultimate responsibility for the management of the risks.

The Company's risk management policies and operating procedures shall be adopted by the board of directors and shall be reviewed and amended when appropriate.

The Company shall establish an independent risk management task force and regularly furnish risk management reports to the board of directors; upon identifying a significant risk exposure that might adversely affect its financial or business status, it shall take immediate and adequate countermeasures and submit a report to the board of directors in accordance with the company's internal regulations.

The Company shall perform comprehensive risk assessments of its subsidiaries and implement necessary control measures in order to achieve efficient resource utilization and risk reduction.

Article 29-2 The Company shall set up a Sustainable Development Committee, establish a governance framework for the promotion of sustainable development, perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities, devise risk management policies and strategies the implementation status of which shall be supervised by the board of directors, and develop greenhouse gas inventory disclosure schedules, which shall be presented to the board of directors for quarterly control and management.

Article 30 In accordance with the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, the Company shall establish a fair, just, and open procedure for the election of directors and encourage shareholder participation. Furthermore, in accordance with the regulations set forth under the Company Act, when conducting elections of directors at shareholders meetings, the cumulative voting mechanism shall be adopted as a voting method to fully reflect the views of shareholders.

In accordance with regulations set forth by regulatory authorities, the Company shall indicate in its Articles of Association that candidate nomination system shall be adopted for directors' elections and that the shareholders shall appoint directors from among the list of director candidates. The election of independent and non-independent directors shall be held in accordance with Article 198 of the Company Act at the same time but on separate ballots.

Candidate nomination, the review process, contents of announcement, and procedures, as mentioned in the previous clause, shall be handled in accordance with Article 192-1 of the Company Act.

The Company shall establish a Corporate Governance and Nomination Committee and articles of association for the committee. It is advisable that a majority of the members of said committee be independent directors and an independent director be its chairperson.

Before the shareholders' meeting is convened to elect new directors, the Company may assign the board of directors to conduct a pre-evaluation of the qualifications, education level, and work experience of candidates recommended by shareholders, directors or the Nomination Committee, to determine whether any of them match the description of candidates to be avoided as prescribed in Article 30 of the Company Act and Article 3 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company," and the Company may not arbitrarily add requirements for documentation of other qualifications. Afterwards, the list of candidates and the conclusions and the data of the evaluation shall be submitted to shareholders for their reference in selecting the most appropriate directors.

The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as director after it is so elected, before proposing a roster of director candidates as required.

When the number of directors falls below seven due to the discharge of a director for any reason, the Company shall hold a by-election for directors at the next shareholder meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholder meeting within 60 days of the occurrence of that fact for the purpose of holding a by-election for directors.

Unless the competent authority otherwise grants an exception, 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.

The directors of the Company shall comply with "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies."

For each industry in which the Company's subsidiaries operate, the board of directors of the Company shall allocate one or more directors with corresponding expertise.

Article 31 The Company shall appoint three or more independent directors, in accordance with the Articles of Incorporation. The number of independent directors may not be less than one-third of the total number of members of the board directors.

The Company's 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 seven 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.

An independent director may concurrently serve as an independent director in not

more than three other public companies at one time. Where a public company is a wholly owned subsidiary of a financial holding company, both entities are considered to be the same company and are thus only counted as one public company; however, an independent director may only concurrently hold a post in one such company at a time.

It is inappropriate for independent directors of The Company to serve more than three consecutive terms.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

When an independent director is dismissed for any reason, resulting in the number of independent directors falling below the requirement under Paragraph 1 of the Articles of Incorporation, a by-election shall be held at the next shareholder meeting. In the event that all the independent directors have been discharged, the Company shall convene a special shareholder meeting to hold a by-election within 60 days from the date of the occurrence.

The professional qualifications, restrictions on shareholding and concurrent employment, determination of independence, method of nomination and other requirements for independent directors shall be governed by the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and regulations adopted by the Taiwan Stock Exchange or Taipei Exchange

Article 32 The Company's chairman and president positions shall have a clear division of responsibilities, and are suggested not to be filled by one person.

Article 33 The Company shall specify the range of duties for independent directors and provide the manpower and resources needed for performing these duties. In cases where an independent director is tasked with handling material events or cases involving doubts, a third-party expert may be hired, as needed, to assist in evaluating the situation, or internal auditors may be requested to carry out a special audit or conduct follow-up monitoring. The Company and non-independent directors must not limit or interfere with the performance of independent directors' duties.

The Company shall stipulate the remuneration of directors according to the Articles of Incorporation or resolution of the shareholder meeting and may establish a separate but reasonable set of remuneration rules for independent directors.

Article 34 To achieve the objective of corporate governance, the main goal of the board of directors is as follows:

1. Set up effective and appropriate internal control system.
2. Select and supervise managers.
3. Review the management decisions and operation proposals, and supervise the implementation status.
4. Review the financial goals of the Company, and supervise the completion of those goals.
5. Supervise the operation results of the Company.
6. Review the performance evaluation benchmark and remuneration standard for the managers and the remuneration structure and system for the directors.

7. Supervise the Company's establishment of an effective risk management mechanism.
8. Supervise the Company's compliance with relevant laws.
9. Plan and set future development directions for the Company.
10. Protect company image.
11. Select accountants and other professionals.

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

1. Formulate intellectual property management policies, objectives and systems that are associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its management 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 management system.
4. Observe internally and externally the risks and opportunities that intellectual property management may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property management system meet the company's expectations.

Article 34-1 The following issues shall be raised for discussion in board meetings:

1. Corporate business plan.
2. Annual financial reports and semi-annual financial reports.
3. Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act and assessments of internal control system effectiveness.
4. Stipulation or amendment of the handling procedure for acquisition or disposal of assets or derivative trading in accordance with Article 36-1 of the Securities and Exchange Act
5. Public offering, issuance or private offering of equity securities
6. The appointment and removal of the heads of the Finance, Accounting, Risk Management, Compliance, or Internal Audit Departments.
7. Review the performance evaluation benchmark and remuneration standard for the managers and the remuneration structure and system for the directors.
8. Donations to related parties or major donations to non-related parties.
9. Decisions that shall be resolved through a shareholders' meeting or a board meeting according to Article 14-3 of the Securities and Exchange Act, the Articles of Incorporation or other laws, and any major issues prompted by the competent authority.

Except for matters that must be submitted to the board of directors for discussion

under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with 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.

At least one independent director shall be in attendance at shareholders' meetings convened by the Company; in the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under Paragraph 1, all independent directors shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. Any objections or qualified opinions expressed by independent directors shall be recorded in meeting minutes. If an independent director is unable to express objections or qualified opinions personally at the board meeting, the opinion shall be raised in writing in advance unless there is justifiable reason not to do so. Such opinions shall also be recorded in board meeting minutes

It is appropriate that each of the director should personally attend 80% or more routine board meetings.

Article 34-2 In the case that independent directors' opinions about correcting major deficiencies or transgressions in the laws and regulations of the Company are ignored, resulting in major losses for the Company, the relevant authorities shall be immediately.

Article 34-3 The directors and supervisors of subsidiaries fully owned by the Company shall be appointed by the Company in compliance with the following principles:

1. A suitable number of director/supervisor seats shall be decided according to the scale of the subsidiary.
2. Qualifications shall meet the requirements of each respective relevant competent authority. In the absence of relevant regulations, Article 30 of the Company Act shall prevail, and more than half of the directors shall possess the expertise unique to the subsidiary.
3. The Company shall appoint independent directors for listed subsidiary companies. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, and the minimum amount or ratio of independent directors shall comply with the Securities and Exchange Act and regulations of competent authorities.

Directors and supervisors selected according to the preceding paragraph shall not be re-assigned without just cause during his or her tenure.

Article 35 To strengthen management function, the Company may establish various functional committees and clearly stipulate the regulations the company's Article of Incorporation taking into consideration the scale of the company, nature of business activities, and the number of board members.

Functional committees shall be responsible to the board and submit the proposals to the board of directors for resolution. Audit Committee that has a supervisory role in accordance with the Securities and Exchange Act, the Company Act, and other laws and regulations is not subject to this requirement.

Unless otherwise stipulated in these Principles, the functional committees shall consist of three or more board directors.

Functional committees shall stipulate organizational rules and submit them for resolution and approval by the board of directors. The organizational rules shall

contain the number, term of office, and power of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 36 The composition of the audit committee of the company, the scope of duties, meeting minutes and signing matters, etc. shall be handled in accordance with the relevant provisions of the company's "Bylaws of Audit Committee".

Article 36-1 The Company is advised to set up a remuneration committee or other equivalent functional committee. Such committee shall determine the performance evaluation benchmark and remuneration standards for managers and remuneration structure and system for the board directors. This committee shall involve independent directors and be convened by independent directors.

The performance evaluation benchmark and remuneration standard for the managers and the remuneration structure and system for the directors shall be based on the following principles:

1. The Company shall adopt the performance evaluation and remuneration standards or remuneration structure and system based on future risk-adjusted performance and in line with the company's long-term overall profitability and shareholders' interests.
2. The remuneration and reward system shall not entice any director, supervisor, managerial officer, or associated person to engage in any act exceeding the company's risk appetite in pursuit of remuneration. The FCM also shall regularly review the remuneration and reward system and performance in order to ensure their consistency with the company's risk appetite.
3. The time for payment of remuneration shall be set based on future risk-adjusted profitability in order to avoid the inappropriate circumstance of sustaining loss after the payment of remuneration. A significant percentage of the remuneration/reward shall be paid by a deferred method or an equity-related method.
4. When assessing the individual contribution of a director and manager to the company's profits, the Company shall conduct an overall analysis of the financial holding industry to clarify whether such profits resulted from an overall advantage such as the use of the lower capital cost of the company, in order to effectively assess the contributions that come from individual persons.
5. The stipulations on severance pay between the company and its directors and managers shall be adopted based on realized performance, in order to avoid improper circumstances such as receiving high severance pay after a short term of employment.
6. The Company shall fully disclose to shareholders the adopted principles, methods, and goals of the aforementioned performance evaluation and remuneration standards or structure and system.

Article 36-2 The Company has formulated whistleblowing system in accordance to Article 34-2 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and has appointed a department within the headquarters that is capable of exercising its authority of reception and investigation on the case reported in an independent manner.

Article 37 The Company shall commission professional attorneys to offer appropriate legal

counseling and to assist the board of directors, functional committee and management to become legally more sophisticated, so as to prevent the Company and its staff from breaking laws and to prompt corporate governance work to proceed under a suitable legal framework and procedures.

If any director or management becomes involved in litigation as a result of the conducting of business activities or becomes involved in a dispute with shareholders, the Company shall hire attorneys to provide assistance as needed.

The Audit Committee or the independent directors of the Committee may appoint lawyers, accountants, and other professionals to provide audits or counsel the Committee in performing its duties. The Company shall bear all costs incurred in this regard.

Article 38 To enhance the quality of financial reports, the Company shall appoint authorized deputies for accounting officers.

To strengthen the professional competencies of the aforementioned authorized deputies for accounting officers, such authorized deputies shall be subject to the same annual continuing professional education requirements as those of accounting officers.

Accounting personnel who are tasked with preparing financial reports shall also be required to undergo a minimum of six hours of relevant continuing professional education courses each year; such continuing education may include participating in the Company's own internal training sessions or professional development courses held by institutions for principal accounting officers.

The board of directors of the Company shall select professional, responsible and independent certified public accountants (CPAs) or other professional, competent and independent external auditors to conduct regular audits of the Company's finances and internal control system. Any irregularity or error identified and disclosed by a CPA during an audit shall be reviewed and the corresponding opinions for improvement or fraud prevention shall be implemented. Furthermore, the Company should set up channels or mechanisms for communication between independent directors or the Audit Committee and CPAs, formulate internal operating procedures, and incorporate these procedures into the internal control system.

The Company shall assess the independence and competency of the CPAs on a regular basis (at least once a year). If the Company has not changed CPAs for seven consecutive years, or if any of the CPAs has undergone disciplinary actions or displays compromised independence, the Company shall evaluate the need for changing CPAs and report the results to the board of directors.

Article 39 The Company shall stipulate Board of Directors Meeting Policy. The meeting agendas, procedures, minutes recording, announcements and any other items requiring compliance shall comply with the Regulations Governing Procedure for Board of Directors Meetings.

The board of directors shall designate meeting organizers and shall meet once a quarter, the stipulation of which shall be clearly specified in the meeting policy.

Notices for board of directors' meetings shall be distributed to the directors at least seven days before the meeting. The purpose of the meeting shall be clearly stated in the notice. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. However, a board of directors' meeting may be called at any time in the event of an emergency.

Directors may request for supplemental information from the meeting organizers should they consider the existing information to be insufficient. Directors may resolve to postpone certain agendas if they consider the information presented to them to be inadequate.

Article 39-1 The chairman of the Board of Directors shall preside over meetings of the shareholders and meetings of the Board of Directors, and shall represent the Company to external parties. The chairman shall faithfully conduct corporate affairs and perform the duty of care of a good administrator, and shall exercise his or her powers with a high level of self-discipline and prudence.

If the chairman performs his or her duties by working remotely in Taiwan or overseas, working from home, video conferencing, or other models of remote work for prolonged period, the chairman shall abide by the aforementioned rules and shall ensure the effective performance of his or her duties.

Article 39-2 If the chairman is unable to perform duties due to leave of absence or for any reason, the chairman may appoint one of the directors to act on his or her behalf. If the chairman did not appoint a director, the directors will appoint one among them.

The appointment of a delegate by the chairman or directors in the preceding paragraph shall adhere to the principle of separation of banking and commerce prescribed in the Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.

The duties and power that the chairman's delegate in the first paragraph may exercise during the period of delegation shall not exceed the chairman's level of authority. Any restrictions shall be clearly indicated in advance.

Article 40 Directors shall hold themselves to high standards of self-discipline and voluntarily recuse themselves from discussing and voting on matters in which they or the institutional investors they represent have invested interests that might hurt the Company's interests. Directors who have abstained themselves are not allowed to delegate voting rights to other directors. The directors shall exercise self-discipline and must not support one another in improper dealings.

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

Article 41 For any decisions that need to be resolved through a board meeting under Article 14-3 of the Securities and Exchange Act, the independent directors must attend such meetings personally and may not appoint other independent directors as proxy attendants. Any objections or qualified opinions expressed by independent directors shall be recorded in meeting minutes. If an independent director is unable to express objections or qualified opinions personally at the board meeting, the opinion shall be raised in writing in advance unless there is justifiable reason not to do so. Such opinions shall also be recorded in board meeting minutes.

If the board resolution involves any of the following circumstances, the details of such circumstance shall be addressed in the meeting minutes and announced and reported in accordance with the relevant regulations of the Taiwan Stock Exchange Corporation or Taipei Exchange:

1. Objections or qualified opinions expressed by independent directors on record or in writing.

2. Any matters that are not agreed upon by the Audit Committee but passed by more than two-thirds of the full amount of directors.

Matters pertaining to the convening of board meetings by the Company shall comply with the Company's rules of procedure for board meetings.

Article 42 The Company's staff personnel 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 in accordance with relevant regulations.

The meeting minutes shall be signed or stamped by the chairperson and the minute taker and issued to all directors within 20 days after the meeting. The attendance log constitutes part of the board meeting minutes and shall be listed as key files of the Company and retained as such over the company's existence.

Preparation, distribution, and storage of meeting minutes may be made in electronic form.

A Company shall record on audio or videotape the entire proceedings of a board of directors' meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If, before the end of the preservation period referred to in the preceding paragraph, any litigation arises in connection with a resolution of a board of directors' meeting, the relevant audio or video recordings shall continue to be preserved, in which case the preceding paragraph does not apply.

Where meetings are held by way of audio and video conference, the recorded video and audio shall be treated as part of the meeting minutes and kept properly over the Company's existence.

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

Article 43 Considering the scale and the needs of the board of directors, the Company may establish managing directors in accordance with relevant regulations provided in the Company Act.

If the Company has established managing directors, there shall be at least one independent director acting as managing director, and independent directors shall account for at least one-fifth of all managing directors.

The Company shall set forth in its Articles of Incorporation the scope of delegation to managing directors when the board of directors is in recess. When material interest of the bank is involved, the matter shall be disposed of by a resolution of the board of directors.

Article 44 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

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.

Article 45 The Company's 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 powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Any resolution of the board of directors that involves the Company's business development or a major policy direction shall be carefully considered and may not affect the implementation and operation of corporate governance.

The Company shall establish the Board of Directors Performance Evaluation Policy, which shall be used to perform self-assessment and overall evaluation on the performance of the board as a whole, functional committees, and individual directors periodically on a yearly basis, and also to engage an external professional independent institution or external expert scholar to perform the evaluations. The Company is advised to present the performance evaluation results to the board of directors and use the results as reference for individual director remuneration and re-election nomination.

Article 46 If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for 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.

Upon discovering a likelihood that the Company could suffer material injury, directors shall handle the matter in accordance with the provisions set forth in the foregoing paragraph, immediately report the matter to the Audit Committee or an independent director of the Audit Committee as well as to the board of directors, and oversee that the Company reports the matter to the competent authority

Article 47 The ratio of the total shares held by all the directors of the board shall comply with applicable laws. Restrictions on the transferring of directors' shares, and the establishment, removal, and change of pledges shall comply with applicable regulations. Furthermore, information shall be fully disclosed.

Article 48 The Company may, pursuant to the relevant regulations, establish liability insurance contracts with insurance firms for the Company's directors to cover the respective compensation liabilities involved when performing their duties.

The Company is advised to 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 49 The Company's directors are advised to continue to participate in training courses on finance, risk management, business, commerce, accounting, law, anti-money laundering and combating the financing of terrorism (AML/CFT), corporate social responsibility, and other subjects offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

It is advised that the Company shall arrange orientation courses for newly elected

director to make them familiar with condition and business of The Company, and to understand rights and obligation of being a director.

Article 49-1 The Company has an adequate number of corporate governance personnel in accordance to “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers”, 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 in a managerial position and shall be qualified as a manager in accordance to qualifications set forth in Corporate Act or Securities and Exchange Act. The appointment of said officer shall be subject to resolution of the board. Upon resignation or dismissal, the Company shall reappoint substitute one month after the occurrence of such matter. In the circumstance in which said officer is an adjunct position by other employee in the Company, it is advised the person who assume the position shall be able to effectively perform responsibility of both positions. The person must not be involved in conflict of interest or violation of internal control system.

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

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 and supervisors.
4. Furnishing information required for business execution by directors and supervisors.
5. Assisting directors and supervisors with legal compliance.
6. And other matters set out in the articles of incorporation or contracts.

Chapter 5 Respecting the rights and interests of stakeholders

Article 50 Open channels of communication shall be maintained between the Company and its clients, partner banks or other creditors, employees, the community or other stakeholders, and respect and uphold the rights and interests of those parties as protected by the law. The Company shall designate a stakeholders section on its website.

When a stakeholder's legal rights are violated, the Company shall respond appropriately according to the principle of good faith. The board is advised to learn about major disputes and handling of disputes between the Company of its stakeholders, in an effort to strengthen respect to stakeholders' rights.

The Company shall provide sufficient information to its partner banks and other creditors to facilitate their judgment and decision-making processes regarding the Company's operations and finances. When the legal rights of these parties are violated, the Company shall respond in a positive manner and accept responsibility so as to allow creditors to obtain compensation through appropriate channels.

The Company shall oversee that its subsidiaries follow the rules set forth in the three preceding paragraphs.

Article 51 The Company shall prompt subsidiaries to set up consumer protection guidelines that explain how complaints and disputes are to be handled.

Article 52 The Company shall establish employee communication channels, to encourage

employees to communicate directly with management and directors to ensure adequate feedback of employees' views regarding important decisions on the Company's operations and finances or involving employees' interests.

When the Company distributes employee bonus in stock, it shall consider the employee benefits of the Company and its subsidiaries, and shall make a comprehensive assessment of the employee contribution to the Company and its subsidiaries.

While maintaining normal business growth and achieving maximized shareholder profits, the Company shall also pay attention to consumer rights, environmental protection in the community, and charitable activities and uphold its corporate social responsibility.

Chapter 6 Enhancing transparency of information disclosure

Article 53 Disclosure of information is one of the Company's key responsibilities and shall be performed with due diligence in accordance with applicable laws, the Articles of Incorporation, or the regulations of the Taiwan Stock Exchange Corporation or Taipei Exchange.

Article 54 The Company shall establish an online reporting system for information disclosure and assign designated personnel to be responsible for the collection and disclosure of data. The Company shall appoint a spokesperson to ensure that information that may have an impact on the decision-making processes of shareholders and stakeholders is disclosed in a timely and appropriate manner.

Article 55 To ensure the accurate and timely disclosure of important information of the Company, a spokesperson with a comprehensive understanding of the Company's finances and business or who is able to coordinate with departments to provide relevant information and speak on behalf of the Company to external parties shall be appointed.

The Company shall also appoint one or more deputy spokespersons. Each of the deputy spokespersons shall be able to stand in when the spokesperson is unable to perform their duties. However, an order of delegation shall be established to avoid confusion.

To ensure effective use of the spokesperson, the Company shall establish a clearly defined standard disclosure procedure and require that management and employees comply with duties of confidentiality regarding financial data and not make any unauthorized external disclosure of information.

Any changes in spokesperson or deputy spokesperson personnel shall be disclosed promptly.

Article 56 The Company should take advantage of Internet resources and establish a website to provide financial data and information on corporate governance for shareholders and stakeholders. An English version website should be made available to provide information relating to financial affairs, corporate governance, and other relevant information in order to meet the needs of foreign investors.

The aforesaid websites shall be maintained by designated personnel. The information contained therein shall be correct and sufficiently detailed and up-to-date to avoid potential misdirection.

Article 57 The Company shall organize investor seminars according to the rules of the Taiwan

Stock Exchange Corporation or Taipei Exchange, and should keep audio or video records of these seminars, which may be made available on the Company's website or through other appropriate channels.

Article 58 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 and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.

2. Functional committees: such as resumes and authorities and responsibilities of members of each functional committee.

3. Corporate governance bylaws: such as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.

4. Important corporate governance information: such as information of establishment of corporate governance executive officers.

Article 58-1 The Company is advised to report at a general shareholder meeting the remuneration received by directors, including the remuneration policy, individual remuneration package, amount, and association with outcomes of performance reviews.

Article 59 The Company shall comply with the Financial Holding Company Act and make regular announcements or disclosures of its financial statements, consolidated financial statements, and financial statements of subsidiaries audited by accountants, agreed upon by the Audit Committee, and resolved by the board of directors.

Article 60 Information on the total amount or percentage of credit extended, and other transactions entered into, with the same person, same concerned parties, or same related entities of the Company's subsidiaries shall be filed with the competent authority by announcement, via the internet or by any other method as specified by the competent authority within 30 days of the end of each quarter of a fiscal year.

The Company's subsidiaries shall establish an information system for the same person, the same interested party, and the same affiliated enterprises, so as to facilitate the investigation and control of transactions with these entities. A unit shall also be designated as being in charge of gathering and filing information to make the reporting process easier.

Article 61 The Company shall make full disclosure of information on transactions with stakeholders and follow the applicable rules to disclose additional information on transactions exceeding certain limits between subsidiaries and their stakeholders.

The definition of stakeholders in the preceding paragraph shall be determined in accordance with Article 23 of the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. In addition to the legal definition, the determination of a stakeholder shall take into account the actual relationship.

Article 62 The Company and its subsidiaries shall comply with the Financial Holding Company Act and the capital adequacy guidelines applicable in individual industries.

The Company shall follow the calculation formulae and forms and tables promulgated by the competent authority, and report the audited capital adequacy ratio for the group and submit related documents as required within two months of each half-year closing or when ordered to by the competent authority.

Article 63 If the Company is a listed company, the Company and its subsidiaries shall abide by the

Taiwan Stock Exchange Corporation Procedures for Press Conferences Concerning Material Information of Listed Companies to call press conferences to explain material information, and also report events in the Internet information report system by two hours prior to the market open on one business day after they occur. Companies that have issued negotiable securities in foreign countries should use English when reporting events in the system.

Chapter 7 Supplementary Provisions

- Article 64 The Company shall monitor the development of corporate governance in the Republic of China and in other countries and review and improve its own corporate governance system accordingly in order to enhance the performance and benefits of corporate governance.
- Article 65 Matters not specified in these Principles shall be governed by the Company Act, the Securities and Exchange Act, the Financial Holding Company Act and commonly accepted practices.
- Article 66 These Principles shall become effective upon approval of the Board of Directors.