

Darfon Electronics Corp.
Corporate Governance Code

Chapter 1 General Provisions

Article 1 In order to establish a good corporate governance system, the company formulates this code in accordance with the Corporate Governance Best Practice Principles for Listed Companies to follow and establish an effective corporate governance structure.

Article 2 The corporate governance system established by the company is governed not only by the provisions of laws and Articles of Incorporation but also by the contracts and relevant regulations agreed upon with The Taiwan Stock Exchange Corporation. It is guided by the following principles:

1. Protecting the rights and interests of shareholders.
2. Strengthening the functions of the board of directors.
3. Respecting the rights and interests of stakeholders.
4. Enhancing information transparency.

Article 3 In accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, the company considers the overall operations of the company and its subsidiaries. It designs and effectively implements internal control system, continuously reviewing it to adapt to changes in the internal and external environment, ensuring the ongoing effectiveness of the system's design and execution.

The establishment or amendment of the internal control system requires the approval of at least one-half of all members of the audit committee and a resolution by the board of directors. If any independent directors have objections or reservations, they shall be recorded in the minutes of the board meeting.

In addition to conducting self-assessment of the internal control system, the company's board of directors and management shall review the self-assessment results of each department and quarterly audit reports from the internal audit unit at least once a year. The audit committee should pay attention to and supervise it.

The company should establish communication channels and mechanisms between independent directors, the audit committee and the internal audit supervisor. The directors and the audit committee hold regular discussions with internal auditors on the review of the lack of internal control systems, make records, track and implement

improvements, and submit reports to the board of directors.

The assessment of the effectiveness of the internal control system shall be approved by more than half of all members of the audit committee and submitted to the board of directors for resolution.

The company's management should value the internal audit unit and its personnel, granting them sufficient authority to effectively examine and assess deficiencies in the internal control system and measure operational efficiency, ensuring the continuous and effective implementation of the system. They should also assist the board of directors and management in fulfilling their responsibilities and implementing the corporate governance system.

In order to implement and ensure the effectiveness of the internal control system, strengthen the professional competence of internal auditors, and improve audit quality and effectiveness, the company has appointed professional agents for internal auditors.

The requirements for Regulations Governing Establishment of Internal Control Systems by Public Companies shall apply to the aforementioned personnel acting as agents.

The appointment, removal, evaluation, and salary of the company's internal auditors shall be submitted to the board of directors or signed by the audit supervisor and reported to the chairman for approval.

Article 3-1

The company establishes a dedicated (or concurrent) position or personnel to be responsible for corporate governance affairs and designates senior executives to oversee it. They should possess qualifications lawyers or accountants or have at least three years of experience in legal, financial, or shareholder-related management work in Public companies.

The aforementioned corporate governance affairs should at least include the following:

1. Handling company registration and change registration.
2. Managing matters related to the meetings of the board of directors and shareholders' meeting in accordance with the law and assisting the company in complying with relevant regulations concerning the board of directors and shareholders' meeting.
3. Preparation of minutes for the board of directors and shareholders' meeting.
4. Providing directors and audit committees with the information they need to perform their business, and the latest developments

in laws and regulations related to operating companies, so as to assist directors and audit committees to comply with laws and regulations.

5. Handling affairs related to investor relations.
6. Other matters stipulated in the Articles of Incorporation or contract.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 The company's corporate governance system should protect the rights and interests of shareholders and treat all shareholders fairly. The company should establish a corporate governance system that can ensure that shareholders have the rights to fully informed, participate, and make decisions on significant company matters.

Article 5 The company shall convene the shareholders' meeting in accordance with the provisions of the Corporation Act and relevant laws and regulations, formulating comprehensive rules of procedure. For matters that should be resolved by the shareholders' meeting must be implemented in accordance with the rules of procedure. The content of resolutions adopted at shareholders' meeting shall comply with the law and the provisions of the Articles of Incorporation.

Article 6 The board of directors of the company shall properly arrange the agenda and procedures of shareholder meetings, handle the nomination of directors by shareholders and the submission of proposals in accordance with the regulations, and appropriately address proposals made by shareholders according to the law. Shareholders' meeting shall arrange a convenient meeting place and should be supplemented by video. To this end, adequate time should be allotted, and assign suitable and sufficient personnel to handle the registration process. Plus, the company shall not arbitrarily require additional proof of attendance beyond the documents provided by shareholders. Reasonable discussion time shall be given for each agenda item, and shareholders shall be given appropriate opportunities to speak.

The chairman of the board of directors should preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors (including at least one independent director) and at least one representative from

various functional committees should attend. The attendance record shall be recorded in the minutes of the shareholder meeting.

Article 7 The company not only encourages shareholders to participate in corporate governance but appoints a professional stock affairs agency to handle the affairs of the shareholders' meeting, ensuring the meeting can be held under the premise of legally, effectively, and safely. Through various means and channels, the company fully utilizes technology-enabled information disclosure and voting methods. Plus, the company should simultaneously upload the shareholder meeting notices, agendas, and supplementary materials in both Chinese and English versions so as to increase the shareholder's attendance rate and ensure that shareholders can exercise their rights at the meetings.

For shareholders who choose electronic voting at the shareholder meeting, it is advisable to avoid proposing amendments to the original motions or making ad hoc motions; the election of directors in the current year shall adopt a nomination system for candidates.

The company arranges shareholders to vote on each agenda item at the shareholders' meeting, and the results of shareholders' approvals, objections, and abstentions should be inputted into the Market Observation Post System on the same day as the meeting.

There should be no differentiation or discrimination when the company distributes shareholders' meeting souvenirs to shareholders.

Article 8 The company shall record in the minutes of the shareholders' meeting the year, month, day, venue, name of the chairman, the method of decision-making, as well as the key points and results of the proceedings in accordance with the Corporation Act and relevant regulations. The election of directors shall specify the voting method and the number of voting rights of the elected directors.

The minutes of the shareholders' meeting shall be permanently and properly preserved throughout the company's existence and shall be fully disclosed on the company's website.

Article 9 The chairman of the shareholders' meeting shall fully aware of and comply with the company's established rules of procedure, plus in order to ensure the smooth progress of the agenda, the chairman shall not arbitrarily adjourn the meeting. So as to protect the rights and interests of the majority of shareholders, if the chairman violates the rules of procedure and announces the adjournment of the meeting,

other members of the board of directors shall promptly assist the attending shareholders in accordance with the statutory procedures to elect one person as the new chairman with the consent of more than half of the voting rights of the shareholders present to continue the meeting.

Article 10 The company values shareholders' right to information and diligently complies with relevant regulations on information disclosure. The company's financial, operational, insider shareholding, corporate governance and other information are regularly and immediately provided to shareholders through the Taiwan Stock Exchange Market Observation Post System or the company's official website.

In order to treat each shareholder equally, it is advisable to release the aforementioned information simultaneously in English.

In order to protect the rights and interests of shareholders and implement the equal treatment of shareholders, the company should establish internal regulations to prevent insider transactions within the company.

The preceding regulation includes stock trading restrictions for company insiders upon obtaining knowledge of the company's financial reports or related performance. These restrictions may include (but are not limited to) directors refraining from trading their stocks during a 30-day closed period before the announcement of annual financial reports and a 15-day closed period before the announcement of quarterly financial reports.

Article 10-1 It is appropriate for the company to report the remuneration received by directors at the general shareholders' meeting, including the remuneration policy, the content and amount of individual remuneration, and the relationship with performance evaluation results.

Article 11 Shareholders have the right to share in the company's profits. In order to ensure the investment rights and interests of shareholders, the shareholders' meeting may, in accordance with the provisions of the Corporation Act, examine the records prepared by the board of directors and the report of the audit committee, and make resolutions on profit distribution or loss compensation. The shareholders' meeting may appoint an inspector when performing the pre-disclosure inspection. Shareholders may also apply to the court for the appointment of inspector to inspect the company's business accounts

and assets in accordance with the provisions of the Corporation Act. The board of directors, audit committee, and management of the company should fully cooperate with the aforementioned inspectors in their examination, and must not engage in any acts that obstruct, refuse, or evade such examination.

Article 12 The company shall handle significant financial transactions such as asset acquisition or disposal, capital loan and endorsement guarantee in accordance with relevant laws and regulations and establish related operational procedures to be submitted to the shareholders' meeting for approval in order to guarantee shareholders' rights and interests. In the event of a merger or public acquisition by the company, in addition to complying with relevant laws and regulations, attention should be given to the fairness and reasonableness of the merger or acquisition plan and transaction, as well as to the disclosure of information and the subsequent soundness of the company's financial structure.

Personnel of the company involved in the handling of the aforementioned matters should be mindful of conflicts of interest and take measures to avoid them.

Section 2 Establishing an Interaction Mechanism with Shareholders

Article 13 To ensure shareholders' rights, the company has dedicated personnel to properly handle shareholders' suggestions, doubts, and disputes. If the resolutions of the company's shareholders' meeting or the board of directors violate the laws or the Articles of Incorporation, or when directors or executives violate the laws or regulations or the Articles of Incorporation in the performance of their duties, resulting in damage to shareholders' rights and interests, the company shall properly handle the legal proceedings brought by the shareholders. The company should establish internal operational procedures to properly handle the above matters, maintain written records for reference, and incorporate them into the internal control system for management.

Article 13-1 The board of directors of the company has the responsibility to establish an interactive mechanism with shareholders to enhance mutual understanding of the company's goal and development.

Article 13-2 In addition to communicating with shareholders through the shareholders' meeting and encouraging their participation, the company's board of directors also strives to establish effective

communication channels with shareholders, managers, and independent directors. This enables a mutual understanding of shareholders' opinions and concerns, facilitates clear explanations of company policies, and seeks shareholders' support.

Section 3 Corporate Governance Relationship between the Company and Affiliated Enterprises

Article 14 The management objectives and responsibilities of personnel, assets, and finances between the company and affiliated enterprises should be clearly defined and effectively implemented. Risk assessments should be conducted, and appropriate firewalls should also be established to ensure proper management.

Article 15 The manager of a company shall not concurrently serve as the manager of an affiliated enterprise unless otherwise stipulated by laws or with prior approval from the company.

Directors that fall within the scope of the company's business for themselves or others should provide a clear explanation of the significant contents of their actions to the shareholders' meeting and obtain their approval.

Article 16 The company shall establish sound financial, business and accounting management objectives and systems in accordance with relevant laws and regulations and conduct comprehensive risk assessments with related companies on major banks, customers and suppliers, and implement necessary control mechanisms to mitigate credit risks.

Article 17 Based on the principle of fairness and reasonableness, the business transactions between the company and its affiliated companies have stipulated written regulations on mutual financial business-related operations. For the signing matters, the price conditions and payment methods should be clearly defined, and any irregular transactions should be strictly prohibited.

The transactions or contractual matters between the company, affiliated enterprises, and their shareholders shall also conduct in accordance with the aforementioned principles, and any situations involving improper benefits transfer are strictly prohibited.

Article 18 The following obligations shall be observed by juridical person shareholders with controlling power over the company:

1. They shall owe a duty of good faith to other shareholders and shall not engage in direct or indirect activities that are against normal business practices or detrimental to the company's

interests.

2. Their representatives shall abide by the relevant norms for exercising rights and participating in resolutions stipulated by the company, exercise their voting rights in accordance with the principle of good faith and the best interests of all shareholders when attending the shareholders' meeting and be able to fulfill the loyalty and integrity duties of directors.
3. The nomination of company directors shall comply with relevant laws, regulations, and the provisions of the Articles of Incorporation, and shall not exceed the authority of the shareholders' meeting or the board of directors.
4. They shall not inappropriately interfere with company decisions or obstruct business operations.
They shall not engage in unfair competition practices such as monopolizing procurement or restricting or obstructing the company's production and operations through closed sales channels.
5. The legal representative appointed by the elected director or supervisor shall meet the professional qualifications required by the company and shall not be arbitrarily reassigned.

Article 19 The company shall always be aware of the list of major shareholders who hold a large proportion of shares and have actual control over the company, as well as the ultimate controllers of the major shareholders. The company shall regularly disclose important matters related to shareholders who hold more than 10% of the shares, such as pledging of shares, increase or decrease of shareholdings, or other events that may cause changes in shareholding, in order for other shareholders to supervise.

In the above provision, the term "major shareholder" refers to the shareholder whose shareholding proportion is more than 5% or whose shareholding ratio accounts is among the top 10 shareholders.

Chapter 3 Strengthening the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The company's board of directors are responsible for guiding the company's strategy, supervising the management, being accountable to the company and shareholders, and implementing various operations and arranging of the corporate governance system to ensure that the board of directors exercise their power in accordance with

laws, the Articles of Incorporation, and resolutions of the shareholders' meeting.

The composition of the board of directors of the company shall determine the appropriate number of directors with more than five members based on the scale of the company's operation development and the shareholding status of major shareholders, considering the needs of practical operations.

Diversification should be considered in the composition of the board of directors. Except for directors who concurrently serve as company managers, their number should not exceed one-third of the total directors' seats. The board should also establish an appropriate diversity policy based on its own operations, business model, and development needs. This policy should encompass, but not be limited to, the following two major aspects:

1. Basic conditions and values: gender, age, nationality, and culture, among which the proportion of female directors should reach one-third of the board seats.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.

Board members should generally possess the necessary knowledge, skills, and qualities to fulfill their responsibilities. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following abilities:

1. Operational judgment capability.
2. Accounting and financial analysis capability.
3. Business management capability.
4. Crisis management capability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

Article 21

The company shall establish a fair, just, and transparent procedure for the appointment of directors in accordance with the principles of protecting shareholders' rights and treating shareholders fairly. The company encourages shareholders to participate and adopt a cumulative voting system in accordance with the provisions of the Corporation Act to fully reflect shareholders' opinions.

Except for those approved by the competent authority, directors occupy more than half of the seats shall not have a spouse or a relative within the second degree of kinship.

If there are less than five directors who are dismissed for any reason, the company shall conduct a supplementary election at the nearest shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats that stipulated in the Articles of Incorporation, the company shall convene a by-election at an extraordinary shareholders' meeting within 60 days from the date of the occurrence of the fact to conduct the supplementary election.

The total shareholding percentage of all directors of the company's board of directors complies with the laws and regulations that the restrictions on the transfer of shares, the establishment or release of pledges, and any changes in these matters by each director shall be carried out in accordance with relevant regulations, and all information should be fully disclosed.

Article 22 The company shall, in accordance with the laws and regulations of the competent authority, specify in its Articles of Incorporation that the election of directors shall adopt a candidate nomination system. The company shall carefully evaluate the qualifications and the absence of any circumstances listed in Article 30 of the Corporation Act regarding the nominated individuals and handle the process in accordance with Article 192-1 of the Corporation Act.

Article 23 The responsibilities of the functional committees, chairman, and general manager should be clearly delineated. It is not advisable for the chairman and general manager to be held by the same person. If the chairman and general manager are held by the same person or if they are spouses or first-degree relatives, it is advisable to increase the number of independent director positions.

As for the functional committees established by the company, their responsibilities should be clearly defined.

Section 2 Independent Director System

Article 24 The company shall establish at least three independent directors in accordance with the Articles of Incorporation, and the number of independent directors shall not be less than one-third of the total number of directors. The tenure of independent directors should not exceed three consecutive terms.

Independent directors should possess professional knowledge, and

their shareholding should be restricted. In addition to complying with relevant laws and regulations, they should not concurrently serve as directors (including independent directors) or supervisors of more than five listed or OTC companies. They should maintain independence within the scope of their duties and should not have any direct or indirect conflicts of interest with the company.

The election of independent directors adopts a candidate nomination system, which is specified in the Articles of Incorporation. Shareholders elect independent directors from the list of candidates. Independent directors and non-independent directors shall be elected together, and the number of elected persons shall be calculated separately.

If the company, **group enterprises**, and organizations mutually nominate directors, supervisors, or managers of the other party as candidates for independent directors along with other companies and their group enterprises, and organizations, the company shall disclose nomination when accepting the nomination and explain the suitability of the nominated independent director candidate. If elected as an independent director, the number of election rights shall be disclosed. The group enterprises and organizations referred to in the preceding paragraph apply to subsidiaries of the company, consortia juridical persons whose accumulated direct or indirect donations exceed 50% of the funds, and other institutions or juridical persons with substantial controlling power.

Independent directors and non-independent directors shall not switch their identities during their term of office.

If an independent director is dismissed for any reason resulting in a number of independent directors falling below the requirement that stated in the first paragraph or the Articles of Incorporation, a supplementary election should be held at the nearest shareholders' meeting. When all independent directors are dismissed, the company shall convene an extraordinary shareholders' meeting within 60 days from the date of the event to conduct a supplementary election.

If the company establishes a managing director, the number of independent directors among the managing directors shall not be less than one and shall not be less than one-fifth of the total number of managing directors' positions.

The professional qualifications, shareholding and concurrent positions

restrictions, determination of independence, nomination process, and other matters related to independent directors shall be followed in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and regulations of The Taiwan Stock Exchange Corporation.

Article 25 The following matters shall be submitted to the board of directors for approval in accordance with the provisions of the Securities and Exchange Act. If any independent director has objection or reservation, it shall be recorded in the minutes of the board meeting:

1. Establishment or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Establishment or amendment of procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, and providing endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
3. Matters involving conflicts of interest of directors or supervisors themselves.
4. Significant asset or derivative commodity transactions.
5. Significant capital loans, endorsements, or guarantees.
6. Raising, issuing, or private placement of equity securities.
7. Appointment, dismissal or remuneration of certified public accountants.
8. Appointment and dismissal of financial, accounting or internal audit supervisors.
9. Other significant matters as stipulated by the competent authority.

Article 26 The company shall clearly define the scope of duties of independent directors and the relevant human and material resources for exercising their power. The company or other members of the board of directors shall not restrict or hinder independent directors from performing their duties.

The company stipulates the remuneration of directors in accordance with relevant laws and regulations. The remuneration of directors should fully reflect individual performance and the long-term operating performance of the company and should take into consideration the overall business risks. Reasonable remuneration

different from that of general directors may be granted to independent directors.

The company establishes special surplus reserves, resolutions of shareholders' meetings, or orders from the competent authority in accordance with the Articles of Incorporation. While such distributions shall be made after the allocation of statutory surplus reserves and before the distribution of remuneration to directors, supervisors, and employees. The Articles of Incorporation shall specify the method of surplus distribution when the special surplus reserve is reversed and incorporated into undistributed earnings.

Section 3 Functional Committees

Article 27 In order to improve supervisory function and strengthen management function, the board of directors of the company may establish various functional committees, such as audit, remuneration, risk management, or other functional committees in consideration of the company's size, business nature, and the number of board members. The company also sets up environmental protection, corporate social responsibility, or other committees based on the principles of corporate social responsibility and sustainable operations and specify such committees in the Articles of Incorporation.

Functional committees should be accountable to the board of directors and submit proposals to the board of directors for resolution. However, the audit committee, which exercises the supervisory authority of supervisors pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act, is not subject to this restriction.

Functional committees shall formulate organizational regulations, which shall be approved by resolutions of the board of directors. The content of the organizational regulations shall include the composition of the committee, term of office, matters of authority, rules of procedure, the resources that provided by the company when exercising their power, etc.

Article 28 The company has established an audit committee in accordance with the provisions of the Articles of Incorporation.

The exercise of power and related matters by the audit committee and its independent director members shall be conducted in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules of The Taiwan Stock Exchange Corporation.

Article 28-1 The company has established a remuneration committee through a resolution of the board of directors. The qualifications of its members, the exercise of their power, the establishment of organizational regulations, and other related matters are governed by the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

Article 28-2 The company has established and publicized channels for internal and external personnel to report misconduct and has implemented a whistleblower protection system. The designated unit responsible for receiving reports maintains independence, encrypts and safeguards the files provided by whistleblowers, appropriately restricts access rights, and has established internal operating procedures integrated into the internal control system for monitoring and control purposes.

Article 29 In order to improve the quality of financial reports, the company shall appoint a professional agent of the accounting supervisor.

The agent of the accountant in charge mentioned in the preceding paragraph shall undergo annual continuing education in accordance with the accountant in charge every year, so as to strengthen the professional competence of the agent in charge of accountant.

Accounting personnel involved in the preparation of financial reports should also receive at least six hours of professional training in relevant courses annually. The training can be conducted through internal educational programs within the company or professional courses offered by institutions for the further education of accounting supervisors.

The company should select a professional, responsible, and independent certified public accountant (CPA) to conduct regular audit of the company's financial condition and internal controls. The company should duly review and improve any abnormalities or deficiencies identified by the CPA during the audit process, as well as consider specific recommendations for improvement or fraud prevention. The company should establish communication channel or mechanism between the independent directors, the audit committee, and the CPA, formulating internal operating procedures that are incorporated into the internal control system for monitoring and control.

The company shall periodically (at least once a year) evaluates the

independence and suitability of the appointed accountant. If the company has not changed the CPA for seven consecutive years or if there are circumstances that may compromise their independence or integrity, it should evaluate the necessity of changing the CPA and report the evaluation results to the board of directors.

Article 30 The company may appoint professional and competent lawyers as needed to provide appropriate legal advisory services for the company or assist the board of directors, audit committee, and management in enhancing their legal knowledge. This is done to prevent the company and related personnel from violating laws and regulations and ensure that corporate governance operations in the relevant legal framework and operate under legal procedures.

In cases where directors or management are involved in litigation or disputes with shareholders arising from the lawful execution of business, the company should appoint a lawyer to provide the assistance based on the circumstances.

The audit committee or its independent directors may, on behalf of the company, appoint lawyers, accountants, or other professionals to conduct necessary inspections or provide consultations related to the exercise of their duties, and the company shall bear the expenses.

Section 4 Rules and Decision-Making Procedures of the Board of Directors

Article 31 The board of directors of the company shall hold meetings once a quarter and may convene additional meetings as necessary in the event of an emergency. For the convening of the board of directors, the purpose of the convening shall be stated, and the directors shall be notified 7 days in advance, along with sufficient meeting materials. If the meeting materials are insufficient, the directors have the right to request to additional information or postpone the deliberation with the approval of the board of directors.

The company has established rules and regulations for board meetings, which specify the main agenda items, operating procedures, required contents of minutes, methods of announcement, and other applicable regulations. These rules and regulations shall be conducted in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 32 Directors should uphold a high level of self-discipline. Those who have personal interest or represent juridical person with a vested interest in any proposed agenda item of the board should explain the

important content of their interests at the current board meeting. If there is a potential harm to the interests of the company, the director shall recuse and refrain from participating in the discussion and voting on the matter. Furthermore, they should not act as a proxy for other directors in exercising their voting rights.

The matters requiring self-recusal by directors are clearly stipulated in the rules and regulations for board meetings.

Article 33

In the event of any of the following circumstances in the decision-making of the board of directors, besides recording them in the minutes of the meeting, an announcement should be made on the Market Observation Post System before the start of trading two hours prior to the next business day of the board meeting:

1. Independent director expresses opposition or reservation and has records or written statements.
2. Matters not approved by the audit committee but have obtained the agreement of two-thirds or more of all directors.

During the board meeting, it is possible to notify the relevant non-director executives from departments to attend the meeting to report on the current business situation of the company and answer questions from the directors according to the content of the proposal. If necessary, accountants, lawyers, or other professionals may also be invited to attend the meeting to assist the directors in understanding the current situation of the company and making appropriate decisions. However, they should leave the meeting during the discussion and voting.

Article 34

The deliberative personnel of the company's board of directors have indeed recorded the meeting reports and summaries of each agenda item, resolution methods and results in detail in accordance with relevant regulations.

The minutes of the board meetings shall be signed or sealed by the chairman of the meeting and the recorder and distributed to all directors within 20 days after the meeting.

The attendance register of the board of directors is a part of the meeting minutes and is included in the company's important files, which shall be permanently and properly preserved throughout the existence of the company.

The production, distribution, and preservation of minutes of meetings may be done electronically.

The company shall record the entire proceedings of the board meetings in audio or video format and keep them for at least five years, and the preservation may be done electronically.

If there is ongoing litigation related to the board's decision-making before the expiration of the preservation period mentioned above, the relevant audio or video records should continue to be preserved, and the provisions of the preceding paragraph do not apply.

For board meetings conducted via video conferencing, the audio and video recordings shall be part of the meeting minutes and should be permanently preserved.

When the resolution of the board of directors violates the laws, Articles of Incorporation, or the resolution of the shareholders' meeting, causing damage to the company, the director who expresses dissent and has records or written statements to prove it can be exempted from the liability for compensation.

Article 35

The following matters should be discussed in the board of directors:

1. The company's operational plan.
2. Annual financial reports and semi-annual financial reports.
3. Establishment or amendment of internal control systems and assessment of their effectiveness, in accordance with Article 14-1 of the Securities and Exchange Act.
4. Establishment or amendment of procedures for major financial transactions, such as acquisition or disposition of assets, derivative trading, lending funds to others, endorsing or guaranteeing for others, as stipulated in Article 36-1 of the Securities and Exchange Act.
5. Fundraising, issuance, or private placement of equity securities.
6. Performance evaluation and remuneration standards for managers.
7. Remuneration structure and system for directors.
8. Appointment and dismissal of financial, accounting or internal audit executives.
9. Donations to related parties or significant donations to non-related parties. However, donations of an emergency and charitable nature due to major natural disasters may be submitted to the next board of directors for ratification.
10. In accordance with Article 14-3 of the Securities and Exchange Act, other matters that should be resolved by the shareholders'

meeting or proposed to the board of directors in accordance with laws and regulations or the Articles of Incorporation, or major matters stipulated by the competent authority.

In addition to the above matters that should be brought up for discussion by the board of directors, during the adjournment of the board of directors, the board of directors may authorize the exercise of the functions and authority of the board of directors in accordance with laws and regulations or the Articles of Incorporation. The authorization scope, content or matters shall be specifically and clearly defined and not be granted in a general manner.

Article 36 The company should clearly assign the implementation tasks resulting from the board of directors' resolutions to the appropriate execution units or personnel and require them to execute the tasks according to the planned schedule and objectives, and at the same time include them in tracking management, and truly assess their implementation status.

The board of directors should fully grasp the implementation progress and report it at the next meeting so that the management decisions of the board of directors can be effectively implemented.

Section 5 Directors' Duty of Fidelity and Responsibility

Article 37 Board members shall faithfully execute their business and fulfill their duty of care as a good manager. They shall demonstrate a high level of self-discipline and prudence in the exercise of their powers. With regard to the execution of the company's business, except for matters that should be resolved by the shareholders' meeting in accordance with the law or the Articles of Incorporation, it is indeed done in accordance with the resolutions of the board of directors.

Resolutions of the board of directors that involve the company's business development and major decision-making directions should be carefully considered and should not affect the promotion and operation of corporate governance.

It is advisable for the company to formulate performance evaluation methods and procedures for the board of directors, and regularly conduct performance evaluations for the board of directors, functional committees, and individual directors every year through self-evaluation, peer evaluation, appointment of external professional institutions, or other appropriate methods. The evaluation of the Board of Directors (functional committees) should include the following

aspects and consider the company's needs in determining suitable evaluation indicators:

1. The degree of participation in the company's operations.
2. Enhancement of the quality of board decision-making.
3. Composition and structure of the board of directors.
4. Selection and ongoing education of directors.
5. Internal control.

The evaluation content of the performance of board members (self-evaluation or peer evaluation) should include the following aspects, and make appropriate adjustments in consideration of the needs of the company:

1. Understanding of the company's goals and mission.
2. Awareness of directors' responsibilities.
3. The degree of participation in the company's operations.
4. Management of internal relationships and communication.
5. Director's expertise and ongoing education.
6. Internal control.

The evaluation content of the performance of functional committees should include the following aspects, with appropriate adjustments based on the company's needs:

1. The degree of participation in the company's operations.
2. Cognition of the responsibilities of functional committees.
3. Enhancement of the quality of decision-making within the functional committees.
4. The composition and selection of members of the functional committees.
5. Internal control.

The board of directors of the company shall consider adjusting the composition of the board of directors based on the results of performance evaluation.

Article 37-1 The company establishes a management succession plan, and the board of directors evaluates the development and implementation of the plan as necessary to ensure sustainable operation.

Article 38 If the resolution of the board of directors violates laws or the Articles of Incorporation and is requested to be halted by a shareholder or independent director who holding shares for more than one year, the members of the board of directors should promptly and appropriately handle or cease the implementation of the relevant resolution.

When members of the board of directors discover that the company is in danger of being seriously damaged, they shall handle it in accordance with the above provisions and immediately report to the audit committee or the independent directors of the audit committee.

Article 39 The company shall purchase liability insurance for the directors during their term of office in respect of the compensation liabilities that they are legally responsible for in the scope of their business, so as to mitigate and disperse the risk of significant damages to the company and shareholders caused by directors' errors or negligence. After purchasing or renewing directors' liability insurance, the company shall submit important contents such as the insured amount, coverage scope, and insurance premium rates of the liability insurance to the latest report of the board of directors.

Article 40 Members of the board of directors are advised to continuously participate in training programs organized by Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies during their new appointments or during their tenure. These programs cover topics related to corporate governance, finance, risk management, business, commerce, accounting, law, and corporate social responsibility. It is also important to require employees at all levels to enhance their professional and legal knowledge.

Chapter 4 Respecting the rights and interests of stakeholders.

Article 41 The company shall maintain smooth communication channels with its affiliated banks, other creditors, employees, consumers, suppliers, the community, or other stakeholders of the company. Plus, the company should respect and safeguard their legitimate rights and interests, establishing a dedicated area on its website for stakeholders.

When the legitimate rights and interests of stakeholders are infringed, the company should handle the situation appropriately based on the principle of good faith.

Article 42 The company should provide sufficient information to its affiliated banks and other creditors, enabling them to make assessments and decisions on the company's operations and financial condition. In the event that their legitimate rights are violated, the company should respond positively and adopt a responsible approach, allowing creditors to seek appropriate compensation through available channels.

Article 43 The company should establish communication channels for employees, encouraging them to engage in direct communication with management or the board of directors, and appropriately reflect employees' opinions on the company's operations, and financial conditions, or major decisions that involving employees' interests.

Article 44 While maintaining normal business development and maximizing the interests of shareholders, the company shall pay attention to consumer rights, community environmental protection, and public welfare, attaching importance on corporate social responsibility.

Chapter 5 Improving Information Transparency

Section 1 Strengthening Information Disclosure

Article 45 Information disclosure is an important responsibility of the company, and the company should faithfully perform its obligations in accordance with relevant laws and regulations of The Taiwan Stock Exchange Corporation. The company has established an online declare operating system for public information, designated personnel responsible for the collection and disclosure of company information and implemented a spokesperson system to ensure timely and appropriate disclosure of information that may affect the decisions of shareholders and stakeholders.

Article 46 In order to improve the accuracy and timeliness of significant information disclosure, the company should appoint a person who has a comprehensive understanding of the company's finances and operations, or the ability to coordinate various departments in providing relevant information. The person should also be able to speak on behalf of the company independently and serve as the company spokesperson and acting spokesperson.

The company has more than one acting spokesperson, and any acting spokesperson shall be capable of speaking on behalf of the company independently when the spokesperson is unable to perform his speaking duty. However, a clear order of delegation shall be confirmed to avoid confusion.

In order to implement the spokesperson system, a unified speaking procedure should be clearly defined, and management and employees should be required to keep financial and business confidentiality, and not to spread information arbitrarily.

When there is any change in the spokesperson or acting spokesperson, information disclosure should be carried out immediately.

Article 47 The company makes use of the convenience of the Internet to set up a website that build information related to the company's financial business and corporate governance for the reference of shareholders and stakeholders. The website also provides an English version of financial statements, corporate governance, and other related information.

The maintenance of the aforementioned website should be assigned to a dedicated person who ensures the accuracy and completeness of the listed information and updates it in a timely manner to avoid any misleading or outdated content.

Article 48 If the company holds an investor conference, it shall be handled in accordance with the regulations of The Taiwan Stock Exchange Corporation and kept in the form of audio or video recording. The financial and business information of the corporate briefing session shall be inputted into the Market Observation Post System in accordance with the regulations of The Taiwan Stock Exchange Corporation and provided for inquiry through the company's website or other appropriate channels.

Section 2 Disclosure of Corporate Governance Information

Article 49 The company's website has set up a dedicated area to disclose the following corporate governance-related information, which will be continuously updated:

1. The Board of Directors: Such as the profiles of the board members, their powers and responsibilities, and the diversity policy and implementation of the board members.
2. Functional Committees: Such as the profiles of the members of each functional committee and their powers and responsibilities.
3. Corporate Governance Regulations: Such as the Articles of Incorporation, Regulations Governing Procedure for Board of Directors Meetings of Public Companies, organizational regulations of functional committees, and other regulations related to corporate governance.
4. Important Information related to Corporate Governance: Such as setting corporate governance supervisor information, etc.

Chapter 6 Supplementary Provisions

Article 50 The company pays attention to the development of domestic and international corporate governance systems at any time and utilize them as a basis for reviewing and enhancing its established corporate

governance framework, with the aim of improving the effectiveness of corporate governance.

Article 51 This code will come into effect after being approved by the board of directors, and any amendments thereto shall follow the same process.

Article 52 This Code was enacted on November 9, 2015.

The first amendment was made on March 7, 2019.

The second amendment was made on August 5, 2020.

The third amendment was made on May 3, 2022.