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Chapter 1 General principles

Article 1 (Purpose of the Corporate Governance Code)

To effectively establish a corporate governance system, PharmaEssentia (hereinafter “the Corporation”) sets the Corporate Governance Code (hereinafter “the Code”) in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies jointly developed by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange (TPEX), thereby constructing an effective corporate governance structure and disclosing it on the Market Observation Post System (MOPS).

Article 2 (Corporate governance principles)

In establishing the corporate governance system, the Corporation shall adhere—in addition to legal regulations and the Corporation’s Articles of Association—to the following principles for all contracts signed with the TWSE or TPEX, as well as relevant regulations:

1. Establishing an effective corporate governance structure.
2. Ensuring the benefits of the shareholders.
3. Enhancing the competency of the board of directors.
4. Enhancing the functions of the supervisors.
5. Respecting the benefits of the stakeholders.
6. Improving information transparency.

Article 3 (Establishment of an internal control system)

1. The Corporation shall comply with the Regulations Governing the Establishment of Internal Control Systems by Public Companies and consider its overall business activities as well as those of its subsidiaries in the design and implementation of its internal control system. The Corporation must conduct regular reviews on the system to maintain the validity of its design and

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implementation in accordance with changes in the internal and external environments.

2. For established independent directors, the establishment of or amendments to the internal control system shall be submitted to the board of directors for approval by resolution unless the competent authority has approved otherwise. Any disagreements or reservations among independent directors shall be recorded in the minutes of board meetings. For an audit committee that has been established in accordance with the Securities and Exchange Act, the establishment of or amendments to the internal control system shall be approved of by at least half of the audit committee members before being submitted for approval by the board of directors.
3. In addition to the Corporation's self-appraisal of its internal control system, the board of directors and management must conduct annual reviews on the self-appraisal results of each department as well as quarterly checks on the audit unit's audit report; furthermore, the audit committee or supervisors must execute their supervision responsibilities. The Corporation shall establish a communication channel and mechanism among the independent directors, audit committee, and head of the internal audit unit. The independent directors shall review shortcomings in the internal control system regularly, discuss such shortcomings with the internal unit staff, record such discussions, apply the improved system, continually monitor its implementation and the improvement, and submit a report to the board of directors.
4. For an audit committee established in accordance with the Securities and Exchange Act, the appraisal of the internal control system's validity shall be approved by at least half of the audit committee members before being submitted for approval by the board of directors.
5. The Corporation's management team shall prioritize and provide sufficient authority to the internal audit unit and staff to allow them to check and assess all shortcomings of the internal control system and evaluate its efficiency. This will

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ensure that the system's implementation remains effective over time, the board of directors and management can execute their responsibilities as specified, and the Corporation's actions comply with the corporate governance system.

6. To comply with the internal control requirements as well as improve and maintain the quality and effectiveness of audits, a deputy internal auditor shall be established, and his or her professional capacity shall be enhanced. This role shall be implemented pursuant to relevant regulations for the requirements of an internal auditor in Paragraph 6, Articles 11 and 16–18 of the Regulations Governing the Establishment of Internal Control Systems by Public Companies.

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

The Corporation may establish a full-time (part-time) unit or designate personnel responsible for matters related to corporate governance. The Corporation must assign supervision responsibilities to top executives who have qualified as a lawyer or accountant or worked for more than 3 years in roles related to the management of legal, financial, or share-related matters.

The aforementioned corporate governance matters must include but are not limited to the following:

1. Registering the Corporation and making changes to the registration.
2. Holding board or shareholder meetings in accordance with legal regulations and ensuring that the Corporation operates in conformity with legal regulations related to the board of directors' and shareholder meetings.
3. Producing minutes for board and shareholder meetings.
4. Providing board directors and supervisors with documents required for business operations as well as the latest legal developments concerning corporate operations to ensure that their actions and resolutions follow legal regulations.
5. Completing tasks related to the Corporation's investors.
6. Completing tasks as stipulated in the Corporation's Articles of Association and contracts.

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Chapter 2 Ensuring the benefits of shareholders

Section 1 Encouraging shareholders to participate in corporate governance

Article 4 (Ensuring the benefits of shareholders)

In the Corporation's corporate governance system, the benefits of shareholders shall be ensured, and all shareholders shall be fairly treated. The Corporation must establish a corporate governance system that ensures all shareholders' rights, including being well informed of and engaged in as well as participating in decision-making for material matters of the Corporation.

Article 5 (The Corporation's convening of the board of directors and establishment of comprehensive regulations for meetings)

The Corporation must follow the Company Act and relevant legal regulations when it convenes shareholder meetings and formulates the Regulations for Meetings. For matters that must be reviewed and approved of in shareholder meetings, the review and approval shall be executed by the shareholders with adherence to the Regulations for Meetings, legal regulations, and the Corporation's Articles of Association.

Article 6 (Responsibility of the board of directors to plan for the agendas and timetables of shareholder meetings as appropriate)

1. The Corporation's board of directors shall arrange the agendas and timetables of shareholder meetings as appropriate; establish principles and operational guidelines for such meetings in terms of nominating board directors and offering proposals; and appropriately manage proposals raised by shareholders in accordance with the law. The locations of meetings should be at the shareholders' convenience; meeting notices should be sent to shareholders as early as possible; appropriate staff shall be appointed to complete the meeting

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sign-in process, in which only the required documents of proof shall be requested from attending shareholders; and a reasonable length of time shall be assigned to each topic to ensure that all shareholders can voice their opinions in meetings.

2. Shareholder meetings convened by the board of directors may be hosted by the board chair and must be attended by more than half of the board directors (including at least one independent director) and at least one from each functional committee. The meetings' attendance shall be recorded in the minutes.

Article 7 (The Corporation's incentives for shareholders to participate in corporate governance)

1. The Corporation shall provide incentives to shareholders to engage in corporate governance. Furthermore, it shall commission an agency that specializes in share-related matters to handle tasks related to shareholder meetings and ensure such meetings are held in legal, effective, and safe conditions. To increase the attendance rate of shareholders at shareholder meetings, thereby ensuring shareholders execute shareholder rights in accordance with legal regulations in meetings, the Corporation shall disclose relevant information and conduct voting through technological means. Concurrently, it shall upload both Chinese and English versions of shareholder meeting notices, meeting handbooks, and supplementary materials for meetings.
2. In the event of e-voting, topics proposed in addition to or amendments made to the original meeting topics shall be avoided. For the election of board directors, the candidate shall be selected through nomination.
3. The Corporation shall arrange for shareholders to vote on meeting topics separately and publish the vote results (i.e., agreement, disagreement, and abstention) on the MOPS on the day following each shareholder meeting.

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4. If gifts are distributed to shareholders, there shall be no unfair treatment or discrimination toward them.

Article 8 (Shareholder meeting minutes)

1. The Corporation shall follow the Company Act and relevant regulations, clearly stating the date (year, month, and day), location, name of the chair, approach to adopting a resolution, major points of discussion, and results of each meeting. For elections of board directors and supervisors, the approach to adopting a resolution (namely voting) and numbers of votes for the winning board directors and supervisors shall be specified.
2. The shareholder meeting minutes shall be retained properly during the life of the Corporation and disclosed on the Corporation’s website.

Article 9 (Requirements for the chair of a shareholder meeting: be fully informed of and comply with the Corporation’s Regulations for Meetings)

1. The chair of a shareholder meeting shall be fully informed of and comply with the Corporation’s Regulations for Meetings, ensure the meeting runs smoothly, and not dismiss the meeting without reasonable reasons.
2. To ensure the benefits of the majority of shareholders, in the event of a chair dismissing a meeting against the Regulations, other members of the board of directors shall immediately select one individual from among them to continue (if half of these shareholders agree to) the meeting as chair in accordance with the legal process.

Article 10 (The Corporation’s emphasis on shareholders’ right to know)

1. The Corporation must emphasize shareholders’ right to know and ensure that it acts in compliance with relevant regulations related to the publication of information; specifically, it shall disclose information, such as the Corporation’s financial status, business status, insider ownership, and corporate governance

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status, to shareholders on the MOPS or the Corporation's website continually and in real time.

2. To ensure the fair treatment of shareholders, the aforementioned types of information shall be published in English.
3. To ensure benefits and fair treatment of shareholders, the Corporation must establish internal regulations to avoid insiders trading securities on the basis of unpublished information.

Article 11 (The right of shareholders to share the Corporation's earnings)

1. The shareholders have the right to share the Corporation's earnings. To ensure the investment benefits of shareholders, they may inspect reports produced by the board of directors, audit committee, or supervisors in accordance with Article 184 of the Company Act and determine whether to share the earnings or use them to offset deficits elsewhere during shareholder meetings. Pre-meeting inspections shall be conducted by the appointed inspector.
2. The shareholders may request that the court appoint one inspector in accordance with Article 245 of the Company Act for inspection of the Corporation's financial accounts and property.
3. The Corporation's board of directors, audit committee, supervisors, and managers shall cooperate fully with the aforementioned two types of inspection and not interfere with, reject cooperating in, or avoid engagement in the inspection process.

Article 12 (Requirements for major financial and business actions to be approved of in shareholder meetings)

1. The Corporation shall follow relevant legal regulations in executing major financial and business actions, such as the acquisition or disposal of assets, provision of loans, and making of endorsements or guarantees. Furthermore, the Corporation shall establish relevant operational guidelines, which must be

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subjected to a review in a shareholder meeting for approval, to ensure shareholders' benefits.

2. In the event of a merger or public acquisition, the Corporation shall follow relevant legal regulations and ensure fairness and reasonableness in the planning and trading processes of mergers or public acquisitions, publication of information, and robustness of its financial structure following such an event.
3. Personnel responsible for said event in the preceding paragraph shall be aware of and avoid conflicts of interest.

Article 13 (Staff in the Corporation who specifically manage shareholders' suggestions)

1. To ensure the benefits of shareholders, the Corporation shall have staff who are specifically responsible for managing shareholders' suggestions, questions, and disputes.
2. In the event that the shareholders' benefits are damaged through legal regulations or the Corporation's Articles of Association being violated by resolutions passed in shareholder or board meetings or by board directors or managers in the execution of job responsibilities, the Corporation shall properly handle any lawsuits filed by shareholders.
3. The Corporation shall establish internal operational guidelines for the proper handling of matters discussed in the preceding two paragraphs, as well as record such events in written form for future reference and include them in the internal control system.

Section 2 Establishment of an interaction mechanism with shareholders

Article 13-1 (Responsibility of the board of directors to establish an interaction mechanism with shareholders)

The Corporation's board of directors has the responsibility of establishing an

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interaction mechanism with shareholders for the shared understanding of the Corporation's goals and development between the two parties.

Article 13-2 (Efficient approach to communicating with and gaining support from shareholders)

In addition to communicating with shareholders through and encouraging them to participate in shareholder meetings, the Corporation's board of directors shall adopt an efficient approach to communicate with shareholders: together with managers and independent directors, they will understand shareholders' opinions and priority topics and explain the Corporation's policies to them, thereby gaining their support.

Section 3 Corporate governance relationship between the Corporation and affiliated businesses

Article 14 (Establishment of a firewall)

The human resources, assets, and financial management goals shall be clarified, as shall the responsibilities between the Corporation and its affiliated businesses. Risk assessment shall be conducted accordingly and a firewall shall be established as appropriate.

Article 15 (Prohibition of the same person concurrently holding the position of manager in the Corporation and in affiliated businesses)

1. A manager in the Corporation shall not concurrently be a manager in one of its affiliated businesses unless otherwise specified in legal regulations.
2. In the event that a board director wishes to perform actions classified as part of the Corporation's business operations for his or her own interest or those of others, the director shall specify the significance of such actions to and gain approval from the shareholders.

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Article 16 (Establishment of comprehensive financial, business, and accounting management systems)

The Corporation shall establish comprehensive financial, business, and accounting management goals and systems in accordance with relevant legal regulations and, together with its affiliated businesses, conduct comprehensive risk assessments on the main correspondent banks, clients, and suppliers, implement necessary control mechanisms, and reduce credit risks.

Article 17 (Principles of reasonableness and fairness toward affiliated businesses with which the Corporation has business interactions)

1. The business interactions between the Corporation and its affiliated businesses shall be based on the principles of reasonableness and fairness, and written regulations concerning related financial and business operations shall be established. Contracts between the two parties must clearly specify the price, conditions, and payment method, and non-arm's length transactions must be prohibited.
2. Transactions and contracts of the Corporation with its stakeholders and shareholders shall be conducted on the basis of the preceding paragraph; tunneling must be strictly prohibited.

Article 18 (Regulations for corporate shareholders that have control over the Corporation)

Corporate shareholders that have control over the Corporation shall follow the following regulations:

1. A corporate shareholder shall have the duty of good faith toward other shareholders, and shall not directly or indirectly engage the Corporation in operations that are not at arm's length or disadvantageous to the Corporation.
2. The representative of a corporate shareholder shall follow the Corporation's relevant regulations in terms of the right they possess and their participation in

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decision-making. During shareholder meetings, they shall vote in good faith and on the basis of maximizing the shareholders' overall interest, as well as exercise their duties of loyalty and care toward the board directors and supervisors.

3. A corporate shareholder shall follow relevant legal regulations and the Corporation's Articles of Association, and shall not overstep his/her authority (as a shareholder or board director) in his/her nomination of board directors and supervisors.
4. A corporate shareholder shall not inappropriately interfere with the Corporation's decision-making or operating activities.
5. A corporate shareholder shall not restrict or impede the Corporation's production or operations through engaging in unfair competitions, such as monopolizing procurement or closing off sales channels.
6. A corporate representative, who is appointed if the corporate shareholder has been selected as a board director or supervisor, shall meet the Corporation's professional requirements and not be changed unless justification has been provided.

Article 19 (Lists of principal shareholders and ultimate controlling shareholders)

1. The Corporation shall have a complete grasp of the principal shareholders, who own relatively many shares of and have actual control over the Corporation, as well as of the ultimate controlling shareholders.
2. The Corporation shall reveal all instances of share pledging and increases or decreases in shareholding by each shareholder who owns more than 10% of the Corporation's shares and all other material events that could potentially cause shareholding changes for other shareholders to monitor.
3. "Principal shareholders" in the first paragraph refers to shareholders who own more than 5% of the Corporation's shares or the top 10 shareholders who own the most shares among all shareholders. However, the Corporation may reduce the shareholding level for principal shareholders in accordance with its actual

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shareholding pattern.

Chapter 3 Enhancing the competency of the board of directors

Section 1 Structure of the board of directors

Article 20 (Required collective capacity of the board of directors)

1. The Corporation's board of directors shall lead the corporate strategy, supervise the management team, and be responsible for the entire Company and shareholders. The board must ensure that all operations and arrangements in the corporate governance system and its execution of authority in shareholder meetings conform to legal regulations and the Corporation's Articles of Association.
2. Regarding the board structure, the Corporation shall determine the number of board seats according to its scale, shareholding pattern among the shareholders, and its actual operating needs.
3. The composition of the board shall be diverse. Directors who are concurrently a manager in the Corporation shall constitute no more than one-third of the board. The Corporation, according to its operation, operating model, and development needs, shall aim to achieve diversity of the board in various aspects, including but not limited to the following two major dimensions:
 - (1) Basic conditions and values: including sex, age, nationality, and culture.
 - (2) Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.
4. Members of the board shall possess the knowledge, skills, and competence required to complete their job responsibilities. To achieve the goals of corporate governance, the board shall collectively possess the following:
 - (1) The ability to make judgments in the interest of corporate operations.
 - (2) The ability to conduct accounting and financial analyses.

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- (3) Operation and management skills.
- (4) The ability to handle emergencies.
- (5) Industrial knowledge.
- (6) Insights into international markets.
- (7) Leadership skills.
- (8) The ability to make decisions.

Article 21 (Necessity for establishing a fair, impartial, and transparent procedure for assigning board directors)

1. The Corporation shall establish a fair, impartial, and transparent procedure for assigning board directors on the basis of the benefits and fair treatment of shareholders; encourage shareholders to participate in the procedure; and, in accordance with the Company Act, adopt cumulative voting to enable shareholders' opinions to be fully reflected in the election of directors.
2. Directors who are a spouse or relative within the second degree of consanguinity of another director shall constitute less than half of the board seats unless otherwise approved by the competent authority.
3. If the board comprises fewer than five directors because some have been dismissed for certain reasons, the Corporation may hold a second election for the vacant board seats in the next shareholding meeting. In the event that the vacancies constitute one-third of all board seats, as designated in the Corporation's Articles of Association, the Corporation may convene a shareholder meeting for a second election within 60 days of the event.
4. The total shares held by the board directors shall conform to legal regulations. The Corporation must follow relevant regulations in terms of limitations in board directors' share transfers as well as their creation of, release of, and changes in pledges; furthermore, all information of these actions shall be fully disclosed.

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Article 22 (Clarification of nomination-based board director election in the Articles of Association)

1. The Corporation shall follow the Company Act and specify the nomination-based election for board directors in its Articles of Association. Specifically, whether director candidates nominated by shareholders and board directors meet the candidate qualification criteria (e.g., educational background, work experience, and the conditions specified in Article 30 of the Company Act) shall be reviewed. Proof documents irrelevant to the qualification criteria must not be provided without justification, and the review results shall be provided to the shareholders as a reference for them to select the appropriate directors.
2. Before the list of director candidates is announced, the board shall assess all candidates regarding the aforementioned criteria and confirm their willingness to serve as a board director if they are to be elected.

Article 23 (Clear division of authority and responsibilities among functional committees, the chair, and the general manager)

1. The responsibilities of the Corporation's chair and general manager shall be clearly delineated.
2. The positions of the chair and general manager should not be held by the same person. In the event that the chair and general manager are the same person, are spouses to each other, or related to each other within the first degree of consanguinity, the number of board seats shall be increased.
3. In the presence of functional committees, their responsibilities shall be clearly defined.

Section 2 System of independent directors**Article 24 (Establishment of independent directors in accordance with the Corporation's Articles of Association)**

1. The Corporation shall establish at least two independent directors in accordance

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with the Articles of Association; the number of independent directors shall be no less than one-fifth of the board seats.

2. Independent directors must possess professional knowledge, and the shares held by independent directors must be capped. Independent directors shall be assigned in accordance with relevant legal regulations; shall not concurrently serve as independent directors in more than three companies listed on the TWSE or TPEx; shall remain independent in the execution of duties; and shall not have any direct or indirect interest with the Corporation.
3. The Corporation follows the candidate nomination system, as stipulated in Article 192-1 of the Company Act, in its election of independent directors, and has specified in its Articles of Association that independent directors are elected by shareholders from a candidate list. Independent and nonindependent directors shall be elected concurrently but separately according to Article 198 of the Company Act.
4. In the event that the Corporation, its corporate group, or its organizations whose nominated independent directors serve as board directors, supervisors, or managers of other corporations, their corporate group, or their organizations, or vice versa, the Corporation shall disclose such information when such an independent director candidate is nominated and justify his or her suitability for the position. If such a candidate is elected as an independent director, the number of votes they won shall be disclosed. The aforementioned corporate group and organizations include the Corporation's subsidiaries, foundations of which the Corporation has made direct or indirect financial donations that exceed 50% of the total donation received by the foundation, and other institutions or juridical persons that the Corporation has control over.
5. Independent and nonindependent directors shall not exchange roles during their term.
6. If the number of independent directors is below the minimum specified in the first paragraph or in the Articles of Association because independent directors

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have been dismissed, a second election for the vacancy shall be held in the next shareholder meeting. In the event that all independent directors have been dismissed, the Corporation shall convene a shareholder meeting for a second election within 60 days of the event.

7. If executive directors have been established, they shall comprise at least one independent director, and the number shall be no less than one-fifth of the number of board seats held by executive directors.
8. The Corporation shall follow the Securities and Exchange Act, Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies, or regulations promulgated by the TWSE or TPEX for matters such as professional requirements, restrictions on shareholdings, holding of positions concurrently outside the Corporation, the verification of independence, approaches to nomination, and other relevant regulations for independent directors.

Article 25 (Matters that must be submitted to the board of directors for approval by resolution)

In accordance with the Securities and Exchange Act, the Corporation subjects the following matters to the board meeting for approval by resolution; any disagreements or reservations among independent directors shall be clearly recorded in the board meeting minutes:

1. Establishment of or amendments to the internal control system conducted pursuant to Article 14-1 of the Securities and Exchange Act.
2. Establishment of or amendments conducted, pursuant to Article 36-1 of the Securities and Exchange Act, in the operational procedures for major financial or business actions, including the acquisition or disposal of assets, derivatives trading, or provision of loans, endorsements, or guarantees to others.
3. Matters involving the personal interests of board directors or supervisors.
4. Material trading of assets or derivatives.

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5. Provision of material monetary loans, endorsements, or guarantees to others.
6. Offering, issuance, and private placement of equity securities.
7. Hiring of, dismissal of, or remuneration given to an attesting certified public accountant.
8. Appointment and discharge of the finance, accounting, or internal audit heads.
9. Other material matters specified by the competent authority.

Article 26 (Clarification of the scope of independent directors' responsibilities)

1. The Corporation shall clarify the scope of the independent directors' responsibilities and grant them authority over human or material resources. The Company and other members of the board shall not interfere with or impede the independent directors in executing their responsibilities.
2. The Corporation shall clearly define the amount of remuneration for the board of directors in accordance with relevant regulations. This remuneration must fully reflect the individual performance of directors as well as long-term corporate performance, with consideration of the operational risk. The remuneration for independent directors shall be distinct from that for nonindependent directors.
3. The Corporation shall appropriate a special reserve, which shall be kept according to the Corporation's Articles of Association, resolutions passed in shareholder meetings, or orders by the competent authority, after the required legal reserve has been kept and before remuneration is provided to directors, supervisors, and employees. The approach through which the special reserve is returned to the unappropriated retained earnings shall be specified in the Articles of Association.

Section 3 Functional committees**Article 27 (Establishment of functional committees)**

1. According to the scale, nature of business, and number of board directors of the

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Corporation, the board of directors may establish audit, remuneration, nomination, risk management, or other functional committees to enhance the supervision and management functions of the Corporation or establish environmental, corporate social responsibility, and other committees to achieve corporate social responsibilities and sustainable operations. These committees must be specified in the Articles of Association upon establishment.

2. The functional committees are responsible to the board of directors, and their proposals shall be subjected to the board for approval by resolution. However, this rule is not applicable to an audit committee, which executes its authority as a supervisor pursuant to Paragraph 4, Article 14 of the Securities and Exchange Act.
3. Functional committees must establish their organizational regulations, which shall be reviewed and approved by the board of directors. The content of the organizational regulations must include the number, terms, and authority of committee members, the Regulations for Meetings, and the resources they require from the Corporation to execute their authority.

Article 28 (Establishment of an audit committee in the Corporation)

1. The Corporation has established an audit committee.
2. The audit committee contains all independent directors, with the number of committee members being no less than three; one of the members shall serve as the committee convener, and at least one must possess expertise in accounting or finance.
3. An audit committee shall be governed by all rules applicable to supervisors specified in the Securities and Exchange Act, Company Act, all other legal regulations, and the Code.
4. With the presence of an audit committee, the following matters must be approved by more than half of the committee members and then subjected to a review by the board of directors for approval. This shall not be governed by

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Article 25 of the Code.

- (1) Establishment of or amendments to the internal control system conducted pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Appraisal of the effectiveness of the internal control system.
 - (3) According to Article 36-1 of the Securities and Exchange Act, establishment of or amendments to the operational procedures for major financial or business actions, including the acquisition or disposal of assets, derivatives trading, or provision of loans, endorsements, or guarantees to others.
 - (4) Matters involving the personal interest of board directors.
 - (5) Material trading of assets or derivatives.
 - (6) Provision of material monetary loans, endorsements, or guarantees to others.
 - (7) Offering, issuance, and private placement of equity securities.
 - (8) Hiring of, dismissal of, or remuneration given to an attesting certified public accountant.
 - (9) Appointment and discharge of the finance, accounting, or internal audit heads.
 - (10) Annual and semiannual financial reports.
 - (11) Material matters specified by the Corporation or competent authority.
5. The execution of authority and relevant matters for the audit committee and its members who also serve as independent directors, shall be governed by the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, or regulations promulgated by the TWSE or TPEX.

Article 28-1 (Establishment of a remuneration committee)

1. The Corporation shall establish a remuneration committee; the committee members' professional requirements and authority, the committee's organizational regulations, and relevant matters shall follow the Regulations

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Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

2. The remuneration committee shall execute the following authority with the due care of a good administrator and subject all proposed recommendations to discussions by the board of directors; however, recommendations concerning the remuneration of supervisors shall only be subjected to discussions by the board if such discussions are specified in the Corporation's Articles of Association or have been approved in a shareholder meeting.
 - (1) Establishing and regularly reviewing the policy, system, standard, and structure for the performance appraisal and remuneration of board directors, supervisors, and managers.
 - (2) Establishing and regularly reviewing the remuneration of board directors, supervisors, and managers.
3. The remuneration committee shall comply with the following principles when executing the authority mentioned in the preceding paragraph:
 - (1) Regarding the performance appraisal and remuneration payments of board directors, supervisors, and managers, the usual remuneration standard for these roles adopted by other companies in the same industry shall be referred to, with consideration given to the reasonableness of the correlation between the remuneration paid and the individual's performance, the Corporation's operating performance, and future risk exposure.
 - (2) The committee shall not provide incentives that could potentially lead the board directors or managers to engage in activities that involve risks exceeding the tolerable risk level of the Corporation for pursuing higher remuneration.
 - (3) For board directors and senior managers, the percentage of remuneration paid according to their short-term performance and the payment time for variable remuneration shall be determined according to the industry's characteristics and nature of the Corporation's business.

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Article 28-2 (Complaint system)

The Corporation may establish a complaint system that is available to both internal and external parties as well as a whistleblower protection system. The complaint processing unit must be independent, protect with confidentiality documents provided by whistleblowers, limit access to documents as appropriate, and establish internal operational procedures, which shall be incorporated into the internal control system.

Article 29 (Improving the quality of financial reports)

1. To improve the quality of financial reports, the Corporation shall establish a deputy head of accounting, who, as does the head of accounting, shall receive continuing training every year to enhance his or her professional capacity.
2. The accounting staff responsible for producing financial reports shall receive professional training courses for at least 6 hours each year. To meet this requirement, they may participate in the Corporation's internal education training or professional courses offered by professional development institutions (for the head of accounting).
3. The Corporation must hire a professional, responsible, and independent certified public accountant to regularly audit its financial status and internal control. The Corporation shall reflect on the constructive and anticorruption recommendations provided by the accountant to improve upon the irregularities and shortcomings revealed in the audit. A communication channel or mechanism shall be established between independent directors and the certified public accountant; furthermore, internal operational procedures shall be constructed and incorporated into the internal control system.
4. The Corporation shall regularly (at least once a year) evaluate the independence and suitability of the hired accountant. The Corporation shall evaluate the need to replace its accountant if one of the following events occurs: the Corporation has not replaced its accountant for 7 consecutive years; the accountant has

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violated relevant regulations; or the accountant has harmed the independence of the Corporation. The evaluation results shall be subjected to review by the board of directors.

Article 30 (Appropriate legal services for the Corporation)

1. The Corporation shall appoint a qualified lawyer, who provides legal advice to the Corporation; improves the legal literacy of the board of directors, supervisors, and management team; prevents the Corporation and its employees violating legal regulations; and maintains corporate governance within the legal framework and legal procedures.
2. In the event that the execution of duties of the board directors, supervisors, or the management team could potentially lead to lawsuits or disputes between shareholders, the Corporation may ask the lawyer to provide assistance.
3. The audit committee or its members who concurrently serve as the independent directors may, on behalf of the Corporation, hire lawyers, accountants, or other professionals to conduct necessary inspections or provide advice on matters relevant to their authority. The Corporation shall be responsible for all costs incurred.

Section 4 Regulations and decision-making procedure of board meetings

Article 31 (Convening of board meetings)

1. The Corporation shall have at least one board meeting each quarter, and board meetings may be convened anytime in the event of an emergency. To convene a board meeting, the reason for such a meeting shall be specified; all board directors and supervisors must be notified of the meeting 7 days prior to the meeting date; and adequate meeting materials must be provided and sent along with the meeting notice. If the meeting materials are considered inadequate, the board directors have the right to request supplementary materials or postpone

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the meeting upon approval by the board of directors.

2. The Corporation shall establish Regulations for Board Meetings, in which the major agenda items, operational procedures, required content of the meeting minutes, meeting motives, and other compliance requirements shall follow the Regulations Governing Procedures for Board of Directors Meetings of Public Companies.

Article 32 (High self-discipline of board directors)

1. The board directors shall maintain high self-discipline. In the event that a proposal in a board meeting concerns a director's personal interest or that of the juristic person they represent, the director must disclose the interest in the current meeting. If potential damage to the Corporation's interests exists, the director shall not participate in the discussion and decision-making for the proposal, shall avoid participating in such processes, and shall not make decisions on behalf of other directors.
2. The avoidance of conflicts of interest shall be clearly stipulated in the Regulations for Board Meetings.

Article 33 (Independent directors and the board of directors)

1. If matters specified in Article 14-3 of the Securities and Exchange Act are discussed in a board meeting, the Corporation's independent directors must attend the meeting in person and may not designate nonindependent directors as proxies. Any disagreements or reservations among the independent directors shall be specified in the board meeting minutes. In the event that an independent director cannot attend a board meeting, and hence cannot voice his or her disagreements or reservations, he or she must—unless justifiable reasons have been provided—provide written opinions on the meeting topics, which shall be included in the board meeting minutes.
2. If one of the following events occurs during decision-making in board meetings,

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it shall be recorded in the minutes and announced publicly on the MOPS prior to the start of the following business day.

- (1) The independent directors have had their disagreements and reservations recorded or have specified them in written form.
- (2) If the Corporation has an established audit committee and a proposal that has not been approved of by the committee has been agreed by more than two-thirds of the board of directors.
3. In the middle of a board meeting, the board directors may ask managers from departments that are relevant to the meeting topics and are not part of the board to attend the meeting to provide information regarding the current business status of the Corporation, as well as to answer questions posed by the board. If necessary, specialists such as accountants and lawyers may be invited to the meeting to provide information regarding the current status of the Corporation to the board, who can then make appropriate decisions. However, these specialists must leave the meeting during discussions and decision-making.

Article 34 (Board meeting minutes)

1. Staff responsible for arranging board meetings shall produce meeting reports and the summary, decision-making method, and results of each meeting topic in accordance with relevant regulations.
2. The board meeting minutes shall be signed or sealed by the meeting chair and minute-taker, and then distributed to all board directors and supervisors within 20 days of the meeting date. The sign-in book is part of the meeting minutes, which shall be classified as a critical file of the Corporation and retained properly during the corporation's lifetime.
3. The meeting minutes shall be produced, distributed, and retained using electronic means.
4. The Corporation shall audio-record and film the entire process of each board meeting and keep the records for at least 5 years; the records may be retained in

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electronic form.

5. If a lawsuit related to the topics of board meetings is filed before the end of the specified record-retention period, the retention period for relevant audio and video recordings shall be extended and must not be limited by the 5-year period.
6. Regarding meetings conducted via video calls, the audio and video recordings shall be part of the meeting minutes and retained permanently.
7. In the event that resolutions passed in board meetings violate legal regulations, the Corporation's Articles of Association, or the resolutions passed in shareholder meetings cause damages to the Corporation, board directors whose disagreements have been recorded in meeting minutes or in written statements will not be held liable for such damage.

Article 35 (Matters that must be discussed in a board meeting)

1. The following matters must be discussed in a board meeting
 - (1) The Corporation's operating plan.
 - (2) Annual and semiannual financial reports, excluding semiannual financial reports that, as stipulated in legal regulations, do not require audits by accountants.
 - (3) Establishment of or amendments to the internal control system conducted pursuant to Article 14-1 of the Securities and Exchange Act.
 - (4) The establishment of or amendments to (pursuant to Article 36-1 of the Securities and Exchange Act) the operational procedures for major financial or business actions, including the acquisition or disposal of assets, derivatives trading, or provision of loans, endorsements, or guarantees to others.
 - (5) Offering, issuance, and private placement of equity securities.
 - (6) Performance appraisal and remuneration payment standards for managers.
 - (7) Remuneration structure and system for board directors.
 - (8) Appointment and discharge of finance, accounting, or internal audit heads.
 - (9) Donations to a related party or a major donation to a nonrelated party;

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emergency donations made for major disasters in the public interest may be subjected to a retrospective review in the next board meeting.

(10) Other matters that require review in a shareholder meeting for approval or review in a board meeting pursuant to Article 14-3 of the Securities and Exchange Act, other legal regulations, or the Corporation's Articles of Association or material matters specified by the competent authority.

2. In addition, for the board of directors to authorize an individual to make decisions on the board's behalf when board meetings are not convened, as stipulated in legal regulations and the Corporation's Articles of Association, the board must not grant full authority to an individual and shall specify the extent of authority given, content of the authority, and matters to be decided by the authorized individual.

Article 36 (Appropriate unit or staff for executing resolutions passed in board meetings)

1. The Corporation shall assign appropriate units or staff to execute plans regarding the schedules and goals resolved in board meetings. The execution shall be monitored and its performance appraised.
2. The board of directors must keep themselves informed of the progress of plans and report it in the next meeting to ensure that the operating decisions made by the board have been implemented accordingly.

Section 5 Board of directors' duties and responsibilities of loyalty and care

Article 37 (Responsibility of board directors to execute duties with loyalty and the due care of a good administrator)

1. Board members must execute their authority with loyalty and the due care of a good administrator, remaining self-disciplined and rigorous in their roles. The Corporation's business operations shall be executed pursuant to resolutions adopted by the board of directors, except for matters that must be resolved in a

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shareholder meeting as stipulated in legal regulations or the Corporation's Articles of Association.

2. Board resolutions that involve the Corporation's operation, development, and major decisions shall be rigorously reviewed and must not affect the implementation and operation of the corporate governance.
3. The Corporation shall establish regulations and procedures for the performance appraisal of the board of directors; furthermore, it shall conduct performance appraisals annually on the board of directors, functional committees, and individual board directors through appropriate means such as self-appraisal, peer appraisal, or performance evaluation by an external appraiser. The following dimensions are recommended for inclusion in the performance appraisal of the board of directors (functional committees); the specific indicators may be set by the Corporation according to its needs.
 - (1) Engagement in the Corporation's operations
 - (2) Improvement in the board's decision-making quality
 - (3) Composition and structure of the board of directors
 - (4) Appointment and continued training of board directors
 - (5) Internal control
4. The following dimensions are recommended for inclusion in the performance appraisal of individual board directors (self-appraisal or peer appraisal); the Corporation may make adjustments according to its needs.
 - (1) The extent to which a director is informed of the Corporation's goals and missions
 - (2) Knowledge of a director's responsibilities
 - (3) Engagement in the Corporation's operations
 - (4) Management of and communication in internal relationships
 - (5) Expertise and continued training of a director
 - (6) Internal control
5. The Corporation's board of directors shall adjust the composition of board

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directors according to the performance appraisal results.

Article 37-1 (Formulation of a succession plan for the management team)

The Corporation should formulate a succession plan for the management team. The board should evaluate the development and implementation of the plan regularly to ensure its sustainable operation.

Article 38 (When shareholders, independent directors, or supervisors request that the board terminates the implementation of its resolutions)

1. In the event that shareholders who have held shares for more than 1 year, independent directors, or supervisors request that the board terminates the implementation of resolutions that violate legal regulations and the Corporation's Articles of Association, the board of directors must handle the matter appropriately and in a timely manner or terminate the implementation of all relevant resolutions.
2. In recognition of potential damage to the Corporation, the board directors shall handle the matter according to the preceding paragraph and report immediately to the audit committee, its members who concurrently serve as independent directors, or supervisors.

Article 39 (Liability insurance for board directors)

1. The Corporation may purchase liability insurance for board directors, which covers the legal liabilities related to their duties during their term of office, to reduce and diversify the risk of major damage to the Corporation or shareholders resulting from mistakes or negligence of the board.
2. After the Corporation has purchased or renewed a liability insurance policy for board directors, it should specify critical policy information, including the insurance deductible, coverage, and rate, in the next board meeting.

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Article 40 (Participation of board directors in continued training)

The board directors shall continue receiving training on topics related to corporate governance, including in finance, risk management, business, trading, accounting, law, and corporate social responsibilities, provided by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Furthermore, these directors shall urge staff of all levels to enhance their professional and legal knowledge.

Chapter 4 Respect for the benefits of stakeholders**Article 41 (Responsibility of TWSE and TPEX listed companies to maintain communication with and protect the rights of stakeholders)**

1. The Corporation shall maintain an effective communication channel with its correspondent bank and other stakeholders, such as creditors, employees, customers, suppliers, and communities; respect and protect the legal rights of these parties; and establish a stakeholder section on the Corporation's website.
2. In the event that stakeholders' legal rights are threatened, the Corporation shall handle the matter in good faith.

Article 42 (Provision of adequate information to the correspondent bank and other creditors)

The Corporation shall provide adequate information to the correspondent bank and other creditors to enable these parties to make judgments and decisions in accordance with the Corporation's operating and financial status. In the event that these parties' legal rights are threatened, the Corporation shall respond candidly and take responsibility in such a matter that the creditors receive compensation through rightful means.

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Article 43 (Responsibility of the Corporation to establish a communication channels for staff)

The Corporation shall establish a communication channel for the staff to facilitate direct communication between junior staff and the management team, board directors, or supervisors. This will reveal the opinions of junior staff toward the Corporation's operating and financial status as well as toward major decisions concerning their benefits.

Article 44 (The Corporation's social responsibilities)

In addition to maintaining normal operations and maximizing shareholder benefits, the Corporation must emphasize customer rights, environmental protection in communities, the public interest, and its social responsibilities.

Chapter 5 Improvements in information transparency**Section 1 Enhancing information disclosure****Article 45 (Publication of information and e-filing systems)**

1. The publication of information is a crucial responsibility of a TWSE and TPEX listed company. The Corporation shall execute its obligations with loyalty pursuant to relevant legal regulations and the rules established by the TWSE or TPEX.
2. The Corporation shall establish an e-filing system accessible to the public, assign staff to specifically collect and disclose data of the Corporation, and establish a spokesperson system to ensure that all information that could potentially affect the decisions of shareholders and stakeholders is disclosed properly and in a timely manner.

Article 46 (The necessity of spokespeople)

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1. To enhance the accuracy and timeliness of information disclosure, TWSE and TPEX listed companies shall assign spokesperson and deputy spokesperson positions to individuals who are capable of speaking to the public on behalf of the Corporation and currently possess comprehensive knowledge of the Corporation's financial and business status, or who are able to engage all departments in providing relevant information.
2. The Corporation shall have at least one deputy spokesperson, and each spokesperson shall be able to speak to the public independently on behalf of the spokesperson when he or she is not available. However, an order in which the deputy spokespeople are sent shall be established in case of an overlap.
3. To establish a comprehensive spokesperson system, the Corporation shall form clear procedures for speaking on behalf of the Corporation and request that the management team and staff keep financial and business secrets confidential and do not disseminate such information without permission.
4. Any replacements of spokespeople or deputy spokespeople shall be disclosed to the public.

Article 47 (Establishment of a corporate governance website)

1. The Corporation shall establish a website on which to publish its financial, business, and governance information for the reference of shareholders and stakeholders. English versions of relevant information, including the financial status and governance of the Corporation, should also be provided on the website.
2. The Corporation shall assign staff to specifically manage the website mentioned in the preceding paragraph to ensure the accuracy of data and update in real time, thereby avoiding the publication of misleading information.

Article 48 (Method of convening investor conferences)

The Corporation shall convene investor conferences pursuant to rules promulgated by

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the TWSE and TPEX; the conferences shall be audio-recorded or filmed. The financial and business information disclosed during investor conferences shall be published on the MOPS in accordance with the rules promulgated by the TWSE and TPEX and be made available for the public to search through corporate websites or other appropriate means.

Section 2 Disclosure of corporate governance information

Article 49 (Disclosure of corporate governance information)

1. The Corporation shall disclose the following corporate governance information of the current year and continually update such information pursuant to relevant legal regulations and rules promulgated by the TWSE and TPEX (companies with an audit committee are not required to disclose their supervisors' information).
 - (1) Structure and rules of the corporate governance.
 - (2) Shareholding patterns and shareholder rights (including a specific and clear dividend policy).
 - (3) Structure of the board of directors and the expertise and independence of board members.
 - (4) Responsibilities of the board of directors and managers.
 - (5) Composition, responsibilities, and independence of the audit committee and supervisors.
 - (6) Composition, responsibilities, and operation of the remuneration committee and other functional committees.
 - (7) The following information from the last 2 years: the remuneration of board directors, supervisors, the general manager, and the deputy general manager; an analysis of the proportion of net profit after tax contributed by the total remuneration paid to each of the aforementioned people; the remuneration payment policy, standard, and package; the established procedures of remuneration payment and their correlation with operational performance and

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future risks; and, in certain situations, the remuneration of individual board directors and supervisors.

- (8) Training status of board directors and supervisors.
 - (9) Rights of, relationships between, complaint channels for, topics emphasized by, and appropriate response mechanisms for stakeholders.
 - (10) Detailed publication status of information published in accordance with legal regulations.
 - (11) Discrepancy between the Corporation's actual corporate governance status and the Code as well as the reason for such discrepancy.
 - (12) Other information relevant to corporate governance.
2. The Corporation shall properly disclose its practical plans and measures for improving its corporate governance in accordance with its actual implementation.

Chapter 6 Supplementary provisions

Article 50 (Emphasis on domestic and international development)

The Corporation shall pay close attention to domestic and international companies' development of corporate governance systems to review and improve its corporate governance system, thereby enhancing its corporate governance effectiveness.

Article 51 (Enforcement and amendments)

The Code shall be enforced after approval by the board of directors; any amendments to the Code shall undergo the same procedure.