

Code of Corporate Governance, CSBC Corporation, Taiwan

Deliberated and approved in the 4th Board Meeting of the 14th Board of Directors on March 24, 2011

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Amended as per the Memo of Chuan-Ci-Zih-Di No. 1092350164 dated April 8, 2020

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[Amended as per the Memo of Chuan-Ci-Zih-Di No. 1122350239 dated May 22, 2023](#)

Chapter 1 General Provisions

1. To establish a good corporate governance system, the CSBC Corporation, Taiwan (hereafter referred to as “the Company”) has set forth this Code of Corporate Governance with reference to the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies instituted by the Taiwan Stock Exchange Corporation (hereafter referred to as “Stock Exchange”) and the GreTai Securities Market, as a basis of compliance. The corporate governance framework has been disclosed in the Market Observation Post System.
2. Apart from observing the regulations of laws and articles of incorporation, the Company shall adhere to the following principles for the establishment of a corporate governance system:
 - (1) Protect shareholders’ rights.
 - (2) Reinforce the capacities of the Board of Directors.
 - (3) Exert the functions of the audit committee.
 - (4) Respect the stakeholders’ rights.
 - (5) Enhance information transparency.
3. The Company shall design and practically execute internal control systems pursuant to the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, and considering the Company’s and its subsidiaries’ overall operations. The systems shall be reviewed from time to

time in response to the changes in the Company's internal and external environment, to ensure continued effectiveness in the design and execution of the systems.

Apart from putting into practice the self-inspection of internal control systems faithfully, the Board of Directors and the management shall review the departments' self-inspection results at least once a year and examine the audit reports of the auditing units quarterly, and the audit committee shall pay attention to and monitor the process. The Company shall establish effective communication channel and mechanism between the independent directors, audit committee, and the head of internal audit, thus the audit committee convener shall report to the shareholders meeting to communicate with the audit committee and the internal audit supervisor. Directors shall meet and discuss with internal audit personnel regularly for review of any fault of the internal control systems. Minutes for such meetings shall be kept for record, and any resolutions for improvement shall be tracked and put into practice, as well as reported to the Board of Directors. The Company shall establish a communication channel and mechanism between the independent directors, the audit committee and the internal audit supervisor, and the audit committee convener shall report to the shareholders meeting to communicate with the independent directors and the internal audit supervisor.

The Company's Chairman shall place emphasis on the Audit Office, giving it sufficient power to faithfully examine and assess the weaknesses of the internal control systems and judge the operational efficiency, so that the systems may be sustainably and effectively executed. The Chairman shall also assist the Board of Directors and the management in fulfilling their responsibilities, and hence realize the corporate governance system.

The appointment, dismissal, evaluation and salary of the internal auditors of the company should be reported to the board of directors or signed by the audit supervisor for approval by the chairman of the board of directors.

3-1. The company may, according to the company's size, business situation and management needs, configure a suitable and appropriate number of corporate governance personnel, and shall adhere to the regulations of the competent authority, Stock Exchange, or the GreTai Securities Market, designating a corporate governance supervisor, who is the top executive in charge of corporate governance related matters, and shall be qualified as a lawyer or accountant. For more than three years in the public affairs company engaged in legal, financial or

corporate governance related matters.

It is advised that the corporate governance-related affairs set forth in the preceding paragraph include at least the following items:

- (1) Handle matters related to the meetings of the board of directors and shareholders meeting in accordance with the law, and assist the company to follow Dong The relevant decrees of the meeting and the shareholders' meeting.
- (2) Producing minutes of Board meetings and shareholders' meetings;
- (3) Assist the directors to take up their duties and continue their education.
- (4) Providing information required for directors and independent directors to carry out their duties.
- (5) Assist directors and independent directors in following the laws and regulations.
- (6) Handling other matters set out in the Articles of Incorporation or agreements.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encourage shareholders to take part in corporate governance

4. In the course of implementing a corporate governance system, the Company shall protect shareholders' rights and interests and treat all shareholders equally.

The Company shall establish a corporate governance system that ensures shareholders are fully informed of the Company's major events, and that protects their rights to legally participate in and decide on the events.

5. The Company shall convene shareholders' meetings pursuant to the Company Act and relevant laws, and formulate comprehensive rules of procedure. The rules of procedure shall be strictly implemented for matters that should be decided in the shareholders' meetings.

Content of the decisions made in the shareholders' meetings of the Company shall conform to the laws and the articles of incorporation.

6. The Company's Board of Directors shall make proper arrangement for the agenda and procedures of the shareholders' meetings. Principles and procedures for shareholders' nomination of directors and for shareholders raising a motion shall be established. Proposals legally put forward by a shareholder shall be properly processed. Convenient venue and sufficient time shall be arranged for the shareholders' meetings, and sufficient and competent personnel shall be

designated for the check-in procedure. No additional request shall be made at discretion for the documentary proof supporting one's attendance at the shareholders' meeting. Reasonable discussion time shall be given for each item in the agenda, and shareholders shall be given appropriate opportunity to speak at the shareholders' meetings.

The chairman of the board of directors convened by the board of directors shall be personally presided over, and shall have more than half of the directors (including at least one independent director), at least one audit committee member, and the audit committee convener (or at least one independent director) to attend in person. At least one representative of the other functional committee members will be present and the attendance will be recorded in the shareholders' meeting.

7. The Company shall encourage shareholders to participate in corporate governance, and appoint professional shareholders' service agency to handle matters relating to shareholders' meetings, so that shareholders' meetings can be held legally, effectively, and safely. The Company shall make good use of the technology for information disclosure and voting by various means and approaches, Simultaneously upload Chinese and English version of the annual report, annual financial report, notice of shareholders meeting, meeting manual and supplementary information of the meeting, and should adopt electronic voting. to enhance the attendance rate of the shareholders' meetings, and ensure shareholders may legally exercise their rights in the meetings.

The Company should avoid making amendments to the shareholders' meeting and the amendments to the original proposal; if the directors are elected in the current year, they should adopt the nomination system.

Arrangement should be made to allow shareholders to decide by vote on each motion in shareholders' meetings. Voting results of "Yes", "No" and "Abstain" shall be input to the Market Observation Post System on the same day after the shareholders' meeting.

8. The Company shall take minutes of the shareholders' meetings pursuant to the Company Act and relevant laws. When shareholders have no objection to a motion, record shall be made as "The chairman has sought opinions of all present shareholders, and the motion was adopted without objection." When shareholders have disputes over a motion, and need to decide by vote, the method and result of voting shall be recorded. For election of directors, it shall

be recorded as decided by ballot, and the number of votes required for the elected directors shall be recorded.

Minutes of the shareholders' meetings shall be permanently and properly kept during the existence of the Company, and should be disclosed in full on the Company's website.

9. Chairman of the shareholders' meetings shall be fully informed of and abide by the rules of procedure as set down by the Company, and maintain a smooth proceeding of the discussion, and shall not dismiss the meeting without restraint.

To protect the rights and interests of the majority of shareholders, when it happens that a meeting is dismissed by the chairman against the rules of procedure, other members of the Board of Directors should promptly assist the present shareholders to elect another chairman to carry on the meeting, with the consent of over half of the present shareholders pursuant to the legal procedure.

10. The Company shall place emphasis on the shareholders' right to know, and stick strictly to the relevant regulations on information disclosure. Information on the Company's finance, business, internal shareholding and corporate governance should be provided to the shareholders constantly and in a real-time manner by means of the market observation post system or the company website.

To ensure equal treatment for shareholders, all of the abovementioned information should be simultaneously disclosed in English as well.

To protect shareholders' rights and ensure equal treatment of shareholders, the Company shall lay down internal rules to stop insiders from engaging in securities trade on unpublished information.

The previous regulation shall including the control measures of stock transaction after the day of the Company insiders knowing the Company's financial report or the items of related performance, including (but not limited to) directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.

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

11. Shareholders have the right to share the Company's profits. To ensure the investment interest of shareholders, the shareholders' meeting may decide to check on the tables and charts compiled by the Board of Directors, the audit committee's reports, and decide on the distribution of profits or appropriation for losses, pursuant to Article 184 of the Company Act. When checking has to be conducted before the shareholders' meeting is in session, a person may be designated to do the checking.

Shareholders may, in accordance with the provisions of Article 245 of the Company Law, request the court to select an inspector to inspect the company's business accounts, property, specific matters, specific transaction documents and records.

The board of directors, audit committee and manager of the company shall fully cooperate with the inspection work of the first two inspectors and shall not evade, hinder or refuse the conduct.

12. The Company shall conduct major financial behaviors such as acquisition or disposal of assets, lending of fund, endorsements and guarantees, etc. according to relevant laws and regulations, and set down relevant procedures to be submitted to the shareholders' meeting for approval, in order to protect shareholders' interest.

In the event of a merger, acquisition, or public tender offer, in addition to proceeding in accordance with the applicable laws and regulations, the Company shall pay attention to the fairness, rationality, etc. of the plan and transaction concerning the merger, acquisition, or public tender offer, and shall pay heed to information disclosure and the soundness of the company's financial structure thereafter.

If the company's management or major shareholders participate in mergers and acquisitions, whether the members of the audit committee reviewing the aforementioned mergers and acquisitions comply with the provisions of Article 3 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed, and shall not be related or have an interested relationship with the counterparty of the merger and acquisition transaction. If it is sufficient to affect independence, whether the design and implementation of relevant procedures comply with relevant laws and regulations, and whether the information is fully disclosed in accordance

with relevant laws and regulations, an independent lawyer should issue a legal opinion.

Section 2 Establish a Mechanism for Interacting with Shareholders

13. To guarantee shareholders' interest, the Company shall designate dedicated officers under the Department of Financial Analysis to properly deal with shareholders' recommendations, queries and disputes.

When the decision of the Company's shareholders' meeting or Board of Directors violates the laws or articles of incorporation, or when the directors or managers violate the laws or articles of incorporation when carrying out their duties, resulting in loss of the shareholders' interest, the Company shall deal with the matters properly if the shareholders decide to resort to legal action.

The Company should lay down internal operating procedures to deal with the matters mentioned in the previous two paragraphs properly, keep written records for future reference, and include these in the internal control systems.

13-1. The Company's Board of Directors is responsible for establishing a mechanism for interacting with shareholders to improve mutual understanding of the development of the Company's goals.

13-2. In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the Company's Board of Directors shall establish contact with shareholders in an efficient manner and work with managers and independent directors to understand shareholders' opinions and concerns and clearly explain the Company's policies, so as to gain shareholders' support.

Section 3 Corporate Governance Relationship between the Company and Affiliated Corporations

14. The objectives as well as rights and obligations concerning management of staff, assets and finance of the Company and its affiliated corporations shall be clearly defined. Risk assessment shall be strictly carried out and firewall shall be properly built.

15. The Company's managers shall not take up managerial posts of the affiliated corporations, except otherwise stipulated by laws.

The Company's directors shall explain the key content of their behaviors in the shareholders' meeting, and obtain permission if they are, for themselves or for others, engaged in behaviors that fall in the Company's scope of business.

16. The Company shall establish sound financial, business and accounting management objectives and systems pursuant to relevant laws, and shall perform comprehensive risk assessment properly with affiliated corporations concerning the major corresponding banks, customers and suppliers, and implement necessary control mechanisms to reduce credit risks.
17. The Company shall deal with affiliated corporations based on fairness and reasonableness when doing business with them, and written standards shall be set down for business in relation to financial operation between them. When signing an agreement, the price, terms and conditions, and payment method shall be clearly defined, and non-arm's length transaction shall be eradicated. The principle as mentioned in the previous paragraph shall apply when the Company is dealing with or signing agreement with related parties and shareholders. Transfer of interests is strictly prohibited.
18. Corporate shareholders who have control over the Company shall comply with the following:
 - (1) Hold the good faith obligation to other shareholders, and avoid engaging the Company in non-routine or non-profitting operation directly or indirectly.
 - (2) Their representatives shall also comply with the relevant regulations over the exercise of rights and participation in resolution as set down by the Company. When participating in shareholders' meetings, they should exercise their voting rights, and practice their duty of loyalty and care as directors based on the principle of good faith and the greatest interest of the shareholders.
 - (3) Nomination of the Company's directors and independent directors shall comply with the relevant laws and articles of incorporation, and the scope of duty of the shareholders' meeting and Board of Directors shall not be overstepped.
 - (4) Shall not interfere with the Company's decision or impede the business activities in inappropriate manner.
 - (5) Shall not restrain or impede the Company's production and operation by means of unfair competition such as monopolizing procurement or blocking sales channels, etc.
 - (6) Corporate representatives appointed because they are elected directors shall meet the Company's requirement of professional qualifications,

and shall not be replaced at discretion.

19. The Company's Department of Finance shall always keep track of the list of shareholders who are holding relatively large proportion of shares, and the major shareholders or ultimate decision-makers of the major shareholders who could in effect control the Company.

The Company's Department of Finance shall regularly disclose the loaning, buying-in or selling-out of the Company's shares by shareholders with over 10% shareholding, or other important events relating to changes in shareholding, so that other shareholders may monitor the situation.

Chapter 3 Strengthen the Capacities of the Board of Directors

Section 1 Structure of the Board of Directors

20. The Company's Board of Directors shall direct the Company's strategies, supervise the management, and be accountable to the Company and its shareholders. It shall be ensured that the Board of Directors exercises its powers in relation to various operations and arrangements of the corporate governance system according to the laws, articles of incorporation and resolutions of the shareholders' meetings.

For the structure of the Company's Board of Directors, ten persons or above shall be selected to fill the seats depending on the Company's development and scale of operation and the shareholding situation of shareholders, and also considering the needs of actual operation.

Diversification should be considered for the composition of the Board members. The number of directors concurrently serving as managers of the Company had better not to exceed one-third of the total number of directors, and appropriate diversifying principles shall be set down according to the Board's operation, business form, and developmental needs. The principles should include, but not limited to, criteria on the following two perspectives:

1. Basic requirement and value: Sex, age, nationality, and culture, etc. , , among which the proportion of female directors should reach one-third of the directors.
2. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience, etc.

Members of the Board shall in general possess the necessary knowledge, skills

and qualities to fulfill their duties. In order to meet the optimal objective of corporate governance, the Board of Directors as a whole shall possess the following abilities:

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

21. The Company shall, according to the principles of protection of shareholders' rights and interests and equal treatment of shareholders, set down fair, just and open regulations for the election of directors and encourage participation of shareholders. The system of cumulative voting shall be adopted as per the provisions of the Company Act to fully reflect shareholders' opinions.

Over half of the directors shall not be spouses or second-degree relatives.

When more than one third of the seats in Board of Directors, as specified in the articles of incorporation, are vacant, the Company shall convene an extraordinary shareholders' meeting within 60 days from the date of occurrence for a by-election.

Shareholding of all directors in the Company's Board of Directors shall comply with the regulations of the laws. Restriction on shares transfer among directors, creation or removal of, and changes in, pledge shall be done according to relevant regulations. All sorts of information shall be sufficiently disclosed.

22. The Company shall, in accordance with the provisions of the Company Law, include in the articles of association the election of directors for the nomination system, the prudent assessment of the qualifications of the nominees and the existence of any of the provisions of Article 30 of the Company Law, and One of the provisions of Article 192 is handled.

23. Duties of the Company's Chairman and President shall be clearly distinguished. The Chairman and General Manager or other equivalent ranks should not be the same person.

The functional committee must be set up, and being given clearly stated duties.

Section 2 System of Independent Directors

24. The company shall have two or more independent directors in accordance with the Articles of Association, and the number of directors shall not be less than one-third. The consecutive term of independent directors shall not exceed three terms.

Independent directors shall possess professional knowledge, and there shall be limitation to their shareholding. In addition to complying with the applicable laws and regulations, they are advised not to concurrently serve as directors (including independent directors) of more than five TSEC/GTSM listed companies. They shall maintain their independence within the scope of duties execution, and shall not have direct or indirect interest conflict with the Company.

The Company and its group companies and organizations, and other companies and their group companies and organizations, who nominate each other's directors, supervisors or managers as independent director candidates, shall disclose the nomination of independent director candidates. And explain the eligibility of the candidate for the independent director. If elected as an independent director, the number of elected members should be disclosed.

The group companies and organizations referred to in the preceding paragraph are applicable to the company's subsidiaries, direct or indirect donor funds, which have accumulated more than 50% of the legal entities and other institutions or legal persons with substantial control capabilities.

Independent directors and non-independent directors shall not change their identities during the term of their appointment.

Regulations on the professional qualifications of independent directors, limitation on shareholding and part-time work, recognition of independence, nomination method and other matters for compliance shall be set down in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and relevant regulations of the Stock Exchange.

25. The following items shall be submitted to and adopted by the resolution of the Board of Directors pursuant to the Securities and Exchange Act. Any objection or reservation by the independent directors shall be recorded in the

minutes of the Board meeting:

- (1) Setting forth or amendment of the internal control systems pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Setting forth or amendment of the procedures for handling major financial behaviors, such as acquisition or disposal of assets, engagement in derivatives transactions, lending of fund to others, endorsement or provision of guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
 - (3) Matters involving the personal interest of directors.
 - (4) Transactions of major assets or derivatives.
 - (5) Major lending of fund, endorsement or provision of guarantees.
 - (6) Offering, issuance or private placement of securities that involve shareholding.
 - (7) Appointment and dismissal of the heads of finance, accounting or internal audit.
 - (8) Other major events as specified by the competent authority.
26. The Company shall specify the scope of duties of the independent directors and the relevant human and material resources for the exercise of their functions and powers. The company or other members of the board of directors shall not obstruct, refuse or circumvent the independent directors from performing business.

The Company shall stipulate the remunerations for directors in accordance with the applicable laws and regulations, and the directors' remunerations shall fully reflect the Company's long-term performance, and the Company's operational risk shall be taken into consideration as well. Reasonable remuneration, but different from those for general directors, may be set down for independent directors.

Section 3 Functional Committees

27. The Company's Board of Directors may institute various functional committees, considering the scale of the Board and the number of independent directors, for perfecting the supervision function and strengthening the management capacity.

Functional committees shall be accountable to the Board of Directors, and shall submit their motions to the Board of Directors for resolution.

Functional committees shall set down the organization regulations, to be adopted by the resolution of the Board. Content of the organization regulations shall include the number of committee members, term of appointment, duties, rules of procedure, and resources that the Company should provide for exercise of their power of office.

28. The Board of Directors of this Company shall set up an audit committee that consists of all the independent directors, with no less than three persons. One of them shall be the convener, and at least one shall possess expertise in accounting or finance.

For the exercise of the audit committee and its independent director members' power, the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and regulations set forth by the Stock Exchange or GreTai Securities Market shall apply.

28-1. The company shall set up a compensation committee, and more than half of the members shall be independent directors. the exercise of their powers, the formulation of the organizational regulations, and relevant matters shall conform to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The remuneration committee shall exercise the due diligence of a prudent administrator in faithfully performing the following duties, and shall submit its proposals to the Board of Directors for deliberation. However, the proposals regarding remunerations for directors may be submitted to the Board of Directors for deliberation only when remunerations for directors have been stipulated in the Articles of Incorporation or when the Board of Directors is authorized to handle the remunerations upon resolution of a shareholders' meeting:

- (1) Establishing and periodically reviewing the policies, systems, standards, and structures regarding performance assessments and remunerations for directors and managers.
- (2) Periodically evaluating and stipulating the remunerations for directors and managers.

When performing the duties set forth in the preceding paragraph, the remuneration committee shall follow the principles listed below:

- (1) The assessments of performance and remunerations of directors and managers shall be conducted with reference to the typical pay levels adopted in the industry, and the reasonableness of the correlation between remunerations and individual performance, the Company's business performance, and future risks shall be taken into consideration.
- (2) It shall not lead directors and managers into engaging in any activity with risk exposure that exceeds the risk appetite set by the Company in their pursuit of remunerations.
- (3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of remunerations for the short-term performance of directors and senior managers and the time when the variable part of remunerations is paid.

28-2. The Company is advised to set up announce committee, and set down the organization regulations. More than half of the members shall be independent directors shall be independent director, and Chairman shall be independent director.

28-3 The Company is advised to set up and announce complaint channels for internal and external personnel, and to create a complainant protection system. Independent division shall be set up to handle the cases, encrypt the files provided by complainants, and make proper restriction to the access of the files. Internal operating procedures shall be laid down and included in the internal control systems.

The Company shall be instituted pursuant to the Company's articles of incorporation to set up at least two independent directors, and not less than one fifth of the total number of directors.

Independent directors shall possess professional knowledge, and there shall be limitation to their shareholding. In addition to complying with the applicable laws and regulations, they are advised not to concurrently serve as directors (including independent directors) of more than five TSEC/GTSM listed companies.

The Company and its group companies and organizations, and other companies and their group companies and organizations, who nominate each other's

directors, supervisors or managers as independent director candidates, shall disclose the nomination of independent director candidates. And explain the eligibility of the candidate for the independent director. If elected as an independent director, the number of elected members should be disclosed.

The group companies and organizations referred to in the preceding paragraph are applicable to the company's subsidiaries, direct or indirect donor funds, which have accumulated more than 50% of the legal entities and other institutions or legal persons with substantial control capabilities.

Independent directors and non-independent directors shall not change their identities during the term of their appointment.

Regulations on the professional qualifications of independent directors, limitation on shareholding and part-time work, recognition of independence, nomination method and other matters for compliance shall be set down in accordance with the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and relevant regulations of the Stock Exchange.

29. The Company shall set up a remuneration committee, which shall consist of at least three members, including at least one independent director. An independent director shall be elected by all members to be the convener and chairman of the meetings.

Remuneration committee should recommend the Board of Directors on the remuneration policies concerning the directors, supervisors and managers.

Remuneration policies should not lead directors and managers into behaviors that exceed the Company's risk appetite for pursuit of remuneration.

30. For improvement of the quality of financial reports, the Company shall institute an alternate for the accounting manager.

The alternate accounting manager mentioned in the previous paragraph shall be engaged in annual continued study as the accounting manager does, in order to enhance his/her professional capacity.

Accounting personnel involved in the preparation of financial statements shall also enroll in continued study of relevant courses for at least 6 hours per year. Participation in the Company's internal education and training sessions or enrolling in the professional programs offered by institutions of continued study for accounting manager can be acceptable forms of continued study.

The Company shall select professional, responsible and independent CPA to regularly audit the Company's financial status and internal controls. The Company shall ensure that review and improvement be carried out against the irregularities and defects found and disclosed by the CPA during the auditing process on a timely basis, and the specific improvement or preventive measures proposed. Communication channel or mechanism between independent directors or the audit committee and the CPA shall be established, and internal operating procedures shall be laid down and included in the internal control systems.

The Company shall regularly (at least once a year) assess the independence and competence of the appointed CPA. In case the CPA has not been changed for seven consecutive years, or the CPA has been punished or his/her independence is in doubt, evaluation should be carried out in relation to the need of replacing the CPA, and the result of evaluation should be reported to the Board of Directors.

31. The Company should appoint professional and competent lawyers to provide the Company with appropriate legal consultation service, or assist the Board of Directors, the audit committee and the management to enhance their legal literacy, so as to avoid the Company and related personnel from violating the laws, and ensure the corporate governance practices are carried out under the relevant legal framework and legal procedures.

In case of directors, audit committee members or staff members being involved in litigation, or disputes with shareholders, when legally carrying out their duties, the Company shall appoint a lawyer for assistance depending on situation.

Section 4 Rules of Procedure and Decision-Making Process of the Board of Directors

32. The Company shall convene a Board of Directors meeting once in three months, and extraordinary meetings may be convened from time to time in case of emergency. Reasons for convening a Board meeting shall be clearly defined, and the directors shall be informed seven days in advance. Sufficient meeting materials shall also be provided, and be sent together with the notice for meeting. When the meeting materials are insufficient, directors may request supplements or postponement of deliberation with the Board's resolution.

The Company shall develop the rules of procedure of the Board of Directors,

with regulations on the major agenda items, operational procedures, items to be included in the minutes, announcements, and other matters for compliance to be set down pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

33. Directors shall maintain a high degree of self-discipline, and shall take initiative to refrain from dealing with any agenda items set down by the Board that involve their personal interest and may be detrimental to the Company's interest, and shall not take part in the discussion and resolution of such matters, or represent another director in exercising his/her voting power.

Matters from which directors shall refrain have to be set down in the rules of procedure of the Board of Directors.

34. When the Board of Directors are discussing matters that should be raised in the Board meeting pursuant to Article 14-3 of the Securities and Exchange Act, independent directors shall attend in person, and shall not designate a non-independent director as representative. Any objection or reservation of the independent directors shall be recorded in the minutes of the Board meeting. If an independent director could not attend the Board meeting in person to express his/her objection or reservation, a written comment shall be submitted in advance, and be recorded in the minutes of the Board meeting, unless with a valid reason.

Resolutions made by the Board of Directors concerning any of the following shall not only be recorded in the minutes, but also be announced and declared on the Market Observation Post System before trading 2 hours start on the business day next to the date of the Board meeting:

- (1) Objection or reservation put forward by an independent director, with record being kept or with a written statement.
- (2) Matters not approved by the audit committee, for companies with an audit committee established, but have obtained the consent of two-thirds of all directors.

During a Board meeting, managers of relevant departments who are not directors may be asked to attend the meeting depending on the content of discussion, to report on the Company's current business status and answer directors' questions. Accountants, lawyers or other professionals may also be invited to attend the meeting when necessary, to assist directors in understanding the Company's current status and making appropriate decisions.

However, these persons shall leave the meeting at the time of discussion and voting.

35. Clerk of the Board of Directors shall compile in details the minutes of the meeting, summary of various motions, method of reaching the decision and the result in accordance with relevant regulations.

Minutes of the Board meeting are to be signed or sealed by the chairman of the meeting and the record keeper, and be sent to all directors within 20 days after the meeting. Attendance book for the Board meetings is part of the minutes. It should keep a complete record of directors' attendance, and be filed in the Company's important documentation, to be kept permanently and properly during the existence of the Company.

The minutes may be prepared, distributed and stored in electronic form.

The Company shall keep audio or video record of the whole session of the Board meetings for legal attestation. The record shall be kept for at least five years, which may be done in electronic form.

When litigation concerning resolutions made in a Board meeting arises before the end of the storage period as mentioned in the previous paragraph, the relevant audio or video record shall continue to be kept, and the provision of the previous paragraph shall not apply.

For Board meetings carried out by means of video conference, the audio and video record of the meetings is part of the minutes, and shall be kept permanently.

When the decision of a Board meeting violates the laws, articles of incorporation or the decision of a shareholders' meeting, resulting in the Company suffering a loss, directors who have raised an objection, with evidence in the record or written declaration, are exempted from the obligation of compensation.

36. The Company shall raise the following issues to the Board meeting for discussion:

(1) Business plan of the Company

(2) Annual financial reports and bi-annual financial reports, except the bi-annual financial reports that do not need to be audited and certified by CPAs according to the law.

- (3) The internal control system and the assessment of the effectiveness of the internal control system shall be determined or amended in accordance with Article 14 of the Securities Exchange Act.
- (4) Setting forth or amendment of the procedures for handling major financial activities, such as acquisition or disposal of assets, engagement in derivatives transaction, lending of capital to others, endorsement or provision of guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (5) Offering, issuance or private placement of securities that involve shareholding.
- (6) Performance appraisal and remuneration standards for managers.
- (7) Directors' remuneration structure and system.
- (8) Appointment and dismissal of the heads of finance, accounting or internal audit.
- (9) Donations to related parties or major donations to non-related parties. Public welfare donations that are meant as emergency relief for victims of serious natural disasters shall be put forward for ratification at the next Board of Directors meeting.
- (10) According to Article 14ter of the Securities Exchange Law, other legal orders or articles of association shall be decided by the shareholders' meeting or to raise resolutions of the board of directors or major matters prescribed by the competent authority.

Apart from the above-mentioned issues that shall be raised to the Board of Directors for discussion, the Board of Directors may authorize someone to exercise the Board's power of office pursuant to the laws and regulations or articles of incorporation during the Board's adjournment, but the level, content, and specific tasks of authorization shall be clearly defined. No general authorization shall be granted.

37. The Company shall designate appropriate units or persons for execution of the resolutions adopted in the Board meetings, requesting it to be done in line with the planned timeline and objectives. The execution work shall be properly followed up and managed, and the execution status shall be faithfully assessed.

The Board of Directors shall keep track of the progress in execution, and report in the next meeting, so as to ensure that the Board's business resolutions are put into practice.

Section 5 Duty and Obligation of Loyalty and Care of Directors

38. Members of the Board of Directors shall carry out their work loyally and fulfill the duty of care of a good manager, and exercise their power of office in a highly disciplined and cautious manner. The Company's business shall be executed according to the resolutions of the Board of Directors, other than those to be decided in a shareholders' meeting pursuant to laws or articles of incorporation.

The Company shall formulate regulations and procedures for the Board of Directors' performance evaluation, and carry out annual performance evaluation of the Board of Directors and individual directors regularly on the basis of their self-evaluation, peer assessment, evaluation by external professional organizations, or other appropriate means of evaluation. Content of the performance evaluation of the Board should include the following perspectives, and suitable evaluation criteria should be set down considering the Company's needs:

- (1) Level of participation in the Company's operation.
- (2) Improvement of the Board of Directors' decision-making quality.
- (3) Organization and structure of the Board of Directors.
- (4) Election, appointment, and continuing study of directors.
- (5) Internal control.

Content of the (self and peer) evaluation of directors should include the following perspectives, and adjustment should be made considering the Company's needs:

- (1) Mastery of the Company's objectives and mission.
- (2) Recognition of director's duties.
- (3) Level of participation in the Company's operation.
- (4) Management of internal relationship and communication.
- (5) Director's professionalism and continuing study.
- (6) Internal control.

The evaluation of the performance of the functional committee should include the following facets and consider the appropriate adjustment of the company's needs:

- (1) The degree of participation in the company's operations.
- (2) Functional committee responsibilities cognition.
- (3) Improve the quality of decision making of functional committees.

(4)The composition of the functional committee and the selection of members.

(5) Internal control.

The Company shall report the results of the performance appraisal to the Board of Directors and apply it to the reference of individual directors' remuneration and nominations.

38-1 The Board of directors shall evaluate and supervise in following aspects of the Company's intellectual property manage direction and supervision, to ensure the Company establish an intellectual property management policies with “Planning, Doing,Checking and Acting” management system :

(1) Formulating intellectual property management policies,goals and system which related to management strategy.

(2)Establish ,ement and maintain the Company's intellectual property handlling,protecting, maintaining and using management system according to the Company's size and type.

(3)Deciding and providing the resource that could enhance effectively and maintain intellectual property management policies.

(4)Taking the countermeasures and observing interal and external intellectual property manage.

(5)Planning and implementing improvement system continuously, to ensure the operating and performance of intellectual property manage policies would conform to the Company's expectation.

39. The Company should develop a management succession plan, and the development and execution of such plan should be regularly evaluated by the Board of Directors, to ensure sustainable management.

40. If a resolution of the Board of Directors violates the laws or articles of incorporation, which is requested by shareholders with over one-year consecutive shareholding or independent directors to stop the execution of such resolution, the Board members shall properly deal with or stop the execution of the relevant resolution as soon as possible.

When the Board members find that the Company is at risk of suffering great loss, the provision of the previous paragraph shall also apply, and the situation

should be reported to the independent directors or the audit committee immediately.

41. The Company shall be insured liability insurance for the liability of the company in the course of its term of office during the term of the directors to reduce and diversify the risk of significant damage to the company and its shareholders due to wrong or negligent conduct.

After the company is insured for liability insurance or renewal of the company, it shall submit the latest report of the board of directors on the important contents such as the amount of insurance coverage, coverage and insurance rate.

42. Board members, when newly appointed or during their term of appointment, should be engaged in continued study in courses covering corporate governance topics, such as finance, risk management, business, commerce, accounting or laws, organized by institutions specified in the Guidelines for Implementing Further Study of Directors and Supervisors of TWSE/GTSM Listed Companies. Staff of all grades should also be instructed to enhance their professional and legal knowledge.

Chapter 4 Fulfill the Functions of the Audit Committee

Section 1 Capacities of the Audit Committee

43. The audit committee shall supervise the execution of the Company's business, and the fulfillment of duties by directors and managers. It shall also attend to the execution of the Company's internal control systems, to reduce the Company's financial and operational risks.

When a director is involved in transactions, loans or other legal actions with the Company for himself/herself or for others, the convener of the audit committee shall be the Company's representative.

44. The audit committee may check on the Company's business and financial status at any time, and relevant departments of the Company should facilitate their work by providing the documents required for examination.

When the audit committee is checking on the Company's finance and business, it may designate lawyers or accountants for the examination, but the Company shall ask the related persons to keep the obligation of confidentiality.

The directors or managers shall submit reports as required by the audit committee, and shall not impede, evade or refuse the examination of the audit

committee.

When the audit committee is carrying out its duties, all units of the Company shall provide due assistance for its needs, and reasonable expenses thus required should be borne by the Company.

45. To facilitate the audit committee in discovering potential malpractice of the Company in a timely manner, the Company shall establish channels of communication among relevant personnel and the audit committee.

The audit committee shall take timely and appropriate measures to prevent the malpractice from spreading when it is discovered, and shall report to the competent authority or agency when necessary.

When the Company's independent directors, President and department heads of finance, accounting and internal audit or the CPA resign or are replaced, the audit committee shall make an in-depth exploration of the reason.

The audit committee or independent directors have a joint or individual liability for compensation to the Company when the Company suffers losses due to their negligence.

46. The audit committee of the Company exercises its power by means of resolution through a meeting as per laws and organization charters. However, each independent director of the audit committee shall exercise his/her power independently.

Chapter 5 Respect the Rights of Stakeholders

47. The Company shall keep smooth communication channels with the corresponding banks and other debtors, employees, consumers, suppliers, communities or other stakeholders of the Company, and respect and maintain their due legal rights. A dedicated section for stakeholders shall be set up in the Company's website.

When the legal rights of the stakeholders are infringed, the Company shall properly deal with the situation with integrity.

48. The Company's Department of Finance shall provide sufficient information to the corresponding banks and other debtors, so that they may make judgment and decision concerning the Company's operation and financial status. When their legal rights are infringed, the Company shall respond positively and show a responsible attitude, so that debtors may have proper approach to remedy.

49. The Company's management shall establish an employee communication channel, and encourage employees to give appropriate feedback to the Company on operation and financial status, or opinions on major decision involving employees' benefits.
50. While maintaining normal development and maximizing shareholders' interest, the Company should also consider such problems as the consumers' interest, protection of community environment and public welfare, etc., and place emphasis on the Company's social responsibility. By marketing and packaging, as well as participating in various activities, the Company's charitable image may be enhanced and its corporate social responsibility be fulfilled.

Chapter 6 Enhance Information Transparency

Section 1 Strengthen Disclosure of Information

51. The Company shall faithfully perform the duty of freedom of information as stipulated in relevant laws and the Securities and Exchange Act.

The company should announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating conditions of each month as early as the deadline.

The Company shall build the online declaration system for freedom of information, appointing the Department of Financial Analysis to coordinate the collection and disclosure of information for the Company. The Company's spokesperson system shall also be established, to ensure timely and proper disclosure of information that may affect the decision of shareholders and stakeholders.

52. To enhance accuracy and timeliness of the freedom of significant information, the Company shall select and designate those who are thoroughly familiar with the Company's finance and business, or who may coordinate various departments in providing relevant information, and those who may independently represent and speak for the Company to be the Company's spokesperson and acting spokesperson.

The Company shall institute more than one acting spokesperson. Any acting spokesperson shall be able to substitute the spokesperson to speak

independently when the spokesperson is unable to carry out his/her speaking duty. However, priority of the substitutes shall be set down to avoid confusion.

To put the Company's spokesperson system into practice, the Company shall clearly define a consistent speaking procedure, and request the management and all employees to keep financial and business secrets, and avoid disseminating information at discretion without permission.

When there are changes of spokesperson or acting spokesperson, the information shall be made public immediately.

53. The Company should make good use of the Internet, taking advantage of its easy access nature for building website, to develop finance- and business-related information and corporate governance information, for easy reference of the shareholders and stakeholders. Preferably, an English version of information related to finance and corporate governance or other relevant information should also be provided.

The website as mentioned in the previous paragraph shall be maintained by dedicated staff appointed by the Department of Financial&Accounting and Department of Planning. The information posted should be detailed, accurate and updated instantly, to avoid misleading the readers.

54. The Company shall adhere to the provisions of the Securities and Exchange Act when convening a corporate briefing, and should keep record by audio or video recording. The financial and business information for the corporate briefing shall be input onto the Market Observation Post System, as required by the Stock Exchange or GrTai Securities Market, and shall be provided for enquiry on the Company's website or other suitable channels.

Section 2 Disclosure of Corporate Governance Information

55. The Company shall disclose and continuously update the following corporate governance-related information for the financial year pursuant to the relevant laws and the Securities and Exchange Act:

(1) Board of Directors: such as the resumes of the members of the Board of Directors and their powers and responsibilities, the diversity policy of the Board of Directors and its implementation.

(2) Functional committees: such as the resumes of the members of each functional committee and their powers and responsibilities.

(3) Regulations related to the company's governance: such as the company's articles of association, procedures of the board of directors, organizational regulations of functional committees, and other regulations related to corporate governance.

(4) Important information related to the company's governance: such as setting up corporate governance supervisor information, etc.

Chapter 7 Supplementary Provisions

56. Various units of the Company shall review and revise the Company's established corporate governance system and related regulations on the basis of the content of this Code from the date when this Code of Corporate Governance is promulgated and enforced, to enhance the Company's effectiveness of governance.
57. This Code was implemented after being approved by the Audit Committee and the Board of Directors.

*This English version is a translation of Code of Corporate Governance of CSBC Corporation in Chinese. In case of any discrepancy, the Chinese version shall prevail.