

# Regulations Governing Procedure for Board of Directors Meetings of CSBC Corporation, Taiwan

Adopted in the 16th Board meeting of the 12th Board of Directors on July 30th, 2007

The first amendment was accomplished in the 2nd Board meeting of the 13th Board of Directors on January 25th, 2008

The second amendment was accomplished in the 4th Board meeting of the 13th Board of Directors on February 22nd, 2008

The third amendment was accomplished in the 9th Board meeting of the 13th Board of Directors on June 23rd, 2008

The fourth amendment was accomplished in the 6th Board meeting of the 14th Board of Directors on June 30th, 2011

The fifth amendment was accomplished in the 9th Board meeting of the 14th Board of Directors on March 21st, 2012

The sixth amendment was accomplished in the 14th Board meeting of the 14th Board of Directors on November 15th, 2012

The seventh amendment was accomplished in the 2th Board meeting of the 15th Board of Directors on August 8th, 2013

The eighth amendment was accomplished in the 9th Board meeting of the 16th Board of Directors on November 3th, 2017

## Article 1 ( The foundation of These Regulations )

These Regulations are instituted pursuant to Article 2 of the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies” to establish a good governance system for the Board of Directors, perfect its supervision function and strengthen its management capacity.

## Article 2 ( The application of These Regulations )

These Regulations should be applied to the Board of Directors’ meetings, include the major agenda items, operational procedures, items that should be recorded in the meetings , announcements and the other provisions matters for the Company.

## Article 3 ( Convening of board and meeting notice )

The company's board meeting held a quarterly meeting.

The reasons for calling a board meeting shall be notified to each director at least 7 days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

All matters set out in the subparagraphs of Article 12, paragraph 1, shall be specified in the notice of the reasons for calling a board meetings; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

When the board meetings was called and had notified the directors, but postponed in emergency circumstances, the Article of the second paragraph cannot be apply while agenda setting has not changed.

## Article 4 ( Meeting notice & meeting materials )

The Secretariat Office deals with affairs for the Board of Directors.

The Secretariat Office shall prepare agenda for board meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.

A director is of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the Secretariat Office to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

## Article 5 ( Attendance book & entrusted to attend )

When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy under paragraph 2 may accept a proxy from one person only.

#### Article 6 ( Meeting location & hold time )

A board meetings shall be held at the location and during the business hours of CSBC Corporation, or at a place and time convenient to all directors and suitable for holding such a meeting.

#### Article 7 ( Chairperson of the Board and agent )

Meetings of the board of directors shall be called and chaired by the chairman of the board. However, the first meeting of each newly elected board of directors shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.

When the chairman of the board is on leave or for any reason is unable to exercise the powers of the chairman, he/she shall designate another director as the acting chairman. If the chairman does not make such a designation, a mutual election shall be conducted among directors to select an acting chairman.

#### Article 8 ( References, attendance and board meetings )

When the directors of the Company convenes, the manager department shall prepare the relevant materials for inspection by the directors attending the meeting at any time.

When holding a meeting of the directors, the chairman may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the chairman may also invite accountant 、 attorneys, or other professionals to attend make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Chair of the Board meetings shall declare commencement of the meeting when it is time for meeting and over half of the directors are present.

When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2.

The term "all board directors" as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

## Article 9 ( Record on audio or video )

The company shall record on audio or video tape the entire proceedings of a board meeting, and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the company.

## Article 10 ( Contents of the meetings )

Agenda items for regular board meetings shall include at least the following:

### 1.Reports:

- (1)Minutes of the last meeting and actions arising.
- (2)Reporting on important financial and business matters.
- (3)Reporting on internal audit activities.
- (4)Other important matters to be reported.

### 2.Discussions:

- (1)Items discussed and continued from the last meeting.
- (2)Items for discussion at this meeting.

### 3.Extraordinary motions.

## Article 11 ( Motion discussion )

The board meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 8, paragraph 6 of the preceding article shall apply mutatis mutandis.

## Article 12 ( Submit items )

The company shall submit the following items for discussion by the board of directors:

- 1.Corporate business plan.
- 2.Annual financial reports.
- 3.Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities Exchange Act, and an assessment of the effectiveness of the internal control system.

4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.

The company at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.

If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

### Article 13 ( Vote-1 )

When the chair at a board meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

The chair shall choose one voting method of the following paragraphs , but when the participants disagree, they should seek the majority opinion :

- 1.Show of hands or vote by voting machine.
- 2.Vote by roll call.
- 3.Vote by ballot.
- 4.A voting method at the Company's choice.

"All directors present at the meeting" in the preceding two paragraphs does not include directors prohibited from exercising voting rights pursuant to Article 15, paragraph 1.

#### Article 14 ( Vote-2 & examining 、 counting )

Except as otherwise stated in the Securities Exchange Act or in the Company Act, a resolution on a matter at a board meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

When there is an amendment or alternative to the original proposal, the chair may set the priority of voting together with the original proposal. If any one of these proposals is adopted, the others are deemed rejected, and no voting is needed.

Ballot examiners or vote counters, when needed for the voting of a proposal, shall be designated by the chair, but ballot examiners should be a director.

Results of the voting shall be report in the meeting, and shall be kept in record.

#### Article 15 ( Benefit avoidance principle of directors )

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of board meetings when a director is prohibited by the preceding paragraph from exercising voting rights.

#### Article 16 ( Meeting minutes and signing matters )

Minutes shall be prepared of the discussions at board meetings. The meeting minutes shall record the following:

- 1.Session, time, and place of meeting.
- 2.Name of the meeting chair.
- 3.Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- 4.Names and titles of those attending the meeting as nonvoting participants.
- 5.Name of minutes taker. ( Minutes taker shall be designated by the chair. )
- 6.Matters reported on.

7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 5.

8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within 2 days of the meeting be declare on an information reporting website of Market Observation Post System which designated by the Financial Supervisory Commission (FSC) :

1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.

2. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors passed.

The attendance book forms a part of the minutes for each board meeting and shall be well preserved during the existence of the company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in the Article of paragraph 1 may be made into electronic file.

#### Article 17 ( Principle of authorization by the Board )

Apart from the matters that should be raised in the Company's Board meeting for discussion pursuant to Article 12, paragraph 1 of these Rules, the Board of Directors shall authorize the exercise of the Board power pursuant to the laws or articles of incorporation, while the level, content and items of

authorization are in accordance with the Company' s "Division of Rights and Responsibilities between the Shareholder meetings 、 Board meetings and Managers" .

#### Article 18 ( Others )

Agenda of the Board meetings shall be drafted by the Secretariat Office, and then reviewed and approved by the chairman. Apart from the items included in the agenda, extemporaneous motions may also be included.

After a director speaks, the chair may reply by himself/herself or designate related personnel attending the meeting to provide a reply, or designate experts attending the meeting to give relevant and necessary information.

When directors are making repetitive speech concerning the same proposal, or are speaking outside the scope of the issue under discussion, and thus affecting other directors' speech or disturbing the proceeding of the meeting, the chair may stop them from speaking.

During the meeting of the board of directors, in addition to the general affairs personnel, those who should be present in or attending the meeting, the minutes taker and other necessary assistants ,the other personnel shall not enter the venue.

Confidential proposals may be released after meeting over, except otherwise specified in the proposal or when the chairperson announces the condition or time for release on the spot.

People who are present in or attending the Board meeting, the minutes taker and other necessary assistants shall keep the confidential proposals not yet released and the discussion process, resolution content strictly secret.

#### Article 19 ( Supplementary Regulations )

The regulation must be approved by board of directors of the Company and reported to the shareholders' meeting. In the future authorized the board of directors to amendments.

\*This English version is a translation of Audit Committee Charter of CSBC Corporation in Chinese. In case of any discrepancy, the Chinese version shall prevail.