

**NYSE Standards for U.S. Listed Companies  
under Listed Company Manual  
Section 303A**

**Our Corporate Governance Practices**

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**NYSE Section 303A.02** establishes general standards to evaluate directors' independence (no director qualifies as independent unless the board of directors affirmatively determines that the director has no material relationship with the listed company either directly or as a partner, shareholder or officer of an organization that has a relationship with the listed company).

**NYSE Section 303A.03** requires non-management directors to meet at regularly scheduled executive meetings that are not attended by management.

Our standards for determining directors' independence, which comply with ROC requirements for directors' independence, may differ from the standards imposed by the NYSE. The independence standards of our directors are disclosed in our ROC annual report.

Our board of directors has affirmatively determined that our five independent directors have no material relationship with us.

ROC law does not contain such a requirement. ROC law does not allow separate board meetings to be held by part but not all of the directors of the board.

NYSE Section 303A.04 requires listed companies to have a nominating/corporate governance committee comprised entirely of independent directors which committee shall have a written charter establishing certain minimum responsibilities as set forth in NYSE Section 303A.04(b)(i) and providing for an annual evaluation of the committee's performance.

ROC law does not contain such a requirement, however, our board of directors established a corporate governance committee in October 2019. The corporate governance committee's duties and powers include, but are not limited to,

- A. Establish independence standards required by members of the board of directors, and to seek, review and nominate director candidates with diverse backgrounds such as professional knowledge, technology, experience and gender;
- B. Construct and develop the organizational structure of the board of directors and committees, to evaluate the performance of the board of directors, committees and directors, and to evaluate the independence of independent directors;
- C. Develop and regularly review directors' training programs and succession plans; and
- D. Establish the Company's corporate governance principles.

The members of the corporate governance committee are appointed by the board of directors. Currently, the convener of the committee is our chairman, Shuang-Lang (Paul) Peng, and members of the committee are all of our independent directors. The committee must meet at least once each year and may meet as often as it deems necessary to carry out its responsibilities. Our board of directors has adopted a Corporate Governance Committee Charter for the corporate governance committee. We do not assess the independence of our corporate governance committee members under the independence requirements of the NYSE listing standards.

**NYSE Section 303A.05** requires listed companies to have a remuneration committee comprised entirely of independent directors, which committee shall have a written charter to establish certain minimum responsibilities as set forth in NYSE Section 303A.05(b)(i) and to provide for an annual evaluation of the committee's performance.

We established a remuneration committee on August 30, 2011 to meet the requirements under ROC law. The current members of the remuneration committee appointed by the board of directors are Yen-Shiang Shih, Yen-Hsueh Su and Ding-Yuan Yang. Two of them are our independent directors and the other meet the independence requirement. We have a written charter to establish certain minimum responsibilities in accordance with ROC law. We do not assess the independence of our remuneration committee members under the independence requirements of the NYSE listing standards.

**NYSE Section 303A.08** requires each company to give to shareholders the opportunity to vote on all equity based compensation plans and material revisions thereto with certain exceptions.

Under ROC law, shareholders' approval is required for (i) any issuance of restricted stocks to employees, (ii) employee stock option plans with exercise price lower than the closing price of the company's stocks as of the issuance date and (iii) the transfer of shares to employees under share buy-back programs with transfer price lower than the average buy-back price. Other than the above, under ROC law, the board of directors has authority to approve employee remunerations and employee stock option plans with exercise price equal to or higher than the closing price of the company's stocks as of the issuance date, and to grant options to employees pursuant to such plans, subject to the approval of the FSC, and to approve share buy-back programs and the transfer of shares to employees under such programs with a transfer price equal to or higher than the average buy-back price.

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**NYSE Section 303A.09** requires public companies to adopt and disclose corporate governance guidelines, including several issues for which such reporting is mandatory, and to include such information on the company's website (which website should also include the charters of the audit committee, the nominating committee, and the remuneration committee.)

We have adopted corporate governance principles, and we provide an explanation of differences between our practice and ROC non-binding corporate governance principles promulgated by the Taiwan Stock Exchange, if any, in our ROC annual report.