

The Shanghai Commercial & Savings Bank

The Corporate Governance Best Practice Principles

Formulation Head office

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Chapter I General Principles

- Article 1 To establish sound corporate governance systems and promote sound development of the securities market, and establish an effective corporate governance framework with reference to “The Corporate Governance Best Practice Principles of Banking” and “Corporate Governance Best Practice Principles for TWSE/TPE x Listed Companies”, and disclose them through the Market Observation Post System (MOPS) or the website of Bank.
- Article 2 When setting up the corporate governance system, in addition to paying strict attention to capital adequacy, asset quality, operation and management capability, profitability, asset liquidity, and risk sensitivity, a bank shall follow the following principles:
1. comply with relevant laws and regulations and enhance internal management;
 2. protect shareholders' rights and interests;
 3. strengthen the powers of the board of directors;
 4. fulfill the functions of Audit Committee;
 5. respect the stakeholders' rights and interests; and
 6. enhance information transparency.

Chapter II Comply with the regulations and strengthen internal management

- Article 3 The Bank shall establish compliance officer system. The Compliance Department take charge of the planning, management, and execution of the regulatory compliance system , establish system for consultation, coordination and communication , provide regulatory training to every department , and assign one staff to act as compliance officer to conduct compliance affairs, and ensure that the effective operation of

the compliance officer system and strengthens the self-discipline function.

Article 4 The Bank shall establish internal control system and ensure effective operation of the system. The board of directors shall be ultimately responsible for ensuring the establishment and maintenance of appropriate and effective internal control system. Higher-level management should be guided and supervised by the board of directors and follow the business strategy, risk preference, compensation and other policies adopted by the board of directors , and develop procedures to identify, measure, monitor and control bank risks and establish appropriate and effective internal control systems. The organization, procedures, and decisions of higher-level management should be clear and transparent, and the roles, powers, and responsibilities of their positions should be clarified. The adoption or amendment of the internal control system shall be subject to the consent of one-half or more of all Audit Committee members and submitted to the board of directors for resolution. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes.

Article 5 The Bank's internal control and system shall encompass the Bank's business activities and establish appropriate policies and operating procedures in the form of organizational rules, articles of incorporation, business guidelines and procedural manuals, which are subject to regular review and revision in response to changes in the law, business items and operating processes. Compliance, internal audit and risk management units may be involved when necessary.

Article 6 The Bank's internal audit system shall evaluate the effectiveness and operating efficiency of the internal control system and provide suggestions for improvement as required in order to ensure the continuing effectiveness of the internal control system and to assist the board of directors and management in fulfilling their duties.

The Auditing Department is a subordinate organization to the board of directors, shall oversee the audit affairs in a spirit of independence and detached manner and provides regular report at to the board of directors and Audit committee.

The Bank's are advised to establish channels and mechanisms of communication between their independent directors, audit committees and chief internal auditors. Directors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors.

Convener of the audit committee shall report the communications between member of the audit committee and chief internal auditors at the shareholders' meeting.

For the sake of implementing the internal control system, strengthening the professional competencies of internal auditors and their proxies, and maintaining and enhancing the quality and performance of audits, the Bank shall appoint authorized deputies for internal auditors.

Article 7 The management of the Bank shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, effectively sound corporate governance system.

The assessment of the effectiveness of the internal controls system shall be subject to the consent of one-half or more of all Audit Committee members and submitted to the board of directors for resolution.

Article 8 The Bank should establish three lines of defense in internal control system, including self-inspection system, legal compliance system and risk management mechanism, and internal audit system, and follow the implementation procedures set by the competent authority to maintain an effective and appropriate internal control system.

Article 9 The Bank shall continually conduct follow-up reviews on any examination opinions or audit deficiencies brought up by the financial examination authority, CPA, or internal audit unit, and make full use of the control functions provided by the internal audit and external audit reports.

Article 10 The internal auditors and compliance officer of the Bank shall immediately prepare a report for submission, with a notice to the competent authority, when their recommendations for improvements regarding significant deficiencies or noncompliance identified in internal controls are not accepted by management and as a result the Bank might incur a material loss.

Chapter III Protection of Shareholders' Rights and Interests

Article 11 The Bank shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Bank, shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

Article 12 The Bank shall encourage its shareholders to actively participate in

corporate governance and so that shareholders meetings can proceed on a legal, effective and secure basis the visual communication platform provided(supplemented by video conferences).The Bank shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and should upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The Bank should adopt and shall adopt electronic voting a candidate nomination system for the election of directors. The Bank is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting.

The Bank are advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the MOPS or the website of Bank.

Article 13 The Bank shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders on Bank's financial conditions and operations, insider shareholdings, status through the MOPS or the website established by the Bank.

The Bank should advisable that the rules mentioned in the preceding paragraph include stock trading control measures form the date insiders of a Bank become aware of the contents of the Bank's financial reports or relevant results.

Measures include, without limitation, those prohibiting a director form trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

Article 14 The Bank shall establish internal guidelines for the handling of donations and submit them to the board of directors for approval. Donations made to political parties, stakeholders, and charitable institutions shall be disclosed to the public.

Article 15 In entering into material financial and business transactions other than business operations such as acquisition or disposal of assets, the Bank shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When executing investment, the Bank shall take into consideration the corporate governance of the issuing company of the investment instrument, as a guiding reference for investment.

- Article 16 In order to protect the interests of the shareholders, the Bank should handle shareholder proposals, inquiries, and disputes.
The Bank shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the Bank's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Bank 's articles of incorporation by any directors or managers in performing their duties.
The Bank should adopt internal procedures for appropriate handling of matters referred to in the preceding the first two paragraphs and that it keep relevant records for future reference and incorporate the procedures in its internal control system for management purposes.
- Article 16-1 The board of directors of the Bank is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of Bank's objectives.
- Article 16-2 In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the Bank together with managers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.
- Article 16-3 The bank should formulate and disclose operating strategies and business plans, clarify its specific measures to enhance corporate value, and should report them to the board of directors and actively communicate with shareholders.
- Article 17 A shareholder having controlling power over a bank shall comply with the following provisions:
1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Bank to conduct any business which is contrary to normal business practice or not profitable.
 2. The shareholders or its representative shall follow the rules implemented by the Bank with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.

3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management of the Bank through unfair competition.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the Bank's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

The communication between the shareholder having controlling power and the Bank shall pay attention to the following principles in order to comply with the regulations in the preceding paragraph:

1. Technically it should be done through by the representative director who is appointed by the shareholder. If necessary, the representative director may invite the manager of the Bank to accompany himself/herself to communicate with the shareholder, and the Bank should document the communication processes.
2. If shareholder having controlling power have suggestions on the board of directors' proposals or the Bank's business decisions, the representative director should put forward their suggestions at the board of directors or functional committees to exchange and discuss opinions, and shall not to convene a meeting or otherwise improperly intervene in the Bank's decision-making.
3. Shareholder having controlling power shall be obliged to keep confidential the material information of the Bank which is disclosed to the public, and shall not use such information to engage in insider trading.

Article 18 The Bank shall clearly identify the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 19 In order to prevent the Bank's stakeholder from using their positions to handle improper credit, damage to shareholders, deposited public interest and affect the Bank's sound operations, the Bank should be appropriately restricted for major shareholders, invested enterprises, responsible person, employees, or stakeholder of the Bank's responsible person or the employee who handles the credit, and shall also comply with the provisions of the Banking Law regarding the credit restrictions of interested parties and the relevant provisions of the competent

authority.

- Article 20 In order to avoid improper transfer of benefits that can cause damages to the Bank or its shareholders, the Bank, when entering into a real estate transaction with its major shareholders, invested enterprises, responsible person, employees, or stakeholder of the Bank's responsible person, the transaction shall be made in a way that is fair, impartial and objective, and in accordance with the norms of business, the Banking Act, and other regulations made by competent authorities.
- Article 20-1 The Bank should establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.
- Article 21 The concurrent holding of positions and the number of concurrently held positions of the responsible person of the Bank shall be subject to the principle that the responsibilities of the principal position and the concurrent position are both effectively discharged without any conflict of interests or any violation of the respective internal controls of the institutions.
The Bank shall on a regular basis evaluate the performance of a responsible person holding a concurrent position, and having regards to its investment management needs, risk management policies, and the provisions of the Regulations; the evaluation results shall serve as an important reference to determine whether the concurrently held position(s) will be maintained or reduced in number.
Unless otherwise provided by the laws and regulations, a manager of the Bank may not serve as a manager of its affiliated enterprises.
- Article 22 The Bank shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations.
The Bank should set a large risk exposures management system depending on the business situation.
- Article 23 When the Bank and its related parties and shareholders enter into inter-company financial and business disbursements or transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited and conveyance of unjust interests can be efficiently eliminated, and shall also comply with the provisions by the Bank's "Procedures Governing the Acquisition and Disposal of Assets" and other relevant regulations.

Article 24 The Bank should retain at all times a register of those who owns 1 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the Bank may set up a lower shareholding threshold according to the actual shareholding stake that may control the Bank.

The Bank shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

Chapter IV Strengthen the powers of the board of directors

Article 25 The board of directors of the Bank shall be in charge of Bank's strategies and major policies, supervise the management, and be responsible to all shareholders.

The various procedures and arrangements of Bank's corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, Bank's articles of incorporation, and the resolutions of its shareholders meetings.

Article 26 The Bank board of directors shall be determined by choosing an appropriate number of board members, not less than seven, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and it shall comply with the relevant provisions of the Article 21 of concurrent position, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, race and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.

2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct risk management.
5. Ability to conduct crisis management.
6. Knowledge of the industry.
7. An international market perspective.
8. Ability to lead.
9. Ability to make policy decisions.

All directors of the board shall comply with “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks”.

A director may concurrently serve as an director in not more than three other Listed companies at one time.

When a director of the Bank resigns or is reassigned in accordance with Article 27-3 of the Company Law, the resigned director and corporate shareholder shall immediately notify the Bank and the chief corporate governance officer.

The Bank or chief corporate governance officer receives the notice in the preceding paragraph, it shall handle it in accordance with relevant laws and regulations.

Article 27 The board of directors shall recognize the risks faced by the Bank during business operations, and ensure the effectiveness of risk management, and bear the final responsibility for risk management.

The Bank's risk management policies and operating procedures shall be adopted by the board of directors and shall be reviewed and amended when appropriate.

The Bank assigned Risk Management Department that in charge of an independent risk management task force and regularly furnish risk management reports to the Risk Management Committee and the board of directors; upon identifying a significant risk exposure that might adversely affect its financial, business status or legal compliance, it shall take immediate and adequate countermeasures and submit a report to the Risk Management Committee and the board of directors.

Article 27-1 The Bank are advised to create a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy, and the board of directors should supervise the promotion of sustainable development, and schedule greenhouse gases emissions inventory and disclosure to control by board of directors quarterly.

Article 28 The Bank shall appoint less than three independent directors and the

number of independent directors may not be less than one- third of the total number of members of the board directors. The Bank shall adopt a candidate nomination system for election of the independent directors in accordance with the Company Act and the shareholders shall elect the directors from among the nominees listed on the roster.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and concurrent serving. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than 4 other TWSE/TPEX listed companies.

An independent director may concurrently serve as an independent director in not more than three other public companies at one time. Where a public company is a wholly owned subsidiary of a financial holding company, both entities are considered to be the same company and are thus only counted as one public company.

The consecutive terms of independent director of the Bank exceed three terms is inappropriate; starting from 2027, the consecutive terms of all independent directors shall not serve more than three consecutive terms. However, if the director's term has not expired in 2027, it may not apply until the expiration of his/her term.

Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Bank.

The professional qualifications, restrictions on shareholding and concurrent employment, determination of independence, method of nomination and other requirements for independent directors shall be governed by the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and regulations.

Article 29 The Bank chairman and president positions shall have a clear division of responsibilities, it is inappropriate for the chairperson to also act as the general manager or an equivalent post.

Article 30 The Bank shall specify the range of duties for independent directors and provide the manpower and resources needed for performing these duties. In cases where an independent director is tasked with handling material events or cases involving doubts, a third-party expert may be hired, as needed, to assist in evaluating the situation, or internal auditors may be requested to carry out a special audit or conduct follow-up monitoring. The Bank and other member of board of directors must not limit or interfere with the performance of independent directors' duties.

The Bank should establish a separate of directors but reasonable set of remuneration rules for independent directors.

Article 31 To achieve the objectives corporate governance, the main goal of the board of directors is as follows:

1. Set up effective and appropriate internal control system.
2. Select and supervise managers.
3. Review the management decisions and operation plans, and supervise the implementation status.
4. Review the financial goals of the Bank, and supervise the completion of those goals.
5. Supervise the operation results of the Bank.
6. Review the performance evaluation benchmark and remuneration standard for the managers and business staffs, the remuneration structure and system for the directors.
7. Supervise the establishment of an effective risk management mechanism.
8. Supervise the compliance with relevant laws.
9. Plan and set future development directions for the Bank.
10. Protect Bank's image.
11. Select accountants and other professionals.

Article 32 The following issues shall be raised for discussion in board meetings:

1. Business plan.
2. Annual financial reports and semi-annual financial reports.
3. Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act and assessments of internal control system effectiveness.
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, or endorsements or guarantees for others.
5. Public offering, issuance or private offering of equity securities.
6. The appointment and removal of the heads of the Finance, Accounting, Risk Management, Compliance, and Internal Audit Departments.
7. Review the performance evaluation benchmark and remuneration standard for the managers and business staffs, and the remuneration structure and system for the directors.
8. Donations to related parties or major donations to non-related parties. However, due to the public welfare nature of the major natural disasters, it should mention the next board of directors.
9. Decisions that shall be resolved through a shareholders' meeting or a

board meeting according to Article 14-3 of the Securities and Exchange Act, other laws or the Articles of Incorporation, and any major issues prompted by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the paragraph 1, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

At least one independent director shall be in attendance at shareholders' meetings convened by the Bank; in the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, all independent directors 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/her or her proxy. Any objections or qualified opinions expressed by independent directors shall be recorded in meeting minutes. If an independent director is unable to express objections or qualified opinions personally at the board meeting, the opinion shall be raised in writing in advance unless there is justifiable reason not to do so. Such opinions shall also be recorded in board meeting minutes.

The proportion of each director attending the board meeting in person should reach more than 80% every year.

Article 33 For the purpose of sounding decision functions and strengthening management mechanisms, in consideration of the scale of board of directors and the number of independent directors, may set up functional committees, and expressly provide in the articles of incorporation.

Functional committees shall be responsible to the board and submit the proposals to the board of directors for resolution. Audit Committee that has a supervisory role in accordance with the Securities and Exchange Act, the Company Act, and other laws and regulations is not subject to this requirement.

Functional committees shall stipulate the exercise of the powers and regulations and submit them for resolution and approval by the board of directors. The content of the exercise of the powers and regulations shall include at least the authority and responsibility of the committee, the process of exercising the powers (organization status, qualifications of the members, the process of exercising the powers, etc.), and the annual review and assessment of the policy of updating the rules of authority.

Article 34 The Audit Committee shall consist entirely of independent directors,

with no less than three members. One member shall be the convener, and at least one member shall have a background in accounting or finance.

The following items shall be approved by at least one half of the Audit Committee members and submitted to the Board of Directors for resolution:

1. Establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
2. Assessment of internal control system effectiveness
3. 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, or endorsements or guarantees for others.
4. Matters involving the personal interests of the directors.
5. Major asset or derivative trading.
6. Public offering, issuance or private offering of equity securities.
7. Appointment, discharge or remuneration of the certified public accountant.
8. Appointment or removal of chief officers of finance, accounting and internal audit.
9. Annual financial reports that signed or sealed by the chairman, manager and accounting officer, and second quarter financial reports that must be audited and attested by a CPA.
10. Other significant issues regulated by the Company or competent authorities.

Except for Subparagraph 9, if any other subparagraphs in the preceding paragraphs are not approved by more than one-half of the Audit Committee members, then they must be approved by more than two-thirds of the entire board of directors, without the restrictions in the preceding paragraph. The decision shall be recorded in meeting minutes.

The meeting of the Audit Committee shall be recorded as meeting minutes and issued to all independent directors within 20 days after the meeting. The meeting minutes shall be listed as key files of the Bank and retained as such over the Bank's existence.

The Company Act, the Securities and Exchange Act, other laws, and these Principles regulating supervisors shall be applicable for members of the Audit Committee.

Article 35

The Remuneration Committee of the Bank shall determine the performance evaluation benchmark and remuneration standards for managers and business staffs and remuneration structure and system

for the board directors. This committee shall consist of 3 to 5 members appointed by resolution of the board of directors, and shall involve independent directors and be convened by independent directors.

The performance evaluation benchmark and remuneration standard for the managers and business staffs, and the remuneration structure and system for the directors shall be based on the following principles:

1. The Bank shall adopt the performance evaluation and remuneration standards or remuneration structure and system based on future risk-adjusted performance and in line with the Bank's long-term overall profitability and shareholders' interests.
2. The remuneration and reward system shall not entice any director, manager, or business staff to engage in any act exceeding the Bank's risk appetite in pursuit of remuneration. The Committee also shall regularly review the remuneration and reward system and performance in order to ensure their consistency with the Bank's risk appetite.
3. The time for payment of remuneration shall be set based on future risk-adjusted profitability in order to avoid the inappropriate circumstance of sustaining loss after the payment of remuneration. A significant percentage of the remuneration/reward shall be paid by a deferred method or an equity-related method.
4. When assessing the individual contribution of a director, manager and business staff to the Bank's profits, the Bank shall conduct an overall analysis of the interbank to clarify whether such profits resulted from an overall advantage such as the use of the lower capital cost of the Bank, in order to effectively assess the contributions that come from individual persons.
5. The stipulations on severance pay between the Bank and its directors, managers and business staffs shall be adopted based on realized performance, in order to avoid improper circumstances such as receiving high severance pay after a short term of employment.
6. The Bank shall fully disclose to shareholders the adopted principles, methods, and goals of the aforementioned performance evaluation and remuneration standards or structure and system.

The business staffs governed by these Principles are those persons whose remuneration or performance evaluation is based on the sale of various financial products or services.

Article 35-1 The Bank shall establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place and into the Bank 's internal control system for management purposes.

Article 36 The Bank should engage a professional and competent legal counsel to

provide adequate legal consultation services to the Bank, or to assist the directors and the management to improve their knowledge of the law, and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors or the management are involved in litigation or a dispute with shareholders, the Bank shall retain a legal counsel to provide assistance as circumstances require, at the expense of the Bank.

The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the Bank to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Bank.

Article 37

To improve the quality of its financial reports, the Bank shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be Bank's internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Bank shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Bank. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Bank shall faithfully implement improvement actions. The Bank should establish channels and mechanisms of communication between the independent directors or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the Bank's internal control system for management purposes.

The Bank shall evaluate the independence and suitability of the CPA engaged by regularly with reference to the Audit Quality Index (AQI), and no less frequently than once annually. In the event that the Bank engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Bank shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 38

The Bank shall convene the board of directors on a regular basis.

However, a board of directors' meeting may be called at any time in the event of an emergency. The regular board of directors of the Bank shall plan and formulate issues in advance, notify all directors as required, and provide sufficient meeting materials.

The Bank shall formulate rules for procedure of board of directors and report to the shareholders meeting to enhance the operational efficiency and decision-making ability of the board of directors.

A director who is of the opinion that the meeting materials provided are insufficient may order the board meetings unit to replenish.

If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of board meetings.

Article 38-1 The chairman should faithfully perform his/her duties and perform his/her duty of care as a good manager, and exercise his/her powers with a high degree of self-discipline and prudence.

If the chairman of the board of directors performs his/her duties in a long-term domestic and foreign office, home office or video conference and other remote office modes, in addition to complying with the provisions of the preceding paragraph, he shall ensure the effective execution of his/her duties.

Article 38-2 When the chairman is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act on his/her behalf. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the Directors to chair the shareholders' meeting. Where the chairman does not make such a designation, the Directors shall select from among themselves one person to serve as the chair.

The appointment or proposal of a proxy for the chairman of the Board of Directors in accordance with the preceding paragraph shall comply with the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and the principles of separation of banking and commerce as set forth in the regulations.

The authority of the proxy for the chairman of the Board of Directors as mentioned in the first paragraph shall not exceed the authority of the Chairman of the Board of Directors during the period of his/her term of office, and any restrictions shall be clearly stated in advance.

Directors shall attend the meetings of the Board of Directors in person. If a Director is unable to attend a meeting of the Board of Directors for any reason, he may appoint another Director to act as his/her proxy in accordance with the provisions of the Articles of Incorporation,

provided that he shall issue a form of proxy each time and list the scope of authority for the matters to be resolved at the meeting. A director who attends a meeting by proxy may only be appointed by one person.

Article 39

Directors shall exercise a high degree of self-discipline.

If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, they shall be evaded by themselves and may not join the discussion and voting, nor act as other agents to exercise their voting rights.

Directors should also be self-disciplined and have to support each other.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 40

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his/her or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced according to the relevant regulations of the competent authority:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee, but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Bank and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 41

The staffs are responsible for the board meetings of the Bank shall collect and correctly record the meeting minutes in detail, as well as a

summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important Bank's records, and kept safe permanently during the life of the Bank.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Bank shall record on audio or video tape the entire proceedings of a board of directors 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 a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the Bank, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 42 The Bank shall be elected three to five managing directors in accordance with the Company Act and the articles of incorporation. The managing directors shall include a minimum of one independent director, and the independent director(s) shall not be less than one-fifth of the aggregate total of managing director seats.

During the adjournment of the board of directors of the Bank, the board of managing directors may exercise the powers of the board of directors. However, when material interest of the bank is involved, the matter shall be disposed of by a resolution of the board of directors.

Article 43 The Bank shall ask the appropriate Bank department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

- Article 43-1 The secretarial office of the Board of the Bank is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and shall appoint in accordance with the requirements of the competent authorities and TWSE a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs.
The appointment and dismissal of chief corporate governance officer in the preceding paragraph must be resolved by the board of directors.
The Bank shall comply with these Principles in appointing its chief corporate governance officer, unless otherwise provided under the regulations of the competent authorities.
- Article 43-2 It is required that the corporate governance affairs mentioned in the first paragraph of the preceding paragraph include at least the following items:
1. Handling matters relating to board meetings and shareholders meetings according to laws
 2. Producing minutes of board meetings and shareholders meetings
 3. Assisting in onboarding and continuous development of directors
 4. Furnishing information required for business execution by directors
 5. Assisting directors with legal compliance
 6. Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and term of office
 7. Handle matters related to the change of directors
 8. Other matters set out in the articles or corporation or contracts other matters.
- Article 43-3 A chief corporate governance officer is a manager of the company and shall comply with sections governing managers of the Company Act and the Securities and Exchange Act.
In case of chief corporate governance officer shall be ensured the officer is effectively performing the duties required in the capacity of both the chief corporate governance officer and the concurrent position, and there shall be no conflicts of interest or violations of the internal control system.
- Article 43-4 The chief corporate governance officer, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, legal compliance, internal audit, financial affairs, accounting, stock affairs, or corporate governance

affairs as stipulated in Article 43-2.

Article 43-5 The Bank shall arrange continuing professional education (CPE) for its chief corporate governance officer.

A newly appointed chief corporate governance officer shall complete a minimum of 18 CPE hours within the year from the person's appointment and a minimum of 12 CPE hours per year in each following year. The continuing education scope, continuing education system and other continuing education affairs shall be governed by the Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies.

Article 43-6 In case of resignation or dismissal of the chief corporate governance officer, the Bank shall appoint another person as its chief corporate governance officer within one month of the occurrence of that fact.

Article 44 Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator and exercise their powers. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Any resolution of the board of directors that involves the Bank's business development or a major policy direction shall be carefully considered and may not affect the implementation and operation of corporate governance.

The Bank should formulate rules for board of director performance assessments. Each year, in respect of the board, functional committees and individual directors, it shall conduct regularly scheduled performance assessments through self-assessments or peer-to-peer assessments, and may also do so through outside professional institutions or in any other appropriate manner. A performance assessment of the board of directors shall include the following aspects, and appropriate assessment indicators shall be developed in consideration of the company's needs:

1. The degree of participation in the company's operations.
2. Improvement in the quality of decision making by the board of directors.
3. The composition and structure of the board of directors.
4. The election of the directors and their continuing professional education.
5. Internal controls.

The performance assessments of board members (self-assessments or peer-to-peer assessments) shall include the following aspects, with appropriate adjustments made on the basis of the company's needs:

1. Their grasp of the company's goals and missions.
2. Their recognition of director's duties.
3. Their degree of participation in the company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

The Bank conduct performance assessments of a functional committee, shall include the following aspects, with appropriate adjustments made on the basis of the company's needs:

1. Their degree of participation in the company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement in the quality of decision making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal control.

The Bank shall submit the results of the performance assessments to the board of directors and to the TWSE, and use them as a reference for individual directors' remuneration and nomination for renewal.

Article 44-1

The board of directors is advised to evaluate and monitor the following aspects of a the Bank's direction of operation and performance in connection with intellectual properties, to ensure the company develops an intellectual property regulatory system in accordance with the Plan-Do-Check-Act cycle:

1. Formulate intellectual property regulatory policies, objectives and systems that are slightly associated with the operational strategies.
2. Develop, implement and maintain on the basis of scale and form its regulatory systems governing the procurement, protection, maintenance and utilization of intellectual properties.
3. Identify and provide the necessary resources sufficient to ensure effective implementation and maintenance of the intellectual property regulatory system.
4. Observe internally and externally the risks and opportunities that intellectual property regulation may present and adopt corresponding measures.
5. Plan for and implement a continuous improvement mechanism to ensure the operation and effects of the intellectual property regulatory regime meet the company's expectations.

Article 45

If a resolution of the board of directors violates law, regulations or the Bank's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the

board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering likelihood that the Bank would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, in accordance with the foregoing paragraph.

Article 46 The ratio of the total shares held by all the directors of the board shall comply with applicable laws. Restrictions on the transferring of directors' shares, and the establishment, removal, and change of pledges shall comply with applicable regulations. Furthermore, information shall be fully disclosed.

Article 46-1 The Bank shall enter into a liability insurance contract with the insurance company to cover the Bank's directors with respect to liabilities resulting from exercising their duties.
The Bank shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 46-2 Upon assuming the position as a director and throughout the office terms, Directors of the Bank are advised to participate in training courses on finance, risk management, business, commerce, accounting, law, anti-money laundering, and counter-terrorism financing or corporate social responsibility offered by institutions designated in the Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies covering subjects related to corporate governance, and shall instruct employees of all levels to enhance their professional and legal knowledge.
The Bank's directors shall attend at least three hours of corporate sustainability courses related to the environment (E), society (S) and governance (G) in accordance with the provisions of the preceding paragraph each year, and may participate in internal education and training courses organized by the company or its affiliated companies.
The number of training hours is calculated in a progressive manner. In principle, it starts from January 1st to December 31st of the current year. If due to special circumstances or course design, it must be calculated across years, it should be stated when disclosing the implementation status of the training. Explain the reason.

Chapter V Fulfill the function of Audit Committee

Article 47 The member of audit committee of Bank must have the professional knowledge, work experiences and attitude with integrity, practical, impartial judgment. The member shall evaluate whether he or she has

sufficient time and energy for the work of audit committee.

Article 48 The member of audit committee must have the professional knowledge and be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the Bank and the functions, duties, and operation of each department, shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate so as to grasp or discover any abnormal situation early on.

Article 49 The audit committee shall supervise the implementation of the operations of the Bank, and the performance of duties by directors and managers, and so as to reduce the financial and operational risks of the Bank.

A director who engages for himself or on behalf of another person, enters into a sale/purchase or loan transaction, or conducts any legal act with the Bank, an independent director member of the audit committee shall act as the representative of the Bank.

Article 50 The audit committee or its members may investigate the operational and financial conditions of the Bank from time to time, and the relevant departments in the Bank shall provide the books or documents that will be needed for the director's review.

When reviewing the finance or operations of the Bank, the audit committee or its members may retain attorneys or CPAs on behalf of the Bank to perform the review; however, the Bank shall inform the relevant persons of their confidentiality obligations.

The board of directors or managers shall submit reports in accordance with the request of the audit committee or its members and shall not for any reason circumvent, obstruct, or refuse the inspection of the audit committee or its members.

When the audit committee or its members performs his/her duties, the Bank shall provide necessary assistance as needed by the audit committee or its members, at the expense of the Bank.

Article 51 For the audit committee or member to timely discover any possible irregular conduct in the Bank, the Bank shall establish a channel for the audit committee to communicate with the employees, shareholders and stakeholders.

Upon discovering any irregular conduct, the audit committee or its members shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.

When an independent director or president, an officer of the finance, accounting, CPA and internal audit officer, resigns or is removed from

his/her position, the audit committee shall investigate the reasons.
In the event that the audit committee neglects his/her duties and therefore causes harm to the Bank, the audit committee shall be liable to the Bank.

Article 52 Based on the overall interests of the Bank and shareholders, any member of the audit committee exercise their supervisory powers, those who have the necessary opinions to exchange opinions may hold meetings on a regular or irregular basis. The minutes for each meeting of the Committee shall be preserved permanently.

Article 53 In order to play the supervisory function of the audit committee, members of the audit committee should exercise their authority and be independent.
When member of the audit committee exercise their individual supervisory powers at different times, the related departments may not demand that they carry out examinations in a consistent uniform manner, nor may they refuse to once again provide data.

Chapter VI Respect the rights and interests of stakeholders.

Article 54 The Bank shall maintain channels of communication with its customers, creditors, employees, consumers, suppliers, community, or other stakeholders of the Bank, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.
When any of a stakeholder's legal rights or interests is harmed, the Bank shall handle the matter in a proper manner and in good faith.
The Bank shall provide sufficient information to customers within the scope of the law to know of the operational conditions of the Bank
When any of their legal rights or interest is harmed, the Bank shall respond with a responsible attitude and assist through proper means.

Article 55 The Bank shall prompt subsidiaries to set up consumer protection guidelines that include explain how complaints and disputes are to be handled.
The Bank should set a consumer protection policy that includes at least the handling mechanism for after consumer complaints and suddenly major consumer events.

Article 56 The Bank shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the Bank concerning employee welfare.
In developing its normal business and maximizing the shareholders' interest, the Bank shall pay attention to consumers' interests,

environmental protection of the community, and public interest issues, and shall give serious regard to the Bank's social responsibility.

Chapter VII Enhance information transparency

- Article 57 Disclosure of information is a major responsibility of the Bank. The Bank shall perform its obligations faithfully in accordance with the relevant laws and articles of incorporation.
- Article 58 The Bank shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.
- Article 59 In order to enhance the accuracy and timeliness of the material information disclosed, the Bank shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Bank's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Bank in making statements independently.
The Bank shall appoint acting spokespersons who shall represent the Bank, when the spokesperson cannot perform his/her duties, in making statements.
In order to implement the spokesperson system, the Bank shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.
The Bank shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.
- Article 60 In order to keep shareholders and stakeholders fully informed, the Bank shall utilize the convenience of the Internet and set up a website containing the information regarding the Bank's finances, operations, and corporate governance. The Bank should furnish the financial, corporate governance, and other relevant information in English in order to meet the needs of foreign investors.
To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.
- Article 61 The Bank shall hold an investor conference in compliance with the regulations of the competent authority, and shall keep an audio or

video record of the meeting, and provided for inquiry through the website established by the Bank or through other channels.

Article 62 The Bank shall dedicate a space on its website to disclose and update from time to time the following information regarding corporate governance:

1. Board of directors: such as resumes and authorities and responsibilities of board members, board member diversification policy and the implementation thereof.
2. Functional committees: such as resumes and authorities and responsibilities of members of each functional members.
3. Corporate governance bylaws: Such as the Articles of Incorporation, The Rules of Procedure for Board of Directors Meetings and Committee Charter of the Functional Committee Rules of corporate governance.
4. Corporate governance bylaws: such as articles as articles of incorporation, procedure of board of directors meetings, charter of each functional committee, and other relevant corporate governance bylaws.

Article 62-1 The Bank should report the remuneration received by directors at the shareholders meeting, including the remuneration policy, the content and amount of individual remuneration and its relationship with the performance evaluation results.

Chapter VIII Supplementary Provisions

Article 63 The Bank shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Bank's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 64 Any matters not adequately provided for herein shall be subject to the Bank and the competent authority regulations concerned.

Article 65 These Principles, and any amendments hereto, shall come into in force after adoption by a resolution of the board of directors.