

# Procedures of Related Party Transaction Management

Approved by Board of Directors Meeting on 2023/2/15

Article 1	<p data-bbox="371 309 517 336">Definitions</p> <p data-bbox="371 357 2069 435">In accordance with “International Accounting Standards No.24 Related Party Disclosures”, a related party is a person or entity that is related to the entity that is preparing its financial statements.</p> <p data-bbox="371 456 1630 483">(a) A person or a close member of that person's family is related to a reporting entity if that person:</p> <ul data-bbox="439 504 1854 628" style="list-style-type: none"><li data-bbox="439 504 1167 531">(i) has control or joint control over the reporting entity;</li><li data-bbox="439 552 1173 579">(ii) has significant influence over the reporting entity; or</li><li data-bbox="439 600 1854 628">(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.</li></ul> <p data-bbox="371 649 1464 676">(b) An entity is related to a reporting entity if any of the following conditions applies:</p> <ul data-bbox="439 697 2112 1353" style="list-style-type: none"><li data-bbox="439 697 2033 775">(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).</li><li data-bbox="439 796 2112 874">(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).</li><li data-bbox="439 895 1196 922">(iii) Both entities are joint ventures of the same third party.</li><li data-bbox="439 943 1742 970">(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.</li><li data-bbox="439 991 2069 1115">(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.</li><li data-bbox="439 1136 1429 1163">(vi) The entity is controlled or jointly controlled by a person identified in (a).</li><li data-bbox="506 1184 2069 1262">A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</li><li data-bbox="439 1283 2112 1353">(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.</li></ul>
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Article 2	<p>The following are deemed not to be related :</p> <ul style="list-style-type: none"> <li>(i) two entities simply because they have a director or key manager in common</li> <li>(ii) two venturers who share joint control over a joint venture</li> <li>(iii) providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process)</li> <li>(iv) a single customer, supplier, franchiser, distributor, or general agent with whom an entity transacts a significant volume of business merely by virtue of the resulting economic dependence</li> </ul>
Article 3	<p>Related party in substance</p> <p>In considering whether a counterparty is a related party, attention shall be directed to the substance of the relationship in addition to the legal form. Unless it can be established that no control, joint control, or significant influence exists, a party falling within any of the following shall be deemed to have a substantive related party relationship, and relevant information shall be disclosed in the notes to the financial reports in accordance with IAS 24:</p> <ul style="list-style-type: none"> <li>(i) An affiliated enterprise within the meaning given in Chapter VI-I of the Company Act, and any of its directors, supervisors, and managerial officers.</li> <li>(ii) A company or institution governed by the same general management office as the issuer, and any of its directors, supervisors, and managerial officers.</li> <li>(iii) A person holding the position of manager or higher in the general management office.</li> <li>(iv) A company or institution shown as an affiliated enterprise in the issuer's publications or public announcements.</li> <li>(v) Where the board chairman or president of another company or institution is the same person as the board chairman or president of the issuer, or is the spouse or a relative within the second degree or closer of the board chairman or president of the issuer.</li> </ul>
Article 4	<p>Identification of related party</p> <p>Accounting department shall prepare a list of related parties, and periodically update it based on available information. The list shall be announced on intranet of the Company for reference of related departments.</p>

<p>Article 5</p>	<p>Scope of related party transaction</p> <p>The related party transaction mentioned in the procedures is defined as transfer of resource and obligation between the Company and related party, whatever whether monetary consideration is involved. The following transactions are included in the scope of the procedures:</p> <ul style="list-style-type: none"> <li>(i) transaction of purchase or sales of goods, and labor service;</li> <li>(ii) property transaction;</li> <li>(iii) leasing transaction</li> <li>(iv) financing and interest collection &amp; payment;</li> <li>(v) endorsements and guarantees;</li> <li>(vi) other transaction.</li> </ul>
<p>Article 6</p>	<p>Management and reconciliation of related party transaction</p> <p>The purchase or sales of goods, labor service, acquisition &amp; disposal of asset, financing and endorsements &amp; guarantees between the Company and related party, shall comply with regulation of related operating procedures and managerial policies. The complete record and report mechanism shall be established as well. Besides, the periodical reconciliation shall be executed following the rules as follows:</p> <ol style="list-style-type: none"> <li>1. transactions of the purchase or sales of goods, labor service and technical service between the Company and related party shall comply with regulations of procurement &amp; sales associated operating procedures;</li> </ol> <p>transactions of the purchases or sales of goods, labor service and technical service between the Company and related parties, and the estimated annual transaction amount reaches 5% of the company's latest consolidated total assets or the latest year's consolidated net operating income, unless comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies “ or the transactions between the company and the parent company, subsidiaries, the following materials should be submitted to the board of directors for approval before the transaction:</p> <ul style="list-style-type: none"> <li>(i) The project, purpose, necessity and expected benefits of the transaction.</li> <li>(ii) Reasons for selecting related parties as transaction partners.</li> <li>(iii) The pricing principle of the transaction and the upper limit of the expected annual transaction amount.</li> <li>(iv) The transaction conditions conform to normal commercial terms and do not damage the interests of the company and</li> </ul>

shareholders.

(v) The transaction restrictions and other important agreements.

For transactions with related parties referred to the preceding paragraph, the following matters shall be submitted to the latest shareholders' meeting report after the end of the year:

(i) The transaction amount and conditions.

(ii) The transaction price was approved by the board of directors.

(iii) The annual transaction amount upper limit approved by the board of directors has not been exceeded. If the transaction amount has been exceeded, the reasons, necessity and rationality shall be explained.

2. property transaction and investment between related party and the Company shall comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and “Handling procedure for acquisition and disposal of assets” of the Company;
3. financing and endorsement & guarantee between the Company and related party shall comply with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, and “Procedures for loaning capital to others” and “Procedures for making endorsements and guarantees” of the Company;
4. the preparing procedure of consolidated financial statements of the Company and the related party shall comply with the prevailing regulations and the standard operating procedures of the Company;
5. Reconciliation of related party transaction shall follow the following rules:
  - I. related party that is included in the consolidated financial statements: reconciliation shall comply with the standard operating procedures of the Company;
  - II. related party that is not included in the consolidated financial statements: as working with auditor to send the letters of confirmation, if there are differences between circularization and financial statements, reconciliation shall be operated and the differences shall be explained.

The Company and related party shall stay independent. Employees operate in accordance with the above mentioned procedures 1~4 shall give heed not to violate regular transaction practice to avoid tunneling.

Article 7	<p>Management of contract between the Company and related party</p> <p>Management of contract between the Company and related party shall comply with “Contract managerial policies” and related operating procedures of the Company. Contracting with related party shall comply with regular transaction practice. After approved by appropriate level of authority, both parties shall go for sign-off process. So is the process when revise contract between the Company and related party.</p>
Article 8	<p>Presentation and disclosure of related party transaction</p> <p>Related party transaction shall be disclosed in annual report, financial statements, three documents of affiliation enterprises (affiliation report, consolidated business report and consolidated financial statements of affiliated enterprises), prospectus and profit-seeking enterprise income tax return in accordance with regulation of “International Accounting Standards No.24 Related Party Disclosures”, “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and “Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing.” Furthermore, it shall be returned or proclaimed in accordance with “Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”, “Taiwan Stock Exchange Corporation Rules Governing Information Reporting by Companies with Exchange-Listed Securities and Offshore Fund Institutions with Exchange-Listed Offshore Exchange-Traded Funds” and “Standard operating procedures of return and proclaim to market observation post system” of the Company.</p>
Article 9	<p>Others</p> <p>Any matters unspecified herein shall be handled in accordance with relevant laws, decrees and related regulations of the Company.</p>
Article 10	<p>The Procedures and amendments hereof shall be enforced after being resolved by the board of directors.</p>
Article 11	<p>The procedure was set up on Feb 16, 2012.</p> <p>The first revision amended on Feb 13, 2015.</p> <p>The second revision amended on Aug 1, 2018.</p> <p>The third revision amended on Feb 15, 2023.</p>