

# **Chlitina Holding Limited**

## **Operating Guidelines for the Remuneration Committee**

### **Article 1**

These Guidelines are formulated pursuant to Article 14-6, Paragraph 1 of the Securities and Exchange Act.

### **Article 2**

A Remuneration Committee shall be established in accordance with the provisions of the Securities and Exchange Act and these Guidelines. However, where other laws provide otherwise, those provisions shall prevail.

### **Article 3**

The Remuneration Committee shall adopt its Organizational Charter, which shall at a minimum include the following matters:

1. Composition, number of members, and term of office of the Remuneration Committee.
2. Powers and duties of the Remuneration Committee.
3. Rules of procedure for meetings of the Remuneration Committee.
4. Resources to be provided by the Company for the exercise of powers and duties by the Remuneration Committee.

The Organizational Charter shall be adopted by resolution of the Board of Directors; the same shall apply to any amendment thereof.

### **Article 4**

Members of the Remuneration Committee shall be appointed by resolution of the Board of Directors and shall consist of no fewer than three members, one of whom shall be the convener.

The term of office of Remuneration Committee members shall be the same as that of the appointing Board of Directors.

Where a member is dismissed for any reason and the number of members falls below three, the Board of Directors shall appoint a replacement within three months from the date on which the vacancy occurs.

The Company shall, within two days from the occurrence of the appointment or change of members, report such information via the information reporting website designated by the competent authority.

## **Article 5**

Members of the Remuneration Committee shall meet at least one of the following professional qualifications and possess no less than five years of work experience:

1. Lecturer or above in a public or private university or college in business, law, finance, accounting, or other disciplines required for company operations.
2. A judge, prosecutor, attorney, certified public accountant, or other licensed professionals who have passed a national examination relevant to company operations.
3. Work experience in business, law, finance, accounting, or other areas required for company operations.

A person shall not serve as a member of the Remuneration Committee, and any such serving member shall be dismissed, if any of the following circumstances apply:

1. Any of the disqualifications listed under Article 30 of the Company Act.
2. Violation of the qualification requirements for Remuneration Committee members as prescribed in these Guidelines.

## **Article 6**

Members of the Remuneration Committee shall maintain independence in the performance of their duties and shall not have any direct or indirect interest in the Company. During the two years prior to appointment and throughout their term of office, members shall not:

1. Be an employee of the Company, its subsidiaries, or affiliates.
2. Be a director of the Company, its subsidiaries, or affiliates, except where such person is an independent director as defined under the Securities and Exchange Act or applicable local laws.
3. Hold, either personally or through a spouse, minor child, or in another's name, one percent or more of the Company's issued shares, or be among the top ten natural-person shareholders.

4. Be a manager, spouse, relative within the second degree of kinship, or blood relative within the third degree of kinship of the personnel mentioned in the preceding subparagraphs 2 and 3.
5. Be a director (including independent directors) or employee of an institutional shareholder that holds five percent or more of the Company's issued shares, ranks among the top five shareholders, or appoints directors or supervisors in accordance with Article 27, Paragraph 1 or 2 of the Company Act.
6. Be a director, supervisor, or employee of another company where more than half of the board seats or voting shares are controlled by the same person as in the Company.
7. Be a director, supervisor, or employee of another company or institution that shares the same chairman, general manager, or equivalent officer as the Company.
8. Be a director (or equivalent), supervisor (or equivalent), manager, or shareholder holding five percent or more of a specific company or institution that has financial or business dealings with the Company or its subsidiaries.
9. Be a professional, sole proprietorship, partnership, company, or institution—including partners, directors (or equivalent), supervisors (or equivalent), or managers thereof, or their spouses—providing auditing or other business, legal, financial, or accounting services to the Company or its subsidiaries with cumulative compensation exceeding NT\$500,000 in the most recent two years. Exceptions apply for members serving pursuant to legal requirements of the Securities and Exchange Act or the Business Mergers and Acquisitions Act, such as members of the Remuneration Committee, Tender Offer Review Committee, or M&A Special Committee.

Where the Company and its parent company, subsidiary, or fellow subsidiary have cross-appointed independent directors in accordance with the Securities and Exchange Act or local law, the provisions of subparagraph 2, and subparagraphs 5 to 7 above, and first item of the fourth paragraph shall not apply.

If a member previously served in any of the capacities described in subparagraph 2 or 8 and has since been dismissed, the two-year restriction before appointment shall not apply.

For the purpose of Subparagraph 8 of the first paragraph, “specific company or institution” refers to those that meet any of the following:

1. Holds 20% or more, but less than 50%, of the Company's issued shares.

2. Where the aggregate shareholding of the company's directors (including independent directors), supervisors, and shareholders holding more than 10% of shares reaches 30% or more of another company's issued shares, and where there have been financial or business transactions between both parties. The above includes shares held by their spouses, minor children, or in another's name.
3. Where 30% or more of the Company's or its subsidiaries' revenue derives from another company or its affiliates.
4. Where 50% or more of the Company's or its subsidiaries' key raw materials or major products (accounting for 30% or more of total procurement or total revenue, respectively) are sourced from another company or its affiliates.

The terms "parent company," "subsidiary," and "group" as used above shall be defined in accordance with International Financial Reporting Standard No. 10 (IFRS 10).

The term "affiliated enterprises" as used above shall refer to those defined under Chapter VI-1 of the Company Act or companies required to prepare consolidated financial reports under IFRS 10 or relevant guidelines on the preparation of consolidated reports.

## **Article 7**

The Remuneration Committee shall faithfully perform the following duties with the due care of a prudent administrator, and submit its recommendations to the Board of Directors for discussion. Recommendations concerning remuneration of independent directors shall be submitted to the Board only if such authority is delegated to the Board under the Company's or subsidiary's Articles of Incorporation or a shareholders' resolution:

1. Prescribe and regularly review the policies, systems, standards, and structures for performance evaluation and remuneration of directors (including independent directors) and managers.
2. Regularly assess and determine the remuneration of directors (including independent directors) and managers.

In performing the above duties, the Remuneration Committee shall adhere to the following principles:

1. Performance evaluations and remuneration of directors (including independent directors) and managers shall consider industry standards, individual

performance, business performance of the Company, and correlation with future risks.

2. Remuneration policies shall not induce directors or managers to engage in behavior exceeding the Company's risk appetite in pursuit of compensation.
3. The proportion of bonuses for short-term performance and the timing of variable remuneration shall consider the nature of the industry and the operations of the Company and its subsidiaries.

"Remuneration" as used in the preceding two paragraphs includes cash payments, share-based compensation, profit-sharing, retirement benefits or severance pay, various allowances, and other substantive incentives, and shall align with the disclosure requirements for public companies in their annual reports.

When the Board of Directors deliberates on the Committee's proposals, it shall comprehensively consider the amount, method of payment, and risks to the Company and its subsidiaries.

If the Board rejects or modifies a proposal, it must have at least two-thirds of all directors present and approval from more than half of those present. The resolution must specify whether the approved remuneration exceeds the Committee's recommendation and the rationale for such decision.

Where remuneration approved by the Board is more favorable than the Committee's recommendation, the differences and reasons shall be recorded in the Board meeting minutes and reported via the competent authority's designated information reporting website within two days.

If the remuneration of a subsidiary's directors (including independent directors), supervisors, or managers is subject to approval by the parent company's Board, the matter shall first be reviewed by the parent company's Remuneration Committee and then submitted to the Board for resolution.

## **Article 8**

The Remuneration Committee shall convene at least twice annually, as specified in its Organizational Charter.

Meetings shall be convened by the convener with a clear agenda and members shall be notified at least seven days in advance, except in case of emergency.

If independent directors have been appointed under the law, at least one independent director shall participate in Committee meetings. The convener and meeting chair shall be elected from among the independent directors. If no independent directors are appointed, the convener and chair shall be elected by the members.

If the convener is on leave or unable to perform duties, another independent director shall act as proxy; if no independent directors exist, another member shall be designated or elected as proxy.

The Remuneration Committee may invite directors, relevant managers from the Company or its subsidiaries, internal auditors, accountants, legal advisors, or other personnel to attend meetings and provide necessary information. However, such invitees shall recuse themselves during discussions and voting.

## **Article 9**

Meeting agendas shall be set by the convener. Other members may also propose motions for discussion. Agendas shall be distributed in advance.

The Company shall provide a sign-in book for members to sign attendance. Members shall attend in person; if unable to do so, they may appoint another member as proxy. Participation via video conference is deemed as attendance in person.

Proxies must be designated for each meeting with specific authorization scope. Resolutions require the approval of more than half of all members. If the chair determines unanimous consent after consultation, it shall be deemed adopted with the same effect as a vote. The result must be announced immediately and recorded. A member may only act as proxy for one other member per meeting.

## **Article 9-1**

When a matter concerning a member's own remuneration is discussed, it shall be disclosed during the meeting. Where a conflict of interest is likely to harm the Company, the member shall recuse from discussion and voting, and shall not act as proxy for another member.

## **Article 10**

Meeting minutes shall be prepared and must accurately record the following:

1. Session number, time, and venue.
2. Name of the chair.

3. Attendance, including names and numbers of those present, on leave, or absent.
4. Names and titles of non-voting attendees.
5. Name of the minute-taker.
6. Reports.
7. Discussions: proposals, voting method and result, name and details of remuneration for members with conflicts, recusal details, objections, or reservations.
8. Ad hoc motions: names of proposers, voting method and result, summaries of statements by members, experts, and others, details of remuneration for conflicted members, recusals, objections, or reservations.
9. Other matters required to be recorded.

If any member expresses objections or reservations on record or in writing, such opinions shall be recorded and disclosed on the information reporting website designated by the competent authority within two days.

The sign-in book forms part of the meeting minutes.

Minutes shall be signed or stamped by the chair and minute-taker, distributed to members within twenty days, reported to the Board, included in Company archives, and retained for five years.

If a lawsuit arises before the retention period ends, minutes shall be retained until the lawsuit is concluded.

Minutes and distribution may be handled electronically.

For video conference meetings, video and audio recordings form part of the minutes.

## **Article 11**

The Remuneration Committee may, by resolution, retain legal counsel, accountants, or other professionals to conduct necessary audits or provide advice on matters within its scope of authority. All fees shall be borne by the Company.

## **Article 12**

Matters resolved by the Remuneration Committee may be delegated to the convener or other members for continued handling, with written reports submitted to the Committee during execution and, if necessary, presented for ratification or reporting at the next meeting.

**Article 13**

These Guidelines shall take effect upon approval by the Board of Directors.  
Amendments or repeals shall follow the same procedure.

**Article 14**

## Version Record

Version	Amendment Description	Date
1	New Document	2012.08.17
2	Amendment	2017.05.09