

**Yuanta Financial Holding Company**  
**Rules Governing the Scope of Powers for Independent Directors**

*Approved by the Board of Directors on March 27, 2007 (12th meeting of the 3rd board)*

*Amendments approved on September 26, 2007 (5th meeting of the 4th board)*

*Amendments approved on May 25, 2010 (44th meeting of the 4th board)*

*Amendments approved on December 28, 2010 (7th meeting of the 5th board)*

*Amendments approved on July 26, 2017 (17th meeting of the 7th board)*

*Amendments approved on November 27, 2017 (21st meeting of the 7th board)*

*Amendments approved on October 28, 2020 (21st meeting of the 8th board)*

**Article 1**

To ensure good corporate governance and establish a sound independent director system, these Rules are adopted pursuant to Article 26, Paragraph 1 of the *Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies* and Article 33, Paragraph 1 of the *Corporate Governance Best-Practice Principles for Financial Holding Companies*.

**Article 2**

Except as otherwise provided by law and regulation or by the articles of incorporation, matters concerning the duties of independent supervisors of the Company shall be as set out in these Rules.

**Article 3**

At least one independent director shall attend board of directors' meeting in person; the following matters shall be submitted to the board of directors for resolution and all of the independent directors shall attend such board meeting, and where any independent director is unable to attend such board meeting in person, he/she shall appoint another independent director to attend the meeting in his or her place. When an independent director objects to or expresses reservations about any of the matters, it shall be recorded in the board meeting minutes. If an independent director intends to express an objection or reservations is but unable to attend the board meeting in person, then unless there is a legitimate reason to do otherwise, the independent director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes:

1. The Company's business plan.
2. The annual financial report signed or sealed by the chairperson of the board, manager, and accounting supervisor, and the second quarter financial report subject

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to audit and certification by a certified public accountant (CPA).

3. Adoption of or amendments to the internal control system of the Company pursuant to Article 14-1 of the *Securities and Exchange Act* and assessment of the effectiveness of the internal control system.
4. Adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others pursuant to Article 36-1 of the *Securities and Exchange Act*.
5. Matters in which a director is a stakeholder.
6. Asset transactions or derivatives trading of a material nature.
7. Loans of funds, endorsements, or provision of guarantees of a material nature.
8. The offering, issuance, or private placement of equity-type securities.
9. The hiring or dismissal of a certified public accountant and his or her compensation.
10. The appointment or discharge of a senior financial, accounting, risk management, legal compliance, and internal audit officer.
11. Reviewing the performance appraisal and compensation standards for managers and the structure and system of directors' compensation
12. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation for imperative disaster relief relating to a major natural disaster may be submitted to the following board meeting for retroactive recognition.
13. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholders meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.

The term "related party" in subparagraph 12 of the preceding paragraph means a related party as defined in the *Regulations Governing the Preparation of Financial Reports by Securities Issuers*. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient under one of the following circumstances:

1. in an amount of NTD100 million or more;
2. in an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year;
3. in a lower amount stipulated in other rules and regulations of the Company.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors

meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

#### **Article 4**

The Company shall insure all independent directors against liability in respect of liabilities to which they are legally liable during their tenure of office in carrying out their business.

After the Company has taken out or renewed liability insurance for independent directors, it shall submit a report to the latest board of directors' meeting on the insured amount, coverage, and premium rate of its liability insurance, and other important contents.

#### **Article 5**

The Company shall set the remuneration of the independent directors in its articles of incorporation or by a resolution of a shareholders meeting, and may consider providing a reasonable level of remuneration different from that of ordinary directors. The Company may also, in accordance with procedures prescribed by law, consider providing remuneration for independent directors in the form of a fixed monthly salary, rather than as distributions of the directors' compensation of the Company.

#### **Article 6**

All independent directors of the Company shall pursue continuing education, including attending the relevant training courses as required.

#### **Article 7**

If an independent director of the Company discovers that there is a risk of material damage to the Company or its subsidiaries, he or she shall promptly and appropriately address the matter, immediately notify the audit committee or other independent director members of the audit committee and report to the board of directors, and shall supervise the Company in reporting to the competent authorities.

#### **Article 8**

The Company may not obstruct, refuse, or evade the actions of independent directors in the performance of their business. As they deem necessary to performing those business, independent directors may request the board of directors to appoint relevant personnel or to hire professionals for assistance. The related

necessary expenses shall be borne by the Company.

**Article 9**

These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.