



Taiwan Hon Chuan Enterprise Co., Ltd

Remuneration Committee Charter

Date : 2020.03.23 (Amended)

Article 1 Sources

This Remuneration Committee Charter ("the Charter") is adopted pursuant to Article 14-6 of the Securities and Exchange Act and Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange adopted by Financial Supervisory Commission ("the Regulation").

Article 2 Committee composition, number of Committee members, and term of Committee members

1. A Remuneration Committee member shall meet the professional qualification requirements and work experience subjected to Article 5 of the Regulation and shall not have any circumstances limited in Article 6 of the Regulation. The Remuneration Committee members shall be appointed by resolution of the Board of Directors. The Committee shall not be fewer than three members, and the members shall elect among them a person to be the convener.
2. The term of the Remuneration Committee members shall end at the same time as that of the Board of Directors that appointed the members.
3. When a member of the Remuneration Committee is dismissed for any reason, the replacement shall be appointed in the latest Board of Directors meeting

Article 3 Official powers of the Remuneration Committee.

1. The Remuneration Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors.



- (1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors, and managerial officers.
- (2) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

The abovementioned recommendations in connection with remuneration for supervisors may be submitted for deliberation by the Board of Directors only to the extent that the Board of Directors is authorized expressly by the Company's Articles of Incorporation or by a resolution of the shareholders meeting to handle supervisor remuneration.

2. When performing the official powers of the preceding paragraph, the Remuneration Committee shall follow the principles listed below:

- (1) With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
- (2) It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
- (3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

3. "Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.
4. If decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is



delegated to the subsidiary but requires ratification by the Board of Directors of the parent company, the parent company's Remuneration Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

5. The manager included:
 - (1) President and the equivalent.
 - (2) Senior Vice President and the equivalent.
 - (3) Vice President and the equivalent.
 - (4) Financial Division Manager and the equivalent.
 - (5) Accounting Division Manager and the equivalent.
 - (6) Other managers and signature authorized person.

Article 4 Rules of procedure for meetings of the Remuneration Committee.

1. The Remuneration Committee shall convene at least twice a year.
2. In calling a meeting of the Remuneration Committee, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each member at least 7 days in advance. In emergency circumstances, however, the meeting may be convened at any time.
3. The convener of the Remuneration Committee shall be the meeting chairman. When the convener goes on leave or otherwise for any reason whatsoever is unable to convene a meeting, the meeting shall be convened by another independent director of the Committee designated by the convener, or if there is no other independent director on the Committee, by another member elected by and from among the other members of the Committee.
4. The Remuneration Committee meeting agenda shall be drawn up by the convener. Other members also may submit motions for deliberation by the Committee. The meeting agenda shall be provided to the Committee members in advance.
5. When the Remuneration Committee is held, the Company shall provide an attendance book for signature by the members attending the meeting and thereafter made available for reference. Remuneration Committee members shall attend the Committee in person; a member who cannot attend in person may appoint another member, which is limited to one person only, to attend as their proxy. Attendance via tele- or video-



conference is deemed as attendance in person.

6. A Remuneration Committee member appointing another member to attend the Committee meeting in his or her place shall in each instance issue a written proxy stating the scope of authorization with respect to the reasons for the meeting.
7. A resolution of the Remuneration Committee shall require the approval of one-half or more of all of the members. During voting, if the Committee chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. The results of voting shall be made known immediately, and recorded in writing. Minute shall be prepared according to Article 10 of the Regulation.
8. When a meeting of the Remuneration Committee will discuss the remuneration of any member of the Remuneration Committee, it will be clearly stated at the meeting. If there is likely to be any prejudice to the interests of the Company, that member may not participate in the discussion or voting and shall enter recusal during the discussion and voting. The member also may not act as another Remuneration Committee member's proxy to exercise voting rights on that matter. The meeting minutes shall record the aforementioned matters.

Article 5 Resources to be provided by the Company to the Remuneration Committee.

1. The Remuneration Committee may invite directors, managerial officers of relevant departments, internal auditors, certified public accountants, legal consultants, or other personnel to attend meetings as nonvoting participants and provide relevant necessary information, provided that they shall leave the meeting when deliberation and voting take place.
2. The Remuneration Committee may by resolution, at the cost of the Company, engage an attorney, certified public accountant, or other professional to conduct a necessary audit or provide advice with respect to any matter related to the exercise of the Committee's powers.

Article 6 The execution of the resolved matters

The execution of tasks relating to matters resolved by the Remuneration Committee may be delegated to the convener or other member or members



of the Committee for follow-up and handling, and they shall make written reports to the Committee during the period in which they are handling such tasks. When necessary, they shall submit them for ratification, or report them, to the Committee at the subsequent meeting.

Article 7 The incomplete matters

If there are some incomplete matters, the Charter, the Regulation, and related law and regulations of the competent authority shall be applied.

Article 8 Amendment of the Charter

The Charter under the preceding paragraph and any amendment thereto, shall be adopted by resolution of the Board of Directors.