

TECO Electric & Machinery Co., Ltd.  
**Rules Governing Board of Directors' Meetings**

(Summary Translation) This English version is a translation of the Chinese version.  
If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

**Article 1** (Legal authorization)

To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the eighth paragraph of Article 26-3 of the Securities and Exchange Act.

**Article 2** (Scope of these Rules)

Except as otherwise provided by laws and regulations or the Articles of Incorporation of the Company, the board of directors meetings ("board meetings") of this Corporation shall be handled in accordance with the provisions of these Rules.

**Article 3** (Convening and notice of board meetings)

The board of directors shall meet quarterly and at any time when necessary.

A notice of the reasons for convening a board meeting shall be given to each director before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorted notice.

The notice to be given under the preceding paragraph may be affected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.

**Article 4** (Principles for determining the place and time of a board meeting)

A board meeting shall be held at the premises and during the business hours of this Corporation, or, for the purpose of meeting business needs, at a place and time convenient for all directors to attend and suitable for holding board meetings.

**Article 5** (Meeting notification and meeting materials)

The board meeting agenda items shall be developed and determined by the Board of Directors or the unit authorized to do so by the Board of Directors. The meeting notice shall be issued to all Directors and they shall be provided with sufficient meeting materials.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. 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 the board of directors.

Regular or confidential materials may be provided at the meeting on the authorization of the Board of Directors. The meeting notices and the agenda may be prepared, disseminated and kept in electronic form.

**Article 6** (Meeting agenda items)

Agenda items for regular, quarterly board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
  - 1.1 Minutes of the last meeting and action taken.
  - 1.2 Important financial and business matters.

- 1.3 Internal audit activities.
- 1.4 Other important matters to be reported.
2. Matters for discussion:
  - 2.1 Items for continued discussion from the last meeting.
  - 2.2 Items for discussion at this meeting.
3. Extraordinary motions.

**Article 7** (Matters requiring discussion at a board meeting)

The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 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, at an amount of NTD 100 million or more, or at 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.

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.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under the second paragraph.

At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that

director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

**Article 8** (Principles with respect to the delegation of powers by the board)

With the exception of matters required to be discussed at a board meeting under the preceding article, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with this Corporation's articles of incorporation, the Company Act, or applicable laws and regulations, the levels of such delegation and the content or matters it covers shall be definite and specific.

**Article 9** (Preparation of attendance book and other documents; attendance by proxy)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person, provided that such director shall transmit to this Corporation his/her signed attendance card by telefax instead of signing in the attendance book.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy from stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

**Article 10** (Chairperson and acting chairperson of a board meeting)

Where a board meeting is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

**Article 11** (Reference materials and non-voting participants)

When a board meeting is held, the organizing unit, (or the secretariat of the Board of Directors) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary shall be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

**Article 12** (Holding board meetings)

If one-half of all the directors are not in attendance at the appointed meeting time, the chairperson may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph, shall be counted as the number of directors then actually in office.

**Article 13** (Discussion of proposals)

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chairperson may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting. The chairperson may call the meeting to a break or for negotiation as he/she sees fit during the process of the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, the chairperson shall declare a suspension of the meeting, in which case the preceding article, paragraph 1 shall apply.

**Article 14** (Making statement by directors and conducting the meeting by the chairperson)

The chairperson may personally respond to the statement made by the directors or designate the relevant personnel to do so or appoint the non-voting relevant experts present at the meeting to provide the relevant necessary information.

The chairperson may restrain a director from making statement when such director repeatedly making his/her statement on the proposal in issue or outside the scope of the proposal in issue so as to affect the making of statement by other directors or result in interruption of the proceeding of the meeting.

**Article 15** (Voting I)

When the chairperson at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved.

If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote. One voting method for proposals at a board meeting shall be selected by the chairperson from among those below, provided that when an attending director has an objection, the chairperson shall seek the opinion of the majority to make a decision:

1. A show of hands.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 17, paragraph 1.

**Article 16** (Voting-II and methods for vote monitoring and counting)

Except where otherwise provided by the Securities and Exchange Act, the Company Act and the Articles of Incorporation of the Company, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chairperson shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Where the resolution adopted by the board meeting belongs to material information provided in the laws and regulations or required by the competent authority, the corporation shall make an electronic report for public disclosure of the relevant information by transmitting the information to the website designated by the competent authority.

#### **Article 17 (Conflict of interests)**

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

Where a director is prohibited by the preceding two paragraphs from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 4 of the same Act.

#### **Article 18 (Meeting minutes and sign-in matters)**

Staffers for the meeting of the board of directors should arrange and record meeting reports, completely registering the following items according related regulations: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 7, paragraph 5.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the information reporting website designated by the regulator, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chairperson and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately

preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

**Article 19** (Documentation of a board meeting by audio or video)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

**Article 20** (Provisions to board of managing directors)

The provisions of Article 2, second paragraph of Article 3, Articles 4 to 6, Articles 9, Articles 11 to 19 apply, mutatis mutandis, to this Corporation's meetings of the board of managing directors established under the Board of Directors. When meetings of the board of managing directors are held at regular intervals, notices of such meetings may be given to each managing director two days prior to the meeting date.

**Article 21**

These Rules shall come into force on 1 January 2007. The first amendment of the Rule on 25 March 2008.

The second amendment of the Rule on 16 October 2012. The third amendment of the Rule on 26 March 2013.

The fourth amendment of the Rule on 26 March 2018.

The fifth amendment of the Rule on 17 March 2020.

**Article 22** (Supplementary provision)

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.