

# Eris Technology Corporation

## Corporate Governance Best Practice Principles

### Chapter 1 General Provisions

**Article 1** The Company, to establish a sound corporate governance system, formulates these Best Practice Principles with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for compliance.

**Article 2** The Company shall establish its corporate governance system in accordance with the following principles, in addition to complying with laws and regulations, the Articles of Incorporation, and contracts and relevant normative matters signed with the competent authority:

1. Establish an effective corporate governance framework.
2. Protect shareholders' rights and interests.
3. Enhance the functions of the Board of Directors.
4. Optimize the functions of the Audit Committee.
5. Respect stakeholders' rights and interests.

**Article 3** The Company shall establish an effective internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and considering the overall operational activities of the Company and its subsidiaries, and shall ensure that the design and implementation of such system remain continuously effective.

#### **Article 3-1 Personnel Responsible for Corporate Governance Matters**

The Company shall designate one corporate governance officer, in accordance with the regulations of the competent authority, the Taiwan Stock Exchange, or the Taipei Exchange, as the highest-ranking executive responsible for corporate governance matters. This officer shall possess a practicing license as a lawyer or accountant, or have held a managerial position for at least three years in a unit dealing with legal affairs, compliance, internal audit, finance, share affairs, or corporate governance in a securities, financial, futures-related institution or a public company.

The corporate governance matters referred to in the preceding paragraph shall include at least the following:

1. Handle matters related to Board of Directors meetings and shareholders' meetings in accordance with law.
2. Prepare minutes of Board of Directors meetings and shareholders' meetings.
3. Assist directors and supervisors in assuming office and with continuing education.
4. Provide directors and supervisors with information necessary for the performance of their duties.
5. Assist directors and supervisors in complying with laws and regulations.
6. Report to the Board of Directors the results of its review regarding whether independent directors' qualifications meet relevant laws and regulations during their nomination, election, and tenure.
7. Handle matters related to changes in directors.
8. Other matters stipulated in the Company's Articles of Incorporation or contracts.

### Chapter 2 Protection of Shareholders' Rights and Interests

**Article 4** The Company shall establish a corporate governance system that ensures shareholders have full rights to be informed, participate in, and make decisions on significant Company matters.

**Article 5** The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations, and shall formulate comprehensive rules of procedure. Matters requiring resolution by the shareholders' meeting shall be duly implemented in accordance with the rules of procedure. The resolutions of the Company's shareholders' meetings shall comply with laws, regulations, and the Articles of Incorporation.

**Article 6** The Company's Board of Directors shall properly arrange the agenda and procedures for shareholders' meetings. The shareholders' meeting shall allow reasonable time for discussion on each agenda item and provide shareholders with appropriate opportunities to speak. It is advisable that more than half of the directors personally attend the shareholders' meeting convened by the Board of Directors.

**Article 7** The Company encourages shareholders to participate in corporate governance and shall ensure that shareholders' meetings are convened lawfully, effectively, and safely. When the Company convenes a shareholders' meeting, shareholders may choose to exercise their voting rights either electronically or by on-site voting, and elect directors under a candidate nomination system in accordance with the Articles of Incorporation. The Company shall conduct voting for all shareholders' meeting agenda items, and on the same day after the shareholders' meeting, input the results of shareholders' approval, opposition, or abstention into the Company's designated internet information reporting system.

**Article 8** The Company shall record the minutes of shareholders' meetings in accordance with the Company Act and relevant laws and regulations. The minutes of shareholders' meetings shall be permanently and properly preserved during the Company's existence and fully disclosed on the Company's website.

**Article 9** The chairperson of the shareholders' meeting shall be fully aware of and comply with the Company's rules of procedure, maintain a smooth agenda, and shall not arbitrarily declare the meeting adjourned.

**Article 10 TWSE/TPEX Listed Companies Should Emphasize Shareholders' Right to Know and Prevent Insider Trading**

The Company shall strictly comply with the competent authority's regulations on information disclosure, and regularly and promptly provide information on the Company's financial status, business operations, insider shareholdings, and corporate governance through the Market Observation Post System or the Company's website to shareholders.

To treat shareholders equally, the release of all types of information mentioned in the preceding paragraph should preferably be simultaneously disclosed in English.

To protect shareholders' rights and ensure equal treatment of shareholders, the Company has established internal regulations prohibiting Company insiders from trading securities using undisclosed market information.

The aforementioned regulations should include stock trading control measures for Company insiders from the date they become aware of the Company's financial reports or relevant performance content, including (but not limited to) directors being prohibited from trading the Company's shares during the blackout period of thirty days prior to the announcement of the annual financial report and fifteen days prior to the announcement of each quarterly financial report.

- Article 11** The Company's shareholders' meeting may, in accordance with the Company Act, inspect the statements prepared by the Board of Directors and the audit reports of the Audit Committee, and resolve on the distribution of earnings or covering of losses.
- Article 12** The Company's significant financial and business acts, such as acquisition or disposal of assets, loaning of funds, and endorsements and guarantees, shall be handled in accordance with relevant laws and regulations, and relevant operating procedures shall be established and submitted to the shareholders' meeting for approval.
- Article 13** The Company shall have dedicated personnel to properly handle shareholders' suggestions, queries, and disputes. If resolutions of the Company's shareholders' meeting or Board of Directors violate laws or the Articles of Incorporation, or if directors or managers violate laws or the Articles of Incorporation in the performance of their duties, causing damage to shareholders' rights and interests, the Company shall properly handle legal actions filed by shareholders.
- Article 14** The management responsibilities for personnel, assets, and finance between the Company and its related enterprises shall be clearly defined, and risk assessment shall be effectively conducted, and appropriate firewalls shall be established.
- Article 15** If a Company director acts on his/her own behalf or on behalf of others within the Company's business scope, he/she shall explain the material content of such action to the shareholders' meeting and obtain the shareholders' meeting's approval.
- Article 16** The Company shall establish sound financial, operational, and accounting management systems in accordance with relevant laws and regulations, and shall properly conduct comprehensive risk assessments with related enterprises concerning major transacting banks, customers, and suppliers, implementing necessary control mechanisms to reduce credit risk.
- Article 17** Business dealings between the Company and its related enterprises shall be based on the principle of fairness and reasonableness, and written procedures for financial and business dealings shall be established. Pricing terms and payment methods for contractual matters shall be clearly stipulated, and unconventional transactions shall be prevented. Transactions or contractual matters between the Company and its related parties and shareholders shall also be handled in accordance with the principles of the preceding paragraph, and the improper transfer of benefits is strictly prohibited.
- Article 18** The Company shall at all times keep abreast of the list of major shareholders holding a relatively large proportion of shares and who can actually control the Company, as well as the ultimate controllers of such major shareholders.

### **Chapter 3 Strengthening the Functions of the Board of Directors**

- Article 19** The Company's Board of Directors shall be accountable to the shareholders' meeting. For all operations and arrangements of the corporate governance system, the Board of Directors shall ensure that it exercises its powers in accordance with laws, the Articles of Incorporation, or resolutions of the shareholders' meeting. The composition of the Company's Board of Directors shall consider the Company's operational development scale and its major shareholders' shareholding status, weighing practical operational needs, to determine an appropriate number of director seats, which shall be five or more. The composition of the Board of Directors shall consider diversity and formulate appropriate diversity policies based on its own operations,

operational model, and development needs, preferably including, but not limited to, the following two major aspects of standards:

1. Basic conditions and values: gender, age, nationality, and culture, etc.
2. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

The composition of the Board of Directors shall emphasize gender equality and generally possess the necessary knowledge, skills, and cultivation for performing their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess the following capabilities:

1. Operational judgment capability.
2. Accounting and financial analysis capability.
3. Business management capability.
4. Crisis management capability.
5. Industry knowledge.
6. International market perspective.
7. Leadership capability.
8. Decision-making capability.

**Article 20** The Company's directors shall be elected by cumulative voting as stipulated in the Company Act. The total shareholding ratio of all directors on the Company's Board of Directors shall comply with legal requirements. Restrictions on share transfers by directors, the establishment or release of pledges, and changes in shareholdings shall be handled in accordance with relevant regulations, and all relevant information shall be fully disclosed.

**Article 21** The Company's Articles of Incorporation shall specify the adoption of a candidate nomination system for the election of independent directors. The Board of Directors shall conduct a preliminary review of the qualifications, academic and professional background, and whether there are any circumstances stipulated in the Company Act, etc., of director candidates nominated by shareholders or directors, and shall provide the review results to shareholders for reference.

**Article 22** The responsibilities of the Company's Chairperson and General Manager shall be clearly delineated.

**Article 23** The Company shall establish no less than three independent directors in accordance with its Articles of Incorporation. Independent directors shall possess professional knowledge, their shareholdings and concurrent positions shall be restricted, and they shall maintain independence within the scope of their duties, and shall not have direct or indirect conflicts of interest with the Company. The Company's independent directors shall be elected under a candidate nomination system and handled in accordance with the Articles of Incorporation. The professional qualifications of independent directors, restrictions on shareholdings and concurrent positions, determination of independence, nomination methods, and other compliance matters shall be handled in accordance with the Securities and Exchange Act, the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and other relevant regulations of the competent authority.

**Article 24** If the Company has independent directors, any dissenting or reserved opinions of independent directors shall be recorded in the minutes of the Board meeting.

**Article 25** The Company or other members of the Board of Directors shall not restrict or impede independent directors from performing their duties.

- Article 26** To strengthen its oversight functions and enhance its management capabilities, the Company's Board of Directors may, considering the size of the Board and the number of independent directors, establish various types of functional committees. Functional committees shall be accountable to the Board of Directors and submit their proposed resolutions to the Board of Directors for decision. Functional committees shall formulate their organizational rules, which shall be approved by a resolution of the Board of Directors. The content of the organizational rules shall include the number of committee members, their terms of office, scope of duties, rules of procedure, and resources to be provided by the Company when exercising their powers, among other matters.
- Article 27** The Company's Board of Directors shall establish an Audit Committee, composed of all independent directors, with no less than three members. One member shall serve as the convener, and at least one member shall possess expertise in accounting or finance. The Company establishes an Audit Committee, the provisions of laws and regulations concerning supervisors shall apply mutatis mutandis to the Audit Committee. The exercise of powers by the Audit Committee and its independent director members, and related matters, shall be handled in accordance with the regulations of the competent authority.
- Article 28** The Company establishes a Compensation Committee; its members' professional qualifications, exercise of powers, formulation of organizational rules, and related matters shall be handled in accordance with the regulations of the competent authority.
- Article 29** The Company shall select professional, responsible, and independent certifying accountants to regularly audit the Company's financial status and internal controls. The Company shall conscientiously review and improve any abnormalities or deficiencies discovered and disclosed by the accountants during the audit process, and any specific improvement or anti-fraud opinions they propose.
- Article 30** The Company should appoint professional and competent lawyers to provide appropriate legal consulting services to the Company, promoting the operation of corporate governance within the relevant legal framework and legal procedures. The Audit Committee or its independent director members may represent the Company in appointing lawyers, accountants, or other professionals to conduct necessary audits or provide consultations on matters related to the exercise of their powers, with the costs borne by the Company.
- Article 31** The Company has established Rules of Procedure for Board of Directors Meetings; its main meeting content, operating procedures, matters to be recorded in the minutes, announcements, and other compliance matters shall all be handled in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".
- Article 32** The Company's directors shall maintain a high degree of self-discipline. If a director has a conflict of interest in an agenda item listed by the Board of Directors that may harm the Company's interests, he/she shall recuse himself/herself, shall not participate in the discussion and voting, and shall not exercise voting rights on behalf of other directors.
- Article 33** For matters to be submitted to the Board of Directors for discussion under Article 14-3 of the Securities and Exchange Act, independent directors shall attend in person and shall not appoint non-independent directors as proxies. If an independent director has dissenting or reserved opinions, they shall be recorded in the minutes of the Board meeting; if an independent director cannot attend the Board meeting in person to express dissenting or reserved opinions, unless there is a legitimate reason, a written opinion shall be provided in advance and recorded in the minutes of the Board meeting.

**Article 34** The Company's Board meeting staff shall accurately prepare and preserve meeting minutes in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

**Article 35** Agenda items that the Company is required to submit to the Board of Directors for discussion shall be handled in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

**Article 36** The Company shall clearly assign matters resolved by the Board of Directors to appropriate executive units or personnel. The Board of Directors shall fully monitor the progress of execution and report on it at the next meeting, to ensure the implementation of the Board's operational decisions.

**Article 37** Members of the Board of Directors shall, concerning the execution of Company business, truly act in accordance with Board resolutions, except for matters that are required to be resolved by the shareholders' meeting as stipulated by law or the Articles of Incorporation. Independent directors shall perform their duties in accordance with relevant laws and regulations and the Articles of Incorporation to protect the Company's and shareholders' rights and interests.

**Article 38** If a Board resolution violates laws or the Articles of Incorporation, upon request by a shareholder holding shares for one year or more, or by an independent director, the Board of Directors members shall promptly and properly handle it or cease to implement the relevant resolution. If Board of Directors members discover that the Company is at risk of significant damage, they shall act in accordance with the preceding paragraph and immediately report to the Audit Committee or the independent director members of the Audit Committee.

**Article 39** The Company may, in accordance with its Articles of Incorporation, purchase liability insurance for its directors to cover their legal liability for damages arising from the performance of their duties during their term of office, to reduce and diversify the risk of significant damage to the Company and shareholders caused by directors' errors or omissions.

**Article 40** Board of Directors members should, upon their new appointment or during their term of office, continuously participate in training courses designated by the competent authority covering corporate governance-related topics such as finance, risk management, business, commerce, accounting, or law, and shall require employees at all levels to strengthen their professional and legal knowledge.

#### **Chapter 4 Respect for Stakeholders' Rights and Interests**

**Article 41** The Company shall maintain smooth communication channels with its transacting banks and other creditors, employees, consumers, suppliers, the community, or other stakeholders of the Company, and shall respect and safeguard their legitimate rights and interests. When the legitimate rights and interests of stakeholders are infringed upon, the Company shall handle the matter properly based on the principle of integrity.

**Article 42** For transacting banks and other creditors, sufficient information shall be provided to enable them to make judgments and decisions regarding the Company's operations and financial status. When their legitimate rights and interests are infringed upon, the Company shall respond positively and, with a responsible attitude, provide creditors with appropriate channels for compensation.

**Article 43** The Company shall establish employee communication channels to encourage direct communication between employees and management, and directors, and to appropriately reflect employees' opinions on the Company's operations and financial status or major decisions affecting employee interests.

**Article 44** While maintaining normal operational development and maximizing shareholder interests, the Company shall pay attention to consumer rights, environmental protection, and public welfare issues, and emphasize its social responsibility.

## **Chapter 5 Enhancing Information Transparency**

**Article 45** The Company shall file all public information through the online reporting system as required and establish a spokesperson system to ensure that information potentially affecting shareholders' and stakeholders' decisions is disclosed in a timely and appropriate manner.

**Article 46** The Company's external communications shall be unified through a designated spokesperson. Other management personnel and employees shall be responsible for maintaining the confidentiality of the Company's financial and business secrets and shall not arbitrarily disseminate information without authorization.

**Article 47** The Company shall maintain a website providing financial, operational, and corporate governance information for the reference of shareholders and stakeholders.

**Article 48** The Company shall hold investor conferences in accordance with the regulations of the competent authority. Financial and operational information from investor conferences shall be input into the internet information reporting system designated by the competent authority, and inquiry shall be provided through the Company's website or other appropriate channels.

**Article 49** Corporate governance-related information within the Company's fiscal year shall be disclosed in accordance with the "Regulations Governing Information to be Published in Annual Reports of Public Companies".

## **Chapter 6 Supplementary Provisions**

**Article 50** The Company shall continuously monitor the development of domestic and international corporate governance systems, and accordingly review and amend these Principles to enhance corporate governance effectiveness.

**Article 51** These Principles shall take effect after being passed by the Board of Directors, and the same shall apply to any amendments, and shall be reported to the shareholders' meeting.

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