

# Compensation Committee Organizational Regulations

(Adopted at the Board of Directors Meeting on August 11, 2022)

## **Article 1 (Basis for Establishment)**

To enhance corporate governance and establish a sound system for compensation of the company's directors and managers, this charter is established in accordance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Public Companies" (hereinafter referred to as "the Regulations"). This charter is established for the organization and operation of the Compensation Committee (hereinafter referred to as "the Committee").

## **Article 2 (Scope of Application)**

The composition, number of members, term of office, authority, rules of procedure, and resources provided by the company to the Committee shall be governed by this charter. Matters not covered by this charter shall be handled in accordance with relevant laws, regulations, supervisory authority, and other internal rules of the company.

## **Article 3 (Composition, Number of Members, and Term of Office)**

1. The Committee members are appointed by the board of directors, and the Committee shall have no fewer than three members, with a majority being independent directors. One member shall serve as the convener and chair of the meetings.
2. The qualifications and limitations of the Committee members shall comply with Articles 5 and 6 of the Regulations. Their term of office shall coincide with the term of the board of directors that appointed them.
3. The convener and chair of the meetings shall be elected from among all the Committee members. If the Committee includes independent directors, the convener and chair must be independent directors.
4. If a Committee member is dismissed, resulting in fewer than three members, a new member shall be appointed by the board within three months of the dismissal.

## **Article 4 (Powers and Responsibilities)**

The Committee shall exercise due care and loyalty in performing the following duties and present recommendations to the board of directors for discussion:

1. Establishing and regularly reviewing the policies, systems, standards, and structure for the performance evaluation and compensation of directors and managers.
2. Periodically evaluating and determining the compensation of directors and managers.

In exercising the aforementioned powers, the Committee shall follow these principles:

1. The performance evaluation and compensation of directors and managers shall be determined in reference to the level of compensation generally paid in the industry, taking into account the reasonableness of the relationship between the individual's performance, the company's performance, and future risks.
2. Compensation should not induce directors and managers to engage in activities beyond the company's risk tolerance for the sake of personal compensation.
3. The short-term performance bonuses and some variable compensation payments to directors and senior managers should be determined based on the characteristics of the industry and the nature of the company's operations.

The term "compensation" as used in the preceding two paragraphs refers to cash compensation, stock options, profit-sharing, retirement benefits, severance payments, allowances, and other substantive incentives. The scope should align with the requirements for compensation disclosure in the company's annual report.

When the board of directors discusses the Committee's recommendations on compensation, it should consider the amount, method of payment, and the company's future risks comprehensively. If the board does not adopt or modifies the Committee's recommendations, it should be approved by two-thirds of the directors present, with a majority vote from those present. The reasons for modifying the recommendations should be clearly explained.

If the board approves compensation higher than the Committee's recommendations, the reasons for the difference and justification must be stated in the board meeting minutes and publicly disclosed within two days of the resolution on the website designated by the supervisory authority.

Compensation matters for the directors and managers of the company's subsidiaries, if required by the company's board of directors, must first be reviewed by the Committee before being submitted to the board for discussion.

## **Article 5 (Convening Meetings and Notification)**

1. The Committee shall meet at least twice a year.
2. The meeting notice shall include the purpose of the meeting and be provided to the members at least seven days in advance, except in emergency situations.
3. The Committee is convened by the convener, who serves as the chair of the meeting. If the convener is unable to attend, another independent director shall be designated as the proxy. If there are no independent directors, the convener may designate another member to act as proxy. If no proxy is designated, the remaining members shall elect one from among themselves.

## **Article 6 (Agenda, Attendance, and Resolutions)**

1. The meeting agenda shall be set by the convener, and other members may submit proposals for discussion. The agenda should be provided to the members in advance.
2. The company shall prepare an attendance log for members to sign when attending the meeting.
3. Members shall attend the meetings in person. If unable to attend, they may appoint another member as proxy with written authorization specifying the scope of authority for each meeting. A member may only act as a proxy for one other member. Participation via video conference is considered attendance in person.
4. Resolutions of the Committee require the approval of more than half of all members. If there is no objection during the chair's inquiry, the resolution is considered passed with the same effect as a formal vote. The results of voting should be reported on-site and recorded.

## **Article 7 (Meeting Minutes)**

The Committee's discussions shall be recorded in meeting minutes, which should include the following:

1. The session number, time, and venue of the meeting.
2. The name of the chairperson.
3. Attendance status of members, including names and numbers of those attending, excused, or absent.
4. Names and titles of attendees.
5. The name of the recorder.
6. Reporting items.

7. Discussion items, including the resolution methods and results for each proposal, statements made by members, experts, and other attendees.
8. Proposals for temporary motions, including the name of the proposer, resolution methods and results, and statements made by members, experts, and other attendees.
9. Other matters that should be recorded.

The attendance log is part of the meeting minutes. If the meeting is held via video conference, the video and audio recordings are also part of the minutes. The minutes must be signed or stamped by the chair and recorder and distributed to all members within 20 days of the meeting. The minutes must also be submitted to the board of directors and retained for five years as part of the company's important records. The preparation and distribution of the minutes may be done electronically.

#### **Article 8 (Resources Provided by the Company)**

The Committee may resolve to appoint lawyers, accountants, or other professionals to conduct necessary audits or provide consultation on matters related to the exercise of its powers. The costs shall be borne by the company.

#### **Article 9 (Implementation of Resolutions)**

Matters resolved by the Committee may be executed by the convener or other members, with written reports provided to the Committee during the execution period. If necessary, the matter shall be reported at the next meeting for ratification or discussion.

#### **Article 10 (Amendments)**

This charter is established by a resolution of the board of directors. Any amendments or abolishment shall require the same procedure.

This charter was established on August 23, 2011.

First amendment: March 15, 2019.

Second amendment: August 11, 2022.