



Nan Pao Resins Chemical Co., Ltd.

Articles of Audit Committee

- 1 These regulations are formulated in accordance with Article 3 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies".
- 2 The number, term of office, functions and powers of the committee, rules of procedure, and the resources the company should provide when exercising its functions and powers shall be governed by the provisions of these regulations.
- 3 The main purpose of the operation of the committee is to supervise the following matters:
 1. Fair representation of the company's financial statements.
 2. Selection (dismissal), independence and performance of certified accountants.
 3. Effective implementation of the company's internal control.
 4. The company follows relevant laws and regulations.
 5. Management and control of existing or potential risks of the company.
- 4 The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise.

The term of the independent directors of the committee is three years, and may be re-elected; if the number of independent directors is dismissed for any reason, and the number is insufficient as specified in the preceding paragraph or the articles of association, a by-election shall be held at the latest shareholders' meeting.

When all independent directors are dismissed, the company shall convene an extraordinary general meeting of shareholders for by-election within 60 days from the date of the occurrence of the fact.
- 5 Powers conferred by Securities and Exchange Act, the Company Act, and any other law to be exercised by supervisors, excepting those powers set out in Article 14-4, paragraph 4, of the Act, and shall be exercised by the audit committee.

The provisions of Article 14-4, paragraph 4, of Securities and Exchange Act concerning provisions of the Company Act concerning acts done by supervisors, and the role of supervisors as representatives of the company, shall apply mutatis mutandis to the independent director members on the audit committee.
- 6 The terms of reference of this committee are as follows:
 1. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
 2. Assessment of the effectiveness of the internal control system.



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3. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

4. A matter bearing on the personal interest of a director.

5. A material asset or derivatives transaction.

6. A material monetary loan, endorsement, or provision of guarantee.

7. The offering, issuance, or private placement of any equity-type securities.

8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.

9. The appointment or discharge of a financial, accounting, or internal auditing officer.

10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.

11. Supervision of risk management operational mechanisms.

12. Any other material matter so required by the Competent Authority.

The matters set out in the preceding paragraph shall be subject to the consent of one-half or more of the entire membership of the audit committee and be submitted to the board of directors for a resolution.

With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors.

All members mentioned in these Regulations shall be counted by the actual incumbents.

The convener of the committee represents the committee externally.

7 The committee meets at least quarterly and may meet as needed.

The reasons for calling a meeting of the committee shall be notified to each independent director member at least seven days in advance. In emergency circumstances, however, this requirement does not apply.

One member shall be elected as the convener and meeting chair by and from among the entire membership of the audit committee. 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 member designated by the convener, or if no such designation is made, by another member elected by and from among the independent director members of the committee.



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The audit committee may request relevant department officers, internal auditors, certified public accountants, legal counsels, or other personnel to attend the meeting as nonvoting participants and provide pertinent and necessary information; provided, they shall leave the meeting when discussion and voting take place.

When the committee is convened, relevant information should be prepared for the members of the committee to check at any time.

- 8 When the committee meeting is held, the company shall have an attendance book ready for signature by the independent director members attending the meeting and thereafter keep it available for future reference.

All independent director members on the committee shall attend committee meetings in person; a member who cannot attend in person may appoint another independent director member to attend as their proxy. Attendance via tele- or video-conference is deemed attendance in person.

A member of the committee appointing another independent director member to attend a committee meeting shall in each instance give to that director a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Resolutions at meetings of the committee shall be adopted with the consent of one-half or more of the entire membership. The result of a vote shall be made known immediately and recorded in writing.

If for a legitimate reason it is impossible to hold an audit committee meeting, matters on the meeting agenda shall be adopted with the consent of two-thirds or more of the entire board of directors. Notwithstanding the foregoing, with respect to the matters in Article 6, Paragraph 1, Subparagraph 10, a written opinion shall be obtained from each independent director member indicating approval or disapproval.

A proxy under paragraph 2 may accept a proxy from one person only.

- 9 Discussions at an audit committee meeting shall be included in the meeting minutes, which shall faithfully record the following:

1. Session, time, and place of meeting.
2. Name of meeting chair.
3. Attendance of independent director members at the meeting, specifying names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as a nonvoting participant.
5. Name of minutes taker.
6. Matters reported.
7. Agenda items: resolution method and result of each proposal; summary of the comments made by the independent director members on the audit



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committee and the experts and any other persons present at the meeting; the name of any independent director member possibly having an interest relationship as referred to in paragraph 1 of Article 11, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; and any objections or reservations expressed at the meeting.

8. Extraordinary motions: Name of the mover; the resolution method and result of each proposal; summary of the comments made by the independent director members on the audit committee and the experts and any other persons present at the meeting; the name of any independent director member possibly having an interest relationship as referred to in paragraph 1 of Article 11, the essential content of the interest, the reasons why the director was required or not required to enter recusal, and the status of the recusal; and any objections or reservations expressed at the meeting.

9. Other matters required to be recorded.

The attendance book forms a part of the minutes of each committee meeting and shall be well preserved for the duration of the existence of the company.

The minutes of an audit committee meeting shall bear the signature or seal of both the meeting chair and the minutes taker, and a copy shall be distributed to each independent director member on the committee within 20 days after the meeting and be carefully preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be made in electronic form.

10 The agenda of the committee is set by the convener, and other members may also submit proposals for discussion by the committee.

11 The independent directors of the committee shall explain the important contents of their own interests in matters of the meeting, and shall not participate in the discussion and voting if it is harmful to the interests of the company, and shall abstain from the discussion and voting. They are not allowed to exercise their voting rights on behalf of other independent directors.

If the spouse of an independent director or a second-degree relative by blood has an interest in the matter of the meeting in the preceding paragraph, the independent director shall be deemed to have a self-interest in the matter.

If the committee is unable to make a resolution due to the provisions of Paragraph 1, it shall report to the board of directors, and the board of directors shall make a resolution.



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11-1 A company shall record on audio or video tape the entire proceedings of an audit committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of an audit committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where an audit committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the company.

12 The audit committee thereof may, on behalf and 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 Article 6.

13 The members of this committee shall, with the attention of good managers, faithfully perform their duties as stipulated in the regulations of the organization, be accountable to the board of directors, and submit the proposals to the board of directors for resolution.

14 The committee shall regularly review matters related to the organizational rules and provide amendments to the board of directors.

For matters resolved by the committee, the relevant implementation work may be authorized by the convener or other members of the committee to carry out continuation, and a written or oral report should be submitted to the committee during the implementation period. If necessary, it should be submitted to the committee for ratification or reporting at the next meeting.

15 The Articles of Audit Committee of the Company shall be implemented after the Board of Directors grants the approval. The same procedure shall be followed when the principles are amended.

Set date: On October 17, 2017.

Revision date: The first amendment was made on March 25, 2021.

The second amendment was made on November 9, 2023.