



Nan Pao Resins Chemical Co., Ltd.

Articles of Compensation Committee

- 1 (the purpose and basis of the determination)
In order to improve the compensation and remuneration system for the directors and managers of the company, in accordance with the provisions of Article 3 of the "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" (hereinafter referred to as the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee"), The Organizational Regulations of the Compensation Committee (hereinafter referred to as the "Organizational Regulations") are formulated for compliance.
- 2 (Scope of application)
Matters related to the functions and powers of the Compensation Committee of the Company (hereinafter referred to as the committee) shall be governed by the regulations of this organization, unless otherwise stipulated by laws or regulations.
- 3 (Announcement for future reference)
The company should put the contents of the organization's regulations on the company's website and public information observatory for inquiry.
- 4 (Function of the Committee)
The function of this committee is to evaluate the remuneration policy and system of the directors and managers of the company in a professional and objective position, and make recommendations to the board of directors for its decision-making reference.
- 5 (Composition of Committee)
The committee consists of three members, appointed by the resolution of the board of directors, and more than half of the members shall be independent directors.
The professional qualifications and independence of the members of the Committee shall comply with the provisions of Articles 5 and 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee.
- 6 (Terms of office and by-elections of committees)
The term of the committee members shall end at the same time as that of the board of directors that appointed the members.
When a member of the remuneration committee is dismissed for any reason, resulting in there being less than 3 members, a board of directors meeting shall be held within 3 months counting from the date of occurrence of the event to appoint a replacement. However, if the independent directors are dismissed and there are no other independent directors, before the company



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elects independent directors according to regulations, it may first appoint those who are not qualified as independent directors to be members of the compensation committee, and appoint them after the by-election of independent directors.

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(responsibility range)

The 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. Periodically review this procedure and propose amendments.
2. Formulate and regularly review the company's directors and managers performance evaluation standards, annual and long-term performance goals, and remuneration policies, systems, standards and structures, and disclose the content of performance evaluation standards in the annual report.
3. Regularly evaluate the achievement of the performance objectives of the directors and managers of the company, and determine the content and amount of their individual salaries based on the evaluation results obtained from the performance evaluation standards. The annual report shall disclose the individual performance evaluation results of directors and managers, and the relevance and rationality of the content and amount of individual salaries and performance evaluation results, and report to the shareholders' meeting.

When performing the functions and powers of the preceding paragraph, the Committee shall do so in accordance with the following principles:

1. Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
2. The performance evaluation and salary remuneration of directors and managers should refer to the usual level of payment in the industry, and consider the results of individual performance evaluation, the time invested, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, and the company has given the same in recent years. Salary and remuneration for position holders, and the rationality of the relationship between individual performance and the company's operating performance and future risks is assessed by the achievement of the company's short-term and long-term business goals and the company's financial status.
3. Directors and managers should not be led to engage in behavior that exceeds the company's risk appetite in pursuit of remuneration.
4. The proportion of directors and senior managers' short-term performance remuneration and the payment time of part of the variable remuneration should be determined in consideration of industry characteristics and the



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nature of the company's business.

5. The content and amount of the remuneration of directors and managers shall be determined in consideration of its rationality, and the decision of remuneration of directors and managers should not be significantly inconsistent with financial performance. If there is a major decline in profits or long-term losses, the salary and remuneration should not be higher than that of the previous year. If it is still higher than the previous year, a rationale statement should be disclosed in the annual report and reported to the shareholders' meeting.

6. Members of this committee shall not participate in discussions or vote on their personal salary and remuneration decisions.

"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. Its scope shall be consistent with that of remuneration for directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

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 company, the company's committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

8 (Meeting and convening)

The committee shall convene at least twice a year, 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.

The entire membership shall unanimously elect the independent director to serve as the convener and meeting chair. 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.

9 (Setting the agenda)

The 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.



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When the committee is held, the company shall provide an attendance book for signature by the members attending the meeting and thereafter made available for reference.

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

A 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.

A proxy under paragraph 3 may accept a proxy from one person only.

10 (Resolution method)

A resolution of the 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.

10-1 (Benefits avoidance)

When a meeting of the 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.

11 (Minutes of the meeting)

Minutes shall be prepared of the discussions at the committee, and the minutes shall record the matters listed below in a detailed and accurate manner:

1. Session, time, and place of the meeting.
2. Name of the meeting chair.
3. Member attendance, specifying the names and number of members in attendance, excused, and absent.
4. Names and titles of those present at the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the resolution method and outcome of each motion; the name of any member whose own remuneration comes under discussion, the content of the discussion about the member's remuneration, and the specifics



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regarding recusal of the member; and any objections or reservations expressed by any member.

8. Extraordinary motions: the name of the mover, the resolution method and outcome of the motion; summary of the comments made by any member, expert, or other person; the name of any member whose own remuneration comes under discussion, the content of the discussion about the member's remuneration, and the specifics regarding recusal of the member; and any objections or reservations expressed by any member.

9. Other matters required to be recorded.

The committee attendance book constitutes an integral part of the minutes of each meeting of the committee. If a committee meeting is convened by video conference, the video conference audiovisual data constitute an integral part of the meeting minutes.

The meeting minutes shall bear the signature or seal of the chair and the minute taker. The minutes shall be distributed to each committee member within 20 days after the meeting, and shall be submitted to the board of directors and treated as important records of the company, and shall be preserved for 5 years. The meeting minutes may be produced and distributed in electronic form.

If before the end of the preservation period under the preceding paragraph, any litigation arises with respect to any matter in connection with the committee, the minutes shall be preserved until the litigation is concluded.

12 (Handling of resolutions of the meeting)

Follow-up work of the committee based on the resolutions of the functions and powers stipulated in Article 7, or the appointment of professionals in accordance with the resolutions of Paragraph 2 of Article 13. It may be delegated to the convenor 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.

13 (Resources for exercising authority)

When the committee is convened, the company's directors, managers of relevant departments, internal auditors, accountants, legal advisers or other personnel may be invited to attend the meeting and provide relevant necessary information. However, they should leave the table for discussion and voting.

14 (implemented)

The Articles of Compensation Committee of the Company shall be



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implemented after the Board of Directors grants the approval. The same procedure shall be followed when the principles are amended.

Set date: On June 19, 2017.

Revision date: The first amendment was made on October 17, 2017.

The second amendment was made on September 26, 2018.

The third amendment was made on March 25, 2021.