

## Taiwan Speciality Chemicals Corporation Guidelines for Endorsement and Guarantee

### Article 1:

These Guidelines are formulated in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as the "Regulations") and related laws and regulations and in comply with the actual needs of the business. When the Company handles the endorsement/guarantee for others, it shall handle it in accordance with the provisions of these Guidelines.

### Article 2: Scope

The term "endorsements/guarantees" as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including:
  - (1) Bill discount financing.
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
4. The Company provides personal property or real estate to establish a pledge or mortgage for the guarantee of another company's loan.

### Article 3:

The Company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

The Company may not make endorsements/guarantees under any of the following situations:

1. Those who act against the company.
2. The endorsement/guarantee has exceeded the prescribed limit.
3. Those who have records of bad loans or debt disputes.
4. Those with poor credit rating.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of Paragraphs 1 and 2.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the public company holds 100% of the voting shares. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Article 4: Endorsement/Guarantee Amount and Approval Authority

The total amount of the Company's external endorsement/guarantee shall not exceed 40% of the Company's net value stated in the latest financial statement audited and certified by CPA; and the amount of endorsement/guarantee for a single corporate shall not exceed 20% of the Company's net value stated in the latest financial statement audited and certified by CPA.

The total amount of the Company's and the subsidiaries' endorsement/guarantee shall not exceed 40% of the Company's net value stated in the latest financial statement audited and certified by CPA; and the amount of endorsement/guarantee for a single corporate shall not exceed 20% of the Company's net value stated in the latest financial statement audited and certified by CPA. For those who engage in endorsement/guarantee due to business relations with the Company, in addition to the above-mentioned limit, the amount of individual endorsement/guarantee shall not exceed the amount of business transactions between both parties. The amount related to business relations refers to the higher of the amount of goods purchased and sold by both parties within the latest year.

When the Company needs to apply for any endorsement/guarantee, it shall be approved by the board of directors in prior. However, in order to meet the requirements of the time limit, the board of directors may authorize the chairman to make a decision within the following limits, and then report to the latest board of directors for ratification.

- I. The total amount of the external endorsement/guarantee shall be within 30% of the Company's latest net worth or audited financial statements that has been audited and verified by CPAs.
- II. The amount of external endorsement/guarantee for each single corporate shall be within 15% of the Company's latest net worth or audited financial statements that has been audited and verified by CPAs.

Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution.

Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Where the Company has appointed independent directors, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Where an audit committee has been established in accordance with the provisions of the relevant regulations, when handling endorsement or guarantee they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

#### Article 5: Procedures for Endorsement/Guarantee

1. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies to obtain the authorization and approval based on Article 4 herein. When any company that meets the Company's requirements on endorsement/guarantee intends to apply for any endorsement/guarantee, it shall fill in the "Endorsement/Guarantee Application" (FR00201), and provide basic information and related financial information explaining the purpose and total amount of the endorsement/guarantee and attach relevant instruments or deeds to be submitted to the Finance and Accounting Department of the Company.
2. The Finance and Accounting Department shall conduct credit investigation and risk assessment on the company subject to endorsement/guarantee, and the assessment shall include:
  - (1) The necessity of and reasonableness of endorsements/guarantees.
  - (2) Use the financial status of the endorsed/guaranteed company to evaluate whether the endorsement/guarantee amount is necessary.
  - (3) Whether the accumulated endorsement/guarantee amount is within the limit.



- (4) Where an endorsement/guarantee is made due to needs arising from business relations, evaluation shall be conducted for determining whether the amount of an endorsement/guarantee is commensurate the total amount of trading between the two companies.
  - (5) Impact on the company's business operations, financial condition, and shareholders' equity.
  - (6) Whether collateral must be obtained and appraisal of the value thereof.
  - (7) Attach the records of credit status and risk assessment of the entity for which the endorsement/guarantee is made.
  - (8) If the endorsement/guarantee subject is a subsidiary whose net worth is less than 50% of the paid-in capital, the Company shall obtain its financial information every month, understand its financial situation, and respond to changes at any time. If the subsidiary's share has no par value or a par value other than NT\$10, the calculation shall be based on its share capital plus capital reserve- issuance premium.
3. The handling staff shall submit the review opinions and instruments or deeds to the chairman of the board of directors for review step by step in accordance with these Guidelines, and then submit to the board of directors for approval for further implementation. If it remains within the authorized amount, the chairman will make a decision discretionally according to the creditability and financial status of the endorsed/guaranteed party and then report it in the most recent board meeting for ratification.
- The person in-charge shall authorize the handling personnel to fill in the notice to notify the applicant company according to the resolution, and submit to the Finance and Accounting Department the original copy of the "Endorsement/Guarantee Application" for handling various procedures and compiling the records.
- If the endorsement/guarantee proposal fails to pass the review, the responsible person shall authorize the handling staff to fill in the review notice to state the reasons, and return it to the applicant company together with the "Endorsement/Guarantee Application".
4. When the applicant company receives the review results that approve the endorsement/guarantee, it shall immediately provide collateral or handle pledge and mortgage according to the application content, and then visit the Finance and Accounting Department for handling various procedures.
  5. The instruments or deeds endorsed/guaranteed by the chairman or the board of directors may be returned to the guaranteed company after completing the following procedures:
    - (1) Affix the company official seal.
    - (2) Photocopy the instruments or deeds of endorsement/guarantee and related documents and keep them for future reference.
  6. After the endorsed/guaranteed company has completed guarantees, pledges, and mortgages, the Finance and Accounting Department shall properly keep the relevant collateral, instruments and other documents, and check the endorsement/guarantee subject, amount, date of approval by the board of directors or decision of the chairman, date of endorsement/guarantee, the content of the collateral and its appraised value, the conditions and dates for the release of the endorsement/guarantee liability, and the matters that shall be prudently evaluated in accordance with the provisions of Paragraph 2, which shall be listed in the "Endorsement/Guarantee Checklist" (FR00202) for reference, and announcements shall be made in accordance with relevant laws and regulations.
  7. Cancellation of endorsement/guarantee
    - (1) If the instrument or deed of endorsement requires to be canceled due to debt repayment or renewal, the guaranteed company shall prepare the document to send the original endorsement instrument or deed to the Finance and Accounting Department of the Company, and return it after affixing it with the seal of "cancelled" for future reference.
    - (2) The Finance and Accounting Department shall in a timely manner record the cancellation date and reason on the "Endorsement/Guarantee Checklist" and decrease the accumulated endorsement amount. When the instrument is extended for renewal, if it is required by the financial authority that the new instrument shall be endorsed first and then the old instrument be returned, the Finance and Accounting Department shall establish a tracking record to recover and cancel the old instrument as soon as possible.

**Article 6: Procedures for use and custody of corporate chops**

The corporate chops for external guarantee shall be the corporate chops registered by the Ministry of Economic Affairs as the exclusive corporate chops, which shall be kept by a person approved by the

board of directors. In addition, the use and preservation procedures of corporate chops shall comply with the "Procedures for Management of Corporate Chops" formulated by the Company.

When a foreign company performs guarantee, the guarantee letter issued by the company shall be signed by a person authorized by the board of directors.

Article 7: Subsidiaries of the Company intend to endorse or provide guarantees for others

1. The subsidiary shall be ordered to formulate the "Guidelines for Endorsement and Guarantee" in accordance with the provisions of these Regulations, and shall handle the matter in accordance with the established Guidelines for Endorsement and Guarantee.
2. The establishment, amendment, and planning of the subsidiary's "Guidelines for Endorsement and Guarantee" shall be unanimously agreed by the Company's appointed director representative of such subsidiary.
3. If a subsidiary has endorsed/provided guarantees for others, it shall prepare a list of endorsements and guarantees for others in the previous month no later than the tenth day of each month, and submit such list to the Company. If a subsidiary of the Company is not a domestic public company, and the amount of endorsement/guarantee reach the amount stated in Article 10 which is subject to announcement and reporting, it shall notify the company on the date of occurrence, and the company shall handle the announcement and reporting on the designated website in accordance with the regulations.
4. When the Company's auditors carry out relevant audits of subsidiaries in accordance with the annual audit plan, they shall also understand the implementation of the subsidiary's procedures of endorsement/guarantee for others. If there are deficiencies found, they shall continue to track the improvement and make a follow-up report to the board of directors and audit committee.

Article 8:

The internal auditors of the Company shall audit the procedures of endorsement/guarantee for others and the implementation thereof on a quarterly basis with a written record documented and inform the audit committee in writing for any major violation identified.

Where independent directors have been appointed by the Company in accordance with the provisions of the Act, relevant improvement plan formulated shall also be given to the audit committee, and the improvement shall be completed according to the planned schedule.

Where independent directors have been appointed by the Company in accordance with the provisions of the Act, relevant improvement plan formulated shall also be given to the supervisors, and the improvement shall be completed according to the planned schedule. If the Company appoints independent directors according to the regulations, it shall submit the relevant improvement plan to the independent directors. Where an audit committee has been established in accordance with the provisions of the Act, the above-mentioned provisions relating to supervisors shall apply mutatis mutandis to the audit committee.

The company shall evaluate or recognize the contingent loss of the endorsement/guarantee, disclose the endorsement/guarantee information in the financial report, and provide relevant information to the independent auditor for the performance of necessary auditing procedures.

Article 9:

Where managers and sponsors violate the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or these Guidelines, they will be punished in accordance with the Company's working rules depending on the severity of the violation's impact on the Company's operations.

Article 10: Announcement and reporting procedures

After the Company becomes a public company, the balance of the Company's and its subsidiaries' endorsement/guarantees for the previous month shall be entered into the information reporting website designated by the competent authority for announcement and declaration before the tenth day of each month.

The Company whose balance of endorsements/guarantees reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The balance of the endorsements/guarantees of the Company and subsidiaries reaches 50% or more

of the company's net worth as stated in the latest financial statements.

2. The balance of endorsement/guarantee by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees of the Company and subsidiaries for a single enterprise reaches NT\$10 million or more and the total amount of the endorsements/guarantees, book amount of investment under equity method, and balance of loans for the said single enterprise reaches 30% or more of the company's net worth as stated in the latest financial statements.
4. The new endorsements/guarantees amount reaches NT\$30 million or more that is equivalent to 5% or more of the Company's or its subsidiaries' net worth as stated in the latest financial statements.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

The term "Date of Occurrence" herein refers to the date of contract signing, date of payment, board meeting resolution date, or other date that can confirm the counterparty and monetary amount of the endorsement/guarantee, whichever date is earlier.

#### Article 11: Entry into Force and Amendment

These Guidelines are approved by more than half of all members of the audit committee, which shall be submitted to the board of directors for resolution and then to the shareholders' meeting for approval for implementation. If any director expresses objection and there is a record or written statement, the Company shall submit such objection to the shareholders for discussion, and the same shall apply for amendments.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained in advance, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in the preceding paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

#### Article 12:

Matters not covered in these Guidelines shall be handled in accordance with relevant laws and regulations and the relevant regulations of the Company.

Formulated on January 6, 2017.

1st amendment on April 29, 2019.

2nd amendment on August 25, 2021.

3rd amendment on May 12, 2023.