

China Airlines Ltd.

Code of Corporate Governance

Amended by the 18th Board of Directors at the 17th meeting on Mar. 31, 2011
Amended by the 19th Board of Directors at the 6th meeting on Mar. 29, 2013

Chapter 1 General Principles

Article 1

China Airlines Ltd. (hereinafter referred to as the "Company") has hereby determined the Code of Corporate Governance of China Airlines Ltd. in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" drafted by the Taiwan Stock Exchange Corporation (hereinafter referred to as "TWSE") and GreTai Securities Market in order to establish a sound corporate governance system.

Article 2

In addition to abiding by relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the corporate governance system was established by the Company to uphold the following principles:

1. Establishing an effective corporate governance structure.
2. Protecting shareholders' rights and interests.
3. Strengthening the functions of the board of directors.
4. Fulfilling the functions of supervisors.
5. Respecting stakeholder rights and interests.
6. Enhancing information transparency.

Article 3

The Company shall, pursuant to the Regulations Governing Establishment of Internal Control Systems by Public Companies, establish an effective internal control system in consideration of the overall operating activities of the Company and its subsidiaries, and shall regularly review said system in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The adoption of or amendments to the internal control system shall be approved by one half or more of all audit committee members and be submitted to the Board for resolution; any opposing or qualified opinions stated by independent directors shall be explicitly recorded in the board meeting minutes.

In addition to implementing self-audits of the internal control system, the Company's Board and the management shall review the results of self-audits carried out by each department and the audit reports of the auditing organization at least once each year. Directors and supervisors shall hold a meeting in person every year with internal auditors to review the internal control system for deficiencies, and duly keep minutes or other records. The review of the effectiveness of the internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for resolution.

The Company's management shall place importance on the internal audit department and its personnel, grant it full authority, and urge it to conduct audits effectively, evaluate the deficiencies in the internal control system and assess the Company's operating efficiency to ensure the system can be carried out effectively on a continuous basis and can assist the

Board of Directors and the management in the execution of their responsibilities, and thereby make the corporate governance system practicable.

To raise and preserve the quality of the effectiveness of the internal control system, and to enhance the skills of the substitutes of the internal auditors, the Company shall establish designated substitutes of internal auditors.

Article 11, paragraph 3 which discusses qualifications of internal auditors, and article 16, 17 and 18 which discusses the Regulations Governing Establishment of Internal Control Systems by Public Companies shall apply mutatis mutandis to the preceding paragraph.

Chapter 2 Protection of Shareholders' Rights and Interests

Section One Encouraging Shareholders to Participate in Corporate Governance

Article 4

The Company shall take the protection of shareholders' rights and interests as its top priority when implementing the corporate governance system, and shall treat all shareholders equally.

The Company shall establish a corporate governance system that can ensure the shareholders' right to know regarding the Company's material matters.

Article 5

The Company shall convene shareholder meetings in accordance with the Company Act and relevant laws and regulations, and shall establish comprehensive meeting rules of order; any matters that must be determined by resolution in shareholder meetings shall be implemented in accordance with meeting rules of order.

The content of resolutions of the shareholder meeting shall comply with laws, regulations, and articles of incorporation of the Company.

Article 6

The Company's Board shall prepare discussion topics and procedures for shareholder meetings. Each issue shall be allotted reasonable time for discussion in the shareholder meeting, and shareholders shall be given the opportunity to voice views.

No less than half of the directors should personally attend the shareholder meetings convened by the Board.

Article 7

The Company shall encourage shareholders to participate in corporate governance, and shall hold shareholder meetings in a legal, effective, and secure manner. The Company shall employ various methods and channels as well as make full use of information disclosure technologies to increase the percentage of shareholders attending shareholder meetings, and shall ensure that shareholders can practice their shareholder rights at shareholder meetings in accordance with relevant laws.

Where electronic voting is used during Company shareholder meetings, candidates should be nominated to select directors in order to avoid proposing motions of new business or amending original motions.

The Company should organize shareholder voting in accordance with proposals heard during shareholder meetings and enter shareholder votes (i.e., agree, disagree, or waiver) into the online information database designated by the Taiwan Stock Exchange Corporation.

If the Company distributes souvenirs to shareholders at a shareholder meeting, no

differential treatment or discrimination shall be permitted.

Article 8

The Company shall record minutes of shareholder meetings in accordance with the Company Act and relevant laws and regulations. With respect to the election of Directors, meeting minutes shall record the method of voting adopted and the total number of votes that elected directors received.

Shareholder meeting minutes shall be kept indefinitely using appropriate methods as long as the Company is in existence, and should be sufficiently disclosed on the Company's website.

Article 9

The chairman of a shareholder meeting shall be fully aware of and comply with the Company's Ordinances for Shareholder Meetings, to ensure suitable progress on the agenda, and may not arbitrarily declare adjournment of the meeting.

In the event that the chairman declares the adjournment of a meeting in violation of meeting rules of order, to protect the rights and interests of the majority of shareholders, other members of the Board should quickly assist attending shareholders, in accordance with statutory procedures, to elect somebody to be chairman on the basis of the majority of shareholders' voting rights, and continue the meeting.

Article 10

The Company shall make the shareholders' right to be informed a top priority and comply thoroughly with regulations concerned with information disclosure, using the Market Observation Post System or the Company's website to provide shareholders regularly and promptly information on the Company's finances, operations, insider shareholdings and corporate governance.

Article 11

Shareholders shall have the right to share the Company's earnings. In order to safeguard shareholders' investment rights and interests, shareholder meetings may, in accordance with Article 184 of the Company Act, audit statements and books produced by the Board and audit committee's reports, and resolve to distribute earnings or decide deficit off-setting plans. The shareholder meeting may appoint an inspector to perform the foregoing audit tasks.

Shareholders may, in accordance with Article 245 of the Company Act, apply with the court to appoint an inspector to audit the Company's accounts of operation and property holdings.

The Board, audit committee and managers shall comply fully with audit tasks outlined in the two preceding paragraphs performed by the inspector, and may not attempt to obstruct, refuse, or evade the inspector's work.

Article 12

To protect shareholders' rights and interests, the Company shall handle major financial actions, including acquisition or disposal of assets, lending capital to and making endorsements or providing guarantees for any other entities, in accordance with relevant laws and regulations, and shall draft and submit relevant handling procedures to the

shareholder meeting for approval.

Article 13

To protect shareholders' rights and interests, the Company should have dedicated personnel to properly handle shareholders' recommendations, questions, and disputes.

If a resolution of a shareholders meeting or a board meeting violates laws and regulations or the articles of incorporation, or if the directors or managers violate laws and regulations or the articles of incorporation in the course of their duties, that adversely impact shareholders' rights and interests, the Company shall handle any lawsuits initiated by shareholders in accordance with law.

Section Two Corporate Governance Relationship Between the Company and Affiliated Enterprises

Article 14

The allocation of management authority and responsibilities over personnel, assets and financial affairs of the Company and affiliated enterprises shall be clearly identified; risk evaluation shall be conducted exactly and appropriate firewalls shall be established.

Article 15

Unless otherwise provided by laws and regulations, the Company's managers may not concurrently serve as managers with affiliated enterprises.

A director, who engages on behalf of himself or a third party within the scope of the Company's operations, shall explain the major content of such actions to and obtain consent from the shareholder meeting.

Article 16

The Company shall establish sound management systems for finance, operations, and accounting in accordance with relevant laws and regulations. It shall further properly perform overall risk evaluation with affiliated enterprises on main correspondent banks, customers, and vendors, and shall implement necessary control mechanisms to reduce credit risk.

Article 17

Based on the principles of fairness and reasonableness, when the Company makes a business transaction with an affiliated enterprise, the Company shall determine written standards for the conduct of mutual financial and business operations.

Transactions or contractual matters between the Company and related parties and shareholders shall also be conducted according to the principles set forth in the foregoing paragraph, and tunneling of benefits shall be strictly prohibited.

Article 18

A juristic shareholder having controlling power over the Company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to be engaged in transactions at other than arm's length or involved in management activity for illegal profit.
2. Its representative shall follow the Company's regulations with respect to the exercise

of rights and participation in resolutions, so that at shareholder meetings, the representative shall exercise his/her voting right in the best interest of all shareholders and in good faith and exercise the fiduciary duty of care of a director.

3. It shall comply with relevant laws, regulations, and the Articles of Incorporation of the Company in nominating the Company's directors and shall not act beyond the authority granted by the shareholders meeting or the board meeting.
4. It shall not improperly intervene in corporate policy-making or obstruct corporate management activities.
5. It shall not restrict or impede the Company's production operations by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.

Article 19

The Company shall ensure the command at any time of information on the identity of major shareholders, who own the higher percentage of shares and have an actual control over the Company, and its ultimate control persons.

To enable other shareholders to exercise supervision function, the Company shall regularly disclose important information about its shareholders holding more than ten percent of the outstanding shares relating to the pledge, increase or decrease of share ownership, or other important matters that may possibly trigger a change in the ownership of their shares.

Chapter 3 Enhancing the Functions of the Board of Directors

Section One Structure of the Board of Directors

Article 20

The Board of Directors of the Company shall be accountable to the shareholders at shareholder meetings with respect to all procedures and arrangements under the corporate governance system to ensure that the Directors conduct in the exercise of their duties is proper and in compliance with applicable laws, regulations and Articles of Incorporation and that corporate resolutions are approved by shareholders.

Regarding the structure of the Board of Directors and of the Company, there are to be more than five directors and they shall be properly determined by reviewing the scale of corporate management and operations and the shareholding of the major shareholders and take into consideration practical needs for operations.

The principles of gender equality shall be given due attention when considering the composition of the Board and board members shall possess the knowledge, skills, and experience necessary for performing their duties. In order to achieve the ideal goals of corporate governance, directors shall have:

1. The ability to make operational judgment.
2. The ability to perform accounting and financial analysis.
3. The ability to conduct management administration.
4. The ability to conduct crisis management.
5. Industrial knowledge.
6. Perspective of the international market.
7. The ability to lead.
8. The ability to make decisions.

Article 21

The Company shall incorporate fair, just, and open procedures for the election of

directors, and adopt a cumulative voting mechanism to fully reflect shareholder views.

The majority of the Company's directors may not be spouses of or relatives to the second degree of consanguinity with each other.

In the event that a director is released and the Board is left with less than five members, the Company shall elect a director to fill the vacancy at the first subsequent shareholder meeting. If, however, the number of vacancies exceeds one-third of the number of directors designated in the Articles of Incorporation, the Company shall, within 60 days after the vacancies arise, convene a special shareholder meeting to elect directors to fill the vacancies.

The aggregate shareholding percentage of all directors of the Company shall meet requirements stipulated by relevant laws and regulations. Restrictions on share transfers by directors and the creation of, release of, or changes made to any pledges over shares held by directors shall be subject to relevant laws and regulations, and relevant information shall be fully disclosed.

Article 22

If candidates are nominated to select directors, regulations in the Company Act should be written into the articles of incorporation and the qualifications, education, experience, and any matters pertaining to those listed in Article 30 of the Company Act, which covers candidates recommended by shareholders or directors, should be investigated so that the results may be provided to shareholders for their reference such that a suitable director can be selected.

Article 23

The responsibilities and duties of the Chairman, and president shall be clearly distinct. It is inappropriate for the Chairman to also act as the president. If the Chairman also acts as the president or they are spouses or relatives within one degree of consanguinity, the number of independent directors should be increased.

Section Two The Independent Director System

Article 24

The Company may set up two or more independent directors in accordance with the regulations in the articles of incorporation, however, there should not be less than one fifth of the total number of seats.

Independent directors shall possess expert knowledge and their shareholdings and concurrent positions shall be limited. The independent directors shall act independently when carrying out duties and shall not have any direct or indirect stake in the Company.

The Company election of independent directors shall utilize a list of nominees pursuant to Article 192-1 of the Company Act and shall be stipulated within the articles of incorporation. Shareholders shall select independent directors from the roster of candidates. Independent and non-independent directors shall be elected at the same time pursuant to Article 198 of the Company Act and the number of positions shall be calculated separately.

Independent and non-independent directors shall not alter their status during their time of appointment.

Where an independent director is dismissed for any reason so that the number of people no longer meets the conditions set forth in Paragraph 1 or the articles of incorporation, a replacement shall be elected at the next shareholder meeting. When all

independent directors are dismissed, the Company shall convene a special shareholder meeting to elect independent directors within 60 days of the day of dismissal.

The independent directors' expert knowledge, limitations on shareholding and concurrent positions, independence, method of nomination, and other matters that shall be in accordance with regulations shall be conducted pursuant to the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and stock exchange regulations.

Article 25

The following matters shall be submitted to the Board for resolution. Any opposing or qualified opinions stated by independent directors shall be explicitly recorded in the board meeting minutes.

1. Adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption of or amendments, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for significant financial or operational activities, including acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. Matters bearing on the personal interest of a director.
4. Transactions involving significant assets or derivatives.
5. Significant monetary loans, endorsements, or provisions of guarantee.
6. The offering, issuance, or private placement of any securities with an equity nature.
7. The engagement or discharge of, or compensation for an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other significant matters so required by the company or the competent authority.

Article 26

The Company shall expressly stipulate the scope of duties of independent directors and empower them with the manpower and material support necessary for the exercise of their powers. Neither the Company nor other members of the Board shall restrict or obstruct the independent directors in the performance of their duties.

The Company shall stipulate director compensation in the Articles of Incorporation or pursuant to a shareholder meeting resolution. Compensation to directors shall adequately reflect the long-term performance of the Company, and shall also take the Company's overall operational risks into consideration. Compensation that differs from that of other directors, but that is also reasonable, may be set forth for independent directors.

Section Three Functional Committees

Article 27

To develop functions for monitoring and mechanisms for strengthening management, the Company's Board of Directors may, taking into account the basis of the size of the Board and number of independent directors, set up functional committees.

Functional committees shall be responsible to the Board and submit proposals to the Board of Directors for approval, unless the audit committee exercises its supervisory authority pursuant to Article 14-4 Paragraph 4 of the Securities and Exchange Act.

Functional committees shall adopt organizational regulations governing the exercise of

their power and duty to be approved by the Board of Directors. The organizational rules shall include the number of committee members, terms of appointment, authority and duties, meeting rules and resources to be provided by the Company to facilitate the committee in the carrying out of its duties.

Article 27-1

The Board shall establish an audit committee composed of all independent directors. The audit committee shall consist of at least three directors. One of them is to serve as chairman and at least one member shall possess professional expertise in accounting or finance.

The Company establishes an audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act and other laws and regulations shall apply mutatis mutandis to the audit committee.

Items to be approved by the audit committee shall be conducted in accordance with the articles of incorporation of the Company's audit committee.

Matters related to the execution of authority of the audit committee and its independent directors shall be pursuant to the Securities and Exchange Act, Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and securities exchange.

Article 27-2

The Board shall set up a Compensation Committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The authority and fulfillment of the Compensation Committee shall be conducted in accordance with the articles of incorporation of the Company's Compensation Committee.

Article 28

The Company shall select a professional, responsible, and independent certified CPA to perform regular reviews of the Company's financial condition and internal control measures. With regard to irregularities or deficiencies discovered and disclosed in a timely manner by the CPA during a review, and the concrete measures for improvement or prevention suggested by the CPA, the Company shall faithfully implement actions for improvement.

The Company shall evaluate the independence of the CPA engaged by the Company regularly and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for seven years consecutively, or if the CPA is subject to disciplinary actions or other circumstances prejudicial to the independence of the CPA, the Company shall review the necessity of replacing the CPA, and shall submit the conclusion of the review to the Board.

Article 29

The Company should engage a competent and professional legal counsel to provide adequate legal consulting services to the Company or to assist the directors and the management improve their knowledge of the law for the purpose of preventing any infraction by the Company or its staff of laws or regulations, and ensuring corporate

governance matters proceed pursuant to the relevant legal framework and prescribed procedures.

In the event that the directors or the management are involved in litigation as a result of performing their duties as provided by the law or arising from shareholders disputes, depending on the circumstances, the Company shall retain a legal counsel to provide assistance.

The audit committee or any of its independent director members in the audit committee may, on behalf of the Company, engage a legal Counsel, CPA, or other professional to perform necessary auditing tasks or provide consulting services in connection with the committee's exercise of its powers; the Company shall bear responsibility for payment of expenses so incurred.

Section Four Rules for the Proceedings of Board Meetings and the Decision-making Procedures

Article 30

The Company shall convene a board meeting at least one time a quarter, and may convene the Board at any time when urgent circumstances have arisen. When convening the Board, the Company shall state the main contents of the meeting, notify all directors that they are to attend it at the designated time. The Company shall also provide sufficient meeting materials when notifying the directors. If the materials provided are insufficient, the directors have the right to request supplementary information, or may delay deliberation following a board resolution.

The Company shall draft the regulations governing procedures for board meetings. Regulations governing major deliberation items, operating procedures, items to be explicitly stated in the minutes, announcements, and other binding matters shall comply with the Regulations Governing Procedures for Board of Directors Meetings of Public Companies.

Article 31

A director shall exercise a high degree of self-discipline and shall voluntarily abstain from voting for himself or herself or as proxy for another director on a proposal submitted to the Board of Directors that risks the involvement of the director's own interests to the detriment of the interests of the Company. The directors shall also practice self-discipline as to their internal relationships and must not support each other in an inappropriate manner.

The matters that a director shall voluntarily abstain from voting on shall be clearly set forth in the rules for the proceedings of board meetings.

Article 32

Independent directors shall attend meetings in person, and may not appoint a non-independent director to attend in their stead, when the Board discusses matters that must be submitted to the Board pursuant to Article 14-3 of the Securities and Exchange Act. The opposing or qualified opinions of independent directors shall be explicitly recorded in the board meeting minutes. If an independent director cannot attend a board meeting in person to express an opposing or qualified opinion, unless he or she has a legitimate excuse, the independent director shall submit a written opinion in advance. Said opinion shall be explicitly recorded in the board meeting minutes.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and announced and reported on a website designated by the

competent authority within two days after the date of said board meeting:

1. An independent director has a dissenting or qualified opinion on record or stated in a written statement.
2. A matter has not approved by the audit committee, but has been approved by two-thirds or more of all directors.

When the content of proposals to be discussed warrants, the Board may notify managerial personnel in relevant departments to attend the board meeting in a non-voting capacity in order to report on the Company's current business situation and respond to any inquiries raised by the directors. When necessary, the Board may also invite the CPA, legal counsel, or other specialists to attend the meeting in a non-voting capacity to assist the directors in understanding the conditions of the Company for the purpose of adopting an appropriate resolution.

Article 33

In accordance with relevant regulations, staff personnel of the Company attending board meetings shall collect and correctly record meeting minutes in detail as well as the summary, method of resolution, and voting results of all the proposals submitted to the board meeting.

The board meeting minutes shall be signed or sealed by the chairman and secretary of the board meeting and sent to each director within 20 days after the meeting. The attendance sheet forms a part of the minutes and shall be fully recorded and treated as an important corporate document. It is to be preserved permanently throughout the existence of the Company.

The minutes may be produced, distributed, and kept using electronic methods.

The Company shall make audio or video recordings of board meetings, and shall keep such recordings for at least five years. Recordings may be kept using electronic methods.

If a lawsuit involving a board resolution occurs before the end of the preservation period mentioned in the foregoing paragraph, relevant archival audio or video recordings shall be kept indefinitely, and the regulations of the foregoing paragraph shall not apply.

When a board meeting is held by means of videoconferencing, audio and video recordings of the meeting shall be part of the minutes, and shall be kept indefinitely.

Where a resolution of the Board violates laws, regulations, articles of incorporation, or resolutions adopted in a shareholders meeting, thereby causing harm to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 34

The Company shall submit the following matters to the Board for discussion:

1. Approval of the Company's operating plan.
2. Review and approval of semi-annual, annual financial reports/statements and business report.
3. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment in accordance with Article 36-1 of the Securities and Exchange Act of procedures for handling major financial actions such as acquisition or disposal of assets, engaging in derivative trading, extension of monetary loans to others, endorsements or guarantees for others.

5. Offering, issuing, or private offering of equity-type securities.
6. Appointment and dismissal of finance, accounting, and internal audit executives.
7. Matters that must be decided by a resolution of the shareholder meeting or submitted to the Board in accordance with Article 14-3 of the Securities and Exchange Act or the articles of incorporation of the Company, or other material matters designated by the authority.

The company shall submit the minutes of seminars discussing the problems and review of the internal control system to the board of directors and make a report to the same.

With the exception of matters to be discussed by the Board in Paragraph 1, when the Board of Directors is adjourned and is authorized to execute its power in accordance with laws and the Company's articles of incorporation, the authorized levels, content, and matters shall be clearly defined and the Board may not be given general authorization.

Article 35

The Company shall ask the appropriate corporate department or personnel to handle matters and implement actions pursuant to the Board of Directors' resolutions in a way consistent with the program schedule and objectives. It shall also follow up on these matters and faithfully review their implementation. The head of said corporate department shall provide the Board with a progress report in a timely manner.

Section Five Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 36

Board members shall faithfully conduct corporate affairs and discharge the duty of care as good administrators. In conducting the affairs of the Company, they shall exercise their power with a heightened level of self-discipline and prudential attitude.

Unless matters are reserved for shareholder meeting by law or in the articles of incorporation of the Company, the Board of Directors shall ensure that all matters will faithfully adhere to the Board's resolutions.

Independent directors shall conduct affairs in accordance with the requirements of relevant laws and the Company's articles of incorporation to uphold the rights and benefits of the Company and its shareholders.

Article 37

If a resolution of the Board of Directors violates laws, regulations or the Company's articles of incorporation, at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the Board shall promptly take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering any risk of material damage to the Company, members of the Board shall do as guided in the foregoing paragraph and immediately report to the audit committee or any independent director of the audit committee.

Article 38

The Company may take out liability insurance for directors with respect to their liabilities resulting from the exercise of their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the Company and shareholders arising from any illegal conduct.

Article 39

Upon becoming directors and throughout their terms, members of the Board should participate in training courses related to finance, risk management, business, commerce, accounting or law which cover subjects relating to corporate governance offered by an organization designated in the Advanced Study Promotion Guidelines for the Directors and Supervisors of TWSE/TPEX Listed Companies. They should also ensure that Company employees at all levels enhance their professionalism and knowledge of the law.

Chapter 4 Empowering Supervisors (Deleted)

Section One Functions of Supervisors (Deleted)

Article 40 (Deleted)

Article 41 (Deleted)

Article 42 (Deleted)

Section Two Powers and Obligations of Supervisors (Deleted)

Article 43 (Deleted)

Article 44 (Deleted)

Article 45 (Deleted)

Article 46 (Deleted)

Article 47 (Deleted)

Article 48 (Deleted)

Article 49 (Deleted)

Chapter 5 Respecting Stakeholder Rights

Article 50

The Company shall maintain open communication channels with correspondent banks and other creditors, employees, consumers, vendors, the community, and all other parties connected with the Company's interests, and shall respect and maintain those parties' due lawful rights and interests.

The Company shall take appropriate action in the principle of good faith when the lawful rights and interests of stakeholders are infringed.

Article 51

The Company shall provide full information to correspondent banks and other creditors in order to facilitate judgment concerning the Company's operating and financial status and decision-making process. The Company shall respond proactively when the lawful rights and interests of these parties are infringed, and shall give creditors appropriate routes for redress with a forthright and responsible attitude.

Article 52

The Company shall establish a channel of communication to encourage employees to directly communicate with management and directors and convey their opinions on the operational and financial status of the Company and policies which impact employee interests.

Article 53

The Company shall show concern for consumers' rights and interests while it maintains

normal operations and seeks to maximize stockholders' interests. The Company will actively participate in various types of activities employing marketing packaging to enhance the Company's public-spirited image and to fulfill its social responsibilities.

Chapter 6 Enhancement of Information Transparency

Section One Strengthening Information Disclosure

Article 54

The Company shall discharge its duties of information disclosure in accordance with relevant laws and regulations, including regulations of the Taiwan Stock Exchange.

To ensure the prompt, appropriate disclosure of information that may affect the decisions of shareholders and stakeholders, the Company shall designate specific personnel to be in charge of information collection and disclosure, and shall establish a spokesperson system.

Article 55

To enhance the accuracy and efficiency of information disclosure, the Company shall assign persons who have a comprehensive understanding of the Company's finances and operations, or who are able to coordinate the provision of relevant data from individual displays, and who are able to speak individually on behalf of the Company to the public to serve as the Company's spokespersons and deputy spokespersons.

The Company shall assign more than one deputy spokesperson, and each one shall be able to speak individually on behalf of the spokesperson when the spokesperson is unable to perform speaking duties. However, to avoid confusion, the Company shall confirm the order in which deputy spokespersons perform their duties.

In order to effectively implement its spokesperson system, the Company shall explicitly prescribe unified speaking procedures, and shall request management and employees to maintain financial confidentiality and business secrets and not arbitrarily disseminate information without authorization.

Any changes in the status of spokespersons or deputy spokespersons shall be promptly disclosed.

Article 56

The Company should establish a website to take advantage of the speed and convenience of the Internet. The Company shall post information regarding finances, operations and corporate governance on said website to facilitate reference by shareholders and stakeholders. The Company should also provide an English version on the website.

The website in the foregoing paragraph shall be maintained by designated personnel. To avoid the issuance of misleading information, posted data shall be accurate, detailed and updated in a timely manner.

Article 57

The Company shall hold institutional investor conferences in accordance with Taiwan Stock Exchange regulations, and should keep audio or video recordings of said conferences.

Financial and operation information disclosed at investor conferences shall be filed on the designated Internet information posting system of the Taiwan Stock Exchange in accordance with Taiwan Stock Exchange regulations, and shall be provided for queries via the Company's website or other appropriate channels.

Section Two Disclosure of Corporate Governance Information

Article 58

The Company shall disclose information regarding corporate governance in the fiscal year in accordance with relevant laws and regulations, including Taiwan Stock Exchange regulations.

1. Corporate governance framework and rules.
2. The ownership structure and shareholders' equity in the Company.
3. The structure and independence of the Board of Directors.
4. Responsibilities of the Board of Directors and managerial officers.
5. The composition, duties, and independence of the Audit Committee.
6. The composition, duties, and operation of the Compensation Committee.
7. The compensation of the directors, the president and senior vice presidents in the most recent year; analysis of the percentage ratio of the aggregate remuneration divided into the net profit after tax; the compensation policy, standards and composition; the process of determining compensation, and its relationship with performance. In specific situations, the compensation of respective directors may be disclosed.
8. Training status of directors.
9. Rights and relationship of stakeholders.
10. Detailed status of the information disclosure required by laws and regulations.
11. The differences between the corporate governance principles implemented by the company and these principles, and the reason for the differences.
12. Other information relating to corporate governance.

The Company should, according to the actual performance of the corporate governance, disclose specific plans and measures to improve its corporate governance using appropriate mechanisms.

Chapter 7 Supplementary Provisions

Article 59

The Company shall at all times monitor the domestic and international development of corporate governance and refer to it when reviewing and revising its corporate governance system, so as to enhance the performance of its corporate governance.