

# **Union Bank of Taiwan**

## **Organizational Procedures of the Audit Committee**

Approved at the 20th meeting of the 11th session of the Board of Directors on March 11, 2024

### **Article 1**

In order to improve the Bank's corporate governance and strengthen the functions of the Board of Directors, I hereby promulgate these regulations in accordance with Article 3 of the "Regulations Governing the Exercise of Functions and Powers by the Audit Committee of a Public Company" for the purpose of compliance.

### **Article 2**

Unless otherwise provided by law or the Articles of Association, the number, term of office, duties, rules of procedure, and resources to be provided by the Bank in exercising its duties and powers of the Audit Committee shall be in accordance with the provisions of these Articles of Association.

### **Article 3**

The operation of the Committee shall be primarily for the purpose of supervising the following matters:

- (a) The fair presentation of the Bank's financial statements.
- (b) The selection (dismissal), independence and performance of the certified public accountants.
- (c) The effective implementation of the Bank's internal controls.
- (d) The Bank's compliance with relevant laws and regulations.
- (e) Management and control of the Bank's existing or potential risks.

### **Article 4**

The Committee shall be composed of all independent directors and shall consist of no fewer than three members, one of whom shall be the convenor and at least one of whom shall have accounting or financial expertise.

The term of office of the independent directors of the Committee shall be three years, and they may be re-elected for a second consecutive term. If the number of independent directors is less than the number specified in the preceding paragraph or the Articles of Incorporation due to termination of their office for any reason, the independent directors shall be re-elected at the most recent shareholders' meeting. In the event of the termination of all independent directors, the Bank shall, within 60 days from the date of the occurrence of the event, convene an extraordinary shareholders' meeting to hold a by-election.

### **Article 5**

The Securities and Exchange Act (hereinafter referred to as the SEC Act), the Company Act, and other laws and regulations on supervisors shall apply to this Committee.

Article 14-4, paragraph 4 of the Securities and Exchange Act, which stipulates the provisions of the Company Law concerning the duties and powers of the supervisors, shall apply to the independent board members of this Committee.

Resolutions of the audit committee shall be adopted with the approval of one-half or more of the entire membership of the audit committee. The committee convenor shall represent the audit committee to the public.

Persons to represent the company in matters under Articles 213, 214, and 223 of the Company Act shall be selected by the audit committee by the procedure set out in the preceding paragraph. The audit committee may resolve for members to individually represent or jointly represent the company in such matters. If representatives are not selected by the procedure in the preceding paragraph, the entire membership shall jointly represent the company.

The term "entire membership" as used in these Regulations shall be calculated as the number of members actually in office.

## **Article 6**

The following matters of the Bank shall be approved by at least one-half of all members of this Committee and submitted to the Board of Directors for resolution:

- (a) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (b) To evaluate the effectiveness of the internal control system.
- (c) Establishing or amending procedures for the acquisition or disposal of assets and derivative transactions in accordance with Article 36-1 of the Securities and Exchange Act.
- (d) Matters in which a director has a personal interest.
- (e) Significant asset or derivative transactions.
- (f) Solicitation, issuance, or private placement of equity securities.
- (g) Appointment, termination, or compensation of certified public accountants.
- (h) Appointment or removal of the head of finance, accounting or internal audit.
- (i) Annual financial report and semi-annual financial report.
- (j) Other significant matters as prescribed by the Bank or the competent authorities.

Except for paragraph 9 of the preceding subparagraphs, if not approved by at least one-half of all the members of the Board of Directors, the matters may be approved by at least two-thirds of all the directors of the Board of Directors.

## **Article 7**

An audit committee shall meet at least quarterly, which shall be set out in the audit committee charter.

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

An audit committee meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to attendance by all audit committee members and suitable for holding an audit committee meeting.

One member shall be elected as the convener and meeting chair by and from among the entire membership of the audit committee. However, if the audit committee members are unable to elect a convener, the independent director who received votes representing the largest share of the voting rights shall serve as the convener.

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.

Independent directors constituting one-half or more of the entire membership of the audit committee may, by filing a written proposal setting forth the subjects for discussions and the reasons, request the convener to convene a meeting of the audit committee. If the convener fails to convene an audit committee meeting within 15 days from the filing of the request under the preceding paragraph, independent directors constituting one-half or more of the entire membership of the audit committee may convene a meeting on their own.

The Audit Committee may invite managers of the relevant departments of the Bank, internal auditors, accountants, legal advisors, or other personnel to attend the meetings and provide relevant and necessary information. However, they should leave the meeting during the discussion and voting.

When the Committee meets, relevant information shall be available for inspection by the Committee members attending the meeting.

## **Article 8**

When an audit 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 audit 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 audit 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 audit 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.

However, the matters set forth in Article 6, Paragraph 1, Item 9 shall still be agreed upon by the independent board members.

The second proxy shall be limited to the appointment of one person.

### **Article 8-1**

When the time of a meeting has arrived, if the audit committee members present do not reach one-half of the entire membership, the meeting chair may announce that the meeting time will be postponed to later on the same day, provided that only two postponements may be made. If the quorum is still not met after two postponements, the chair may re-call the meeting following the procedures provided in Article 7, paragraph 2.

### **Article 8-2**

An audit committee meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of one-half or more of the entire membership of the audit committee.

The meeting chair may not declare the meeting closed without the approval of one-half or more of the entire membership of the audit committee.

If at any time during the proceedings of an audit committee meeting the members sitting at the meeting do not reach one-half of the entire membership, then upon motion by the independent directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case the preceding article shall apply mutatis mutandis.

If at any time during the proceedings of an audit committee meeting, the convener for any reason is unable to chair the meeting or the chair fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 5 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.

### **Article 9**

If an independent director member of the audit committee has a personal interest in any agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other independent director member.

Where the spouse or a blood relative within the second degree of kinship of an independent director is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

Where a matter is unable to be resolved at a committee meeting for the reason stated in paragraph 1, the fact shall be reported to the board of directors and the matter shall be resolved by the board instead.

### **Article 10**

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 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 the preceding article, 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 the preceding article, 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 audit 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.

#### **Article 10-1**

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.

#### **Article 11**

The agenda of this Committee shall be set by the Convenor and other members may also provide motions for discussion by this Committee.

**Article 12**

The Committee may, by resolution, appoint a lawyer, accountant, or other professional personnel to conduct necessary investigations or provide advice on matters related to the provisions of Article 6, and the expenses incurred shall be borne by the Bank.

**Article 13**

The members of this Committee shall faithfully perform their duties as set forth in the Articles of Incorporation with the care of a good administrator and shall be accountable to the Board of Directors, and shall submit the motions proposed by them to the Board of Directors for resolution.

**Article 14**

The Committee shall periodically review matters related to the Articles of Incorporation and provide them to the Board of Directors for revision.

The Convener or other members of the Committee may be authorized to handle the execution of the matters resolved by the Committee and to report to the Committee in writing or orally during the execution period, and if necessary, to submit a report to the Committee at the next meeting for confirmation or report.

**Article 15**

These Rules and Regulations shall come into force after they have been approved by a resolution of the Board of Directors, and shall be amended in the same manner.