

System Corporation
Procedures for Making of Endorsement and Guarantee

[General Principles]

Article 1: In principle, the Company and its subsidiaries do not make endorsements, promises, or guarantees to other companies, but any guarantees and endorsements made under business necessities should be handled according to these provisions.

[Scope]

Article 2: To apply to this procedure, the subject of external guarantees and negotiable instrument endorsements must be company organizations and limited to the following conditions:

1. A company with which it does business.
2. A subsidiary in which the Company directly or indirectly holds more than 50 percent of the voting shares.
3. A parent company that directly or indirectly holds more than 50 percent of the voting shares in this Company.

Subsidiaries in which the Company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for one another, provided that the amount does not exceed 10% of the Company's net worth. These restrictions shall not apply to endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

Where companies fulfill contractual obligations by providing mutual endorsements/guarantees for another company in the same industry, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares.

[Applicable Scope]

Article 3: The scope of the external guarantees and negotiable instrument endorsements are:

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 or its subsidiaries.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for

the Company, its subsidiaries, or another company with respect to customs duty matters.

3. Other endorsements/guarantees, or endorsements or guarantees beyond the scope of the above two paragraphs.

Any creation of a pledge or mortgage or real property as security for the loans of another company shall also comply with the regulations of this procedure.

[Use and Custody of Corporate Chops]

Article 4: External guarantees shall be made using Company chops registered with the Ministry of Economics. The Company chops should be in the custody of a designated person, while blank negotiable instruments should be in the custody of the cashiers. Endorsements/guarantees made by the Company and its subsidiaries must be approved following standard procedure before negotiable instruments can be sealed or issued. The person designated to have custody of the endorsement/guarantee chops should be approved by the Board of Directors; The same applies to all subsequent changes.

[Issuing Guarantee Agreements]

Article 5: When making a guarantee for an overseas company, the Company and its subsidiaries shall have the Guarantee Agreement signed by a person authorized by the board of directors.

[Memorandum records]

Article 6: The Company and its subsidiaries shall prepare a memorandum book for its endorsement/guarantee activities; The entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors, the date the endorsement/guarantee is made, and the matters to be carefully evaluated should be recorded in detail.

[Internal audit]

Article 7: The Company's internal auditors shall audit the Procedures for Making Endorsements and Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

[Entities for which the Company made endorsements/guarantees]

Article 8: All external endorsements/guarantees made by the Company must be made through the Head Office and must not be handled by the branches.

[Procedures for controlling and managing endorsements/guarantees by subsidiaries]

Article 9: Aside from bill financing, all endorsements/guarantees made by subsidiaries must be submitted by the person in charge of the subsidiary company to the Company's investment unit and approved by the Company's Board of Directors. Subsidiaries should notify the Company's investment division in writing after handling endorsements/guarantees or write-offs. Subsidiaries intending to make endorsements/guarantees for others shall formulate its own Procedures for Making Endorsements and Guarantees and comply with the Procedures when making endorsements/guarantees.

[Procedures for making endorsements/guarantees]

Article 10: Units that need to issue promissory notes for external guarantees should fill out the "guarantee promissory not application form". After it is approved, it will be sent to the accounting division, which will draft a voucher for the cashiers to issue. When invalidated or canceled, the promissory note issued should be retrieved, written off, and recoded as a closed case.

Article 11: Those handling the Company's bill discount financing (existing discount amount) should fill out the "bill financing (discount) notice". After it is approved, it will be sent to the accounting division to draft a voucher for the cashier and financing unit to handle.

Article 12: Units making external guarantees/endorsements without promissory notes should fill out the "external guarantee/endorsement application form". After it is approved, it will be sent to the accounting division to be officially recorded and transferred to custody holder of the Company chops to make the guarantee.

Article 13: All external endorsements/guarantees made by the Company should be officially recorded by the accounting division, and the original application records should be retained for future review and evaluation. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 14: When external guarantee/endorsement responsibilities are lifted, the unit that filed the original application should fill out the "external guarantee/endorsement cancellation notice" and include relevant documents to apply for cancellation and record the matter as closed.

[Detailed review procedures]

Article 15: Before making endorsements/guarantees, the Company and subsidiaries should make careful assessments according to the following points:

1. Whether doing so is necessary and reasonable.
2. Credit status and risk assessment of the entity for which the endorsement/guarantee is made should be conducted.
3. Evaluate the impact this endorsement/guarantee have on the Company's operational risks, financial condition, and shareholders' equity.
4. The risk should be assessed and an assessment record should be prepared. If necessary, collateral should be obtained and the value of the collateral obtained should be assessed.

Article 15-1: If the object of endorsements/guarantees made by the Company or its subsidiaries is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.

1. The object of endorsements/guarantees shall prepare an operations rectification plan and submit it to the Company's operations team.
2. The Company shall supervise the implementation of this rectification plan and provide necessary assistance so that the subject can improve according to plan.
3. The subject of endorsements/guarantees should constantly review the implementation status of the rectification plan, propose amendments if necessary, and regularly report the actual implementation status to the Company.

[Endorsement/Guarantee Amount]

Article 16: The total amount of endorsements/guarantees made by the Company and the amount of endorsements/guarantees made to a single company is as follows:

1. Margin trading endorsement/guarantee is limited to no more than 50% of the Company's net worth as stated in its recent financial report.
2. Customs duties endorsement/guarantee is limited to no more than the total capital of the Company as stated in its recent financial report.
3. Other endorsements/guarantees are limited to no more than 50 percent of the Company's net worth as stated in its latest financial statement.
4. Endorsements/guarantees made to a single enterprise are limited to no more than 25 percent of the Company's net worth as stated in its latest financial statement.

The total amount of endorsements/guarantees made by the Company and its subsidiaries shall not exceed 50% of the Company's net worth. The total amount of endorsements/guarantees made by the Company and its subsidiaries shall not

exceed 25% of the Company's net worth. If the aggregate amount of endorsements/guarantees made by the Company or its subsidiaries were to be adjusted to over 50% of the Company's net worth, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

When the Company and its subsidiaries handle endorsements/guarantees, they shall first be approved by the Board of Directors of the Company. In the case of necessities, the Company Chairman is authorized first to make endorsements/guarantees under the amount of 300 million NTD according to the regulations of these procedures, then report it to the Board of Directors for ratification after the fact, and report the situation and relevant matters to the shareholders' meeting.

Before making any endorsement/guarantee pursuant to Article 2, 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. These restrictions shall not apply to endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

When the Board of Directors holds a discussion as described in the preceding paragraph, the opinions of the Independent Directors must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

Major endorsement/guarantee matters must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

"Major endorsements/guarantees" refer to endorsements or guarantees made by the Company to others that are approved by the Board of Directors pursuant to the provisions stipulated in the Company's procedures for the acquisition or disposal of assets or other laws and regulations.

Article 17: Where the Company needs to exceed the limits set out in the preceding article to satisfy its business requirements, it shall obtain approval from the Board of Directors and over half of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. The Procedures should also be amended accordingly and submitted 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.

When making endorsements/guarantees for others, the Company shall carefully take into account the opinions of all independent directors. If there is any objection or reservation from an independent director, it should be clearly recorded in the minutes of the board of directors meeting.

Article 18: When the subject of endorsements/guarantees made by the Company used to comply with the regulations in Article 2 but did not subsequently comply with regulations, or when the amount of endorsement/guarantees exceed the limit due to changes in the basis of the calculation of the limit, an rectification plan should be made, with the details sent to the Audit Committee. Rectifications should be made according to the plan, and the endorsement/guarantee amount or amount that exceeded the limit should expire at a time limit stipulated in the contract or later fixed by a plan, then reporter to the Board of Directors.

Article 19: The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. Along with monthly turnover announcement, if the amount of endorsements/guarantees meets one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees, investments accounted for using the equity method, loan funds, and balance reaches over 30% of the Company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The so-called net worth refers to a public company's asset balance after deducting total liabilities from total assets in the most recent financial statement audited by accountants. 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.

[Publicly announced and reported information]

Article 20: The following should be announced if the total amount of endorsements/guarantees reached standards stipulated by Article 19, Paragraph 1, Subparagraph 1:

1. The name of the company being endorsed/guaranteed, its relations with the company making the endorsement/guarantee, the endorsement/guarantee limit, endorsement/guarantee balance and reasons up to the date of the event, additional endorsement/guarantee amount and reason, the balance of the original endorsement/guarantee, and the amount the company being endorsed/guaranteed actually used.
2. The percentage that the endorsement/guarantee balance account for in the Company's net worth as stated in the latest financial report up to the date of the event.

Any changes to the content of the announcements shall be handled by the competent authority according to regulations.

Article 21: The following should be announced when endorsement/guarantee amount for a single company reaches standards stipulated by Article 19, Subparagraphs 2, 3, and 4:

1. The name of the company being endorsed/guaranteed, its relations with the company making the endorsement/guarantee, the endorsement/guarantee limit, original endorsement/guarantee balance, additional endorsement/guarantee balance reasons, endorsement/guarantee balance up to the date of the event, and the amount the company being endorsed/guaranteed actually used.
2. The content and value of the collateral provided by the company being endorsed/guaranteed.
3. The capital and accumulated profit (loss) in the latest financial report of the company being endorsed/guaranteed.
4. The conditions or date for the termination of endorsement/guarantee responsibility.
5. The percentage that the endorsement/guarantee balance account for in the Company's net worth as stated in the latest financial report up to the date of the event.
6. The percentage long-term investment amount, endorsement/guarantee amount and loan funds and total balance accounted for in the Company's net worth as stated in the latest financial report up to the date of the event.

Any changes to the content of the announcements shall be handled by the competent authority according to regulations.

[Announcing and reporting unit]

Article 22: According to the provisions of these Procedures, when the Company is handling endorsements/guarantees, the stock affairs unit should announce and report the matter, which refers to reporting the information onto websites designated by the competent authorities.

[Information Disclosure and Report of Subsidiaries]

Article 23: In the event subsidiaries make external endorsements/guarantees, the accounting division of the subsidiary should provide the Company's stock affairs units with the relevant information for the Company's stock affairs unit to handle the announcement according to regulations. Endorsements/guarantees made by subsidiaries must follow these Procedures as well as the subsidiary's own regulations.

[Penalties for Violation of the Procedures]

Article 24: The Board of Directors will decide the penalty for managers and personnel in charge that violated the Procedures for Making Endorsements and Guarantees.

[Supplemental Provisions]

Article 25: The Procedures shall be delivered to the Audit Committee and submitted to the shareholders' meeting for approval following approval in the Board of Directors meeting. The same shall apply to any revision. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the objection to the Audit Committee.

When the Procedures are proposed for discussion by the Board of Directors, the opinions of the Independent Directors must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

The establishment and revision of the Procedures must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds 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 Article 16 and Paragraph 3 of this Article and "all Directors" in the preceding paragraph shall refer to the actual number of persons currently holding those positions.

Article 26: The Procedures were established in October 1999.

The 1st amendment on March 9, 2000, the 2nd amendment on January 28, 2003, the 3rd amendment on May 18, 2005, the 4th amendment on June 15, 2006, the 5th amendment on June 13, 2007, the 6th amendment on June 19, 2009, the 7th amendment on June 18, 2010, the 8th amendment on June 17, 2015 and the 9th amendment on June 13, 2019.