



## Rules of Procedure for Board of Directors Meetings

Note: The original version of this regulation is published in Chinese. In case of discrepancy between the Chinese and English versions the Chinese version shall prevail.

(Version No.:7)

This document is copyrighted by the Taiwan High Speed Rail Corporation and may not be reproduced, stored, used, disseminated, or transmitted in any form or by any means, including, but not limited to, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission from the Corporation.

## **Table of Contents**

Titles .....	Page
Title of Corporate Document .....	Cover Sheet
Table of Contents .....	i
Article 1 (Basis for Adoption).....	1
Article 2 (Scope of these Rules).....	1
Article 3 (Convening and Notice of Board Meetings).....	1
Article 4 (Time and Place of Board Meetings) .....	1
Article 5 (Designated Unit, Meeting Notification, and Meeting Materials) .....	1
Article 6 (Proposals and Movers) .....	2
Article 7 (Agenda Items).....	3
Article 8 (Matters Requiring Discussion at a Board Meeting) .....	3
Article 9 (Principles with Respect to Delegation of Power) .....	4
Article 10 (Preparation of Attendance Book and Attendance by Director's Proxy).....	5
Article 11 (Director-Appointed Non-Voting Participants) .....	5
Article 12 (Chair and Acting Chair of a Board Meeting) .....	6
Article 13 (Non-Voting Participants at Board Meetings) .....	6
Article 14 (Holding Board Meetings) .....	6
Article 15 (Discussion of Proposals).....	7
Article 16 (Director Comments and the Chair's Right to Lead Meeting Proceedings).....	7
Article 17 (Voting-I) .....	7
Article 18 (Voting-II).....	8
Article 19 (Recusal) .....	8
Article 20 (Required Content and Retention of Meeting Minutes).....	9
Article 21 (Documentation of Board Meetings) .....	10
Article 22 (Duty of Confidentiality) .....	10
Article 23 (Matters Not Covered) .....	11
Article 24 (Supplementary Provisions).....	11

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

Article 1 (Basis for Adoption)

These Rules are adopted pursuant to Paragraph 8, Article 26-3 of the Securities and Exchange Act and Article 3-03 of the Corporation's Guidelines for Corporate Governance.

Article 2 (Scope of these Rules)

With respect to the board of directors meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules, except as otherwise provided by laws and regulations or the Corporation's Articles of Incorporation.

Article 3 (Convening and Notice of Board Meetings)

The Board of Directors ("Board") shall meet at least once every two months.

A notice for convening a board meeting shall be given to each director 7 days before the meeting is convened, such notice shall include a statement of the reasons for convening the meeting, however, in emergency circumstances, a board meeting may be called at any time.

The notice to be given under the preceding paragraph may be effected by means of email, fax, or other types of electronic transmission.

Article 4 (Time and Place of Board Meetings)

A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 5 (Designated Unit, Meeting Notification, and Meeting Materials)

The designated unit responsible for handling Corporation board meetings shall be the Secretariat Division of the Board of Directors (hereinafter abbreviated as the Secretariat Division).

The Secretariat Division shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the Secretariat Division. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a Board resolution.

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

Article 6 (Proposals and Movers)

Except as otherwise provided by laws and regulations, the Corporation's Articles of Incorporation, or Board resolutions, the movers of board meeting proposals shall be limited to directors, committees, or management, who may submit proposals to the Board or its committees.

The Secretariat Division may also submit proposals when assisting the Board and its committees with execution of duties or board meeting proceedings, or in accordance with instructions from the Corporation Chairperson.

The term "proposal" as used in the first paragraph, refers to reports, proposals for review and recordation, retroactive ratification proposals, discussion proposals, and election proposals.

The term "reports" as used in the third paragraph, refers to projects handled or executed by committees or management, where project plans, content, progress, and implementation results shall be submitted to the Board in accordance with laws and regulations, Corporation bylaws, resolutions made at shareholders' meetings or board meetings, instructions of the Corporation Chairperson, or at the discretion of the Corporation President. The items proposed to the Board in the reports are as an informed nature, and the Board's decision would not affect the content and effectiveness of the original decision approved by the responsible supervisors.

The term "proposals for review and recordation" as used in the third paragraph, refers to projects handled or executed by committees or management, where project plans, content, progress, and implementation results shall subsequently be submitted to the Board for review in accordance with laws and regulations, Corporation bylaws, resolutions made at shareholders' meetings or board meetings, instructions of the Corporation Chairperson, or at the discretion of the Corporation President. The items in the proposals for review and recordation proposed to the Board are as a review of the legality of the items previously authorized by the Board.

The term "retroactive ratification proposals" as used in the third paragraph, refers to items which should have been submitted by committees or managers to the Board for resolution and approval before handling and execution according to laws and regulations, Corporation bylaws, or resolutions made at shareholders' meetings or board meetings, but were appropriately handled in advance of Board approval on the authority of the Board or at the discretion of management due to the nature of events which required immediate handling, and were subsequently submitted to the Board for discussion and review.

The term "discussion proposals" as used in the third paragraph, refers to items which

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

shall be proposed by committees or managers to the Board for resolution and approval before handling and execution according to laws and regulations, Corporation bylaws, or resolutions made at shareholders' meetings or board meetings.

The term "election proposals" as used in the third paragraph, refers to matters relating to the election or dismissal of the Corporation Chairperson or members of the various functional committees.

**Article 7 (Agenda Items)**

Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:

- (1) Minutes of the last meeting and action taken.
- (2) Important financial and business matters.
- (3) Internal audit activities.
- (4) Other important matters to be reported.

2. Matters for discussion:

- (1) Items for continued discussion from the last meeting.
- (2) Items for discussion at this meeting.

3. Extraordinary motions.

**Article 8 (Matters Requiring Discussion at a Board Meeting)**

The matters listed below shall be raised for discussion at a board meeting, shall be listed among the reasons for convening the meeting, and shall not be put forth as an extraordinary motion:

1. The Corporation's business plan.
2. Annual financial report and second quarter financial reports, which are signed or sealed by the Corporation Chairperson, managerial officer, and chief accountant.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and evaluation of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or operational acts such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and providing endorsements or guarantees for others.
5. The public offering, issuance, or private placement of equity-type securities.

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

6. The appointment or dismissal of the Corporation Chairperson.
7. The appointment or dismissal of the Corporation's chief financial officer, chief accountant, or chief internal auditor.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board meeting for retroactive recognition.
9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other laws and regulations, or the Corporation's Articles of Incorporation, must be approved by resolution at a shareholders' meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations, within a 1-year period to a single recipient, at an amount of NTD 5 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

At least one independent director of the Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy.

If an independent director objects to or expresses reservations about such a matter, the same shall be recorded in the minutes of said board meeting; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, said director shall issue a written opinion in advance, which shall be recorded in the minutes of said board meeting.

Article 9 (Principles with Respect to Delegation of Power)

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

With the exception of matters required to be discussed at a board meeting under the first paragraph of the preceding article, when the Board appoints a party to exercise the powers of the Board in accordance with applicable laws and regulations or the Corporation's Articles of Incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific.

**Article 10** (Preparation of Attendance Book and Attendance by Director's Proxy)

When a board meeting of this Corporation is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director as proxy to attend the meeting in his or her place in accordance with the Corporation's Articles of Incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in Paragraph 2 may be the appointed proxy of only one person.

**Article 11** (Director-Appointed Non-Voting Participants)

Directors in attendance at a board meeting shall not appoint personnel to accompany them unless approved by resolution at a board meeting.

Directors who are unable to attend board meetings in person and have not appointed other directors to serve as proxy may appoint appropriate personnel to attend board meetings as non-voting participants, but must issue an appointment form in advance stating the identity of the appointed non-voting participant, duties, any conflicts of interest the non-voting participant may hold toward the proposals listed for the board meeting at hand, and a guarantee that the appointed non-voting participant shall observe their duty of confidentiality.

Meeting materials shall be provided to the "non-voting participants" referred to the preceding two paragraphs in accordance with requests stated in the "appointment form" of the preceding paragraph.

The admittance, departure, seating plan, and requests for materials of non-voting participants as stated in the first and second paragraphs shall be determined by the Secretariat Division in accordance with orders from the Corporation Chairperson in

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

accordance with necessity, appropriateness, and venue conditions, except where otherwise provided by Board resolutions.

The stipulations of Article 19 shall be applied to the “non-voting participants” of the first and second paragraphs.

**Article 12 (Chair and Acting Chair of a Board Meeting)**

When the Board meetings of the Corporation is convened by the Chairperson, and the meeting shall be chaired by the Chairperson. However, with respect to the first meeting of each newly elected board, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders’ meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

Where a board meeting is called by a majority of the directors on their own initiative in accordance with paragraph 4, Article 203 or paragraph 3, Article 203-1 of the Company Act, the directors shall select one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one director to act as acting meeting chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as acting meeting chair.

**Article 13 (Non-Voting Participants at Board Meetings)**

When the board meeting of this Corporation is held, the Corporation may, as necessary for the agenda items of the board meeting, notify personnel of relevant departments to attend the meeting as non-voting participants.

When necessary, the Corporation may also invite certificated public accounts, attorneys, or other professionals to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

**Article 14 (Holding Board Meetings)**

The chairperson of the Board shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the



**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

chair may announce postponement of the meeting time, provided that no more than two such postponements may be made, and the total length of postponement time may not exceed one hour. If the quorum is still not met after two postponements, the chair may reconvene the meeting in accordance with the procedures in Paragraph 2, Article 3 of these Rules.

The number of “all directors” as used in the preceding paragraph and Article 20 shall be counted as the number of directors then actually in office.

**Article 15** (Discussion of Proposals)

A board meeting of this Corporation shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, breaks or time for discussion may be called at the chair’s discretion; if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case the stipulations of the preceding article shall apply mutatis mutandis.

**Article 16** (Director Comments and the Chair’s Right to Lead Meeting Proceedings)

Following director comments, the chair may provide a personal response, or call upon relevant personnel to provide a response, or call upon professional personnel from among non-voting participants to provide necessary information.

The chair may stop directors from speaking if they repeat comments on the same proposal or comment on non-related issues, such that other directors are prevented from speaking or meeting proceedings are obstructed.

**Article 17** (Voting-I)

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting of this Corporation, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

proposal shall be brought to a vote.

The one voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. Other voting methods approved by Board resolution.

The term “attending directors” as used in the second paragraph does not include directors that may not exercise voting rights pursuant to Paragraph 1 of Article 19.

**Article 18 (Voting-II)**

Except as otherwise stated in the Securities and Exchange Act, the Company Act, and the Corporation’s Articles of Incorporation, a resolution on a matter at a board meeting of this Corporation requires the approval of a majority of the directors in attendance at a board meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal and which is seconded by the attending director, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

The result of a vote shall be made known on-site immediately and recorded in writing.

**Article 19 (Recusal)**

If any director, or a government or a juristic person represented by a director is an interested party in relation to an agenda item, said director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Corporation, said director shall not participate in discussion and voting on that agenda item and shall recuse himself or herself from the discussion and the voting on the item, and shall not exercise the voting rights as proxy on behalf of another director.

Where the spouse or a blood relative within the second degree of kinship of a director,

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

or any company which has a controlling or subordinate relation with a director, is an interested party in relation to an agenda item, such director shall be deemed to be a personal interested party in relation to that agenda item.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Paragraph 2, Article 180 of the Company Act shall apply mutatis mutandis in accordance with Paragraph 4, Article 206 of the same Act.

The Secretariat Division shall stay abreast of any matters presenting conflicts of interest for directors, and shall remind them of such.

Article 20 (Required Content and Retention of Meeting Minutes)

Discussions at a board meeting of this Corporation shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: For each proposal, the method of resolution and the result; a summary of the comments made by directors, experts, and other persons; the name of any director who is an interested party as referred to in Paragraph 1 of the preceding article, explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Paragraph 5 of Article 8.
8. Extraordinary motions: The name of the mover; the method of resolution and the result; a summary of the comments made by directors, experts, and other persons; the name of any director who is an interested party as referred to in Paragraph 1 of the preceding article, explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the websites for information disclosure designated by the authorities within the time limits set by related laws and regulations:

1. Any objection or reservation by an independent director expresses of which there is a record or written statement;
2. Any remuneration proposal passed by the Board which surpasses the recommendations put forth by the Remuneration Committee;
3. A resolution of agenda item which is adopted with the approval of two-thirds or more of all directors, without having been passed by the Audit Committee;
4. Other stipulations according to laws and regulations and the Corporation's Articles of Incorporation.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and be appropriately preserved during the existence of the Corporation.

The meeting minutes referenced in Paragraph 1 may be produced and distributed in electronic form.

Article 21 (Documentation of Board Meetings)

Proceedings of a board meeting of this Corporation shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio and video documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Corporation.

Article 22 (Duty of Confidentiality)

**Taiwan High Speed Rail Corporation**  
**Rules of Procedure for Board of Directors Meetings**

Except where disclosure is required by laws and regulations and the Corporation bylaws, attending personnel and minute takers shall bear a duty of confidentiality toward the proceedings and resolutions of board meetings.

Article 23 (Matters Not Covered)

All matters not covered by these Rules shall be subject to direction from the chair, except where otherwise provided by laws and regulations and the Corporation bylaws.

Article 24 (Supplementary Provisions)

The adoption and amendment of these Rules shall be implemented following proposals submitted to the Board by the Sustainable Development & Nominating Committee.