

2023 CEO Compensation

- Success Metrics
- Long Term Incentive



CEO Compensation - Success Metrics & Long Term Incentive (1/4)

Financial Returns

Relative Financial Metrics

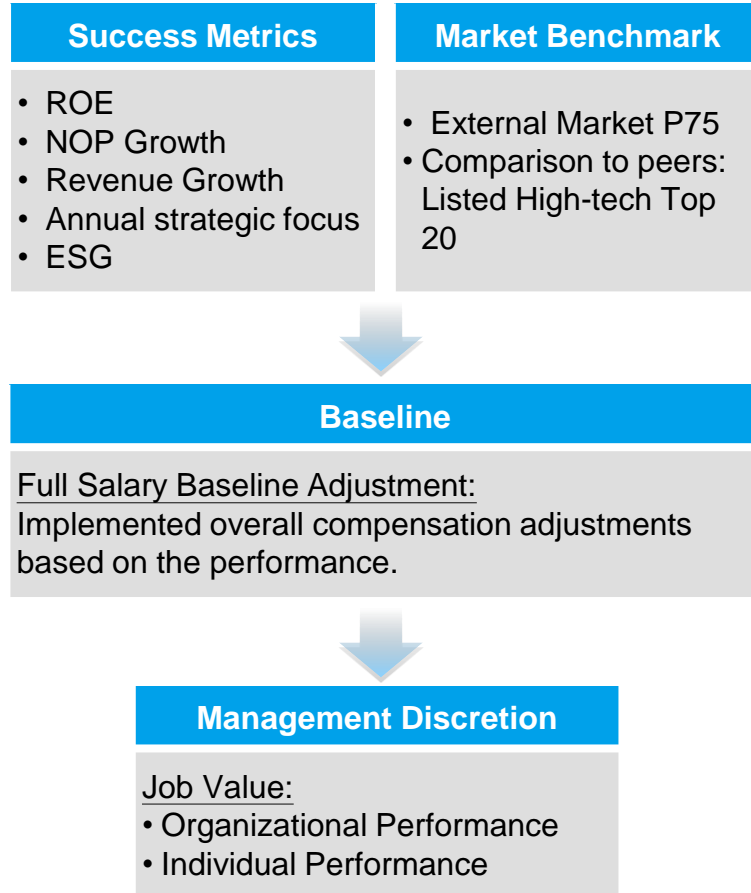
ESG Indicators

<p><u>60%</u></p> <p>Company Performance Indicator</p>	<p><u>20%</u></p> <p>Annual Key Strategic Target Achievement Rate</p>	<p><u>20%</u></p> <p>ESG Indicators</p>
<ul style="list-style-type: none"> • Annual ROE • Annual net interest rate • Annual revenue achievement rate 	<ul style="list-style-type: none"> • Original brand manufacturer (OBM) revenue ratio • Key strategic business operation target achievement rate • Increase in productivity per capita 	<ul style="list-style-type: none"> • External Evaluation: DJSI, CDP, MSCI ESG with a weight of 10% • Autonomous Initiatives: Achievement rate of RE100 initiatives with a weight of 10%

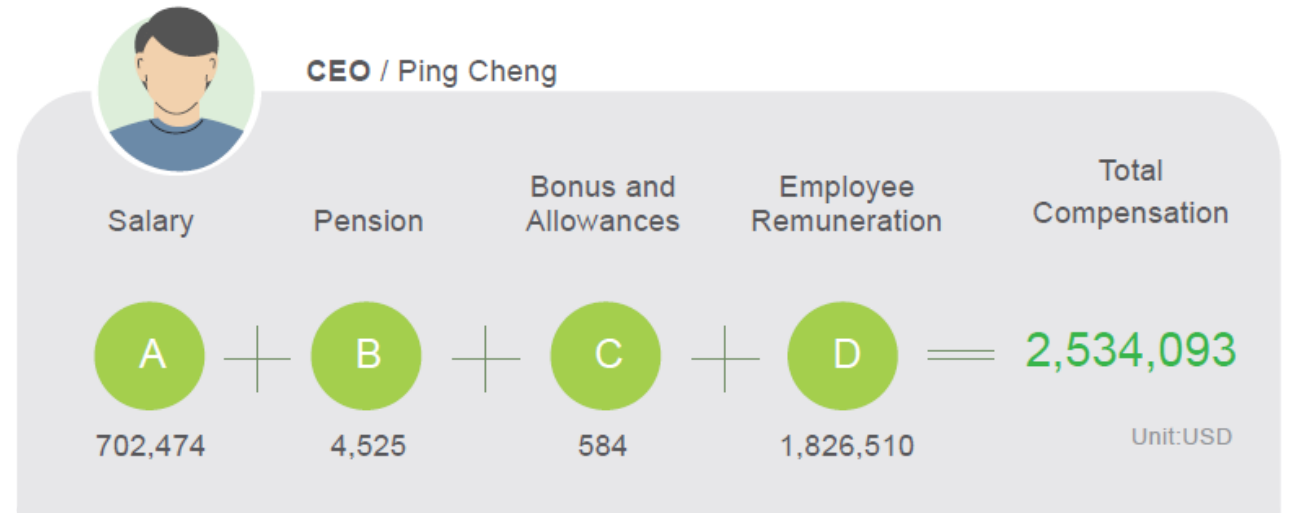
- The above are the financial metrics that we are using to determine our CEO's variable compensation. Those metrics were reviewed and approved by our Remuneration Committees. We conducted Remuneration Committee meeting twice a year, the committee members review and define indicators/factors to determine executive's variable pay and annual total compensation. In the end of each financial year, the variable pay to executives is proposed. based on the performance/actual business results, Remuneration Committee review and approve the payout amount.
- The ESG indicators from the table above can be applied to the vice chairman, CEO, and COO, the results were reviewed at the end of 2023.
- In 2023, the CEO achieved a performance rate of 85.8%.

CEO Compensation - Success Metrics & Long Term Incentive (2/4)

CEO Compensation Pay Philosophy



2023 Composition of CEO Remuneration



- Starting in 2023, an employee share purchase plan with **5 year vesting period and clawback policy** shall be used as a long-term initiative for senior managers(CEO included) to ensure that the Company’s long-term performance and shareholder’s interests are aligned. **14% of the short-term bonus** deferred in the form of shares or stock options.
- From 2023, long-term incentive will be “Employee Stock Ownership Trust, ESOT”, the long term incentive will be used to purchase the company stock and kept in trust fund for **5 years**.

CEO Compensation - Success Metrics & Long Term Incentive (3/4)

Discussion Items and Resolutions of the Compensation Committee

Date of Compensation Committee Meetings	Discussion Item	Resolution
<p>October 27, 2022 The 5th of the 5th term</p>	<p>Proposal for the recommendation on 2022 director's compensation.</p>	<p>Passed by all members unanimously. Only the following suggestions are provided for the HR department:</p> <ol style="list-style-type: none"> 1. Please design the principles and calculation formula for director remuneration based on the following two points and industry benchmarks: <ul style="list-style-type: none"> • Director remuneration should be linked to company performance. • Executive directors and independent directors have equivalent responsibilities and should receive equal pay. There should not be significant discrepancies in their rewards. 2. In terms of recusing oneself from the voting on one's own remuneration, recusal should only be necessary if there is a potential conflict of interest that could cause prejudice to the Company. Please seek legal advice on this matter.
<p>December 29, 2022 The 6th of the 5th term</p>	<p>Proposal for the amendment to the Company's long-term incentive plan.</p>	<p>Passed by all members unanimously with request for HR to add the following:</p> <ol style="list-style-type: none"> (1) Increase the differentiation of this long-term incentive in terms of total incentive. (2) Determine whether there have been any changes in the ratio of the compensation of top executives to the median salary, and compare it with industry standards.
<p>February 22, 2023 The 7th of the 5th term</p>	<ol style="list-style-type: none"> 1. Proposal for the recommendation on 2022 Chairman's compensation. 2. Proposal for the distribution of 2022 employees and directors' compensation 	<ol style="list-style-type: none"> 1. Passed by all members unanimously with a request for HR to confirm the definitions of the fixed compensation and remuneration for the Chairman of the Board. 2. Passed by all members unanimously.

- The salary structure of senior managers is highly correlated to the Company's performance. The Company determines the managers' salary proposals in accordance with the Company's performance indicators and submits the proposals to the Remuneration Committee for review and to the Board of Directors for resolution.
- Reference: [2022 Annual Report\(P.62\)](#), [2023 Annual Report\(P.62\)](#)

CEO Compensation - Success Metrics & Long Term Incentive (4/4)

Discussion Items and Resolutions of the Compensation Committee

Date of Compensation Committee Meetings	Discussion Item	Resolution
<p>April 26, 2023 The 8th of the 5th term</p>	<ol style="list-style-type: none"> Proposal for the recommendation on 2023 managers' compensation. Proposal for the percentage of distribution as 2023 employees' compensation. 2022 Compensation Committee performance evaluation report. 	<ol style="list-style-type: none"> Passed by all members unanimously. Passed by all members unanimously. The 2022 improvement plan has effectively strengthened the effectiveness of the Compensation Committee, and a committee member suggested that HR department arrange a meeting to explain relevant personnel procedures to help the committee members better understand the Company's operations.
<p>October 31, 2023 The 9th of the 5th term</p>	<ol style="list-style-type: none"> The recommendation on the Chairman's compensation of the Company (in response to the Chairman's responsibilities adjustment and with reference to the Company's long-term incentive mechanism for the managements, the additional long-term indicators and long-term incentive bonuses to the Chairman will be calculated as phantom stocks starting from 2022, and the phantom stocks allocated from 2022 to 2024 will be paid in cash in 2025) The recommendation on 2023 directors' compensation of the Company. 	<ol style="list-style-type: none"> Passed by all members unanimously and was reminded to include supplementary explanations regarding the Chairman's LTI mechanism (such as items, time of issuance and other information) when preparing the 2023 and 2024 annual reports. Passed by all members unanimously.

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- Reference: [2022 Annual Report\(P.62\)](#), [2023 Annual Report\(P.62\)](#)

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