

# **China Steel Corporation**

## **Rules Governing the Election of Directors**

twelfthly amended on August 30, 2021

Article 1 Except where prescribed laws and regulations or the Articles of Incorporation of China Steel Corporation (herein referred to as “the Company”), the election of Directors shall in all cases be pursuant to the rules stipulated herein.

Article 1-1 The election of the Company’s Directors shall be considered the overall composition of the Board of Directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advised that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Board members shall commonly possess the knowledge, skills, general capacity and disposition required to perform their duties. The Board as a whole shall encompass the following abilities:

- (1) Judgment of business operations;
- (2) Accounting and financial analysis;
- (3) Operational management;
- (4) Crisis handling;
- (5) Industrial knowledge;
- (6) International market outlook;
- (7) Leadership skills; and
- (8) Decision making.

More than half of the Company’s Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of relationship with any other Director.

Article 2 The Company adopts the candidate nomination system for election of Directors, carefully reviews the qualifications, education background and work experience and the existence of any other matters set forth in Article 30 of the Company Act with respect to director candidates, and acts in accordance with Article 192-1 of the Company Act. Independent Directors and Non-independent Directors shall be nominated and listed separately, and shall be elected by shareholders from the respective candidate list.

In case of special regulation(s) stipulated in Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies regarding the nomination of Independent Directors shall be applied.

The qualification of the Company's Independent Directors shall be pursuant to Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of the Company's Independent and Non-independent Directors shall be

held together, but the voting shares of ballots for respective winners shall be separately calculated in accordance with the respective seats.

When the number of Directors falls below that prescribed in the Articles of Incorporation due to the dismissal of a Director for any reason, a by-election shall be held to fill the vacancy at the next Shareholders' Meeting. When the number of Directors falls short by one third of the total number prescribed in the Articles of Incorporation, an extraordinary Shareholders' Meeting shall be convened within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below that required under the proviso of paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When all independent directors are dismissed, an extraordinary Shareholders' Meeting shall be convened within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 3 The Company's preferred shareholders do not have the voting rights for Directors.

Article 4 The cumulative voting method shall be used for election of the Directors of the Company. Each common share will have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 5 The Board of Directors shall prepare the same number of ballots as the number of Directors to be elected, print out the attendance card numbers, specifies the number of voting rights, and then distribute to each common shareholder who attends the Shareholders' Meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

For common shareholders who exercise their voting rights by electronic transmission, no printed ballots are furnished.

Article 6 The candidates of independent Directors, non-independent Directors who acquire the cast ballots standing for more voting shares shall be elected sequentially according to the positions available. When two or more candidates receive the same number of votes, thus exceeding the specified number of positions available, they shall draw lots to determine the winner. The Chairman of Shareholders' Meeting (herein referred to as "the Chairman") shall draw lots on behalf of such candidate(s) absent.

Article 7 Before the commencement of election, three ballot examiners appointed by the Chairman and several ballot counters shall be ready to perform their related duties. The ballot examiners shall be the Company's shareholders.

Article 8 The duties of ballot examiners are as follows:

- (1) To examine the ballot boxes before the commencement of casting votes
- (2) To seal the ballot boxes when the voting is finished, and unseal the ballot boxes subsequently to take out the ballots for the ballot counters' counting before the immediate commencement of ballot counting
- (3) To inspect or confirm the invalid ballots
- (4) To check the numbers of ballots and voting shares counted by the ballot counters
- (5) To assist Chairman to maintain the order of ballot casting and counting.

The Board of Directors shall prepare the ballot boxes mentioned in Subparagraph 1 of

the preceding Paragraph.

Article 9 The voter shall fill the following data in the "candidate" column on ballots according to the candidate list of Independent Directors or Non-independent Directors and casts his/her ballots into the ballot boxes:

- (1) The candidate's full name and candidate's number if the candidate is a natural person with or without an identity as a shareholder.
- (2) The name and candidate's number of the juristic person or government shareholder if the candidate is a juristic person or government shareholder.
- (3) The name of the juristic person or government shareholder, the full name of the representative, and candidate's number if the candidate is a representative of the juristic person or government shareholder.

Article 10 The ballot is invalid under any of the following circumstances:

- (1) Who fails to submit the attendance registration card to complete the registration procedure.
- (2) The ballot is not prepared by the authorized convener.
- (3) Two or more candidates' names are filled in.
- (4) Other words or marks are written in addition to the candidate's full name and candidate's number.
- (5) The ballot is teared into incomplete one.
- (6) The ballot is contaminated to make the filled candidate(s) hard to distinguish.
- (7) The ballot is totally blank.
- (8) The handwriting is blurred and hard to identify or the handwriting is altered, but correction, addition or deletion for a slip of the pen does not apply.
- (9) The filled candidate's name or candidate's number is incomplete or inconsistent with the candidate list.
- (10) The name filled for Independent Director or Non-independent Director is not in the list of nominated candidates for Independent Directors or Non-independent Directors.

Article 11 The ballots shall be calculated on the spot immediately after the end of the poll. When a ballot's validity is suspected, its validity shall be decided by the ballot examiners. If there is still a controversy over such a ballot, its validity shall be decided by all ballot examiners' votes. When the number of "for" and "against" votes by all ballot examiners is equal, such a ballot shall be deemed invalid.

Article 12 After finishing the voting calculation, the ballot examiners shall verify the total number of valid and invalid ballots and fill the respective number of valid and invalid ballots and the respective voting shares in the documentary record. The documentary record shall be passed on to the Chairman to announce the list of Directors elected and the voting shares with which they were elected as well as the list of defeated candidates and the voting shares they received on the spot.

Article 13 The ballot examiners shall separate the valid and invalid ballots to seal in respective packages, jointly sign their names on the seals, as well as remark the written words of "invalid ballots" on the seal-side cover of the package. All packages shall be handed over to the Company for safekeeping. All ballots shall be kept for at least one year. However, if a lawsuit regarding election of Directors has been filed by any shareholder in accordance with Article 189 of the Company Act, the ballots shall be kept until the

legal proceedings of the foregoing lawsuit have been concluded.

Article 14 The Board of Directors shall issue the respective notices for Directors elected.

Article 15 The Rule, as well as any amendments to it, shall enter into force after it has been adopted by the Shareholders' Meeting.