

# LOTUS PHARMACEUTICAL CO., LTD.

## REMUNERATION COMMITTEE CHARTER

[English translation for reference only]

Approved on 2020/08/13

Article 1 For corporate governance and to ensure a system for compensation of the Directors and managerial officers of Lotus Pharmaceutical Co., Ltd., this Remuneration Committee Charter (hereinafter, "the Charter") is adopted pursuant to Article 14-6 of the Securities and Exchange Act, and Article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange (hereinafter, "the Regulations").

Article 2 The Lotus Pharmaceutical Co., Ltd. Remuneration Committee (hereinafter, "the Committee") matters concerning the composition and number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Committee exercises its powers shall be handled in accordance with the Charter.

Article 3 The Committee shall exercise the care of a good administrator to faithfully perform the following duties and submit recommendations to the Board of Directors for discussion:

- A. Periodically reviewing the Charter and making recommendations for amendments.
- B. Establishing and periodically reviewing the annual and long-term performance indicators for the Directors and managerial officers of the Company and the policies, systems, standards, and structure for their compensation.
- C. Periodically assessing and setting the compensation of Directors and managerial officers based on their individual assessment results of performance indicators.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- A. Performance assessments and compensation levels of Directors and managerial officers shall take into account the general pay level. Also to be evaluated are the reasonableness of the correlation between the individual's performance, the achievement rate of each performance indicator, and the Company's operational

performance future risk exposure.

B. There shall be no incentive for the Directors or Managerial Officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

C. For Directors and managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry, the nature of this Corporation's business, and the Company's finance results.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for Directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

Article 4 The professional qualifications and the independence of the Committee members shall meet the requirements set out in Articles 5 and 6 of the Regulations. The Committee shall be appointed by resolution of the Board of Directors, with at least one Independent Director of the Company being the Committee member. There shall not be less than three persons in number, and an Independent Director on the Committee shall be appointed to act as the convener and the Chairman. If the Committee convener is on leave or unable to attend a meeting for any reason, the convener shall appoint an Independent Director in the Committee to act as convener or appoint other member to act as convener if there's no other Independent Director in the Committee. If the convener does not make such an appointment, the other Committee members shall select one member of the Committee to serve as convener. The Committee's meeting agenda shall be drafted by the convener. Other members may submit motions to the Committee for discussion. Meeting agenda shall be provided to the Committee members in advance.

When a meeting of the Committee is held, an attendance book shall be made available for sign-in by the Committee members in attendance and thereafter made available for reference.

The Committee members shall attend the meeting in person. If a member is unable to attend the meeting in person, the member may appoint another member to attend as his or her proxy, a proxy may accept a proxy from one person only. Attending a

meeting via telecommunications will be deemed attendance in person.

A member of the Committee that appoints another member as proxy to attend a meeting shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Article 5 The term of the Committee members shall be the same as the term of the Board of Directors by whom they were appointed. The Committee shall be composed of an advisory member from the Head of human resources, who shall be invited to attend the meeting as a non-voting participant, to assist the Committee to exercise the relevant responsibilities.

If any member of the Committee is dismissed for any reason, resulting in there being less than three members, a Board of Directors meeting to make a new appointment shall be held within 3 months from the date of occurrence.

Article 6 The Committee shall convene at least twice annually, and a notice shall be given to all the members at least 7 days in advance. The Committee may call an extraordinary meeting at its discretion whenever necessary.

The calling of a meeting shall be held at least two-thirds or more of the members of the Committee attending.

Article 7 Any matters under the preceding paragraph shall be subject to the approval of more than half of the entire membership of the Committee and shall be submitted to the Board of Directors for a resolution.

The Board of Directors may decide not to adopt or make revisions to the recommendation proposed by the Committee for the compensation of Directors and managerial officers only when agreed by a majority in a meeting attended by over two-thirds of the Directors with a written explanation as to whether the Board of Directors' resolution is better than the Committee's recommendation.

The result of the vote shall be announced immediately and recorded in writing.

Article 8 The discussion item shall be stated and explained at the writing when the compensation of any individual member is discussed. The member involved shall not participate in discussion or voting for such discussion item, and shall recuse himself/herself from the discussion or voting and shall not exercise proxy for any other member in any use of prejudging the interest of the Company. However, this

restriction shall not apply if any matter relating to the entire membership of Directors.

Article 9 Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

- a) The session, time, and place of the meeting.
- b) The name of the Chairman.
- c) Attendance of the Committee members at the meeting, specifying the names and the number of members present, excused, and absent.
- d) The names and titles of those attending the meeting as non-voting participants.
- e) The name of the recorder.
- f) The matters reported at the meeting.
- g) Discussion items: for each proposal, the method of resolution and the result; and any objections or reservations; the name of any member whose own remuneration comes under discussion, the content of the remuneration, the recusal of the member, and any dissenting opinion by the member; a summary of the comments expressed by the Committee members.
- h) Special motions: The name of the persons proposing the special motions and for each proposal, the method of resolution and the result; and any objections or reservations; a summary of the comments expressed by the Committee members, experts, and other personnel; the name of any member whose own remuneration comes under discussion, the content of the remuneration, the recusal of the member, and any dissenting opinion by the member.
- i) Other matters required to be recorded.

The attendance book constitutes part of meeting minutes of the Committee; if the meeting is held via video, the audio and video materials also constitute part of the meeting minutes. The meeting minutes shall be signed or chopped by the Chairman and the recorder, and a copy of the minutes shall be distributed to each member of the Committee within 20 days after the meeting and submitted to the Board of Directors and treated as important records of the Company, and shall be preserved for 5 years. The meeting minutes may be produced and distributed in electronic form. If any litigation arises in connection with any matter relating to the resolution made by the Committee before the expiration of the retention period in the preceding paragraph, the meeting minutes shall be preserved until the conclusion of the litigation.

"The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

Article 10 When the Committee convene the meeting, it may request Directors, Managers of relevant departments, Internal Audit Officers, Certified Public Accountants, Attorneys, or other personnel of this Corporation to attend the meeting as non-voting participants and to provide pertinent and necessary information. But shall to leave from discussion and voting.

The Committee may, at the expense of the Company, resolve to retain the service of attorney, certified public accountant, or other professional to conduct a necessary audit or to provide advice on matters relating to the exercise of the Committee's powers.

The members of Committee and of whom be invited to attend the meeting shall be acting without pay. Attendance fee and transportation fee may be paid in accordance with relevant regulations to the Committee members, experts or scholars.

Article 11 If the compensation resolved by the Board of Directors is better than the recommendation proposed by the Committee, the differences and the reasons of such resolution shall be stated in the meeting minutes of the Board of Directors and announced within two days after the meeting.

If with respect to any resolution of the Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the opinion shall be stated in the meeting minutes, and publicly disclosed on the website designated by the competent authority within two days from the date of occurrence.

When there is any appointment of, or change of a member of the Committee, the company shall disclose such information publicly on the website designated by the competent authority within two days from the date of occurrence.

Article 12 The Charter, and any amendments hereto, shall enter into force after adoption by the Board of Directors.