

**Taiwan Cement Corporation**  
**Remuneration Committee Charter**

March 20, 2020

**Article 1      Purpose**

Taiwan Cement Corporation (the "**Company**") hereby establishes the Remuneration Committee (the "**Committee**") and this Remuneration Committee Charter (this "**Charter**") to ensure the sound corporate governance of and the reasonable remuneration at the Company.

**Article 2      Scope of Application**

The Committee's number of seats, the duties and powers of the commissioners (the "**Commissioners**"), the rules of procedure, and the information that the Company shall provide to a Commissioner who is performing or exercising his/her duties and powers shall all be subject to the provisions under this Charter.

**Article 3      Commissioners**

1. The Commissioners shall remain independent and impartial when performing and exercising their duties and powers and shall avoid any direct or indirect conflict of interests with the Company.
2. This Committee shall consist of at least three (3) Commissioners, comprised of all the Company's independent director(s) (at least one) and/or third-party experts, duly appointed by resolution of the board of the Company. The Commissioners shall elect from among themselves one Commissioner to serve as the convener and chairperson of the meetings of this Committee.
3. The Commissioners' term of office shall be the same as that of the board by whom they were appointed. Where a Commissioner is dismissed for any reason, resulting in there being less than three (3) Commissioners, a board meeting to appoint a replacement Commissioner shall be convened within three (3) months from the date of such dismissal.
4. The Committee shall have a consulting member (the "**Consulting Member**") who shall attend the meetings of the Committee but have no voting right. The Consulting Member shall be served by the lead of the Company's human resources department and shall assist the Committee in performing and exercising its duties and powers.

## **Article 4        Duties and Powers**

1. The Committee shall exercise the due care of a good administrator to faithfully perform and exercise the following duties and powers, and present its recommendations to the board of directors for discussion:
  - (1) the Committee shall conduct a regular review of this Charter and make recommendations for amendments hereto;
  - (2) the Committee shall establish and conduct regular review of the performance review criteria and goals, and the policies, systems, standards, and structure for the remuneration of directors and managerial officers of the Company; and
  - (3) the Committee shall conduct a regular review to determine the extent to which the performance goals for the directors and managerial officers of the Company have been achieved, and shall decide on the remuneration of the directors and managerial officers based on the results of the performance review.
2. The Committee shall perform and exercise the duties and powers under the preceding paragraph in accordance with the following principles:
  - (1) the Committee shall ensure that the remuneration arrangements of the Company are in compliance with the applicable laws and regulations and are sufficient to attract outstanding talent;
  - (2) when conducting performance reviews and deciding the remuneration levels of directors and managerial officers, the Committee shall reference the general pay levels in the industry and take into account an individual's performance results, the time spent by and the duties of the individual, his/her performance in other concurrent positions, and the Company's financial status in order to assess the reasonable connection between individual performance and the Company's operational performance and future risk exposure;
  - (3) there shall be no incentive for the directors or managerial officers to engage in activities that exceed the tolerable risk level of the Company for the pursuit of remuneration;
  - (4) for directors and senior managerial officers, the percentage of remuneration 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 and the nature of the Company's business activities;

- (5) when making decisions regarding the remuneration of the directors and managerial officers, due consideration must be given to determine whether the content and amount thereof are reasonable. It is not advisable for such decisions to run contrary to the financial performance of the Company to a material extent; and
  - (6) if the remuneration of a Commissioner is to be discussed during a Commission meeting, it shall be clearly stated at the meeting. If there is a concern that the Company's interests may be compromised, such Commissioner shall not participate in the discussion or vote in such matter and shall recuse him/herself during the discussion and from voting. Such Commissioner shall not act as the proxy for another Commissioner in such discussion or voting either.
- 3. "Remuneration", as referred to in the preceding two paragraphs, includes monetary compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. The scope thereof shall be consistent with the compensation for directors, supervisors, and managerial officers as set out in the *Regulations Governing Information to be Published in Annual Reports of Public Companies*.
  - 4. When deliberating the recommendations of the Committee, the board of the directors shall give comprehensive considerations on the amount of the remuneration, the payment method thereof, and the future risks faced by the Company.
  - 5. A decision to reject or revise the Committee's recommendation shall only be rendered with the approval of half of the directors in attendance at a board meeting attended by at least two-thirds of all the directors of the Company. Also, the resolution of such decision shall provide specific explanations, based on the comprehensive considerations referred to in the preceding paragraph, on whether the remuneration approved by the board is more favorable than that recommended by the Committee.
  - 6. If the remuneration approved by the board is more favorable than that recommended by the Committee, the minutes of the board meeting shall specify the difference between the approved and the recommended remuneration and the reasons thereof.

## **Article 5      Meetings**

- 1. The human resources department of the Company shall be in charge of the secretarial matters of the Committee, including (but not limited to) preparing the meeting agenda, issuing the meeting notice, ensuring the

proper proceeding of the meeting, making meeting minutes, and performing other relevant tasks.

2. The Committee shall convene at least two (2) meetings every year and may convene special meetings where necessary.
3. To convene a meeting of the Committee, a notice setting forth the subjects to be discussed at the meeting shall be given to each Commissioner and the Consulting Member at least seven (7) days in advance. However, the preceding requirement does not apply to special meetings of the Committee, which may be convened at short notice. A notice of the Committee meeting may be issued electronically.
4. If the convener of the Committee takes leave or is unable to convene a meeting for any reason, the convener shall appoint another independent director on the Committee to act in his/her place. If the convener does not make such appointment, the other Commissioners shall elect from among themselves a Commissioner to serve as convener.
5. The Committee may invite the directors, managers from relevant departments of the Company, internal auditors and certified public accountants, legal counsel or other personnel to attend the Committee meeting and to provide the relevant and necessary information. However, during a discussion and voting session, such attendants shall leave the meeting.
6. When a meeting of the Committee is held, an attendance book shall be made available for sign-in by the attendants of the meeting for future reference.
7. Commissioners shall attend the Committee meeting in person. If a Commissioner is unable to attend the meeting in person, he/she may appoint another Commissioner to attend as his/her proxy by issuing a power of attorney stating the scope of the authorization with respect to the items on the meeting agenda. A Commissioner may only be the proxy of one other Commissioner. Attendance via tele- or video-conference is deemed as attendance in person.
8. Resolutions at meetings of the Committee shall be adopted only when approved by one half or more of all the Commissioners. When a matter comes to a vote at a Committee meeting, if upon inquiry by the meeting chair no Commissioner voices an objection, the matter will be deemed approved with the same effect as approval by vote. The result of the vote shall be made known immediately and recorded in writing.

Discussions at a meeting of the Committee shall be included in the meeting

minutes, which shall faithfully record the following:

- (1) the number of session, time and place of the meeting;
  - (2) the name of the meeting chair;
  - (3) the attendance of the Commissioners and the Consulting Member at the meeting, specifying the names and the number of those present, excused, and absent;
  - (4) the names and titles of the attendants;
  - (5) the name of the minute taker;
  - (6) matters reported at the meeting;
  - (7) agenda items: the method of resolution and the result for each proposal, the names and remuneration of the Commissioners whose remuneration is being discussed in the meeting pursuant to Article 4, any recusals, and any objections or reservations expressed by the Commissioners and the Consulting Member;
  - (8) extraordinary motions: the name of the motion's mover; the method of resolution and the result for each motion; a summary of the comments of the Commissioners, the Consulting Member, experts and other persons present at the meeting; the names and remuneration of the Commissioners whose remuneration is being discussed in the meeting pursuant to Article 4; any recusals; and any objections or reservations expressed; and
  - (9) other matters required to be recorded.
9. If, with regard to an item on the meeting agenda, a Commissioner has a conflict of interests to the extent that there is a concern that the Company's interests may be compromised, the Commissioner shall recuse him/herself from the meeting. If the meeting cannot be proceeded with or a resolution cannot be adopted due to such recusal, the matter shall be referred to the board of the directors for discussion and resolution.
10. Complete and accurate minutes of each meeting of the Committee shall be made for the purpose of recordation and future reference. A copy of the minutes shall be distributed to each Commissioner and Consulting Member within twenty (20) days after the meeting, and it shall be presented to the board of directors and retained as confidential or highly confidential corporate records and be properly kept for at least five (5) years. The meeting minutes may be distributed and presented in electronic form.

11. The attendance book constitutes a part of the minutes for each meeting of the Committee; if the meeting is held via teleconference, the audio and video recordings thereof also constitute part of the meeting minutes.
12. The performance of the tasks relating to the resolutions adopted by the Committee may be delegated to the convener or other Commissioners for follow-up actions, with a written report to be presented to the Committee during the performance period. Where necessary, the matter shall be presented for ratification at the next meeting of the Committee.

## **Article 6      Enactment**

This Charter shall take effect after having been submitted to and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.