

## Formosa Saint Jose Corp. Management of loans to others

### Article 1 Purpose

In order to establish clear operational procedures for the Company' s lending of funds to others (hereinafter referred to as the "Borrowers" ), these Operating Procedures are hereby formulated. These Operating Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and the relevant provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the Financial Supervisory Commission.

### Article 2 Scope

Unless otherwise provided by applicable laws and regulations or the Company' s Articles of Incorporation, all lending of funds by the Company to others shall be subject to these Operating Procedures.

### Article 3 Authority and Responsibility

1. The Finance Department shall be the responsible authority for these Operating Procedures and shall be in charge of their interpretation and amendment.
2. These Operating Procedures shall be approved by the Audit Committee and adopted by resolution of the Board of Directors, and thereafter submitted to the shareholders' meeting for approval. If any director expresses dissent and such dissent is recorded in the minutes or stated in a written statement, the Company shall submit such dissent to the shareholders' meeting for discussion. The same procedure shall apply to any subsequent amendments.
3. When these Operating Procedures are submitted to the Board of Directors for discussion pursuant to the preceding paragraph, due consideration shall be given to the opinions of all independent directors. Any objection or reservation expressed by an independent director shall be clearly recorded in the minutes of the Board meeting.
4. The establishment or amendment of these Operating Procedures shall be subject to the consent of more than one-half of all members of the Audit Committee, followed by approval by the Board of Directors, and then submitted to the shareholders' meeting for approval. If the consent of more than one-half of all Audit Committee members is not obtained, the matter may be approved by two-thirds or more of all directors, and the

resolution of the Audit Committee shall be stated in the minutes of the Board meeting.

For the purposes of the preceding two paragraphs, the terms “all members of the Audit Committee” and “all directors” shall mean those actually holding office at the relevant time.

#### Article 4 Definitions

1. The terms “subsidiary” and “parent company” as used in these Operating Procedures shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. The term “net worth” as used in these Operating Procedures shall mean the equity attributable to owners of the parent as shown on the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, based on the most recent financial statements that have been audited or reviewed by a certified public accountant.
3. The term “public announcement and filing” as used in these Operating Procedures shall mean the input of relevant information by the Company into the information reporting website designated by the Financial Supervisory Commission (hereinafter referred to as the “FSC” ) or other platforms as prescribed by applicable regulations.
4. The term “date of occurrence” as used in these Operating Procedures shall mean the earliest of the following dates: the contract signing date, the payment date, the date of resolution by the Board of Directors, or any other date sufficient to determine the lending counterparty and the amount of funds to be lent.

#### Article 5 Eligible Counterparties for Loans of Funds

Pursuant to Article 15 of the Company Act, the Company shall not lend its funds to any shareholder or any other person, except under any of the following circumstances:

1. Companies or firms having business transactions with the Company.
2. Companies or firms requiring short-term financing.  
The term “short-term” shall mean a period of one (1) year or one (1)

operating cycle, whichever is longer.

Where the Company lends funds to a company or firm having business transactions with the Company, such lending shall be limited to the extent necessary for the operational turnover needs of such company or firm.

Where the Company lends funds to a company or firm requiring short-term financing, such lending shall be limited to companies or firms in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.

Where a responsible person of the Company violates the provisions of Paragraph 1 of this Article or Paragraph 1 of Article 6, such responsible person shall be jointly and severally liable with the borrower for the repayment of the funds. If the Company suffers any damage as a result thereof, such responsible person shall also be liable for compensation for damages.

#### Article 6 Aggregate Amount and Individual Limits of Loans of Funds:

1. The aggregate amount of funds loaned by the Company to others shall not exceed forty percent (40%) of the Company' s net worth as shown in the most recent financial statements.
2. The lending limit for each individual borrower shall be determined according to the following circumstances:
  - 2.1. For companies or firms having business transactions with the Company, the individual lending amount shall not exceed the higher of the total amount of purchases or sales between the two parties during the twelve (12) months preceding the date of the loan, and shall in any event not exceed ten percent (10%) of the Company' s net worth.
  - 2.2. For companies or firms in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares and which require short-term financing, the individual lending amount shall not exceed five percent (5%) of the Company' s net worth, and shall also not exceed thirty percent (30%) of the borrower' s net worth. However, where the Company directly or indirectly holds one hundred percent (100%) of the voting shares of such company or firm, the limitation of thirty percent (30%) of the borrower' s net worth shall not apply.
3. Loans of funds between companies or firms in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares, or loans of

funds provided by a foreign company in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares to the Company, shall not be subject to the limitation set forth in Paragraph 1 of this Article. Nevertheless, the aggregate amount of such loans shall not exceed twenty percent (20%) of the lender' s net worth, the individual lending amount shall not exceed ten percent (10%) of the lender' s net worth, and the lending period shall not exceed one (1) year.

#### Article 7 Loan Period and Interest Calculation\*\*

The term of each loan of funds provided by the Company shall not exceed one (1) year. The interest rate shall be adjusted flexibly based on the Company' s cost of funds, provided that it shall not be lower than the highest interest rate applicable to the Company' s short-term borrowings from general financial institutions at the time the loan is granted. Interest shall be calculated and collected on a monthly basis or settled in a lump sum upon maturity.

#### Article 8 Review and Approval Procedures

1. Application A borrower applying to the Company for a loan (hereinafter referred to as a "Loan Case" ) shall complete the Application Form for Loans to Others, clearly stating the purpose of the loan, loan amount, term, use of funds, and details of collateral to be provided. The borrower shall also submit copies of relevant corporate registration documents, identification documents of the responsible person, and other necessary basic information and financial data. The business unit with loan requirements shall submit the application to the finance unit, which may independently determine whether to accept the borrower' s application.
2. Collateral  
Except for companies or entities in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares, borrowers shall provide promissory notes of an equivalent or higher amount, collateral, and/or other security or joint guarantors as required by the Company. Where collateral is provided, the borrower shall complete the establishment of pledges and/or mortgages to ensure the Company' s creditor rights.
3. Evaluation and Investigation.  
The finance unit shall review and evaluate the materials obtained under the preceding provisions, including the necessity and reasonableness of the loan, the borrower' s financial condition and risk assessment, the impact on the Company' s operational risk, financial condition, and shareholders' equity, as

well as whether collateral should be obtained and the appraised value of such collateral.

#### 4. Approval of Loan Cases

- 4.1. After completing the evaluation and investigation, the finance unit shall, for loan cases deemed eligible, prepare an assessment report covering the borrower's loan purpose, use and objective, loan amount, expected benefits, value of collateral provided, financial and operating condition, and the impact on the Company's operational risk, financial condition, and shareholders' equity, together with the proposed loan terms. Such loan cases shall be submitted to the Board of Directors for review and approval prior to execution, and shall not be delegated to any other person for decision-making.
- 4.2. Loans of funds between the Company and its subsidiaries shall be handled in accordance with the preceding subparagraph and submitted to the Board of Directors for approval. However, for reasons of business timeliness and operational needs, the Chairman may be authorized to disburse loans in installments or allow revolving utilization to the same borrower within an amount approved by the Board of Directors and within a period not exceeding one (1) year. The authorized amount shall comply with the limits set forth in Article 6.
- 4.3. When matters concerning loans of funds to others are submitted to the Board of Directors for discussion, due consideration shall be given to the opinions of the independent directors. Any objection or reservation expressed by an independent director shall be recorded in the minutes of the Board meeting.
- 4.4. Any loan of funds to others by the Company shall be subject to approval by more than one-half of all members of the Audit Committee and subsequently submitted to the Board of Directors for resolution. If approval by more than one-half of all Audit Committee members is not obtained, the matter may be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting. The term "all members of the Audit Committee" and "all directors" refers to those actually in office.

#### 5. Notification to the Borrower

After a loan case has been reviewed and approved by the Board of Directors, the finance unit shall promptly notify the borrower and specify the loan terms and conditions of the Company in detail. Upon the borrower's consent, the

borrower shall enter into a loan agreement with the Company, complete the establishment and registration of pledges and/or mortgages for the collateral provided, and complete the Disbursement Application Form for Loans to Others to apply for the drawdown of funds.

## 6. Execution of Contract and Verification

6.1. For each approved loan case, the accounting and finance unit shall prepare the loan agreement, which shall be submitted to the legal affairs unit (legal counsel) for review. After obtaining approval from the responsible authority in accordance with the authorization matrix, the contract execution procedures shall be carried out.

6.2. The contents of the loan agreement shall be consistent with the approved loan terms and conditions. After the borrower and the joint guarantor have executed the agreement by affixing their signatures and/or seals, the finance unit shall complete the verification procedures accordingly.

## 7. Disbursement of Funds

7.1. After a loan case has been duly approved, and upon completion of the following procedures by the borrower—execution of the loan agreement, submission of the “Application for Disbursement of Loans to Others,” delivery of promissory notes for safekeeping, and completion of the registration of pledge and/or mortgage for the collateral—the finance unit may proceed with the disbursement of funds.

7.2. The finance unit shall prepare a detailed schedule of loans to others on a monthly basis for the preceding month and submit it to the responsible authority for review.

## 8. Records of Loans to Others

The accounting and finance unit shall maintain a “Loans to Others Register” and record, on a timely basis, complete information relating to all disbursed loans, including but not limited to the following items:

- Basic information of the borrower
- Date of Board of Directors’ approval and approved credit limit
- Loan disbursement date
- Loan amount
- Collateral provided
- Interest rate and interest terms
- Method and date of loan repayment

## Article 9 Information Disclosure

1. Monthly Disclosure The Company shall, no later than the tenth (10th) day of each month, publicly announce and file the outstanding balances of loans to others made by the Company and its subsidiaries for the preceding month.

### 2. Event-based Disclosure

Where loans to others made by the Company and/or its subsidiaries meet any of the following thresholds, the Company shall publicly announce and file such information within two (2) days commencing from the date of occurrence of the relevant fact:

2.1. The aggregate outstanding balance of loans to others made by the Company and its subsidiaries reaches 20% or more of the Company' s net worth as shown in the most recent financial statements.

2.2. The outstanding balance of loans to a single enterprise made by the Company and its subsidiaries reaches 10% or more of the Company' s net worth as shown in the most recent financial statements.

2.3. The amount of new loans to others made by the Company or any of its subsidiaries reaches NT\$10 million or more and also reaches 2% or more of the Company' s net worth as shown in the most recent financial statements.

### 3. Disclosure for Non-Public Subsidiaries

Where a subsidiary that is not a domestic public company has matters subject to disclosure under Subparagraph 3 of the preceding paragraph, such disclosure shall be made on behalf of the subsidiary by the Company.

### 4. Calculation Basis

The ratio of a subsidiary' s outstanding loans to others to net worth shall be calculated based on the subsidiary' s outstanding loan balance as a percentage of the Company' s net worth.

## Article 10 Subsequent Control Measures for Outstanding Loans and Procedures for Overdue Claims

### 1. Ongoing Monitoring

After disbursement of a loan, the relevant business unit and the finance unit shall continuously monitor the financial condition, business operations, and credit status of the borrower and any guarantor. Where collateral has been

provided, the Company shall also monitor any changes in the collateral value. At least one (1) month prior to loan maturity, the Company shall notify the borrower to repay the principal and interest upon maturity or to apply for an extension in accordance with applicable procedures. In the event of any material change, the matter shall be immediately reported to the Chairman, and appropriate actions shall be taken in accordance with the Chairman's instructions.

2. Extension or Default

The borrower shall repay the principal and interest in full upon maturity. Where the borrower is unable to repay upon maturity and seeks an extension, the borrower shall reapply prior to maturity in accordance with Article 8 of these Procedures. Failure to comply with the foregoing shall entitle the Company to dispose of the collateral or seek recovery from the guarantor in accordance with applicable laws.

3. Repayment and Release of Security

Upon repayment of a loan either at or prior to maturity, the borrower shall first settle all accrued interest together with the principal. Only after full settlement may the Company cancel and return promissory notes or other debt instruments and process the release or cancellation of any mortgage or pledge.

4. Handling of Overdue and Unrecoverable Claims

Where a loan becomes overdue and remains unrecovered after collection efforts, the finance unit shall notify the legal unit (or external legal counsel) to take appropriate legal actions, including disposal of collateral or enforcement against guarantors, in order to safeguard the Company's rights and interests.

5. Provision for Impairment and Financial Disclosure

The finance unit shall assess potential credit losses arising from loans to others and recognize adequate allowances for doubtful accounts in accordance with applicable accounting standards. Relevant information shall be appropriately disclosed in the financial reports and provided to the independent certified public accountants for the performance of necessary audit or review procedures.

## Article 11 Penalties

Where any managerial officer or responsible staff of the Company violates the provisions of these Procedures, the matter shall be immediately reported to the direct supervisor and the chief financial decision-making officer. Disciplinary actions shall be imposed in accordance with applicable laws and regulations and

the Company' s relevant personnel management policies and disciplinary rules. Where the violation involves intentional misconduct or gross negligence and the circumstances are material, the Company may, where necessary, pursue legal action to protect its rights and interests.

#### Article 12 Control Procedures for Loans of Funds to Others by Subsidiaries

1. Where a subsidiary of the Company intends to provide loans of funds to others, the Company shall require and supervise such subsidiary to formulate its own Procedures for Loans of Funds to Others with reference to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the competent authority, and in consideration of the Company' s opinions. Such procedures shall be approved by the subsidiary' s board of directors and submitted to the subsidiary' s shareholders' meeting for approval, and the same shall apply to any amendments thereto. When a subsidiary conducts any loan of funds to others, it shall do so in accordance with its duly adopted procedures. The foregoing procedures of the subsidiary shall be formulated in compliance with the regulations prescribed by the competent authority (the Financial Supervisory Commission) and with reference to the Company' s opinions.
2. Prior to providing loans of funds to others, a subsidiary of the Company shall obtain prior approval from the Company. A subsidiary intending to provide loans of funds to others shall first obtain approval from its own board of directors and then submit the proposal to the Company for review. The Company' s finance unit shall specifically evaluate the necessity and reasonableness of such loan, the associated risks, and the impact on the operating risk, financial condition, and shareholders' equity of both the Company and the subsidiary, and shall submit the evaluation to the Company' s board of directors for approval. Only after approval by the Company' s board of directors may the subsidiary proceed with such loan. Except as otherwise provided herein, such matters may not be delegated to other persons. However, for loans of funds between the Company and its subsidiaries, or between subsidiaries, for operational efficiency and practical needs, the subsidiary may, upon approval by its board of directors, authorize its chairperson to make loans in installments or on a revolving basis to the same counterparty within an approved credit limit and for a period not exceeding one year.
3. The Company shall supervise and require subsidiaries to conduct self-inspections to ensure that their procedures for loans of funds to others comply with applicable regulations and that such procedures are implemented

in accordance with their provisions.

4. Subsidiaries shall regularly report the follow-up and monitoring status of loans of funds to others to the Company in accordance with the Subsidiary Supervision and Management Procedures.
5. The Company' s internal audit unit shall review and verify the self-inspection reports and other relevant matters of subsidiaries as described above.

#### Article 13 Internal Audit

The Company' s internal audit personnel shall conduct audits of these Procedures and their implementation at least on a quarterly basis and shall prepare written audit records accordingly. If any material violation is identified, the internal audit personnel shall promptly notify the Audit Committee in writing or by electronic means.

#### Article 14 Other Matters

1. In the event of any change in circumstances resulting in the lending counterparty no longer complying with these Procedures or the outstanding loan balance exceeding the prescribed limits, the Finance Department shall formulate a corrective action plan and submit it to the Board of Directors for review and approval. The corrective action plan shall also be submitted to the Audit Committee, and the Company shall complete the corrective actions in accordance with the timetable approved by the Board of Directors.
2. Any matters not expressly provided for in these Procedures shall be handled in accordance with applicable laws and regulations and the Company' s relevant internal rules and policies.
3. These Procedures shall become effective upon approval by the Shareholders' Meeting, and any amendments hereto shall be subject to the same approval process.

#### Article 15 Amendment Record

These Procedures were established on May 21, 2023.