

Regulations Governing Compliance Matters for Civil Air Transport Enterprise to Appoint Independent Directors Undertaking Public Welfare

Full text promulgated by MOTC Order No. 10750153771 on November 19, 2018

Article 1

This “Regulations” is enacted in accordance with Article 49-1, Paragraph 2 of the Civil Aviation Act (hereinafter referred to as The “Act”).

Article 2

The independent directors undertaking public welfare shall carry out their duties with the attention of the prudent administrator, maintain their independence and impartiality, and urge the civil air transport enterprises to assure their social responsibility for flight safety and for protecting consumers’ rights and interests.

Article 3

The independent directors undertaking public welfare shall obtain any of the following professional qualification, and must have more than twelve years working experience from such qualification:

- 1) Lecturer or higher academic titles in public and/or private universities and/or colleges to teach business, legal, finance, accounting or related business needs of the company.
- 2) Judges, prosecutors, lawyers, accountants, or other specialized professions and technical personnel required for related business needs of the company, who have passed the national examinations with related certificates.
- 3) Experts with working experiences in business, legal, finance, accounting or related business needs of the company.

Article 4

In terms of reviewing the restrictions for selecting the independent director undertaking public welfare during the two years before being elected or during the term of office, the civil air transport enterprise that is a non-public issuing stock company or that is a public issuing stock company without an independent director shall be subject to Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 5

In compliance with the procedures of selecting the independent director undertaking public welfare, the civil air transport enterprise that is a non-public issuing stock company or that is a public issuing stock company without an independent director shall be subject to Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 6

The civil air transport enterprise shall submit the result to the Ministry of Transportation and Communications for reference through the Civil Aviation Administration within fifteen days after the completion of the procedures by the articles of incorporation for the election of its independent directors undertaking public welfare; and, the same rule is applicable for any changes.

Article 7

Any objection or reservation by the independent director undertaking public welfare to the board of directors' resolutions shall be set out in the meeting minutes of the board of directors. In the event of being unable to express objections or reservations in person at the board of directors' meeting, unless justified, written advice should be given to the board of directors and be set out in the meeting minutes of the board of directors.

The independent directors undertaking public welfare shall be kept confidential of the information obtained or known in the exercise of their authority. However, it is necessary to report to the Civil Aviation Administration in real time if there are any threats to flight safety or consumers' rights and interests.

The chairman, director, supervisor, manager and personnel of the civil air transport enterprise shall not evade, obstruct or refuse the exercise of the authority of the independent directors undertaking public welfare.

Article 8

During the term of office serving as the independent director undertaking public welfare of the civil air transport enterprise, it is prohibited to change such a status to become a non-independent director. The non-independent director of the civil air transport enterprise shall not be allowed to transfer the existing status to be the independent director undertaking public welfare during the term of office.

Article 9

If there are vacancies in the independent directors undertaking public welfare elected by the civil air transport enterprise, the reasons therefore shall be reported to the

Ministry of Transportation and Communications for reference through the Civil Aviation Administration.

The civil air transport enterprise shall convene a provisional meeting of shareholders by-election of the independent directors undertaking public welfare within sixty days from the date of the fact that none of the independent directors undertaking public welfare exists.

Article 10

The civil air transport enterprise shall make its own rules for remunerating the independent directors undertaking public welfare.

The civil air transport enterprise shall purchase liability insurance for independent directors undertaking public welfare.

Article 11

The independent directors undertaking public welfare shall be appointed for a term of office not exceeding three years, and two times for re-election are the maximum terms allowed.

Article 12

The civil air transport enterprise shall apply the Regulations for appointing the independent directors undertaking public welfare upon the expiry of the current term of the directors.

Article 13

The Regulations become effective from the date of its promulgation.