

Giant Manufacturing Co., Ltd.
Audit Committee Charter

Amended on May 8, 2020

Article 1

The Audit Committee Charter (the “Charter”) is drawn up pursuant to Article 3 of the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.”

Article 2

The number of Audit Committee (the “Committee”) members, term of office, scope of authority, rules of procedure and the resources to be provided by the Company for exercise of powers shall be in compliance with the Charter.

Article 3

The primary purpose of the Committee is to oversee the following matters:

1. Fair presentation of the Company’s financial statements.
2. Appointment, discharge, independence and performance of the Company’s certified public accountants (the “CPAs”).
3. Effective implementation of the Company’s internal control.
4. Compliance with relevant regulations and rules.
5. Control over the Company’s existing or potential risks.

Article 4

The Committee consists of all independent directors, with a minimum of three members. One of the members shall serve as the convener and at least one member shall have accounting or financial expertise.

The independent directors of the Committee are to serve a term of three years, and may be eligible for re-election. When, due to a dismissal for any reason, the number of members falls below the requirement specified in the preceding paragraph or the Articles of Incorporation, the Company shall hold a by-election at the next shareholders’ meeting. However, when all independent directors are dismissed, the Company shall call a special shareholders’ meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5

Except for the powers and responsibilities outlined in Paragraph 4, Article 14-4 of the Securities and Exchange Act, those designated for supervisors under the Securities and Exchange Act, the Company Act, and other applicable laws and regulations shall be exercised by the Committee.

The provisions of Paragraph 4, Article 14-4 of the Securities and Exchange Act regarding the actions of supervisors or their role as representatives of the Company under the Company Act shall apply mutatis mutandis to the independent director members of the Committee.

Article 6

The Committee's scope of authority is as follows:

1. Adoption or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of effectiveness of the internal control system.
3. Adoption or amendment of procedures for significant financial or business transactions, such as acquisition or disposal of assets, financial derivatives transactions, lending funds to other parties, and endorsement and guarantee to other parties, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving personal interests of directors.
5. Significant asset or derivatives transactions.
6. Significant fund lending, endorsement, or guarantee transactions.
7. Offering, issuance, or private placement of equity-type marketable securities.
8. Appointment, discharge or compensation of CPAs.
9. Appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports signed or sealed by the Chairperson, the President, and the chief accounting officer.
11. Other material matters governed by the Company or the competent authorities.

Resolutions concerning the aforementioned matters shall be approved by the majority of all Committee members and be submitted to the Board of Directors (the "Board") for resolution. Except for Subparagraph 10, matters referred to in Paragraph 1 shall require approval by two-thirds of all directors if the majority of all Committee members does not approve.

The term "all Committee members" in the Charter refers to ones that are currently holding those positions.

The Committee convener shall represent the Committee to external parties.

Article 7

Committee meeting shall be convened at least once every quarter or at any time when needed.

To convene the Committee meeting, a meeting notice specifying the reasons for the meeting shall be sent to each independent director member seven days in advance. However, emergency cases are not subject to the restriction.

The Committee members shall elect one person from among themselves to be the meeting convener and chair. When the convener is on leave or unable to convene the meeting for some reasons, he/she shall appoint an independent director member to serve as proxy. If the convener does not appoint a proxy, the independent director members shall elect one from among themselves.

The Committee may invite managerial personnel of relevant departments, internal audit personnel, CPAs, legal advisors, or other personnel to attend the Committee meetings and provide information required. However, they shall leave the meeting during discussion and voting.

For the Committee meetings, relevant materials shall be prepared for attending Committee members to review at any time.

Article 8

When convening the Committee meeting, an attendance book shall be provided for the attending independent directors to sign in and be available for future reference.

Independent director members of the Committee shall attend the meeting in person. Any member unable to attend in person shall appoint another independent director member to attend the meeting on his/her behalf as proxy. Attendance by video conference shall be deemed as attendance in person.

The Committee member who appoints other independent director member to attend the meetings shall submit a proxy form each time, specifying the scope of authorization with respect to the reasons for convening the meeting.

Resolutions of the Committee meeting shall be approved by the majority of Committee members. The voting results shall be announced on-site at the meeting and recorded in the meeting minutes.

If the Committee meeting cannot be held due to legitimate reasons, resolutions shall be approved by more than two-thirds of all directors of the Board. However, for matters set out in Subparagraph 10, Paragraph 1 of Article 6, the independent director members shall still express opinions indicating their approvals where appropriate.

A proxy referred to in Paragraph 2 shall be authorized by one person only.

Article 9

The proceedings of the Committee meetings shall be recorded in the minutes. The meeting minutes shall comprehensively document the following matters:

1. The term, time and place of the meeting.
2. Name of the chair.
3. Attendance of independent directors, including the names and numbers of those who are present, on leave, and absent.
4. Names and positions of non-voting participants.
5. Name of the recorder.
6. Report items.
7. Discussion items: The resolution method and result of each proposal; a summary of comments made by independent director members, experts and other persons; names of independent director members having a personal interest pursuant to Paragraph 1 of Article 11; description of major aspects of the interest; the reasons for recusal or non-recusal; the status of recusal; and objections or reservations.
8. Special motions: Name of proposer; the resolution method and result of each proposal; a summary of comments made by independent director members, experts and other persons; names of independent director members having a personal interest pursuant to Paragraph 1 of Article 11; description of major aspects of the interest; the reasons for recusal or non-recusal; the status of recusal; and objections or reservations.
9. Other matters that shall be recorded.

The signing booklet of the Committee meeting is part of the meeting minutes. It shall be retained properly throughout the life of the Company.

The meeting minutes shall be signed or sealed by the meeting chair and the recorder, and be sent to each independent director member within twenty days after the meeting. They shall be classified as important files of the Company and retained properly throughout the life of the Company.

Meeting minutes referred to in Paragraph 1 may be prepared and distributed in electronic form.

Article 10

The Committee meeting agenda is determined by the convener. Other members may also submit proposals to be discussed by the Committee.

Article 11

For agenda items of which the independent director members of the Committee have a personal interest, they shall state the key aspects of the interest. If the interest may prejudice the interest of the Company, the Committee members shall not participate in the discussion and voting of those items, and shall recuse themselves from those sessions. They shall also not stand proxy for other independent director members to exercise voting rights on those items.

If the spouses or blood relatives within the second degree of kinship of an independent director have a personal interest in the agenda items mentioned in the preceding paragraph, the independent director is deemed to have a personal interest in those items.

If the Committee is unable to make a resolution due to the provisions in Paragraph 1, it shall report to the Board for the latter to make the resolution instead.

Article 11-1

The entire process of the Committee meeting shall be recorded via audio or video and retained for at least five years. Such recordings may be kept in electronic form.

Before the aforementioned retention period expires, if litigation arises in relation to the Committee resolutions, relevant audio or video recordings shall be retained until the conclusion of the litigation.

Where the Committee meeting is held by video conference, the audio or video recordings of the meeting are part of meeting minutes and shall be retained throughout the life of the Company.

Article 12

The Committee may retain lawyers, CPAs or other professionals to conduct necessary audit or to provide consultations on matters set out in Article 6 upon resolution. The expenses shall be borne by the Company.

Article 13

The Committee members shall faithfully perform the duties prescribed in the Charter with due care of a prudent administrator. Also, they shall be accountable to the Board and report all proposals to the Board for resolution.

Article 14

The Committee shall periodically review matters related to the Charter and make recommendations to the Board for amendments.

The execution of Committee resolutions may be delegated to the convener or other Committee members, and they shall submit written or oral reports to the Committee during the execution. If necessary, their actions may be ratified or reported in the next Committee meeting.

Article 15

The Charter and any amendments thereto shall take effect once approved by the Board.