

國泰產物 Directors & Officers Liability Insurance Policy

A. DIRECTOR INSURANCE PROTECTIONS:

1. *Management Error* **We shall cover Payments and / or Defence Costs** resulting from a **Management Error Claim**.

2. *Employment Practice Error* **We shall cover Payments and / or Defence Costs** resulting from an **Employment Practice Error Claim**.

3. *Outside Entity Directors* **We shall cover Payments and / or Defence Costs** resulting from an **Outside Entity Director Claim**.

Please refer to Section H7 "*Cover for Outside Entity Directors*" for additional terms applicable to **Outside Entity Director Claims**.

4. *Non-Executive Directors* **We shall cover Non-Indemnifiable Loss** up to the limit written in Item 6 of the Schedule resulting from a **Claim** against a **Non-Executive Director**.
None of the **Deductibles** written in Item 7 of the Schedule shall apply to the cover available under this part.

Please refer to Section H8 "*Cover for Non Executive Directors*" for additional terms applicable to **Non-Executive Directors**.

B. COMPANY INSURANCE PROTECTIONS

1. *Company Securities Liability* **We shall cover Payments and / or Defence Costs** resulting from a **Securities Claim**.

2. *Company Employment Practice Error* **We shall cover Payments and / or Defence Costs** up to the limit written in Item 5 of the Schedule resulting from a **Company Employment Practice Error Claim**.

3. *Payments and Defence Costs incurred by the Company on behalf of Insured Persons* **We shall reimburse the Company** to the extent that it incurs **Payments and / or Defence Costs** on behalf of an **Insured Person**.

C. EXTENDED INSURANCE PROTECTIONS

1. *Emergency Costs* **We** shall reimburse **Emergency Costs** up to a limit of ten percent (10%) (in the aggregate) of the **Limit of Liability**, but only upon receipt by **Us** of a written request from the **Policyholder** received within thirty (30) days of those **Emergency Costs** being incurred.

2. *Protection in the Event of an Inquiry* **We** shall cover **Defence Costs** up to the limit written in Item 5 of the Schedule resulting from an **Inquiry**.
None of the **Deductibles** written in Item 7 of the Schedule shall apply to the cover available under this part.

3. *Discovery Period Protections* If this policy is neither renewed nor replaced with similar cover at the expiry of the **Policy Period**:

- (i) an **Insured** is entitled:
 - (a) automatically, to a **Discovery Period** of sixty (60) days; or
 - (b) upon receipt by **Us** of a written request from the **Policyholder** within thirty (30) days of the expiry of the **Policy Period** and payment of an additional premium of fifty percent (50%) of the premium, specified in the Schedule, to a **Discovery Period** of twelve (12) months;
- (ii) a **Retired Director** is entitled, automatically, to a **Discovery Period** of seventy two (72) months, at no additional premium.

This cover shall not apply if there has been an **Important Change** during the **Policy Period** or if this policy has been cancelled.

If there has been an **Important Change** during the **Policy Period**, an **Insured** may be entitled to a run-off **Discovery Period** of seventy two (72) months, but only if:

- (i) **We** receive a written request from the **Policyholder** within sixty (60) days of the expiry of the **Policy Period**; and
- (ii) the **Policyholder** accepts the terms of any offer **We** may make.

Please refer to Sections H4 "*Terms Applying to All Discovery Period*" and H5 "*Important Changes to the Company*" for additional terms applicable to **Discovery Periods**.

4. *Protection if a Subsidiary is Bought or Sold by the Company* **We** shall cover **Payments** and / or **Defence Costs** resulting from any **Claim** covered under this policy where a natural person:

- (i) becomes a **Director** because the **Company** buys or creates a company which meets the definition of **Subsidiary**, but only for **Management Error** or **Employment Practice Error** which takes place after that company has been bought or created and for as long as that company continues to meet the definition of **Subsidiary**; or
- (ii) stops being a **Director** (whether during or prior to the **Policy Period**) because a company no longer meets the definition of **Subsidiary**, but only for **Management Error** or **Employment Practice Error** which takes place before the company no longer met the definition of **Subsidiary**.

5. *Director Protection in the Event of an Occupational Health and Safety Action* **We shall cover Defence Costs** resulting from an **Occupational Health and Safety Action**.
None of the **Deductibles** written in Item 7 of the Schedule shall apply to the cover available under this part.
6. *Protection in the Event of a Pollution Action* **We shall cover Defence Costs** up to the limit written in Item 5 of the Schedule resulting from a **Pollution Action**.

We shall also cover Payments and / or **Defence Costs** resulting from a **Shareholder Pollution Action**.
7. *Initial Offering, Listing or Trading of Securities* If, during the **Policy Period**, the **Company** makes an initial public or private offering of **Securities** in any jurisdiction (other than in the United States of America, Canada or any of their territories or possessions), **We** shall cover **Payments** and / or **Defence Costs** resulting from a **Management Error Claim** and / or **Securities Claim** which is:

(i) connected with such initial public or private offering of **Securities**; and
(ii) first made during a period ending thirty (30) days after the **Securities** have been offered, listed or traded, or upon expiry of the **Policy Period**, whichever is the earlier.

Please refer to Section F1 "*Initial Securities Offering, Listing or Trading*" for additional terms which apply to the cover available under this part.
8. *Secondary Offering of Securities* If, during the **Policy Period**, the **Company**:

(i) makes a secondary offering of **Securities** in a jurisdiction where **Securities** are already traded (other than in the United States of America, Canada or any of their territories or possessions); and
(ii) such offering of **Securities** represents no more than fifty percent (50%) of the total issued and outstanding share capital of the **Company** at the date of the offering, but in any event is not more than USD 250,000,000 in value,

We shall cover **Payments** and / or **Defence Costs** resulting from a **Management Error Claim** and / or **Securities Claim** which is connected with such secondary offering of **Securities**.

Please refer to Section F2 "*Secondary Securities Offering*" for additional terms which apply to the cover available under this part.

D. HOW TO MAKE A CLAIM UNDER THIS POLICY

1. *Claims Made and Reported* The insurance protections and extended insurance protections under this policy are afforded solely in respect of **Claims** first made against an **Insured** during the **Policy Period** or applicable **Discovery Period** and subject to the following:

(i) the **Claim** is not based upon a **Circumstance** which the **Insured** is aware of prior to the start of the **Policy Period**; and
(ii) the **Claim** is reported to **Us** within a reasonable period of time after the **Insured** first finds out about the **Claim**, and in any event no later than:

- (a) sixty (60) days following expiry of the **Policy Period**; or
- (b) if a **Discovery Period** applies, expiry of the **Discovery Period**.

2.Awareness of Circumstance Any **Insured** may, during the **Policy Period** or applicable **Discovery Period**, notify **Us** of any **Circumstance**. The notification must include reasons for anticipating a **Claim** and provide full particulars, including relevant dates, circumstances or events, and persons involved.

3.Written notification of Claims and Circumstances A notification relating to a **Claim** or **Circumstance** must be given in writing. If the notification is posted to **Us**, **We** will accept evidence that it was posted as proof that **We** were notified about the **Claim** or **Circumstance** on the date of posting.

4.Related Claims Any **Claim** made after expiry of the **Policy Period** or applicable **Discovery Period** which alleges, arises out of, is based upon or attributable to any fact alleged in:

- (i) a **Claim** first made during the **Policy Period** or applicable **Discovery Period**; or
- (ii) a **Circumstance We** had agreed to,

which was notified to **Us** as required by this policy, will be accepted by **Us** as having been made when the notified **Claim** was first made or the **Circumstance** was first notified to **Us**.

5.Single Claims Any **Claim** or series of **Claims** arising out of, based upon or attributable to continuous, repeated or related circumstances or events shall be considered a single **Claim**. A single **Limit of Liability** and single **Deductible** shall apply to such a **Claim**.

In relation to the **Deductible**, the highest applicable **Deductible** shall apply to such **Claim**.

Please refer to Section H3 "*Consent*" for additional terms applicable to **Claims**.

E. DEFINITIONS

- “Circumstance”** means any circumstance or event which an **Insured** reasonably expects to give rise to a **Claim**.
- “Claim” or “Claims”** means:
- (i) a **Management Error Claim**;
 - (ii) an **Employment Practice Error Claim**;
 - (iii) a **Company Employment Practice Error Claim**;
 - (iv) an **Outside Entity Director Claim**;
 - (v) a **Securities Claim**;
 - (vi) an **Inquiry**;
 - (vii) an **Occupational Health and Safety Action**;
 - (viii) a **Pollution Action**;
 - (ix) a **Shareholder Pollution Action**,
- but each and every above **Claim** shall exclude and shall not mean any other **Claim**.
- “Company”** means the **Policyholder** and its **Subsidiaries**.
- “Company Employment Practice Error Claim”** means a written notice or civil proceeding or arbitration, criminal prosecution, investigation, inquiry or regulatory action alleging **Employment Practice Error** against the **Company**.
- “Consultant”** means a specialist, or an external commercial or industrial advisor retained by the **Company** under a written contract for a fee or other benefit.
- “Deductible”** means the amount(s) written in Item 7 of the Schedule.
- “Defamation”** means the libel or slander of any natural person who is not an **Insured**.
- “Defence Costs”** means costs and expenses incurred with **Our** prior written agreement, by or on behalf of an **Insured**, which are reasonable and necessary for the investigation, defence, settlement or appeal of any **Claim** against that **Insured**, including preparation for and attending an **Inquiry**, but shall not include the remuneration of any **Insured Person**, cost of their time or costs or overheads of the **Company**.
- “Director”** means:
- (i) any natural person (but not an external auditor or insolvency office-holder) who was, is or during the **Policy Period** becomes:
 - (a) a director, managerial officer or member of a management board (whether executive or non-executive) or supervisor of the board of the **Company**;
 - (b) an official of the **Company** whose duties are the same as those of a director;
 - (c) a person who acts as a director of the **Company** even if they do not hold the title “director” (including a “shadow director”); or
 - (d) an **Employee**, but only:
 - (i) while acting as a manager of the **Company**; or

- (ii) in connection with an **Employment Practice Error Claim** against that **Employee**; or
- (iii) where that **Employee** and any other **Director** are named as co-defendants in an **Management Error Claim**;
- (ii) the lawful spouse of a **Director**, but only in respect of a **Management Error Claim** or **Employment Practice Error Claim** against that **Director**;
- (iii) the administrator or executor of the estate, heir or legal representative of a deceased, incompetent, insolvent or bankrupt **Director**, but only in respect of a **Management Error Claim** or **Employment Practice Error Claim** against that **Director**;
- (iv) a **Trustee**;
- (v) a **Non-Executive Director**;
- (vi) a **Juristic Person Director** including its natural person representative.

Any individual listed above whom the **Company** dismissed from employment or office before the start of the **Policy Period** is not a **Director** for the purpose of this policy.

“Discovery Period” means a period of time immediately following the expiry of the **Policy Period**, during which any **Insured** may notify **Us** about a **Claim** first made during such period or the **Policy Period**, based upon a **Circumstance** which took place prior to the expiry of the **Policy Period**.

“Emergency Costs” means costs and expenses exceeding any applicable **Deductible**:

- (i) incurred without **Our** prior written agreement because an emergency reasonably prevents the **Insured** from obtaining such agreement; and
- (ii) for the defence of a **Claim**; and
- (iii) which **We** later agree have been reasonably incurred.

“Employee” means any natural person who is not a **Director**, **Professional Advisor**, **Consultant**, independent contractor or agent of the **Company** and who, at any time in the past has been, or during the **Policy Period** becomes, an employee under a contract of employment with the **Company**.

“Employment Practice Error” means any actual or alleged:

- (i) unfair or wrongful dismissal, discharge or termination, either actual or constructive, of an employment relationship or agreement in a manner which is against the law, breach of any written, express or implied employment contract, misleading representation or advertising relating to employment;
- (ii) failure to employ or promote, unfair deprivation of a career opportunity, unfair discipline, failure to grant tenure or negligent employee evaluation or appraisal;
- (iii) sexual harassment in the workplace including unwelcome sexual advances, requests for sexual favours or other verbal or physical conduct of a sexual nature (that are made a condition of employment or used as a basis for an employment decision or create a hostile work environment), workplace harassment of any kind (including the alleged creation or permission of a harassing workplace environment);
- (iv) invasion of privacy;

- (v) defamation;
- (vi) retaliation;
- (vii) wrongful infliction of emotional distress; or
- (viii) discrimination on any legally prohibited basis;

relating to any past, present, or prospective employee of the **Company** or (where applicable) an **Outside Entity**.

“Employment Practice Error Claim” means a written notice, civil proceeding, arbitration, criminal prosecution, investigation, inquiry or regulatory action alleging **Employment Practice Error** against a **Director**.

“Financial Institution” means a bank, clearing house, credit institution, undertaking for collective investment in securities, investment firm, investment advisor/manager, investment fund or mutual fund, private equity or venture capital company, stock brokerage firm, insurance company or similar entity.

“Important Change” means:

- (i) the **Policyholder** consolidates with or merges into or sells all or more than seventy five percent (75%) of its total assets to someone else or another entity or group of people and / or entities acting together; or
- (ii) a person or entity, or group of people and / or entities acting together, acquires an amount of outstanding shares, whether directly or indirectly, representing fifty percent (50%) or more of the power or right to vote in the election of director(s) of the **Policyholder**.

“Inquiry” means a formal, regulatory or administrative investigation, proceeding or inquiry, into the affairs of the **Company** which:

- (i) starts during the **Policy Period**; and
- (ii) either names a **Director** and / or the **Company** as being under investigation, or names a **Director** as a witness; and
- (iii) legally compels that **Director** to attend because of their official role within the **Company**, or because of their capacity as a legal representative of the **Company**.

“Insured” means an **Insured Person** or the **Company**.

“Insured Person” means a **Director** or **Outside Entity Director**.

“Juristic Person Director” means an entity which was, is, or during the **Policy Period** becomes duly elected as a director or supervisor of the board of the **Company** as defined under Paragraph 1, Article 27 of the Company Act of Taiwan, R.O.C. or any of its amendments thereafter.

“Limit of Liability” means the amount written in Item 4 of the Schedule.

“Management Error” means:

- (i) any actual or alleged act, error, omission or **Defamation** by a **Director** or **Outside Entity Director** in their respective capacities as a **Director** or **Outside Entity Director**;

- (ii) any matter claimed against a **Director** or **Outside Entity Director** pursuant to Article 20-1 of the Amended Securities Exchange Act of Taiwan R.O.C., solely because of their respective capacities as a Chairman of the Board or Chief Executive Officer of the **Company** or **Outside Entity**; or
- (iii) any matter claimed against a **Director** or **Outside Entity Director**, solely because of their respective capacities as a **Director** or **Outside Entity Director**.

“Management Error Claim” means a written notice, civil proceeding, arbitration, criminal prosecution, investigation, inquiry or regulatory action alleging **Management Error** against a **Director**.

“No Liability” means:

- (i) a final judgement of no liability obtained prior to trial in favour of all **Insureds** by reason of a motion to dismiss or a motion for summary judgement after the exhaustion of all appeals;
- (ii) a final judgement of no liability obtained after trial(s) in favour of all **Insureds**, after the exhaustion of all appeals; or
- (iii) dismissal or a stipulation to dismiss the **Claim** without prejudice, and without the payment of any consideration by any **Insured**,

in respect of a **Claim**, provided however, that no settlement (of any type) has occurred.

“Non-Executive Director” means:

- (i) any natural person who was, is or during the **Policy Period** becomes a member of the board or supervisory board of the **Company**; and
- (ii) who within the last three years:
 - (a) has not served as a managerial officer of the **Company**; and
 - (b) has not served as an **Employee** of the **Company**; and
 - (c) has not received, either directly or indirectly from the **Company**, money or benefits in kind for services given in any capacity except as a director or supervisor of the board of the **Company**.

“Non-Indemnifiable Loss” means **Payments** and / or **Defence Costs** up to the limit written in Item 6 of the Schedule available to a **Non-Executive Director** and for which such **Non-Executive Director** cannot be reimbursed by the **Company** because (a) it is not legally permitted in accordance with the applicable law, by-law or charter of the **Company**, or indemnity agreement between the **Non-Executive Director** and the **Company**; or (b) the **Company** is financially unable because of insolvency.

“Occupational Health and Safety Action” means a **Management Error Claim** or **Outside Entity Director Claim** involving any occupational health and safety law including but not limited to the Labour Safety and Health Law of Taiwan, R.O.C..

“Our” means belonging to **Us**.

“Outside Entity” means any company which:

- (i) is not incorporated or domiciled within the United States of America or Canada or any of their territories or possessions;

- (ii) has no securities listed on a securities exchange or market within the United States of America or Canada or any of their territories or possessions;
 - (iii) has no securities that are legally required to be the subject of any registration statement filed with the United States Securities and Exchange Commission (the "SEC");
 - (iv) is not subject to an obligation to file reports with the SEC in accordance with Section 13 of the Securities Exchange Act of 1934 (USA);
 - (v) is not a **Financial Institution**
- or any entity having charitable status or a non-profit making purpose.

“Outside Entity Juristic Person Director” means the **Company**, which was, is, or may become duly elected as a director or supervisor of the board of an **Outside Entity** in accordance to Paragraph 1, Article 27 of the Company Act of Taiwan, R.O.C. or any of its amendments thereafter.

“Outside Entity Director” means a **Director** who was, is or during the **Policy Period** becomes a director, managerial officer, supervisor of the board, trustee, governor or equivalent of an **Outside Entity** at the specific request of the **Company** including any **Outside Entity Juristic Person Director** and its natural person representative.

“Outside Entity Director Claim” means a written notice, civil proceeding, arbitration, criminal prosecution, investigation, inquiry or regulatory action alleging **Management Error** or **Employment Practice Error** against an **Outside Entity Director**.

“Payments” means:

- (i) compensatory, aggravated, punitive (if insurable) and exemplary damages, and costs and expenses (but only in connection with a judgment which is covered in accordance with the terms of this policy), awarded against an **Insured** by a court, tribunal or arbitrator; or
- (ii) settlements made with **Our** prior written agreement, paid and resulting from a **Claim**.

“Policyholder” means the entity written in Item 1 of the Schedule.

“Policy Period” means the period of time written in the Schedule either:

- (i) between the start and end dates of this policy; or
- (ii) where this policy is cancelled, the period of time from the start date of this policy to the date of cancellation.

“Pollutants” means, including and not limited to, solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance, or contaminant, including asbestos, lead, smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste including materials to be recycled, reconditioned or reclaimed and nuclear materials.

“Pollution Action” means a **Management Error Claim** or **Outside Entity Director Claim** resulting from the discharge, dispersal, release, or escape of **Pollutants**.

“Professional Advisor”	means an external lawyer, external accountant, or external auditor retained by the Company under a written contract for a fee or other benefit.
“Professional Services”	means the provision of services for a fee or other benefit, or the supply of goods or products by an Insured or an Outside Entity .
“Proposal”	means each and every signed proposal form, attachments and all other information given to Us in connection with this policy.
“Retired Director”	means any natural person who, during the Policy Period , stopped being a Director or Outside Entity Director , for any reason other than disqualification or dismissal from employment or office.
“Security” or “Securities”	means any security representing a debt of or equity interest in the Company .
“Securities Claim”	<p>means any legal proceeding or action (but not an administrative or regulatory proceeding against, or inquiry or investigation of, the Company) or written assertion of a right to a remedy or other relief, brought or made against the Company alleging a violation of any country’s laws regulating Securities, resulting from:</p> <ul style="list-style-type: none"> (i) the purchase or sale or offer or solicitation of an offer to purchase or sell Securities; or (ii) a Shareholder’s interest in Securities; or (iii) a derivative action brought on behalf of the Company by a Shareholder. <p>Securities Claim shall not include any claim by an Insured Person or an Employee alleging, arising out of, based upon or attributable to the loss of, or the failure to receive or obtain, the benefit of any Securities (including any warrants or options).</p>
“Shareholder”	means any entity or natural person that owns Securities in the Company .
“Shareholder Pollution Action”	means a written notice or demand seeking damages or other relief, brought or made against a Director and / or the Company by a Shareholder , alleging a breach of duty resulting from the discharge, dispersal, release, or escape of Pollutants .
“Short Rate Premium”	<p>means:</p> <ul style="list-style-type: none"> (i) 40% of the premium specified in Item 8 of the Schedule where this policy is terminated within 0 – 90 days from inception; (ii) 70% of the premium specified in Item 8 of the Schedule where this policy is terminated within 91 – 180 days from inception; (iii) 90% of the premium specified in Item 8 of the Schedule where this policy is terminated within 181 – 270 days from inception; and (iv) 100% of the premium specified in Item 8 of the Schedule where this policy is terminated later than 270 days from inception, <p>in accordance with H23 “<i>Termination</i>”.</p>
“Subsidiary”	<p>means a company in which the Policyholder directly or indirectly:</p> <ul style="list-style-type: none"> (i) controls the composition of the board of directors; (ii) controls more than half of the shareholder voting power; or

(iii) holds more than half of the issued share capital.

“Trustee” means any natural person named as a trustee of a pension, retirement or provident fund established for the benefit of the **Employees** of the **Company**.

“U.S. Claim” means a **Claim** brought or maintained within the jurisdiction of, or based upon any laws of, the United States of America, its states, localities, territories or possessions.

“We” or “Us” means the insurer written in Item 9 of the Schedule.

F. SPECIFIC PROVISIONS RELATING TO SECURITIES COVER

1. *Initial Securities Offering, Listing or Trading* An **Insured** may be entitled to an extension of cover under Section C7 "*Initial Securities Offering, Listing or Trading*" beyond the automatic thirty (30) day period that section provides if:

- (i) during the **Policy Period**, the **Company** makes an initial public or private offering of **Securities** in any jurisdiction (other than in the United States of America, Canada or any of their territories or possessions); and
- (ii) **We** receive a written request from the **Policyholder** within thirty (30) days of the **Securities** having been offered, listed or traded, seeking an extension of cover under Section C7; and
- (iii) **We** are provided with a copy of any prospectus, offering statement or other regulatory filing as soon as it becomes publicly available, together with any other information relating to the **Securities** which have been offered, listed or traded that **We** may reasonably require; and
- (iv) the **Policyholder** accepts the terms of any offer **We** may make.

If **We** do not receive a request in accordance with this part, cover under Section C7 will automatically lapse and there will be no cover in relation to such offering upon expiry of the thirty (30) day period.

For the avoidance of doubt, if the **Company** makes an initial public or private offering of **Securities** during the **Policy Period** in the United States of America, Canada or any of their territories or possessions, the **Policyholder** may ask **Us** to cover **Payments** and / or **Defence Costs** resulting from any **Management Error Claim** and / or **Securities Claim** in connection with that initial public or private offering. **We** do not guarantee that **We** will agree to any request **We** receive under this part. Before **We** make a decision, **We** will need to see a copy of any prospectus, offering statement or other regulatory filing as soon as it becomes publicly available, together with any other information relating to the offered **Securities** that **We** may reasonably require. Once **We** have considered that information **We** will confirm whether **We** are prepared to provide cover under this part and the terms upon which **We** are prepared to do so.

2. *Secondary Securities Offering* If the **Company** makes a secondary offering of **Securities** during the **Policy Period**:

- (i) in the United States of America, Canada or any of their territories or possessions; or
- (ii) in a jurisdiction where **Securities** are already traded and such offering of **Securities** represents more than fifty percent (50%) of the total issued and outstanding share capital of the **Company** at the date of the offering or is more than USD 250,000,000 in value;

the **Policyholder** may ask **Us** to cover **Payments** and / or **Defence Costs** resulting from any **Management Error Claim** and / or **Securities Claim** in connection with that secondary offering.

We do not guarantee that **We** will agree to any request **We** receive under this part. Before **We** make a decision, **We** will need to see a copy of any prospectus, offering statement or other regulatory filing as soon as it becomes publicly available, together with any other information relating to the offered **Securities** that **We** may reasonably require. Once **We** have considered that information **We** will confirm whether **We** are prepared to provide cover under this part and the terms upon which **We** are prepared to do so. If **We** provide cover pursuant to any requests made under this part, the Exclusion under Section G12 "*Secondary Securities Offering*" would be deemed deleted with respect to the most recently completed offering of **Securities**.

G. EXCLUSIONS

We shall not be liable to make any payment under any insurance protections or extended insurance protections:

1. *Bodily Injury and Property Damage* for bodily injury, sickness, disease or death of any person (except for compensatory damages for emotional distress in respect of **Employment Practice Error**) or for the damage, destruction or loss of use of any property.

This Exclusion shall not apply to the cover available under Section C5 "*Director Protection in the Event of an Occupational Health and Safety Action*".

2. *Conduct* arising out of, based upon or attributable to any:
(i) dishonest or fraudulent act or omission; or
(ii) advantage or profit to which the **Insured** was not legally entitled,
in the event that any of the above is established by final adjudication of a judicial or arbitral tribunal or any admission by the **Insured Person**.

Please refer to Section H2 "*Severability, Reliance and Consequences*" for additional terms applicable to this Exclusion.

3. *U.S. Claims* arising out of, based upon or attributable to any **U.S. Claim** brought by or on behalf of a **Director**, the **Company** or an **Outside Entity**, or by any director of those companies, except for a **U.S. Claim**:

(i) brought or maintained as a shareholder derivative action on behalf of the **Company** or an **Outside Entity**, and which has not been encouraged by or brought with the voluntary (rather than legally required) intervention, assistance or active participation of a **Director** or **Outside Entity Director**;

(ii) brought by a **Director**, **Retired Director** or **Outside Entity Director** alleging **Employment Practice Error**;

(iii) brought or maintained by a **Director**, **Retired Director** or **Outside Entity Director** for contribution or indemnity, if the **U.S. Claim** directly results from another **Claim** otherwise covered by this policy;

(iv) brought by a **Retired Director**, **Employee** or **Outside Entity Director**;

(v) made by an insolvency administrator, receiver, trustee or liquidator either directly or derivatively on behalf of the **Company** or an **Outside Entity**; or

(vi) brought by an **Insured Person** in their capacity as a member or beneficiary of any pension, retirement or provident benefit fund

established for their benefit by the **Company** or an **Outside Entity**.

This Exclusion shall not apply to **Defence Costs**.

4. *Important Change* arising out of, based upon or attributable to any **Management Error** or **Employment Practice Error** which takes place after an **Important Change** during the **Policy Period**, unless **We** have agreed to provide this cover in accordance with Section H5 "*Important Changes to the Company*".
5. *Prior Known Claims and Circumstances* arising out of, based upon or attributable to facts alleged or contained in any **Claim** which has been reported or in any **Circumstance** of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time.
6. *Professional Services* arising out of, based upon or attributable to any error or omission in the provision of **Professional Services**.

This Exclusion shall not apply to any derivative **Claim** made against an **Insured Person** alleging a failure to supervise those who performed or failed to perform such **Professional Services**.
7. *Pollution* arising out of, based upon or attributable to any discovery, discharge, dispersal, release or escape of **Pollutants**.

This Exclusion shall not apply to cover provided under Section C6 "*Protection in the Event of a Pollution Action*".
8. *Product Liability* for the actual or alleged failure or defects of any product.
9. *Trustees* arising out of, based upon or attributable to any act or omission by an **Insured** as a trustee, fiduciary or administrator of an employee pension, profit sharing or employee benefit programme which is not sponsored by the **Company**.
10. *Employment Retirement Income Security Act (ERISA)* arising out of, based upon or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (USA) and any applicable amendments made, or similar provisions of any federal, country, state, territory or local statutory law or common law in the United States of America or Canada or any of their territories or possessions.
11. *Securities Exchange Commission Act (SEC)* arising out of, based upon or attributable to any actual or alleged violation of the Securities Act of 1933 (USA), the Securities Exchange Act of 1934 (USA), any rules or regulations of the Securities and Exchange Commission (USA), and any rules or regulations of other federal, country, state, territory, local or provisional statute in the United States of America or Canada or any of their territories or possessions relating to securities.
12. *Secondary Securities Offering* arising out of, based upon or attributable to any secondary offering by the **Company** of **Securities** in the United States of America, Canada or any of their territories or possessions; or in any jurisdiction if such offering of **Securities** represents more than fifty percent (50%) of the total issued and outstanding share capital of the **Company** at the date of the offering or is more than USD 250,000,000 in value.
13. *Liabilities not Covered* for:
 - (i) the cost of obeying a court order which requires the **Insured** either to do something or not to do something;

- (ii) taxes;
- (iii) anything that is legally uninsurable;
- (iv) compensation due for contractual or statutory periods of notice;
- (v) anything to which a **Director** or **Employee** claims to be entitled to in connection with their employment by the **Company** (except in respect of **Employment Practice Error**);
- (vi) any increase in consideration or price paid for securities in a mergers and acquisition transaction; or
- (vii) civil or criminal fines / penalties imposed on an **Insured** by a court, tribunal, or regulator.

14. *Major Shareholder*

brought by or on behalf of, whether directly or indirectly, any individual or entity that owns or controls twenty percent (20%) or more of the issued and outstanding voting share capital of the **Company**.

H. GENERAL PROVISIONS

1. *Proposal* The **Proposal** forms part of, and is the basis of, this policy or any policy of which this policy is a renewal.
2. *Severability, Reliance and Consequences* With respect to the contents of the **Proposal** and for the purposes of the application of the Exclusion under Section G2 "*Conduct*", no statements made, nor any information or knowledge possessed by any **Insured Person**, nor any **Management Error** or **Employment Practice Error** of any **Insured Person**, shall be imputed to any other **Insured Person**.
- Only statements made and knowledge possessed by a chairman of board, chief executive officer, chief operating officer, chief financial officer or chief legal officer (or equivalent positions) of the **Company** shall be attributed to the **Company**, and the knowledge of the same officers of the **Policyholder** shall be attributed to the **Company**.
3. *Consent* An **Insured** shall not, in respect of any **Claim**, admit or assume any liability, enter into any settlement agreement, or consent to any judgment, without **Our** prior written consent, which **We** will not unreasonably withhold. Only judgments resulting from **Claims** defended in accordance with this policy shall be recoverable as a **Payment** under this policy. If any **Insured** shall compromise or settle any **Claim** or potential **Claim** without **Our** prior written consent, in a manner that limits or precludes recovery or recourse against such **Insured** or assets of or in the possession of such **Insured**, and/ or expressly or effectively preserves for or provides to a claimant or potential claimant recourse against this policy or **Us**, this policy shall afford no cover in connection with that **Claim** or potential **Claim**.
4. *Terms applying to all Discovery Periods* Neither an **Insured** nor any **Retired Director** will be entitled to, or have the benefit of, any **Discovery Period** if:
- (i) an additional premium for a **Discovery Period** as required has not been paid to **Us**; or
 - (ii) this policy is replaced with any other policy providing Directors and Officers or Management Liability cover.
- Once purchased, a **Discovery Period** cannot be cancelled. The **Policyholder** agrees that any additional premium paid for a **Discovery Period** is fully earned at the start of such **Discovery Period** and is not refundable.
5. *Important Changes to the Company* If there has been an **Important Change** during the **Policy Period**, the **Policyholder** may ask **Us** to provide cover against **Claims** resulting from **Management Error** or **Employment Practice Error** which takes place after the **Important Change**.
- We** do not guarantee that **We** will agree to any request **We** receive under this part. Before **We** make a decision, **We** will need to understand the **Important Change** and will need to be provided with information about the **Important Change** for that purpose. Once **We** have considered that information **We** will confirm whether **We** are prepared to provide cover under this part and the terms upon which **We** are prepared to do so.

6. Cover for Insureds

The **Limit of Liability** is the maximum amount **We** will pay for all **Payments**, **Defence Costs** and **Emergency Costs** combined in respect of all **Claims** made against all **Insureds** under all insurance protections and extended insurance protections, except cover under Section A4 "*Non-Executive Directors*".

We shall have no liability in excess of such limits irrespective of the number of **Insureds** or **Claims** made during the **Policy Period** or applicable **Discovery Period**, including **Claims** or related **Claims** which are accepted as made during the **Policy Period** pursuant to Section D4 "*Related Claims / Single Claims*".

Each sublimit of liability written in Item 5 of the Schedule is the most **We** will pay for all **Payments** and **Defence Costs** combined in respect of any insurance protection or extended insurance protection to which it applies.

Payments, **Defence Costs** and **Emergency Costs** paid under all insurance protections and extended insurance protections (other than Section A4) reduce the **Limit of Liability**.

7. Cover for Outside Entity Directors

An **Outside Entity Director** is entitled to cover in accordance with Section A3 "*Outside Entity Director*" but only in excess of any other insurance available to the **Outside Entity Director** and any indemnification provided by the **Outside Entity**.

If for whatever reason the **Outside Entity** fails or refuses to indemnify an **Outside Entity Director**, **We** will, as applicable, make **Payments** and / or advance **Defence Costs** on behalf of an **Outside Entity Director**, but only in excess of any other insurance available to the **Outside Entity Director**, and provided such other insurance has been exhausted.

8. Cover for Non-Executive Directors

A **Non-Executive Director** is entitled to additional cover in accordance with Section A4 "*Non-Executive Directors*" but only in excess of the **Limit of Liability** and any other insurance or indemnification available to the **Non-Executive Director**.

Once the **Limit of Liability** and any other insurance or indemnification available to a **Non-Executive Director** have been exhausted, the maximum amount **We** will pay for all **Payments** and / or **Defence Costs** covered under Section A4 is the amount written in Item 6 of the Schedule.

Payments and / or **Defence Costs** paid under Section A4 reduce the amount of cover available under Section A4 for all **Non-Executive Directors**.

9. Presumptive Indemnification and Deductible

In the event and to the extent that the **Company** is permitted or required to indemnify an **Insured Person** in respect of a **Claim**, but for whatever reason fails or refuses to do so, **We** will, as applicable, make **Payments** and / or advance **Defence Costs** on behalf of an **Insured Person**. **We** will then collect from the **Company** any **Deductible** which would have applied had **We** reimbursed the **Company** for **Payments** and / or **Defence Costs** it could have made.

We will not ask the **Company** to bear a **Deductible** in respect of a **Claim** brought against an **Insured Person** if:

- (i) the **Company** can reasonably show **Us** that it cannot cover **Payments** and / or **Defence Costs** because (a) it is not legally permitted in accordance with the applicable law, by-law or charter of such **Company**, or indemnity agreement between the **Insured Person** and the **Company** (but only in relation to **Claims** made

against such **Insured Person**); or (b) the **Company** is financially unable because of insolvency; or

(ii) the **Claim** is brought against the **Insured Person** by the **Company**;

We also will not ask the **Company** to bear a **Deductible** in respect of a **Claim** brought against any **Insured** if there is a determination of **No Liability**;

In all other cases the **Deductible** for a **Claim** must be paid, and the **Company** is deemed to have reimbursed **Payments** and / or **Defense Costs** on behalf of an **Insured Person** where Section A1 "Management Error" and A2 "Employment Practice Error" will not be applicable. If the **Deductible** is not paid, **We** will be entitled to reduce the amount of any payment due to an **Insured** under this policy by the amount of the **Deductible**.

The **Deductible** is not applicable to **Non-Indemnifiable Loss**.

10. *How We will advance Defence Costs*

We will advance **Defence Costs**:

- (i) once the **Deductible** (if one applies) has been exhausted;
- (ii) within thirty (30) days of **Us** receiving an invoice for the **Defence Costs** which **We** consider is sufficiently detailed; and
- (iii) until final resolution of the allegation(s) made in the **Claim** to which the **Defence Costs** apply.

11. *Defence Costs and the "CONDUCT" Exclusion*

Except in cases of emergency (when Section C1 "*Emergency Costs*" applies) an **Insured** agrees not to incur any **Defence Costs** without **Our** written consent, which **We** will not unreasonably withhold, and **We** shall not be liable for any **Defence Costs** incurred prior to such consent.

We will stop paying **Defence Costs** in the event the conduct described in the Exclusion under Section G2 "*Conduct*" is established by final adjudication of a judicial or arbitral tribunal or any admission by the **Insured Person**. At that point, the **Insured** will become liable, severally accordingly to their respective interest, to repay any **Defence Costs We** have paid if **We** ask the **Insured Person** or the **Company** to repay them to **Us**.

12. *How Defence and Settlement will be Conducted*

The **Insured** shall have the right and duty to defend and contest any **Claim** made against them. **We** shall be entitled to participate fully in the defence and in the negotiation of any settlement that involves or appears reasonably likely to involve **Us** and the **Insured** shall provide all reasonable assistance and co-operation in giving to **Us** the information **We** require to do so.

We will accept as reasonable and necessary the retention of separate legal representation to the extent required by a material conflict of interest between any **Insureds**.

If a **Claim** is made against an **Insured Person** by the **Company**, **We** shall have no duty or obligation to communicate with any other **Insured Person** or the **Company** in relation to that **Claim**.

With respect to any **Claim** other than a **U.S. Claim** which is brought against an **Insured Person** by or on behalf of:

- (i) the **Company**; or
- (ii) an **Outside Entity** in which such **Insured Person** serves or served as an **Outside Entity Director**,

We shall have the right and duty to defend and contest any such **Claim**

made against the **Insured Person**. In the event **We** decide that legal representation is necessary, then the **Insured Person** shall select one of the laws firms approved by **Us** to provide such legal representation.

13. *Allocation*

If an **Insured** becomes involved in a **Claim** which is made against both covered and non-covered parties and / or involves both covered matters and matters not covered under this policy, **We** will have no obligation to make a payment to the **Insured** for that part of the **Claim** which is not covered under this policy.

Where any **Claim** involves both covered matters and matters not covered by this policy, a fair and proper allocation of any **Defence Costs**, judgments and / or settlements shall be made between the **Insured Person**, the **Company** and **Us**, taking into account the relative legal and financial exposures attributable to covered matters and matters and / or parties not covered under this policy.

With respect to: (i) **Defence Costs** jointly incurred by; (ii) any joint settlement entered into by; and / or (iii) any judgment of joint and several liability against, an **Insured Person** and the **Company** in connection with any **Claim** (other than a **Securities Claim** or **Company Employment Practice Error Claim** if applicable), the **Insured Person**, the **Company** and **We** agree to use our best efforts to determine a fair and proper allocation of the amounts as between the **Insured Person**, the **Company** and **Us**, taking into account the relative legal and financial exposures and the relative benefits obtained by the **Insured Person** and the **Company**.

14. *Order of Payments*

All payments under this policy shall be paid in the following order of priority:

- (i) for cover provided by Section A "**DIRECTOR INSURANCE PROTECTIONS**"; then,
- (ii) for cover provided by Section C "**EXTENDED INSURANCE PROTECTIONS**";

then, at the written request of the Chief Executive Officer or equivalent of the **Policyholder**, **We** will either pay or withhold any remaining balance of the **Limit of Liability** for **Payments** and / or **Defence Costs** for cover provided by Section B "**COMPANY INSURANCE PROTECTIONS**".

The bankruptcy or insolvency of any **Insured** will not change the order of priority set out in this part.

15. *Subrogation*

We shall be subrogated to all **Insureds'** rights of recovery, contribution and indemnity which exist after any payment **We** make under this policy. The **Insureds** shall do nothing to prejudice such rights and agree to do everything reasonably necessary to preserve, protect and help **Us** exercise **Our** rights of subrogation.

We shall not exercise **Our** rights of subrogation against an **Insured Person** in connection with a **Claim** but reserve **Our** rights to do so if **We** can establish that the Exclusion under Section G2 "**Conduct**" applies to that **Claim** and that **Insured Person**.

16. *Confidentiality*

This policy is confidential between each and every **Insured** and **Us**.

Disclosure of its contents to any natural person or entity will require **Our** written approval.

17. *Other Insurance* Where the law allows, the cover this policy provides shall only apply over and above the valid and collectible limit of liability available to the **Insured** under any other liability insurance policy.
18. *Notice and Authority* The **Policyholder** may acts in its own capacity in accordance with laws and regulations or, if authorized by the **Insured**, acts on behalf of each and every **Insured** in connection with the giving and receiving of notices under this policy, including the giving of notice of any **Claim**, the payment of premiums due under this policy, the receipt and acceptance of any endorsements to form part of this policy, dispute resolution, payments to any **Insured** and the exercising or declining to exercise any right to a **Discovery Period**.
- For the avoidance of doubt and notwithstanding the above, each **Insured** shall have the right to act on their own in respect to reporting a **Claim** covered under this policy.
19. *Assignment* This policy and the rights it creates cannot be assigned without **Our** written consent.
20. *Territory and Jurisdiction* This policy applies to **Management Error** and **Employment Practice Error** which takes place anywhere in the world.
21. *Dispute Resolution* Any dispute between **Us** and the **Policyholder** regarding the interpretation of this policy which cannot be resolved by agreement between **Us** and the **Policyholder** within six (6) months, shall be referred to litigation. The Taipei District Court shall be the only competent court of first instance if litigation is brought to resolve any disputes and differences in connection with this policy. Each party shall bear its own costs of the litigation.
22. *Policy Interpretation* The interpretation of this policy relating to its construction, validity, or operation shall be determined in accordance with the laws of Taiwan R.O.C.
- Any terms of this policy which are in conflict with the statutes or regulation of Taiwan, R.O.C. shall be amended to conform to such statutes or regulation. Any provision of this policy which is prohibited or unenforceable, shall be ineffective to the extent of such prohibition or unenforceability, but that shall not invalidate the remaining provision of this policy.
- No amendment to this policy shall be effective unless it is written.
- Titles of these paragraphs are for convenience only and do not lend any meaning to this contract. Words in "**BOLD**" typeface have special meanings and are defined under Section E "*Definition*" of this policy.
23. *Termination* This policy may be terminated by the **Policyholder** at any time (except where a **Circumstance** or **Claim** has been notified to **Us** during the **Policy Period**). The policy will be terminated from the date such instructions are received by **Us**. The notice of termination must be in writing and sent to **Our** address which is detailed in Item 9 of the Schedule. In the event of termination, **We** will retain the **Short Rate Premium** for the period this policy has been in force.
- In the event that payments made by **Us** under this policy have exhausted the **Limit of Liability**, this policy shall be terminated and the unearned premium shall not be refunded.

24. *Rescission*

We may not rescind this policy except for non payment of the premium (as detailed in Item 8 of the Schedule). This premium must be paid to **Us** within sixty (60) days from the start of the **Policy Period**. If the **Policyholder** does not comply with this condition, **We** reserve **Our** rights to void this policy in its entirety ab initio.