

## **Pacific Hospital Supply Co., Ltd.**

### **Rules Governing the Scope of Powers of Supervisors**

#### Article 1 (Purposes of adoption of these Rules)

To ensure the normal business operation of this Company and to develop an effective, comprehensive, and robust supervisory system for the supervisors, allowing supervisors to fulfill their functions, and for the purpose of strengthening this Company's internal monitoring mechanisms and ensuring sound corporate governance, in order to fulfill the responsibility for safeguarding the rights and interests of this Company and all of its shareholders.

#### Article 2 (Scope of application for these Rules)

Except as otherwise provided by law or regulation or by the articles of incorporation, the powers and duties of the supervisors of this Company and the matters to be carried out by this Company when the supervisors exercise their powers shall be as set forth in these Rules.

#### Article 3 (Scope of duties)

The supervisors shall faithfully perform their duties and fulfill the obligation to exercise the due care of a good administrator. They shall maintain a high degree of self-discipline and adopt a prudential attitude in supervising the business and financial conditions of this Company, in order to safeguard the rights and interests of this Company and its shareholders.

If in the course of their duties a supervisor violates a law, regulation, or the articles of incorporation, or if a supervisor neglects his or her supervisory duties, thereby causing damage to this Company, the supervisor shall be legally held liable to this Company for damages.

#### Article 4 (Exercise of supervisory powers)

A supervisor shall be familiar with the relevant laws and regulations, shall understand the rights, obligations, and duties of the directors of this Company and the respective functions, duties, and operations of each department. Supervisors shall attend meetings of the board of directors to oversee its operation and to state their opinions when appropriate so as to control or discover any irregularity as early as possible.

In the exercise of supervisory powers by each respective supervisor, a supervisor that deems it necessary may convene a meeting, in consideration the overall interest of this Company and the shareholders, to exchange opinions with other supervisors, provided that in so doing the independent exercise of powers by other supervisors is not obstructed.

#### Article 5 (Supervision of business operations, the management team, and the internal control system of this Company)

The supervisors shall monitor the business operations of this Company, examine its financial and business conditions from time to time, and review its books and records. They may request reports to be presented by the board of directors or any of the managerial officers in order to understand the status of performance of their respective duties, and shall attend to the effectiveness and implementation of the internal control system so as to reduce the financial and operational risks of this Company.

#### Article 6 (Notification of meetings of the board of directors)

When a meeting of the board of directors is held, each supervisor shall be notified of the meeting in accordance with the provisions of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and the meeting notice and sufficient meeting materials shall be delivered to all supervisors.

#### Article 7 (Recusal)

The supervisors shall maintain a high degree of self-discipline; when a proposal put forward at a meeting bears on the personal interest of a supervisor, and such relationship is likely to prejudice the interest of this Company, the supervisor shall enter into recusal.

#### Article 8 (Limiting violations of law by the board or a director in the course of duties)

Upon discovering any violation of a law or regulation, the articles of incorporation, or a shareholders meeting resolution by the board of directors or by a director in the course of their duties, a supervisor shall immediately notify the board of directors or the director to cease such conduct.

#### Article 9 (Reviewing the books and records of this Company)

The supervisors shall thoroughly review and issue a report on the various books and records (including business reports, financial statements, proposals for distribution of earnings or for covering of losses) compiled by the board of directors and presented at shareholders meetings, and shall state their opinion at the shareholder meeting.

#### Article 10 (Review of the business and finances of this Company)

A supervisor may at any time investigate the financial and business conditions of this Company, and the relevant departments in this Company shall provide the books and documents that may be required by the investigation.

When reviewing the financial or business conditions of this Company, a supervisor may retain attorneys or accountants on behalf of this Company to perform the review, provided that they shall inform the relevant persons of their confidentiality obligations.

The board of directors or managerial officers shall submit reports at the request of a supervisor and may not for any reason obstruct, evade, or refuse the inspections of the supervisors.

When a supervisor performs his or her duties, this Company shall provide the necessary assistance in accordance with the needs of the supervisor, and any reasonable expenses required for such assistance shall be borne by this Company.

#### Article 11 (Communication channels with relevant personnel in this Company)

The supervisors shall conduct periodic discussions with the internal auditors regarding their examination of deficiencies in the internal control system, and shall make a record of the discussions.

This Company shall establish a channel for communication between its employees, shareholders, and interested parties and the supervisors in order to facilitate the supervisory duties of the supervisors.

Upon discovering any misconduct, a supervisor shall take timely measures to curb its expansion, and if necessary shall file a report with the competent authority or relevant regulatory agencies.

If any of the company's independent directors, general managers, heads of finance, accounting, research and development, or internal audit departments, or CPAs resigns or is removed from their position, the supervisors shall closely investigate the reasons and make necessary recommendations or take necessary measures.

#### Article 12 (Continuing education for supervisors)

Upon becoming a supervisor and throughout their term in that position, a supervisor is advised to participate in training courses covering subjects related to corporate governance, such as finance, risk management, business, commerce, accounting, law, or corporate social responsibility, offered by the institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

#### Article 13 (Supplementary provisions)

These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.