



## Corporate Governance Overview

### I. Definition

A sound corporate governance system must include legitimate incentives to encourage the Board of Directors and management to achieve business objectives while maximizing benefits for the company and all shareholders. It must also help transform corporate management structure and provide effective supervision mechanisms to encourage companies to make good use of resources, improve efficiency, increase competitiveness, and promote social welfare for all citizens.

### II. OECD Corporate Governance Principles

Since its promulgation in 1999, the OECD Corporate Governance Principles have been widely accepted as international standards for good corporate governance. The six principles proposed in the 2004 amendment are provided as references for companies to build a sound corporate governance system. The amendments in 2015 strengthened the role of institutional investors and measures against insider trade. The six principles are detailed in Figure 2.1 below.

## CORPORATE GOVERNANCE IN TAIWAN



Figure 2.1 OECD Corporate Governance Principles



### Corporate Governance System and Development in Taiwan

#### I. Design of the Corporate Governance System in Taiwan

The current design of companies limited by shares in Taiwan is mainly an adaptation of the political system's separation into