

## Rules for Board of Directors Performance Assessment

Approved by the Board of Directors December 19, 2019

- Article 1      These Rules are established in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to implement corporate governance, improve the functions of the board of directors of the Company, and establish performance targets in order to strengthen the operating efficiency of the board of directors.
- Article 2      The main assessment cycles, assessment period, scope and manner of assessment, execution units of the assessment, assessment procedures and other compliance matters for the performance assessment of the board of directors and functional committees of the Company shall be in accordance with these Rules.
- Article 3      The board of directors and functional committees of the Company shall carry out internal performance assessment every year in accordance with the assessment procedures and assessment benchmarks under Articles 6 and 8.
- The execution of performance assessment of the board of directors of the Company shall be assessed by an external professional independent institution or a team of external experts and scholars at least once every three years.
- Internal and external performance assessment results of the board of directors shall be completed before the end of the first quarter of the following year.
- Article 4      The scope of assessment of the board of directors and functional committees of the Company includes performance assessment of the overall board of directors, individual directors and functional committees.
- The manner of assessment includes self-assessment by the board of directors, self-assessment by directors, peer-to-peer assessment, engagement of external professional institutions and experts or other proper ways of performance assessments.
- Article 5      Internal performance assessment of the board of directors and functional committees of the Company shall be executed by the units that are responsible for the meetings of such board and committees.
- In case of an external assessment, the above units responsible for the meetings shall provide external assessment units with necessary information and assistance. The chairperson of the board of directors is authorized to determine the external assessment units, the schedules and the manners of assessment. If external performance assessment has been carried out in a year, it is not necessary to carry out internal performance assessment.
- Article 6      The procedure for performance assessment of the board of directors and functional committees of the Company is as follows:

1. Determine the scope and manner of assessment for the year.
2. In case of internal assessment, at the end of each year, the unit performing the assessment shall collect information related to the activities of the board of directors and shall issue to directors and members relevant self-assessment questionnaires to complete such as Attachment 1 “Board of Directors Performance Assessment Self-Assessment Questionnaire”, Attachment 2 “Board Member (Self or Peer-to-Peer) Assessment Self-Assessment Questionnaire” and Attachment 3 “Functional Committee Performance Assessment Self-Assessment Questionnaire”. Finally, the unit performing the assessment shall collect the materials and compile the assessment results, which shall be submitted to the board of directors and functional committees as a reference for review and improvements.
3. In case of external assessment, the assessment procedure, assessment benchmark, scoring standard and assessment results, etc., shall be as planned by the external assessment unit. The unit responsible for meetings of the board of directors shall submit the external assessment results and analysis report to the board of directors as a reference for review and improvements.

Article 7 The external assessment institution or team of external experts and scholars arranged by the Company to carry out performance assessment of the board of directors shall comply with the following rules:

1. The external assessment institution or team of external experts and scholars shall be professional and independent.
2. The external assessment institution shall be an institution or management consulting company mainly engaged in training programs related to boards of directors and services for the improvement of enterprise corporate governance.
3. The external team of specialists and scholars shall hire at least three experts or scholars in the field of boards of directors or corporate governance to assess the execution of performance assessment of the board of directors of the Company and to write an external assessment analysis report.

Article 8 The Company shall determine the evaluation items for the performance assessment of the board of directors in consideration of the Company’s situation and needs, which shall include at least the following five main aspects:

1. The understanding of and suggestions for the Company’s operations.
2. Improvement of the quality of decision-making by the board of directors.
3. The composition and structure of the board of directors.
4. The election of the directors and their continuing education.
5. Internal control.

The performance assessment of board members (self-assessments or peer-to-peer assessments) shall include at least the following six main aspects:

1. Their grasp of the Company’s goals and missions.
2. Their recognition of director’s duties.
3. Their degree of participation in the Company’s operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing education.
6. Internal control.

The performance assessments of functional committees shall include at least the following five main aspects:

1. Their degree of participation in the Company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement of the quality of decision-making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal control.

The benchmarks of performance assessment of the board of directors and functional committees shall be established in compliance with the operation and needs of the Company, with the remuneration committee performing periodic review and providing suggestions.

The scoring standards shall be revised and adjusted in accordance with the Company's needs. Weighted scoring may also be adopted in accordance with the evaluation aspects.

Article 9 The performance assessment results of the board of directors of the Company shall be used as a reference in the election or nomination of directors.

Article 10 It is advisable for the Company to disclose in its annual report whether the rules for performance assessment of the board of directors have been established and to disclose the execution status of the performance assessment of the board of directors every year, as well as the manner of assessment.

If performance assessment of the board of directors is carried out by an external institution or expert, the Company shall disclose in its annual report the name of the external assessment institution or expert, the description of the expert's expertise and specify whether such external institution or expert has business dealings with the Company and whether they are independent.

Article 11 The performance assessment rules established by the Company shall be fully disclosed on the Market Observation Post System and the Company's website.

Article 12 These Rules, including any amendments hereto, are implemented following discussion and approval by the board of directors.