

Board Performance Evaluation by External Experts in 2020

To improve the Company's corporate governance practice and the functioning of the Board of Directors (hereinafter referred to as "the Board"), the Company has established the "Regulations of the Board Performance Evaluation" and has committed to subjecting the Board to both internal and external evaluations. Internal reviews on board performance shall be conducted at least once a year and the external reviews—managed by a panel of experts shall be conducted at least once every three years.

The Company has internally evaluated the Board each year since 2016. For the 2018 external appraisal project, the Company enlisted the services of EY Business Advisory Services Inc. (hereinafter referred to as "external expert(s)"), whose board is chaired by Mr. Andrew Fuh. The external expert is independent and is not a related party of the Company. The results of these external performance evaluations are summarized below:

1. Review period: Jan.1, 2020~Dec.31, 2020
2. Review aspects: The evaluation of the Board is grouped into three main areas: "Structure," "People," and "Process and Information." Eight key elements were identified to assess the Board's effectiveness: "Board Structure and Processes," "Board Composition," "Legal Entity and Group Structure," "Roles and Responsibilities," "Behavior and Culture," "Director Training and Development," "Oversight of Control Functions," and "Oversight of Reporting Disclosure and Performance."
3. Review methods: document review, a self-assessment questionnaire completed by all directors, and interviews conducted by the 4 EY experts.
4. Standard Grading levels and their definitions according to the external experts:
 - Basic: the company's practice comply with the basic requirements of government authority and relevant laws and regulations.
 - Advanced: the company's practice comply with the requirements of government authority and relevant laws and regulations, and have established a set of effective practices, or take the initiative to improve the performance of this aspect.
 - Benchmark: the company's practice not only is it exceeding the requirements of government authority and related laws and regulations, but the practice could serve as the role model for other entities.
5. Review results: The "Structure" and "Process and Information" of the Board were judged as "Advanced," and the "People" of the Board met the "Benchmark" level during the review period. The external experts made some recommendations regarding of "People" and "Process and Information," which included providing more diversified training courses for directors, extending green finance, and evaluating the impact of emerging market risks. The evaluation's results and recommendations serve as a good basis for the Company to further enhance its governance practice.
6. The evaluation results were submitted to the Board on October 28, 2021.