

## Board Performance Evaluation by External Experts in 2018

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 were presented at the 9th meeting of the 7th term Board of Directors on Dec. 27, 2018 and are summarized below:

1. Review period: Jul.1, 2017~Nov.30, 2018
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 meets all regulatory requirements
  - Advanced: the company not only meets all regulatory requirements but has an effective practical framework or takes active actions to improve shortcomings
  - Role Model: the company's practice can be referenced as benchmark practice
5. Review results: The "Structure" and "Process and Information" of the Board were judged as "Advanced," and the "People" of the Board met the "Role Model" level during the review period. The external experts made some recommendations regarding improvements that could be made to the field of "Process and Information," which included the strengthening of roles and responsibilities as well as the training of corporate governance officers in response to future changes in laws and regulations. The evaluation's results and recommendations serve as a good basis for the Company to further enhance its governance practice.