



# **Rules for Remuneration of Directors and Performance Assessment of the Board of Directors**

## **I. Purpose**

These Rules for Remuneration and Performance Assessment of Directors and Board of Director (the "Rules") are enacted for compliance with respects to the procedure for remuneration and performance assessment of directors.

## **II. Concept**

To maximize the long-term effectiveness of the Board of Directors.

## **III. Content**

Article 1: Remuneration policies for directors

- (I) Directors are responsible for the corporate strategy of the Company. Their remuneration should be determined in light of the short and long-term development plan of the Company, with reference to the remuneration level in the industry.
- (II) The remuneration of the individuals should be determined pursuant to the consensus of the Board of Directors and on the principle of equality, which may be adjusted, if necessary, according to different responsibilities or facts.

Article 2: Remuneration systems for directors

The Remuneration Committee will periodically examine the remuneration policies, systems, structures and standards for directors against the need for the short or long-term development plan of the Company and the usual remuneration level in the industry.

Article 3: Remuneration structures and standards for directors

### **I. Structures:**

The remuneration of a director should, in accordance with the relevant provisions of the Regulations Governing Information to be Published in Annual Reports of Public Companies, consist of:

- (I) Remuneration, including his/her salary, position allowance, severance pay, various bonuses, rewards;
- (II) Retirement pension;
- (III) Director's remuneration; and
- (IV) Business implementation costs, including travel expenses, special grants, various allowances, and dormitory, car and other physical provisions.

### **II. Standards**



(I) Remuneration:

Pursuant to Article 16 of the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration of directors based on their involvement in and contribution to the operation of the Company and by reference to the remuneration level of the industry domestically and internationally.

1. Salary, position allowance, severance pay, various bonuses or rewards: None.
2. Payment for Independent Director: NT\$ 50,000 per person per month.

(II) Retirement pension: None.

(III) Director's remuneration:

1. According to Article 22 of the company's articles of association, the company's annual pre-tax net profit before deducting employee remuneration and director remuneration shall be allocated no more than 1% shall be allocated as remuneration of directors. However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of directors according to the aforementioned ratio.
2. The remuneration of each director should be conducted with each director deemed as one (1) person and each one person has one unit. The number of units for the Chairman is adjusted to be two (2).

(IV) Business implementation costs:

1. Special grants, various allowances, dormitory or car: None.
2. Travel expenses: NT\$70,000 per person per month.

Article 4: Performance assessment policies for the Board of Directors

To measure the performance of the Board of Directors in leading the Company strategy and overseeing the Company's operation and management, so as to add to the long-term value to shareholders.

Article 5: Performance assessment systems for the Board of Directors

- (I) The Compensation Committee should, in principle, periodically review the policies, systems, structures and standards of performance assessment of the Board of Directors, with reference to the orientation of corporate governance.
- (II) Each director should conduct Self-performance in December every year, pursuant to the structures and standards of the self assessment matrix for the performance evaluation of the Board, the Board of Directors, and the Functional Committee in Article VI. The self assessment matrix produced by the directors will be collected by the agenda affaires working panel of the Board of Directors and then submitted to the Compensation Committee and the Board of Directors.
- (III) The Company will appoint an external evaluation institution to conduct evaluations of board performance every three years.



Article 6: Performance assessment structures and standards for the Board of Directors

The performance evaluation self-performance forms for the board of directors, its members, and functional committees can be found in Appendices 1, 2, and 3.

Article 7: Use of Evaluation Results

When nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board.

**IV. Effectiveness and Modification**

The Rules will come into effect upon adoption by the Compensation Committee and the Board of Directors. The same should apply to any modification or change to the Rules.

**V. Reference**

None.