

## **The Rules for Performance Assessment of the Board of Directors**

### **Article 1**

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, this format is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

### **Article 2**

The general assessment cycles, assessment periods, scope and method of assessment, and the unit conducting the assessment, assessment procedures and other matters for compliance under the Company's regulations governing the board performance assessment thereof, shall be subject to this format.

### **Article 3**

The Company shall conduct an internal board performance assessment once a year. The internal board performance assessment for the current year shall be conducted at the end of each year according to the assessment procedures and the assessment indexes in Articles 6 and 8.

The Company's board performance assessment will be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The performance assessment for the current year shall be conducted at the year-end.

Internal and external board performance assessments shall be completed before the first board meeting held in the following year.

### **Article 4**

The Company's board assessment scope may cover the assessment of the board as a whole, or individual directors and functional committees.

Methods of assessment include the internal assessment of the board, self-assessment by individual board members, peer assessment, and assessment by appointed external professional institutions, experts, or other appropriate methods.

### **Article 5**

The unit conducting internal assessments of the Company's board of directors shall have an adequate understanding of the operation of the unit subject to assessment and shall play a fair, impartial and independent role.

Adjustments may be made to assign different units to perform assessments of the functional committees, depending on the organizational structure and difference in their operations of the company. The unit conducting assessments shall be fair and impartial, and no individual or unit conducting assessments shall have any direct interest in the operation of the units subject to assessment.

#### **Article 6**

The procedures for the Company's board performance assessment are as follows:

1. Determine the units to be subject to assessment and the scope of assessment in the current year.
2. Determine the method of assessment.
3. Select the units appropriate to conduct the assessments.
4. At the end of a year, the unit performing assessments will collect information about the board of directors' activities and distribute the Self-Assessment Questionnaire of the Board's Performance to be completed. The unit responsible for assessment will then collect all information, give scores based on the assessment indexes in Article 8, record the assessment results in a report, and submit the report to the board of directors for discussion and improvement.

#### **Article 7**

When appointing an external assessment institution or panel of external experts and scholars to conduct assessments of board performance, the Company shall act in accordance with the following guidelines:

The external assessment institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and corporate governance improvement for enterprises.

The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct assessments of the company's board performance and prepare external assessment analysis reports.

#### **Article 8**

The Company shall take into consideration its condition and needs when establishing the criteria for assessing the board of directors' (functional committees) performance, which should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;

2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors;
4. Election and continuing education of the directors; and
5. Internal control.

The criteria for assessing board members' performance (on themselves or peers), should cover, at a minimum, the following six aspects:

1. Familiarity with the goals and missions of the company;
2. Awareness of the duties of a director;
3. Participation in the operation of the company;
4. Management of internal relationships and communication;
5. The director's professionalism and continuing education; and
6. Internal control.

The indexes of board performance assessment shall be determined based on the operation and needs of the Company and suitable and appropriate for assessments by the company.

Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of assessment.

#### **Article 9**

When electing members of the board of directors or nominating directors, the Company shall base its election on the assessment results of the performance of individual directors as reference.

#### **Article 10**

The Company shall disclose in its annual report whether regulations governing the board performance assessment have been established as well as how the board performance assessment has been conducted each year, with a description of the assessment method provided.

In cases where an external institution or experts are appointed to conduct assessments of board performance, the Company shall, in the annual report, disclose the names of the external assessment institution, names of the experts, and specialties of the experts, and indicate if the external institution and experts have business dealings with the Company and if they are independent.

#### **Article 11**

The performance assessment regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times.

**Article 12**

The Company's regulations shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be applied in the same manner.

**Remark**

1. Any amendment in this principle shall be approved by the Board of Directors.
2. After approval by the Board of Directors, it should inform FIN / FIS to announce in MOPS (Market Observation Post System).
3. It should notify the company website administrative department (C&C Office2 / CC) to update on UMC's website.