

# Procedures for performance evaluation of Board of Directors Meeting Far Eastone Telecommunications Co., Ltd.

## I. Purpose

To implement corporate governance and enhance the Company's board functions, the Procedures for Performance Evaluation of Board of Directors Meeting (the "Procedures") is stipulated as below.

## II. Methods for performance evaluation of Board of Directors Meeting

- i. Questionnaire of Self-Evaluation of Performance of the Board members: The board performance evaluation (Questionnaire of Self-Evaluation of Performance of the Board members, please refer to Annex 1) shall be filled in at the end of each year by all board members.
- ii. Questionnaire of the Board's Procedure Unit: Finance & Facility Services Division shall fill in Scorecard of the Board's Procedure Unit every year, please refer to Annex 2.
- iii. Questionnaire of Functional Committee's Procedure Unit: Finance & Facility Services Division shall fill in Scorecard of Audit Committee's Procedure Unit, President Office & Human Resources Division shall fill in Scorecard of Remuneration Committee's Procedure Unit, and Corporate Information Security Office shall fill in Scorecard of Risk Management Committee's Procedure Unit every year, respectively, please refer to Annex 3, 4, and 5.

## III. Evaluation Procedure

- i. Review Questionnaire of Self-Evaluation and the design of the criterion of Scorecard every year.
- ii. IA should notice all board members to fill in Questionnaire of Self-Evaluation of Performance of the Board members every year.
- iii. Finance & Facility Services Division shall fill in Scorecard of the Board's Procedure Unit and Scorecard of Audit Committee's Procedure Unit, President Office & Human Resources Division shall fill in Scorecard of Remuneration Committee's Procedure Unit, and Corporate Information Security Office shall fill in Scorecard of Risk Management Committee's Procedure Unit, according to the actual results of course of the board and functional committee meetings every year.

- iv. The overall evaluation results should be proposed and reported by Finance & Facility Services Division before the end of the first quarter of the following year.
- IV. The Company's board performance evaluation shall be conducted by an external professional independent institution or a panel of external experts and scholars at least once every three years. The performance evaluation for the current year shall be conducted at the year-end. When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, the Company shall act in accordance with the following guidelines:
- i. The external evaluation 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 improvement of corporate governance of enterprises.
  - ii. The members of panel of external experts and scholars shall specialize in the fields of matters of board of directors or corporate governance.
- V. It is advisable for the Company to disclose in its annual report and on the Company website whether procedures governing the board performance evaluation have been established as well as the results of board performance evaluation conducted each year, with an explanation of the evaluation method used.
- VI. The Procedures shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, so as to be available for checks and inquiries.
- VII. The Company may according to its actual needs conduct the evaluation subject to related laws and regulations.
- VIII. The Procedures and any subsequent amendments thereto shall take effect upon the board of directors' approval.

Annex 1

Far EasTone Telecommunications Co., Ltd.

Questionnaire of Self-Evaluation of Performance of the Board members in Y20XX

Assessment Item	YES	NO	N/A
(1)Does the Company establish a code of conduct for directors ? (Regulatory Reference : Article 6 of the Regulations Governing Establishment of Internal Control Systems by Public Companies)			
(2)Does the board of directors (“Board”) show the value of honesty and ethics via orders, actions or behaviors to support the importance of the internal control system operation ? (e.g. The Board has adopted specific measures to set an standard regarding ethics, society, environmental protection or responsible behaviors in other forms, e.g. reporting of greenhouse gas emissions, sustainable production procedure or community support after natural disaster. ) (Source : Item 2.1.1 of the Core Principles of Establishment of Internal Control System)			
(3)Do the Board and supervisors (or the audit committee) understand the expectations of stakeholders (including customers, employees, shareholders, and general public)? ? (Source : Item 2.1.1 of the Core Principles of Establishment of Internal Control System)			
(4)Do the Board and the supervisors (or the audit committee) understand the regulatory compliance request by the competent authority? (Source : Article 20 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies)			
(5)Do the Board and supervisors (or the audit committee) regularly review the design of Internal Control System and its execution performance? (Regulatory Reference : Article 5 and Article 24 of the Regulations Governing Establishment of Internal Control Systems by Public Companies)			
(6)Are the convention of the Board, meeting content and operation procedure all in compliance with regulations and meeting procedures ? (Regulatory Reference : Article 2, Article 3 and Article 6 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)			

<p>(7) Does the Board meeting notice state the purpose of the meeting and send to all directors/supervisors (or independent directors) 7 days (from the day following the notice is sent to the day before the meeting) before the meeting? Are sufficient meeting materials sent along with the meeting notice ? (Regulatory Reference : Article 204 of the Company Act)</p>			
<p>(8) With regard to the matters that should be resolved by the Board as stipulated in Article 14-3 of the Security Exchange Act, does the Company request each of its independent director to attend in person or to appoint another independent director to attend as his or her proxy? (Regulatory Reference : Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)</p>			
<p>(9) Does the Company specifically stipulate the Board's purview and the level of its authorization to exercise its power, the content or items that can be authorized, and the items that are prohibited from being general authorized ? (Regulatory Reference : Article 193 of the Company Act)</p>			
<p>(10) Does the Company request the director to be excused from the discussion of the matter where the interest of the director may be conflict with the Company's ? (Regulatory Reference : Article 16 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)</p>			
<p>(11) If an independent director opposes or has reservations to decision made at the Board meeting with a record in writing (applicable to the company that has set positions for independent directors), or if the decision has been approved by more than 2/3 of the total directors but not approved by the audit committee (applicable to the company that has established the audit committee) , does the Company report the above matter to a website designated by the competent authority within 2 days after the Board meeting? (Regulatory Reference : Article 17 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)</p>			
<p>(12) Does the Company record the independent director's opposition or reservation if any, in the minutes of the Board meetings? (Regulatory Reference : Article 14-3 of the Securities and Exchange Act)</p>			

<p>(13)Do directors, supervisors and substantive controllers carry out duty of care as a prudent administrator, to monitor the Company preventing from any dishonest behavior, and constantly check its performance and improvement to make sure the implement of honest operation policy? (Source : Article 17 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies)</p>			
<p>(14)Does the audit committee carry out matters that are within its purview (e.g. stipulating or amending Internal Control System, major asset transactions or trade of derivatives, annual financial report or semi-annual financial report, etc.) and communicate with accountants for the abnormal matters or defects during the audit and the related opinion for the improvement or prevention in accordance with Paragraph 1, Article 14-5 of the Security Exchange Act? (Regulatory Reference : Article 14-5 of the Securities and Exchange Act)</p>			
<p>(15)Does the audit committee regularly meet with internal and external audit personnel and discuss about the items of internal and external audit? (Regulatory Reference : Article 7 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies)</p>			
<p>(16)Does the Board have sufficient and diversified members who are independent from the management level and can carry out evaluation and make decisions objectively? (Source : Article 20 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, Article 2.2.3 of the Establishment of Core Principles of Internal Control System)</p>			
<p>(17)Does the Board regularly request managers to provide operation reports and do their best for the duty of supervision and constructive suggestions? (Regulatory Reference : Article 6 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)</p>			
<p>(18)Does directors, supervisors (or the audit committee) of the Board, at their new term or during the term, continue to attend training courses of which the topics include finance, risk management, sales, business, legal, accounting, corporate social responsibility or other company governance-related matters ? (Source : Item 3 of the Directions for the Implementation of Continuing Education for Directors and</p>			

Supervisors of TWSE Listed and TPEX Listed Companies-, Articles 40 and 50 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.)			
(19)Does the Company specifically limit in writing that its independent director(s) shall not concurrently serve as an independent director of more than three other public companies.? (Regulatory Reference : Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)			
(20)Does the Board members provide instructions to and supervise financial, accounting, or internal audit officers? (Regulatory Reference : Article 11 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)			
(21)Does the Board member regularly supervise the management level to improve major internal control flaws and track the improvement therein? (Source : Article 3 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies)			
(22)Does the Board member at least review each department's self-evaluation report annually and audit department's audit report quarterly? (Source : Article 3 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies)			
(23)Does the Company provide directors, supervisors ( or the audit committee) with information that can be used for supervising the Company's operation ? (Regulatory Reference : Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)			
(24)Does the Board review the annual operation plan and budget proposed by the management level and confirm that they are well-connected to the Company's overall objectives? (Regulatory Reference : Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)			
(25)Does the Board review the reasonability and feasibility of the objectives set by the Company ? (Regulatory Reference : Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)			

<p>(26)If the Company fails to achieve the annual operation plan or there are major differences between the outcome and the plan, would the Board review the updated operation plan and annual budget? (Regulatory Reference : Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies)</p>			
<p>(27)Does the management level and the Board have effective communication channels? (Source : Item 5.2.2 of The Core Principles of Establishment of Internal Control System)</p>			
<p>(28)Before the Chairman and the General Manager execute the Internal Control System Statement, did they confirm that the flaws found in the design and performance of the internal control system under the scenario of major risks have been rectified by the end of the year or a statement explaining the reason for failure to improve is made instead? (Regulatory Reference : Article 22 of the Regulations Governing Establishment of Internal Control Systems by Public Companies)</p>			
<p>(29)Do the Chairman and the General Manager execute an appropriate Internal Control System Statement according to internal audit reports, results of internal control self-evaluation and current improvement of flaws in internal control? (Regulatory Reference : Article 22 of the Regulations Governing Establishment of Internal Control Systems by Public Companies)</p>			

Far Eastone Telecommunications Co., Ltd.  
Questionnaire for the Board's Procedure Unit in Y20XX

Evaluation Item	Evaluation Result					Note
	Excellent (Strongly agree)	Very good (Agree)	Fair (Neutral)	Unsatisfactory (Disagree)	Very unsatisfactory (Strongly disagree)	
<b>A. Participation in the company's operation</b>						
(1)On average, an individual director's attendance (not including attendance by proxy) at the board meeting has a rate of 70% or above. (70% stands for 3- Fair)						
(2)A majority of directors attend the shareholders' meeting. (50% stands for 3- Fair)						
(3)The board of directors continuously to promote establishment of policies on corporate governance, support the company's participation in the corporate evaluation, and make every possible attempt to protect shareholders' right and interest.						
(4)None of the board chairperson and other board members or officers of the company has been charged for violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Financial Holding Company Act, the Business Entity Accounting Act, or for corruption, malfeasance, fraud, breach of trust, or embezzlement.						
<b>B. Improvement on the quality of the board's decision making</b>						
(5)There are six or more board of directors' meetings in a year. (four meetings stands for 3- Fair)						



(6)Directors spend sufficient time on discussion at the meeting. (An appropriate amount of time is allocated for discussion of each proposal)						
(7)The board of directors receives appropriate proposals for discussion and resolution at the meeting.						
(8)Resolutions made at board meetings have been properly followed up.						
(9)The director recuses him/herself or the meeting chairperson demands his/her recusal when an issue on the agenda requires recusal of a director to avoid conflict of interest. Resolutions are made accordingly.						
(10)The members of the board regularly and effectively conduct performance evaluations.						

**C. Makeup and structure of the board of directors**

(11)The number of independent directors at the board is sufficient and meets the applicable requirements.						
(12)The independent director of the company does not concurrently act as director (or independent director) or supervisor in more than three listed companies.						
(13)The board has adequate and sufficient functional committees.						
(14)The existing functional committees are capable of performing the functions authorized by the board of directors.						
(15)The company has established and implemented the policy on diversity of board members based on the needs of company development.						
(16)No two directors of the company are spouses or relatives within the second degree of kinship so that the members of the board operate objectively and independently.						

**D. Election and continuing education of the directors**

(17)The procedure to elect a new director is well-thought and transparent.						
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(18)All proposals of election of board members proceeded with are in accordance with the evaluation standards in the company's policies on diversity of board members.						
(19)The incumbent members of the board, in terms of board makeup, have adequate skills, knowledge and experiences that would satisfy the company's current needs.						
(20)The board provides a proper orientation to a new director to enable him or her to understand his or her duties and to familiarize him or her with the company's operation and environment.						
(21)Directors have attended Continuing Education for topics extending beyond the scope of the professional expertise of the directors, and had the required hours of advanced studies in a year.						
(22)Directors attend courses on corporate governance as part of their continued knowledge development.						
<b>E. Internal control</b>						
(23)The internal control systems approved by the board of directors include the five major elements/principles, and cover the control operation for all operational activities and transaction cycles.						
(24)It is a regular practice for the company to perform self examinations on validity of the design and implementation of internal control systems, and that the board has not issued any statement on major defects on internal control systems.						
(25)The company's audit officer/chief audit officer is present at the board meeting and he or she submits an internal audit operation report, and submits the audit report, including follow-up report, to supervisors, or audit committee, and independent directors or has them notified of the report in accordance with regulations.						

(26)The makeup of the audit committee is appropriate.						
(27)The audit committee has at least one member who has related financial experience.						
(28)The duties and authorities of the audit committee are clearly and properly defined.						
(29)Directors of the board take actions to understand and supervise the company's accounting system, financial position and financial reports, audit reports and their follow-up.						

**Evaluation grades :**

**5 – Excellent (Strongly agree)**

**4 – Very good (Agree)**

**3 – Fair (Neutral)**

**2 – Unsatisfactory (Disagree)**

**1 – Very unsatisfactory (Strongly disagree)**

Annex 3

Far EasTone Telecommunications Co., Ltd.  
Questionnaire for the Audit Committee’s Procedure Unit in Y20XX

Evaluation Item	Evaluation Result					Note
	Excellent (Strongly agree)	Very good (Agree)	Fair (Neutral)	Unsatisfactory (Disagree)	Very unsatisfactory (Strongly disagree)	
<b>A. Participation in the company's operation</b>						
(1)On average, an individual member’s attendance (not including attendance by proxy) at the audit committee meeting has a rate of 70% or above. (70% stands for 3- Fair)						
(2)Committee members understand and read meeting materials before an audit committee meeting.						
(3)All committee members make validated contributions at the audit committee meetings.						
(4)Audit committee meetings are held regularly and periodically.						
<b>B. Audit committee’s understanding of their duties and responsibilities</b>						
(5)The duties and authorities of the audit committee are clearly and properly defined.						
(6)The audit committee diligently assess and keeps track of existing or potential risks to the company.						

(7)The audit committee timely submits professional and objective recommendations to the board of directors for its reference in decision making.						
(8)The audit committee engages in sufficient communications and exchanges with CPAs. (When new accounting standards are published or there are major adjustments to financial statements, audit committee members should meet to discuss.)						
(9)The audit committee regularly conducts assessments of eligibility and independence of Certified Public Accountant the company engaged.						
<b>C. Improvement on the quality of the audit committee' decision making</b>						
(10)Audit committee members are being provided with timely information in the form and of the quality at an adequate level to enable the audit committee to perform its functions. Related officers, audit officer, CPA, legal counsel, and others shall be present at audit committee meetings when necessary.						
(11)Audit committee members spend sufficient time on discussion at the meeting.						
(12)The audit committee receives appropriate proposals for discussion and resolution at the meeting.						
(13)The audit committee member recuses him/herself when an issue on the agenda requires recusal of a committee member to avoid conflict of interest. Resolutions are made accordingly. (Independent directors of the audit committee shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another committee member's proxy to exercise voting rights on that						

matter.)						
(14)Minutes of the audit committee meetings properly reflect what has been discussed at the meetings, and any qualified opinion or concerns expressed and raised by individual member or in unanimity.						
(15)Resolutions made at audit committee meetings have been properly followed up.						
(16)The audit committee regularly and effectively conducts performance evaluations.						
<b>D. Makeup and structure of the audit committee</b>						
(17)The makeup of the audit committee is appropriate and members have the professionalism required in the audit committee's implementation of decisions.						
(18)Audit committee members shall maintain independence during their term of office.						
(19)Election of audit committee members, in terms of audit committee makeup, shall consider member's skills, knowledge and experiences that would satisfy the company's current needs. Results of audit committee performance evaluation shall be taken into consideration.						
<b>E. Internal control</b>						
(20)The audit committee effectively evaluates and supervises the effectiveness of various internal control systems and risk control measures.						
(21)The internal control systems approved by the audit committee include the five major elements/principles, and cover the control operation for all operational activities and transaction cycles.						
(22)The audit committee takes actions to understand and supervise the company's accounting system, financial position and financial reports, audit reports and their follow-up.						

**Evaluation grades :**

**5 – Excellent (Strongly agree)**

**4 – Very good (Agree)**

**3 – Fair (Neutral)**

**2 – Unsatisfactory (Disagree)**

**1 – Very unsatisfactory (Strongly disagree)**

Far EasTone Telecommunications Co., Ltd.  
Questionnaire for the Remuneration Committee's Procedure Unit in Y20XX

Evaluation Item	Evaluation Result					Note
	Excellent (Strongly agree)	Very good (Agree)	Fair (Neutral)	Unsatisfactory (Disagree)	Very unsatisfactory (Strongly disagree)	
<b>A. Participation in the company's operation</b>						
(1)On average, an individual member's attendance (not including attendance by proxy) at the remuneration committee meeting has a rate of 50% or above. (50% stands for 3- Fair)						
(2)Committee members understand and read meeting materials before a remuneration committee meeting.						
(3)All committee members make validated contributions at the remuneration committee meetings.						
(4)Remuneration committee meetings are held regularly and periodically.						
<b>B. Remuneration committee's understanding of their duties and responsibilities</b>						
(5)The duties and authorities of the remuneration committee are clearly and properly defined.						
(6)The remuneration committee timely submits professional and objective recommendations to the board of directors for its reference in decision making.						
(7)The remuneration committee establishes and periodically reviews the performance goals for the directors, supervisors, and managerial officers of						



<p>the company and the policies, systems, standards, and structure for their compensation. (The decision-making of compensation of the directors, supervisors, and managerial officers shall not be significantly deviated from the company's financial performance)</p>							
<p><b>C. Improvement on the quality of the remuneration committee' decision making</b></p>							
<p>(8)Remuneration committee members are being provided with timely information in the form and of the quality at an adequate level to enable the remuneration committee to perform its functions. Related officers, audit officer, CPA, legal counsel, and others shall be present at remuneration committee meetings when necessary.</p>							
<p>(9)Remuneration committee members spend sufficient time on discussion at the meeting.</p>							
<p>(10)The remuneration committee receives appropriate proposals for discussion and resolution at the meeting.</p>							
<p>(11)The remuneration committee member recuses him/herself when an issue on the agenda requires recusal of a committee member to avoid conflict of interest. Resolutions are made accordingly.</p>							
<p>(12)Minutes of the remuneration committee meetings properly reflect what has been discussed at the meetings, and any qualified opinion or concerns expressed and raised by individual member or in unanimity.</p>							
<p>(13)Resolutions made at remuneration committee meetings have been properly followed up.</p>							
<p>(14)The remuneration committee regularly and effectively conducts performance evaluations.</p>							
<p><b>D. Makeup and structure of the remuneration committee</b></p>							
<p>(15)The makeup of the remuneration committee is appropriate and members have the professionalism required in the remuneration</p>							

committee's implementation of decisions.						
(16)Remuneration committee members shall maintain independence during their term of office.						
(17)Election of remuneration committee members, in terms of remuneration committee makeup, shall consider member's skills, knowledge and experiences that would satisfy the company's current needs. Results of remuneration committee performance evaluation shall be taken into consideration.						

**Evaluation grades :**

**5 – Excellent (Strongly agree)**

**4 – Very good (Agree)**

**3 – Fair (Neutral)**

**2 – Unsatisfactory (Disagree)**

**1 – Very unsatisfactory (Strongly disagree)**

Far EasTone Telecommunications Co., Ltd.  
Questionnaire for the Risk Management Committee's Procedure Unit in Y20XX

Evaluation Item	Evaluation Result					Note
	Excellent (Strongly agree)	Very good (Agree)	Fair (Neutral)	Unsatisfactory (Disagree)	Very unsatisfactory (Strongly disagree)	
<b>A. Participation in the company's operation</b>						
(1) On average, an individual member's attendance (not including attendance by proxy) at the risk management committee meeting has a rate of 50% or above. (50% stands for 3- Fair)						
(2) Committee members understand and read meeting materials before a risk management committee meeting.						
(3) All committee members make validated contributions at the risk management committee meetings.						
(4) Risk management committee meetings are held regularly and periodically.						
<b>B. Risk management committee's understanding of their duties and responsibilities</b>						
(5) The duties and authorities of the risk management committee are clearly and properly defined.						
(6) The risk management committee diligently assess and keeps track of existing or potential risks to the company.						
(7) The risk management committee timely submits professional and objective recommendations to the board of directors for its reference in decision making.						

**C. Improvement on the quality of the risk management committee' decision making**

(8)Risk management committee members are being provided with timely information in the form and of the quality at an adequate level to enable the risk management committee to perform its functions. Related officers, audit officer, CPA, legal counsel, and others shall be present at audit committee meetings when necessary.

(9)Risk management committee members spend sufficient time on discussion at the meeting.

(10)The risk management committee receives appropriate proposals for discussion and resolution at the meeting.

(11)The risk management committee member recuses him/herself when an issue on the agenda requires recusal of a committee member to avoid conflict of interest. Resolutions are made accordingly.

(12)Minutes of the risk management committee meetings properly reflect what has been discussed at the meetings, and any qualified opinion or concerns expressed and raised by individual member or in unanimity.

(13)Resolutions made at risk management committee meetings have been properly followed up.

(14)The risk management committee regularly and effectively conducts performance evaluations.

**D. Makeup and structure of the risk management committee**

(15)The makeup of the risk management committee is appropriate and members have the professionalism required in the risk management committee's implementation of decisions.

(16)Risk management committee members shall maintain independence during their term of office.

(17)Election of risk management committee members, in terms of risk management committee makeup, shall consider member's skills,

knowledge and experiences that would satisfy the company's current needs. Results of risk management committee performance evaluation shall be taken into consideration.						
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**Evaluation grades :**

**5 – Excellent (Strongly agree)**

**4 – Very good (Agree)**

**3 – Fair (Neutral)**

**2 – Unsatisfactory (Disagree)**

**1 – Very unsatisfactory (Strongly disagree)**