

Far EasTone Telecommunications Co., Ltd.

Board Performance Evaluation Report

◆ **Procedures for performance evaluation of Board of Directors Meeting: included Self-Evaluation and External-Evaluation.**

FET's "Procedures for Performance Evaluation of Board of Directors Meeting" has been approved by the 8th meeting of the seventh-term board of directors on November 4, 2016 and amended by the 7th meeting of the eighth-term board of directors on August 2, 2019. According to the procedure, the Company shall conduct an internal board and all functional committees performance evaluation at the end of each year, and an external evaluation shall be conducted by an external professional independent institution or a panel of external experts or scholars at least once every three years. The evaluation covers the overall operation of the Board and all functional committees as well as the performances of individual Board members.

A. Self-Evaluation

➤ Evaluation method:

1. Questionnaire of Self-Evaluation of Performance of the Board members: The board performance evaluation (Questionnaire of Self-Evaluation of Performance of the Board members) shall be filled in at the end of each year by all board members.
2. Questionnaire of the Board's Procedure Unit: F&FS -T&CM shall fill in Scorecard of the Board's Procedure Unit at the end of each year.
3. Questionnaire of the Audit Committee's Procedure Unit: F&FS -T&CM shall fill in Scorecard of the Audit Committee's Procedure Unit at the end of each year.
4. Questionnaire of the Remuneration Committee's Procedure Unit: President Office & Human Resources shall fill in Scorecard of the Remuneration Committee's Procedure Unit at the end of each year.
5. Questionnaire of the Risk Management Committee's Procedure Unit: IT Division shall fill in Scorecard of the Risk Management Committee's Procedure Unit at the end of each year.

➤ Evaluation Standard:

1. Evaluation period: from 1 January 2020 to 31 December 2020.
2. Evaluation content: Questionnaire of Self-Evaluation of Performance included following items:

- ✧ Questionnaire of Self-Evaluation of Performance of the Board members included following aspects, totaling 29 evaluation items.

Aspects of Evaluation
Familiarity with the goals and missions of the company
Awareness of the duties of a director
Participation in the operation of the Company
Management of internal relationship and communication
Professional development and training
Internal Control

- ✧ Questionnaire of the Board's Procedure Unit included following aspects, totaling 29 evaluation items.

Aspects of Evaluation
Participation in the operation of the Company
Improvement of Board decision making
Composition and structure of the Board
Election and continuing education of Directors
Internal Control

- ✧ Questionnaire of the Audit Committee's Procedure Unit included following aspects, totaling 22 evaluation items.

Aspects of Evaluation
Participation in the company's operation
Audit committee's understanding of their duties and responsibilities
Improvement on the quality of the audit committee' decision making
Makeup and structure of the audit committee

Internal Control

- ✧ Questionnaire of the Remuneration Committee’s Procedure Unit included following aspects, totaling 17 evaluation items.

Aspects of Evaluation
Participation in the company's operation
Remuneration committee’s understanding of their duties and responsibilities
Improvement on the quality of the remuneration committee' decision making
Makeup and structure of the remuneration committee

- ✧ Questionnaire of the Risk Management Committee’s Procedure Unit included following aspects, totaling 17 evaluation items.

Aspects of Evaluation
Participation in the company's operation
Risk management committee’s understanding of their duties and responsibilities
Improvement on the quality of the risk management committee' decision making
Makeup and structure of the risk management committee

➤ Evaluation Results:

The overall evaluation result in 2020 is good and has been reported in the 16th meeting of the eighth-term board of directors on February 25, 2021.

B. External-evaluation- The Company has finished the external evaluation in Year 2018, next evaluation will be in Year 2021.

➤ Evaluation period and institution:

The Company has appointed KPMG Advisory Services Co., Ltd., (“KPMG”) in October 2018 to conduct an external evaluation of the Company’s Board and the board members with the evaluation period of January 1st through December 31st. An Evaluation Report is obtained in January 2019.

➤ Evaluation method:

1. KPMG has collected the Company's relevant information for review and analysis.
2. KPMG has provided two Questionnaires (Board performance self-evaluation questionnaire and Board member performance self-evaluation questionnaire) to all Board members.
3. KPMG has been provided with the Company's Board interviewee list and conducted one-on-one interviews.
4. KPMG has integrated the abovementioned results of data analysis, questionnaires survey and interviews, then summarized and analyzed the Company's Board and the board members' performance, and has issued and delivered the official performance evaluation report to the Company.

➤ Evaluation Standard:

1. Evaluation period: from 1 January 2018 to 31 December 2018.
2. Evaluation content: KPMG has provided Board performance evaluation questionnaires including following items:

- ✧ Board member performance self-evaluation questionnaire: included 6 aspects, totaling 26 evaluation items.

Aspects of Evaluation
Familiarity with the goals and missions of the company
Awareness of the duties of a director
Professional development and training
Fulfilling stewardship
Participation in the operation of the Company
Management of internal relationship and communication

- ✧ Board performance self-evaluation questionnaire: included 9 aspects, totaling 90 evaluation items.

Aspects of Evaluation
Creating an effective board
Running an effective board
Professional development and training

Strategic foresight
Fulfilling stewardship
Managing management
Corporate culture
Communication with stakeholders
Performance evaluation

The evaluation method of this report was based on the character of each item, combined with the results of the documents reviewed, questionnaires analysis, and interview, then classified their evaluation grades into five categories:

- ✓ Excellent: In compliance with the international better practices
- ✓ Very good: In compliance with the domestic better practices
- ✓ Fair: In compliance with the domestic regulations and the normal standards
- ✓ Unsatisfactory: Not in compliance with the regulations or the normal standards (but not in serious condition)
- ✓ Very unsatisfactory: Not in compliance with the regulations or the normal standards (In serious condition)

Very unsatisfactory	Unsatisfactory	Fair	Very good	Excellent	N/A
1	2	3	4	5	Exclude for counting

➤ Evaluation Results:

The Company's performance evaluation report, which is between "Very good" and "Excellent", was prepared on the basis of the evaluation results. Evaluation result has been reported in the 5th meeting of the eighth-term board of directors on February 20, 2019.

➤ Optimization recommendations:

1. Prior to introducing its new directors, the Company may organize an orientation forum or introduce the design and implementation of its policies relevant to the board and functional committees to enable the new directors to better grasp the Company's operation.

2. The Company may conduct a survey to better understand its directors' needs in acquiring information such as industry trends, new technology developments, company operation or management performance, etc., and further discuss the types or forms that need to be provided regularly (e.g. monthly highlight or the dashboards). This would enable the director to have a more systematic and timely control of the Company's industry and operations to help them track the development trend.
3. The Company may conduct a survey to better understand its directors' definition on major adverse events, and their expected reporting line and process, to improve and incorporate the process into risk reporting procedures of the risk management mechanism.
4. The Company may consider to add its audit committee's email address as a whistleblowing window to emphasize the independence of the whistleblowing channel to the internal and external stakeholders in order to reduce any doubt.
5. The Company may conduct an annual survey based on its directors' demand for training. It should consider its directors' needs, nature of industry, regulation updates, and the overall needs of the Company's development, to establish a professional training program for its directors to improve their performance.

KPMG summarized five optimization recommendations, and the Company will continuously strengthen the board of directors' performance accordingly.