

# Compensation to Directors and Management Executives

## 1. Compensation to directors

Unit: NT\$

Title	Name	Representative	Director's compensation								A+B+C+D as a % of net profit		Compensation as an employee								A+B+C+D+E+F+G as a % of net profit		Compensation from investees other than subsidiaries		
			Cash compensation (A)		Pension (B)		Director's remuneration (C)		Professional fee (D)				Performance-based salary (E)		Retirement pay of employees (F)		Earnings paid as bonus to employees (G)								
			Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone		Consolidated			Stand-alone	Consolidated
																			Cash	Stock	Cash	Stock			
Chairman	Fu-Chi Investment Co., Ltd.	Daniel M. Tsai	47,580,045	52,770,391	—	—	45,335,904	45,335,904	2,410,000	3,196,000	0.6717%	0.7138%	16,074,310	16,074,310	108,000	108,000	6,301,958	—	6,301,958	—	0.8301%	0.8722%	—		
Vice Chairman	Fu-Chi Investment Co., Ltd.	Richard M. Tsai																							
Director	Fu-Chi Investment Co., Ltd.	San-Cheng Chang																							
Director	TCC Investment Co., Ltd.	Howard Lin																							
Director	TCC Investment Co., Ltd.	James Jeng																							
	Jack J.T. Huang																								
	Hsueh-Jen Sung																								
Independent Directors	Char-Dir Chung ( He was elected on June 14, 2017.)																								
	Chung-Ming Kuan ( He was elected on June 14, 2017 and was resignation on January 12, 2018 .)																								
	Tsong-Ming Chung (He completed his tenure on June 14, 2017.)																								
	Guu-Chang Yang (He completed his tenure on June 14, 2017)																								

Note 1: The figures in the table include expenses for company cars and gasoline reimbursement, but do not include compensation paid to company drivers which totaled NT\$1,071,624.

Note 2: Remuneration paid to directors for their services to all consolidated entities totaled NT\$10,600,008.

## 2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + Compensation as an employee	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	San-Cheng Chang, Howard Lin, James Jeng	San-Cheng Chang, James Jeng	San-Cheng Chang, Howard Lin	San-Cheng Chang
NT\$2,000,000~NT\$4,999,999	Chung-Ming Kuan, Char-Dir Chung, Tsong-Ming Chung, Guu-Chang Yang	Chung-Ming Kuan, Char-Dir Chung, Tsong-Ming Chung, Guu-Chang Yang	Chung-Ming Kuan, Char-Dir Chung, Tsong-Ming Chung, Guu-Chang Yang	Chung-Ming Kuan, Char-Dir Chung, Tsong-Ming Chung, Guu-Chang Yang
NT\$5,000,000~NT\$9,999,999	TCC Investment Co., Ltd., Jack J.T. Huang, Hsueh-Jen Sung	TCC Investment Co., Ltd., Jack J.T. Huang, Hsueh-Jen Sung, Howard Lin	TCC Investment Co., Ltd., Jack J.T. Huang, Hsueh-Jen Sung	TCC Investment Co., Ltd., Jack J.T. Huang, Hsueh-Jen Sung, Howard Lin
NT\$10,000,000~NT\$14,999,999	—	—	—	—
NT\$15,000,000~NT\$29,999,999	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai, James Jeng	Fu-Chi Investment Co., Ltd., Daniel M. Tsai, Richard M. Tsai, James Jeng
NT\$30,000,000~NT\$49,999,999	—	—	—	—
NT\$50,000,000~NT\$99,999,999	—	—	—	—
NT\$100,000,000 and above	—	—	—	—
Total	13	13	13	13

### 3. Compensation to management executives

Unit: NT\$

<b>Title and name</b>	President, James Jeng; Executive Vice President and Chief Financial Officer, Rosie Yu; Senior Vice President and Chief Technology Officer, C.H. Jih; Senior Vice President and Chief Business Officer, Jeff Ku; Vice President and General Counsel, Ariel Hwang; Vice President and Chief Information Officer, James Chang; Vice President, Jay Hong; Vice President, Iris Liu; Vice President, Naomi Lee; Vice President, C.H. Wu; Vice President, Tom Koh; Vice President, Steve Chou ; Vice President, Daphne Lee; Vice President, David Lin ; Vice President, Michael Teng; Vice President, Eddie Chan <u>Resigned managers:</u> Vice President, Egon Chen; Vice President, Chien Chen	Total	
<b>Salary (A)</b>	Stand-alone	92,074,846	
	Consolidated	92,434,846	
<b>Pension (B) *</b>	Stand-alone	1,852,800	
	Consolidated	1,852,800	
<b>Performance-based salary (C)</b>	Stand-alone	40,964,683	
	Consolidated	40,964,683	
<b>Earnings paid as bonus to employees (D)</b>	Stand-alone	Cash	37,111,168
		Stock	—
	Consolidated	Cash	37,111,168
		Stock	—
<b>A+B+C+D as a % of net profit</b>	Stand-alone	1.2120%	
	Consolidated	1.2145%	
<b>Compensation from investees other than subsidiaries</b>		25,000	

\* The Company's contribution to employee's pension account, not actual amount paid.

Note: Figures do not include compensation paid to company drivers which totaled NT\$3,287,482.

### 4. Range of compensation to management executives

Range of compensation to management executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	—	—
NT\$2,000,000~NT\$4,999,999	—	—
NT\$5,000,000~NT\$9,999,999	Ariel Hwang, Jay Hong, Iris Liu, Naomi Lee, C.H. Wu, Tom Koh, Steve Chou, Daphne Lee, David Lin, Michael Teng, Eddie Chan, Egon Chen, Chien Chen	Ariel Hwang, Jay Hong, Iris Liu, Naomi Lee, C.H. Wu, Tom Koh, Steve Chou, Daphne Lee, David Lin, Michael Teng, Eddie Chan, Egon Chen, Chien Chen
NT\$10,000,000~NT\$14,999,999	C.H. Jih, Jeff Ku, James Chang	C.H. Jih, Jeff Ku, James Chang
NT\$15,000,000~NT\$29,999,999	James Jeng, Rosie Yu	James Jeng, Rosie Yu
NT\$30,000,000~NT\$49,999,999	—	—
NT\$50,000,000~NT\$99,999,999	—	—
NT\$100,000,000 and above	—	—
Total	18	18

Note: Compensation paid to managers in the above table was based on tenure. Compensation paid to managers who also served as directors is detailed in the "Compensation to directors" table.

## 5. Compensation mix of management executives

Title and name	Salary and pension	Performance-based salary	Earnings paid as bonus to employees
President, James Jeng	47.1%	24.9%	28.0%
Executive Vice President and Chief Financial Officer, Rosie Yu	48.0%	24.6%	27.4%
Senior Vice President and Chief Technology Officer, C.H. Jih	48.4%	25.5%	26.1%
Senior Vice President and Chief Business Officer, Jeff Ku	48.9%	24.7%	26.4%
Vice President and General Counsel, Ariel Hwang	50.6%	24.6%	24.8%
Vice President and Chief Information Officer, James Chang	48.9%	27.0%	24.1%
Vice President, Jay Hong	51.7%	22.9%	25.4%
Vice President, Iris Liu	48.2%	28.1%	23.7%
Vice President, Naomi Lee	56.6%	25.3%	18.1%
Vice President, C.H. Wu	55.1%	25.7%	19.2%
Vice President, Tom Koh	56.6%	23.6%	19.8%
Vice President, Steve Chou	50.1%	25.1%	24.8%
Vice President, Daphne Lee	50.6%	26.6%	22.8%
Vice President, David Lin	49.1%	28.3%	22.6%
Vice President, Michael Teng	56.7%	25.2%	18.1%
Vice President, Eddie Chan	50.5%	26.6%	22.9%
Vice President, Egon Chen*	88.4%	11.6%	0.0%
Vice President, Chien Chen *	89.0%	11.0%	0.0%

\* Resigned

## 6. Managers and employee bonuses

Unit: NT\$  
As of February 23, 2018

Title and name	Stock bonus	Cash bonus	Total	As a % of net profit
President, James Jeng Executive Vice President and Chief Financial Officer, Rosie Yu Senior Vice President and Chief Technology Officer, C.H. Jih Senior Vice President and Chief Business Officer, Jeff Ku Vice President and General Counsel, Ariel Hwang Vice President and Chief Information Officer, James Chang Vice President, Jay Hong Vice President, Iris Liu Vice President, Naomi Lee Vice President, C.H. Wu Vice President, Tom Koh Vice President, Steve Chou Vice President, Daphne Lee Vice President, David Lin Vice President, Michael Teng Vice President, Eddie Chan	—	37,111,168	37,111,168	0.2615%

## Compensation to directors and management executives as a percentage of net income over the past two years and guiding principles

### 1. Compensation to directors

Unit: NT\$

Type	Year	Compensation to directors	Net income	As a % of net income
On a stand-alone basis	2016	119,739,418	15,320,187,297	0.7816%
	2017	117,810,217	14,192,175,846	0.8301%
On a consolidated basis	2016	125,755,298	15,320,187,297	0.8208%
	2017	123,786,563	14,192,175,846	0.8722%

### Guiding principles for compensation to directors

#### Remuneration policies, standards and package

- (1) Directors' (including independent directors') remuneration and compensation are paid according to the Company's Articles of Incorporation and "Rules for Setting Director's Remuneration" as approved by the board. Remuneration or other equivalent allowance for directors is based on their involvement in the Company's operations, contribution to the Company, and industry norms. Compensation for directors is pursuant to the ratio specified in the Company's Articles of Incorporation, when the company makes a profit.
- (2) Transportation allowances are paid based on attendance in board meetings and for services rendered as the chairman or a member of the Audit Committee or Remuneration and Nomination Committee.

#### Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation for directors shall not exceed 0.3% of the Company's annual profit after deducting losses from previous years.
- (2) Directors' remuneration and transportation allowances are determined in accordance with the "Rules for Setting Director's Remuneration."

#### Performance factor

According to the Company's Articles of Incorporation, remuneration to directors shall be based on the Company's operating profit. Remuneration to each director is assessed based on his/her contribution to the operations of the Company and the board. The Remuneration and Nomination Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.

### 2. Compensation to management executives

Unit: NT\$

Type	Year	Compensation to management executives	Net profit	As a % of net profit
On a stand-alone basis	2016	154,319,074	15,320,187,297	1.0073%
	2017	172,003,497	14,192,175,846	1.2120%
On a consolidated basis	2016	154,704,074	15,320,187,297	1.0098%
	2017	172,388,497	14,192,175,846	1.2147%

## Guiding principles for compensation to management executives

### Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses have been proposed by the Remuneration and Nomination Committee for approval at the board meeting.

### Procedure for setting performance bonus

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing shall come from a pool of 1% to 3% of the Company's annual net income after deducting losses from previous years.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

### Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.
- (2) The Human Resources Division is tasked with preparing the annual compensation for the president and vice presidents, and submitting a report to the Remuneration and Nomination Committee.

## Corporate Governance

### Board of Directors attendance

#### 1. The Board of Directors convened eight meetings in 2017

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	8	0	100%	None
Vice Chairman	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	5	3	63%	None
Director	Fu Chi Investment Co., Ltd. Representative: San-Cheng Chang	8	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Howard Lin	8	0	100%	None
Director	TCC Investment Co., Ltd. Representative: James Jeng	8	0	100%	None
Independent Director	Jack J.T. Huang	8	0	100%	None
Independent Director	Hsueh-Jen Sung	8	0	100%	None
Independent Director	Char-Dir Chung	4	0	100%	Char-Dir Chung, who was elected on June 14, 2017, was required to attend four board meetings.
Independent Director	Chung-Ming Kuan	4	0	100%	Chung-Ming Kuan, who was elected on June 14, 2017, was required to attend four board meetings. Mr. Kuan resigned on January 12, 2018.
Independent Director	Tsung-Ming Chung	4	0	100%	Tsung-Ming Chung, who completed his tenure on June 14, 2017, was required to attend four board meetings.
Independent Director	Guu-Chang Yang	4	0	100%	Guu-Chang Yang, who completed his tenure on June 14, 2017, was required to attend four board meetings.

Note: All Independence Directors' attendance ratio reached 100% in 2017.

#### 2. Any objections or issues raised by independent directors against resolutions passed by the Board of