

## **The Rules of Procedure for Board Meetings.**

- 1. Objectives:** These Rules are duly enacted as a guide to TPK's board of directors for a sound governance system with a wholesome superintending function and strengthened management performance.
- 2. Scope:** These Rules govern the major contents of the board of directors meeting affairs, operating procedures, particulars which should be entered into the minutes of the board of directors meeting, matters regarding promulgation and other compliance unless otherwise prescribed by law or TPK's Articles of Incorporation. Any matters insufficiently provided for herein shall be subject to laws and ordinances concerned.
- 3. Operating procedures:**
  - 3.1. Convening of the board of directors meeting and notices for the meeting:**
    - 3.1.1.** TPK's board of directors shall convene a meeting on a quarterly basis.
    - 3.1.2.** The notices to a board of directors meeting shall bear the subjects of the meeting and shall be served to all directors seven days prior to the date scheduled for the meeting. A board of directors meeting may be, nevertheless, convened at anytime in case of an emergency. The notices indicated in this Rules may be served by mail, facsimile, email or any other manner that may be evidenced.
    - 3.1.3.** The following issues shall be posed into a board of directors meeting for discussion and shall be expressly enumerated in the notices to the meeting and shall not be posed during an occasional (extemporaneous) motions except in an emergency under justifiable reason:
      - (1) TPK's business operation plans.
      - (2) TPK's annual financial statements and semiannual financial statements, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public

accountant (CPA).

- (3) Enactment or amendment of the internal control system.
- (4) Enactment or amendment of Procedures of Acquisition or Disposal of Assets , Engaging in Derivatives Transactions, Extending Loans to Others, Granting Endorsements or Guarantees for Others or other procedures in connection with major financial behaviors.
- (5) Raising, issuance or private placement of equity-oriented securities.
- (6) Appointment, discharge of financial, accounting or internal audit heads.
- (7) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- (8) Other major issues which call for decisions to be duly resolved in the shareholders' meeting or board of directors meeting as required under laws and ordinances concerned or TPK's Articles of Incorporation.

The term "related party" in subparagraph (7) of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

**3.1.4.** The independent directors shall be present in the board of directors meeting in

person or through another independent director in case of issues which should be resolved in the board of directors as required by law. An independent director who is in objection or has a reserved opinion shall have such opinion expressly entered into the minutes of the board of directors meeting. In the event that an independent director is unavailable to be present in person to express his or her objection or reserved opinion, he or she shall pose such objection or reserved opinion in writing in advance unless backed by justifiable reasons and such objection or reserved opinion shall be expressly entered into the minutes of the board of directors meeting.

**3.2. Contents of the minutes of the board of directors meeting:**

**3.2.1. The minutes shall include the minimum of the following in case of a regular board of directors meeting:**

(1) Issues reported:

- A. Issues covered in the minutes of the preceding board of directors meeting and enforcement of the decisions resolved therein.
- B. Reports about major financial affairs.
- C. Reports about internal audit.
- D. Other major issues to be reported

(2) Issues discussed:

- A. Issues posed in the preceding board of directors meeting which are reserved for discussion.
- B. Issues to be discussed in the present board of directors meeting.

(3) Occasional (extemporaneous) motions.

**3.3. Department in charge of board of directors meeting and information of the meeting:**

**3.3.1. TPK's Financial Department shall be the section in charge of the board of directors meeting.**

**3.3.2. The section in charge of the board of directors meeting, i.e., the Financial Department, shall propose the contents of the board of directors meeting and**

shall prepare adequate documents which shall be mailed in package along with the notices to the board of directors meeting.

**3.3.3.** A director who considers the documents prepared for the meeting not adequate enough may request the section in charge of the board of directors meeting to provide adequate ones. Where a director who considers the documents for an issue in the board of directors meeting not adequate enough, that issue may be postponed in review as resolved in the board of directors.

**3.4.** Preparation of the sign-in book and a proxy authorized by a director:

**3.4.1.** When a board of directors meeting is convened, the sign-in book shall be prepared so that the present directors may sign to prove their presence, ready for reference.

**3.4.2.** The directors shall participate in the board of directors meeting in person. A director who is unavailable to participate may consign another director to be present as his or her proxy. A director who participates in a meeting through the video system is deemed as having participated in person.

**3.4.3.** A director who consigns another director to be present as his or her proxy shall duly issue the power of attorney which shall enumerate the reason of proxy and range of authorized powers.

**3.4.3.** A proxy under Paragraph II may act for and on behalf of only one director.

**3.5.** Location and time of the board of directors meeting:

**3.5.1.** A board of directors meeting shall be convened at the place where TPK is headquartered and during business hours, or at a location and time convenient to directors for participation.

**3.6.** Chairperson of a board of directors meeting and a substitute:

**3.6.1.** TPK's board of directors meeting shall be duly convened and chaired by the chairman. The first board of directors meeting of every new session shall be, nevertheless, convened by the director who wins the most ballots during the election held in the shareholders' meeting. When two or more conveners

convene a board of directors meeting, one among them shall be appointed from among themselves to chair the meeting.

**3.6.2.** In the chairman's absence or unavailability to exercise his powers, duties and responsibilities, he shall, in advance, appoint a director to act in his place. In the absence of such appointment, one director shall be elected from among themselves to act in the place.

**3.7.** Personnel to be present in a board of directors meeting as an observer:

**3.7.1.** Where TPK convenes a board of directors meeting, the non-director managerial officers of the relevant departments or subsidiaries may be invited as oriented to attributes of the meeting to participate in the meeting as an observer. As necessary, Certified Public Accountant, Attorney-at-Law or other professionals may be invited to be present as observers as well, provided that they shall leave the meeting when deliberation or voting takes place.

**3.7.2.** The entire process of a board of directors meeting shall be videotaped or sound recorded into archive which shall be archived for a minimum of five years or may be archived in electronic means.

**3.7.3.** In case of a litigious action taking place before the archiving period set forth in the preceding paragraph expires, the video or sound archives shall be continually stored until the conclusion of the litigious action.

**3.7.4.** Where a board of directors meeting is held through a video system, the video, sound data shall form an integral part of the minutes and shall be continually stored during the period while TPK exists.

**3.8.** The process of the board of directors meeting:

**3.8.1.** The chairperson of the board of directors meeting shall announce to call to order the meeting when the meeting is attended by directors who represent a majority of the total director seats. In the event that the meeting is attended by directors who represent less than a majority of the total director seats when the time scheduled for the meeting is up, the chairperson may announce

postponement of the meeting. The total number of postponements shall not exceed the maximum of twice and the total time accumulated for the postponement shall not exceed an hour. In the event that the board of directors meeting is not attended by the adequate quorum after two postponements, the chairperson may convene the meeting anew in accordance with Article 3.1.2.

**3.8.2.** The term “entire members or all directors” as set forth herein shall be calculated based on those incumbent directors actually on duty.

**3.9. Progress of the meeting:**

**3.9.1.** TPK’s board of directors shall proceed with the board of directors meeting based on the agenda set in the notices of the meeting. The agenda may be, nevertheless, changed by a majority of the present directors.

**3.9.2.** The chairperson shall not announce adjournment of the meeting until the contents set forth in the agenda mentioned in the preceding paragraph and the occasional (extemporaneous) motions are agreed upon by a majority of the present directors.

**3.9.3.** In any event the number of directors actually in the meeting represents less than a majority of the total number of present directors, the chairperson shall announce that the session of the meeting should be temporarily suspended as proposed by the director actually in the meeting. For such an event, the provision set forth in Article 3.8.1 shall be applicable.

**3.10. Methods to resolve a decision:**

**3.10.1.** Where the discussion of an issue during the board of directors meeting is believed to be up to the level to come to the final decision, the chairperson may announce discontinuance of the discussion and enter into the resolution process for a decision.

**3.10.2.** Where the board of directors resolves a decision, the issue is deemed as having been duly resolved if no objection is heard after the chairperson consults with

all present directors. Except an issue which receives no objection after consultation by the chairperson, all issues shall be put into resolving process for final decisions.

**3.10.3.** A decision may be resolved through any of the following means. Where an objection is heard among the present directors, nevertheless, the decision shall be resolved by a majority vote of the present directors:

- (1) Voting by raising of hands or by balloting.
- (2) Voting by calling by name.
- (3) Voting by balloting.
- (4) Voting in other means as resolved in the board of directors.

**3.10.4.** Upon the resolving process, the ballot scrutineer and recorder shall be appointed by the chairperson. The scrutineer, nevertheless, must be chosen from directors.

**3.10.5.** The chairperson shall announce the results of the resolving process on-the-spot and shall put the results into the minutes.

**3.10.6.** The term “all present directors” as set forth in Paragraph II shall exclude the directors who are not entitled to vote for final decisions under Article 3.12.1.

**3.11.** Method to resolve decisions:

**3.11.1.** Unless otherwise provided for in law or in the Company’s Articles of Incorporation, decisions in the board of directors meeting shall be resolved by a majority vote in the meeting which is attended by directors who represent a majority of the total number of directors.

**3.11.2.** Where a same issue develops an amendment or a substitute, the chairperson shall fix the order of voting along with the initial issue. When one among them is formally resolved, the others shall be deemed as vetoed and call for no more voting process.

**3.12.** Avoidance from conflict of interests by directors:

**3.12.1.** Where an issue discussed in the board of directors meeting involves personal

interests of a director or his or her representative, the director shall declare the nature and the essential contents of such interest at the respective meeting. When the interest is likely to prejudice the interests of TPK, such director shall not join the discussion and voting process. During the discussion and voting process, he or she shall take the initiative to withdraw and shall not exercise the voting powers for and on behalf of another director.

**3.12.2.** A director who cannot exercise his or her voting power in accordance with the preceding paragraph is not counted into the number of present directors.

**3.13.** Minutes and signing thereof:

**3.13.1.** Minutes shall be duly worked out for a board of directors meeting. The minutes shall bear the following particulars in detail:

- (1) The number of session of the meeting (or year) and time, location of the meeting.
- (2) The chairperson's name.
- (3) Facts of participation by directors, including names and numbers of present directors, directors on leave and absent directors.
- (4) Names and positions of participants as observers.
- (5) Name of the minuting secretary.
- (6) Issues reported.
- (7) Issues discussed: Methods to resolve decisions, results of decisions resolved, highlights of the speeches delivered by the directors, experts and other speakers, the name of any director that is an interested party as referred to in Article 3.12.1, an explanation of the essential contents of such interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; the opinions of objections or reservation which are backed up with records or documented declarations and the documented opinions issued by independent directors in accordance with Article 3.1.4.



(8) Occasional (extemporaneous) motions: Names of the proposers, methods to resolve decisions, results of decisions, highlights of the speeches delivered by the directors, experts and other speakers, the name of any director that is an interested party as referred to in Article 3.12.1, an explanation of the essential contents of such interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; the opinions of objections or reservation which are backed up with records or documented declarations.

(9) Other issues to be entered into the minutes.

**3.13.2.** The sign-in book of the board of directors meeting functions as an integral part of the minutes and shall be archived permanently while TPK exists.

**3.13.3.** The minutes of the board of directors meeting shall be duly signed or affixed seal by the chairperson and the minuting secretary and shall be served to all directors within twenty days after the meeting. The minutes shall be duly filed as TPK's major archives and shall be archived permanently as long as TPK exists.

**3.13.4.** The minutes specified under Paragraph I may be worked out and served by electronic means.

**3.14.** Authorization during recess of the board of directors:

Except issues under Article 3.1.3 which should be brought into the board of directors meeting for discussion, the board of directors may, according to law or TPK's Articles of Incorporation, authorize power for implementation. The level, content of the authorization shall be concrete and definite.

**3.15.** These Rules and amendment or annulment hereof shall call for consent by the board of directors and be brought into the shareholders' meeting for final resolution. In the event of amendment of laws after the enactment of these Rules, these Rules shall be amended accordingly, and shall be resolved by the board of directors (audit committee) in accordance with the law.

These Rules were taken into effect upon the resolution was made in the first shareholders meeting held on January 9, 2010.

First amendment of these Rules was made on April 12, 2010 upon the consent of audit committee and board of directors.

Second amendment of these Rules was made on August 23, 2010 upon the consent of audit committee and board of directors.

**4. Highlights of management:**

**4.1.** Whether the rule governing process of the board of directors meeting includes contents of the major issues, operating procedures, particulars required for minutes, public announcement and other compliances required.

**4.2.** Except a board of directors meeting which is convened in case of an emergency, whether the section in charge of the meeting is appointed to work out the contents of the agenda, provide adequate information and data and serve such information and data and notices to all directors and Audit Committee seven days prior to the date scheduled for the meeting.

**4.3.** Where the board of directors meeting is convened by TPK, whether the sign-in book is provided to accumulate the participation rate. Where a director attends the meeting through his or her proxy, whether the power of attorney has been duly issued to cover the scope of authorized powers.

**4.4.** Whether TPK has established and maintained archives for the name list of directors and their interested parties, whether the section in charge of the meeting has reminded the directors and those participating in the voting process to be alert of avoidance from conflicts of interest in the notices to the board of directors meeting or the relevant documents.

**4.5.** If TPK has set independent directors, whether the objections or reserved opinions of the independent directors, if any, are expressly entered into the minutes of the board of directors meeting.

**4.6.** Whether the minutes of the board of directors meeting are served to all directors and

Audit Committee within twenty days after the meeting.

- 4.7. Issues regarding decisions to be resolved in the board of directors meeting: (1) Whether the objections or reserved opinions of independent directors are backed up with written minutes or declarations in writing. (2) Whether an issue which is not resolved in the Audit Committee but is resolved by two-thirds majority vote of all directors is expressly entered into minutes of the meeting and promulgated and declared in the information declaration website specified by the competent authorities of the government within two days after the board of directors meeting.
- 4.8. Whether the sign-in book of the board of directors meeting is deemed as an integral part of the minutes.
- 4.9. Whether the entire process of a board of directors meeting is videotaped or sound recorded for proof (Where a board of directors meeting is convened through a video system, the process shall be both sound recorded and videotaped).
- 4.10. Whether the internal audit director is present in the board of directors meeting and submits audit business report to the meeting.

**5. References:**

- 5.1. Regulations Governing Board of Directors Meeting of Public Companies.

**6. Forms used:**

- 6.1. Notices to the Meeting.
- 6.2. Minutes of the Meeting.