

## **Succession Planning for Board Members and Management Positions**

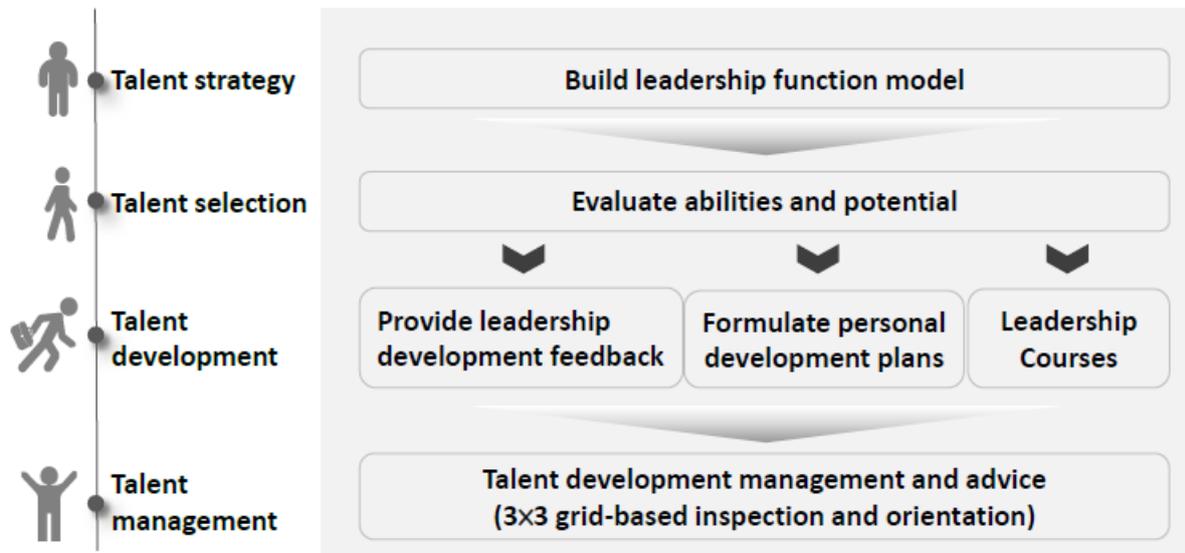
In accordance with the Articles of Incorporation, the election of Board directors shall utilize a candidate nomination system. Furthermore, the composition of the Board shall be planned such as to arrange for suitable successors according to Company regulations such as the Rules for Director Elections, Nomination Committee Charter, and Corporate Governance Best Practice Principles.

The Company evaluates candidates in consideration of criteria such as familiarity with the Company's corporate culture and business controls as well as their own expertise in the management of subsidiaries, in addition to their professional qualifications and experience. The Company recruits professionals in the financial industry or government–industry–academic circles in accordance with its development blueprint. When a candidate is an incumbent Board director or a director at a subsidiary, the Company shall also refer to the results of Board performance evaluations.

In order to maintain the professionalism and experience of Board members, the Company uses the following means to build a database of director talent for reference in director succession planning:

- (1) seeks suitable candidates from various fields to serve as Company directors;
- (2) references independent talent pools;
- (3) appoints current directors or appropriate external agencies and consultants to propose suitable director candidates; and
- (4) references the results of the Board performance evaluations when considering the reappointment of incumbent directors.

The Company has been promoting a function-oriented talent strategy for many years, and has mapped out various professional and management training courses based on the belief that its staff members are its most valuable asset. In recent years, the Company has further integrated world-renowned leadership assessment tools to comprehensively review the leadership potential and qualities of management talent in various businesses, functions, and levels in order to elucidate the factors that motivate individuals to grow. It also maintains talent development committees that examine the performance and potential of personnel at all levels to facilitate the holistic discussion and planning of customized career development paths. The Company can accurately allocate resources to build a complete talent pool by providing employees with on-the-job training, project assignments, or cross-country, cross-business, and cross-functional rotation experience.



Moreover, the Company has cooperated with numerous leading international academic institutions to introduce top teachers and development resources and to provide global, diverse, and systematic development planning (e.g., courses, job rotations, project assignment, coach feedback, and personal development). These measures are taken in order to enhance the strategic leadership structure, stimulate innovative thinking, and ensure that the Company has a steady stream of talent sufficient to maintain its leading position in the industry in response to the rapidly changing external operating environment.