

Phison Electronics Board of Directors Independence and Functionality Statement 2019

1. Basic Information of Phison Electronics Board of Directors

Date: 2019.12.31

Name	Gender	Date first elected	Tenure (Years)* ¹	Nation	Attendance rate (ratio)* ²	Industry Experience (GICS Level 1 Sector)
Khein Seng Pua	Male	2000.10.24	19	Malaysia	100%(13/13)	Information Technology
Chee Kong Aw Yong	Male	2002.02.15	17	Malaysia	100%(13/13)	Information Technology
Tzung Horng Kuang	Male	2008.06.13	11	R.O.C	100%(13/13)	Information Technology
Chih Jen Hsu	Male	2011.06.15	8	R.O.C	100%(13/13)	Information Technology
Hiroto Nakai ³	Male	2012.01.16	7	Japan	76.92%(10/13)	Information Technology
Chen Wei Wang	Male	2014.06.17	5	R.O.C	100%(13/13)	Information Technology
Shu Fen Wang	Female	2003.11.12	16	R.O.C	100%(13/13)	Financials

Note 1. Average tenures as Phison Electronics' board directors are 11.85 years.

Note 2. About Attendance Rate,

a) A total of 13 meeting of the board directors were held in the previous year, 2019.

b) The average attendance rate is $87(\text{number of all board meeting attendance}) / 91(\text{number of board meeting} * \text{board seats}) = 96.70\%$

Note 3. Hiroto Nakai is the representative of KIOXIA Corporation, (Originally, Toshiba Memory Corporation)

2. Board Independence Statement Overview

In constructing comprehensive functionality of the Board, Phison Electronics established high standards for electing directors. The Board is one-tier system, which consists of 4 executive directors, 2 independent and 1 non-executive director.

Date: 2019.12.31

Name	Independent / Executive	Independent Criteria* ¹												Other Mandates* ²
		1	2	3	4	5	6	7	8	9	10	11	12	
Khein Seng Pua	Executive				V	V	V	V	V	V	V	V	V	0
Chee Kong Aw Yong	Executive				V	V	V	V	V	V	V	V	V	0
Tzung Horng Kuang	Executive			V	V	V	V	V	V	V	V	V	V	0
Chih Jen Hsu	Executive			V	V	V	V	V	V	V	V	V	V	0
Hiroto Nakai	Other	V	V	V	V		V	V		V	V	V		0
Chen Wei Wang	Independent	V	V	V	V	V	V	V	V	V	V	V	V	3
Shu Fen Wang	Independent	V	V	V	V	V	V	V	V	V	V	V	V	2

Note 1.

- (1) Not employed by the Company or any of its related companies.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or ranking in the top ten in holdings.
- (4) Not a spouse, or a relative within the second degree of kinship or lineal relative of third degree of kinship of manager or (2), (3) personnel listed in (1).
- (5) Not serving as a Director, Supervisor or Employee of Judicial Person Shareholder holding a 5% of total issued shares of the Company, holding the top five shares or appointing representatives to assume Director or Supervisor according to Subparagraph 1 and 2, Article 27, Company Act (this does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary, or subsidiary belonging to the same parent company established in pursuant to this law or local laws).
- (6) Not serving as a Director, Supervisor or Employee of the other companies that their board seats of the Company or more than half of shares that owns voting rights controlled by the same person (this does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary, or subsidiary belonging to the same parent company established in pursuant to this law or local laws).
- (7) Not serving as a Director, Supervisor or Employee of other companies or agencies that are the same person, or spouse of a Director, GM or Person holding equivalent position of the Company (this does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary, or subsidiary belonging to the same parent company established in pursuant to this law or local laws).
- (8) Not a Director, Supervisor, Manager or shareholder holding over 5% shares of special company or agency that has financial or business interactions with the Company (this does not apply in cases where the person that special company or agency holding more than 20%, less than 50% of the total issued shares, and is an Independent Director of the Company, its parent or subsidiary, or subsidiary belonging to the same parent company established in pursuant to this law or local laws).
- (9) Not a Professional, Business Owner, Partner, Director, Supervisor, Manager and Spouse of Sole proprietorship, partnership, company or institution in terms of relevant service including commercial, legal, financial, accounting affair providing audit to the Company or affiliated enterprises or whose accumulative amount being no more than NTD 500,000 in recent two years. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities Trading Act or Business Mergers

and Acquisitions Act and other relevant regulations shall not be subject to this provision.

- (10) Not having a martial relationship, or a relative with the second degree of kinship to other directors.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative elected as defined in Article 27 of the Company Act.

Note 2. Other mandates of each director means the number of other external directorships in publicly listed companies, no including private limited companies, educational institutes, and non-profit organization. According to *the Regulation Governing Appointment of Independent Directors by Taiwan Financial Supervisory Commission*>>, no independent director of a public company may concurrently serve as an independent director of more than three other public companies.