

Succession Planning for Board Members

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1. Diversity for Board Members

Acer Group has consistently prioritized corporate governance and has established a policy for board member diversity in Chapter 3, "Enhancing Board Functions" in the "Corporate Governance Best Practice Principles for TWSE Listed Companies."

2. Selection Criteria for Board Members:

(1) Minimum Criteria:

In line with the diversity policy, apart from directors concurrently serving as company executives, who should not exceed one-third of the board seats, the basic criteria are formulated on the company's operations, operational style, and developmental needs:

- a. Basic Qualifications: Including considerations such as gender, age, nationality, and culture.
- b. Professional Knowledge and Skills: Encompassing professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

(2) Competency Requirements:

The composition of the board of directors should generally encompass the knowledge, skills, and qualities necessary for the execution of their duties. To achieve the goals of corporate governance, the overall competencies that the board should possess are as follows:

- Business Strategic / Operational Judgment
- Accounting and Financial Analysis
- Business Management
- Crisis Management
- Industry Knowledge
- International Market Insight
- Visionary Insight
- Decision-Making

Board Succession Operations

1. Talent Sources for Succession Operations:

(1) Internal Selection:

Within the group, several senior managers currently possess the managerial and professional capabilities required for board positions. By serving as directors in subsidiary companies within the group, they further strengthen their governance experience, serving as preliminary candidates for board succession.

(2) External Recruitment:

For independent directors, beyond the regulatory requirements for work experience in business, legal, financial, accounting, or corporate affairs, the company additionally considers familiarity with brand building, understanding and alignment with company culture, and grasp of subsidiary business expansion. The recruitment of professionals from industry, government, and academia is conducted with precise and rigorous standards.

2. Talent Selection for Succession Operations:

The company has established a process for selecting director candidates that complies with eligibility reviews and relevant regulations. This ensures effective identification and selection of suitable new directors when board seats become vacant or are planned to increase. It aims to consistently provide the company with an effective, collaborative, diverse, and board that meets the company's needs.

3. Talent Training for Succession Operations:

The company regularly provides directors with seminars and continuing education courses covering governance-related topics such as risk management, business, legal, accounting, and internal control systems. Newly appointed directors receive 12 hours of training in their first year and a minimum of 6 hours each subsequent year, aiming to continuously enhance the professional capabilities of board members.

4. Recent Succession Operations Overview:

(1) Talent Cultivated Internally within the Group:

Mr. Maverick Shih was invited to serve as a director. Mr. Shih began his role as the Representative Director for Hung Rouan Investment Corp. since July 2019, leveraging years of internal strategic financial planning experience within the group. In June 2023, he assumed the role of a member of the Board's Risk Management Committee.

(2) External Recruitment and Selection:

-- Mrs. Mei-Yueh Ho, former National Policy Advisor and ex-Minister of Economic Affairs, was invited to serve as an independent director starting from June 2023. She has undertaken roles as the Chairman of the Investment Committee, a member of the Audit Committee, Risk Management Committee & Remuneration Committee.

-- Dr. Pan-Chyr Yang, an academician at the Academia Sinica and current Vice Chairman of the Institute for Biotechnology and Medicine Industry, was invited to serve as an independent director from June 2023. He also assumed the roles of Chairman of Remuneration Committee Member, Audit Committee & Risk Management Committee

Succession Planning for Key Management Positions

1. Selection Criteria:

To establish the foundation for the sustainable operation of the Acer Group, in planning the succession of key management roles, we not only consider candidates for their exceptional professional and managerial capabilities but also assess their personal traits and managerial conduct to ensure alignment with the company's core values.

2. Succession Operation:

(1) Global HR establishes a mechanism for cultivating successor talents. Key positions have high-potential individuals identified as succession candidates by their current supervisors. Their work performance, annual achievements, and leadership abilities are observed and assessed to evaluate their readiness for succession.

(2) Based on the strengths and developmental needs of the identified successors, training and development efforts are directed to enhance competencies. This includes concentrating on training resources to actively cultivate the necessary skills required for a seamless succession.

3. Succession Bench Cultivation Operation:

In the realm of cultivation operations, we actively foster strategic management and team leadership skills at the senior management level to create value for society and the environment, pursuing sustainable operations. The specific practices include:

(1) Cultivation governed by core belief:

Aligned with the founder of Acer by Mr. Stan Shih, in nurturing the succession pipeline for managerial positions, we emphasize not only the explicit and immediate values of leadership ("tangible, direct, present") but also prioritize the implicit and future values ("intangible, indirect, future"). This approach establishes a profound foundation for the sustainable operation of the company.

(2) The Cultivation Initiatives:

In line with the spirit of the Acer philosophy, senior executives of the company regularly participate in the "Wangdao Forum" to stay abreast of contemporary approaches to embodying the Acer spirit in corporate social responsibility and sustainable operations. **In 2022, a total of 31 senior executives participated in the forum; and in 2023, a total of 19 senior executives participated.**

Furthermore, through the project of developing elite teams, we enhance the capabilities of key management team in corporate governance, operational judgment, business management, and crisis handling in dynamic environments. Drawing on the experiences of executives involved in Acer's past transformations, coupled with various management and leadership training programs, supplemented by opportunities for coaching and mentoring for the key management, there is an internalization of managerial growth.

To reinforce practical experience, strategic management personnel are also appointed as representatives on the boards of subsidiary companies within the group. This allows them to become familiar with board operations, supplemented by systematic rotations, providing comprehensive involvement in the company's day-to-day operations and management. This approach not only exposes them to diverse professional learning but also involves them closely in discussions surrounding high-level management decisions, achieving a well-rounded and in-depth succession development.