

Realtek Semiconductor Corporation
Rules Governing the Scope of Powers of Independent Directors
(Translation)

Date : 2017.10.30

Article 1

To ensure good corporate governance and establish a sound independent director system, enabling independent directors to perform their functions on the board of directors and company operations, the rules are adopted pursuant to Article 26, paragraph 1 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Except as otherwise provided by laws and regulations or by the articles of incorporation, matters concerning the duties of independent directors of the Company shall be as set out in the rules.

Article 3

At least one independent director shall attend board meeting in person. The following matters shall be submitted to the board of directors for resolution and all of the independent directors shall attend such board meeting, and where any independent director is unable to attend such board meeting in person, he/she shall appoint another independent director to attend the meeting in his or her place. When an independent director objects to or expresses reservations about any of the matters, it shall be recorded in the board meeting minutes. If an independent director intends to express an objection or reservations but unable to attend the board meeting in person, then unless there is a legitimate reason to do otherwise, the independent director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes:

1. This Corporation's business plan.
2. Annual and semi-annual financial reports with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption of or amendments to the internal control system of this Company pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others pursuant to Article 36-1 of the Securities and Exchange Act.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation for imperative disaster relief relating to a major natural disaster may be submitted to the following board meeting for retroactive recognition.
8. Matters pursuant to Article 36-1 of the Securities and Exchange Act., other matters required by laws, regulations, or the articles of incorporation to be approved by resolution at a shareholders

meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.

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 an individual donation, or cumulative donations within a 1-year period to a single recipient, in an amount of NTD100 million or more, or in 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 meeting is convened. Amounts already submitted to and passed by a resolution of board of directors are exempted from inclusion in the calculation.

Article 4

The Company may take out liability insurance for its independent directors.

Article 5

The Company shall set the remuneration of the independent directors in its articles of incorporation or by a resolution of a shareholders meeting, and may consider providing a reasonable level of remuneration different from that of ordinary directors and supervisors. The Company may also, in accordance with procedures prescribed by laws, consider providing remuneration for independent directors in the form of a fixed monthly salary, rather than as distributions from the earnings of the Company.

Article 6

All independent directors of the Company shall pursue continuing education, including attending the relevant training courses as required.

Article 7

Neither the Company nor other board members may obstruct, refuse, or evade the actions of independent directors in the performance of their duties. As they deem necessary to performing those duties, independent directors may request the board to appoint relevant personnel or to hire professionals for assistance.

Any expenses necessary to the hiring of professionals or the exercise of powers by the independent directors under the preceding paragraph shall be borne by the Company.

Article 8

The rules, and any amendments hereto, shall be implemented after approval by the board of directors.