

## **Rules for Performance Evaluation of Board of Directors and Functional Committees**

### **Article 1.** Purpose and Basis of Establishment

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, this template is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies for compliance.

The Company shall establish regulations governing the board performance evaluation with reference to this template and other applicable rules, and may create different evaluation methods appropriate to individual units subject to evaluation.

### **Article 2.** Regulations

The general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation shall be subject to this template.

### **Article 3.** The circle and period of evaluation

The Company's board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indexes in Articles 6 and 8.

The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.

Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.

### **Article 4.** The range and method of evaluation

The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.

If the company arranges external experts to conduct the board performance evaluation, then methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

**Article 5.** The unit of conducting evaluations

The internal evaluation of the Company's board of directors and functional committees is conducted by the Nominating Committee.

**Article 6.** The procedures of evaluation

The procedures for the Company's board performance evaluation are as follows:

1. The board of directors as a whole, individual directors and each functional committee are the unit for evaluation. The evaluation period is from January 1 to December 31 of the evaluation year.
2. The method of evaluation is internal evaluation by the board, self-evaluation by the board members of themselves and evaluation by an appointed external professional institution and experts once every three years.
3. The secretariat of the Nominating Committee will collect information about the activities of the board of directors and distribute self-evaluation questionnaires such as the Questionnaire of Self-Performance Evaluation of the Board in Annex 1, or the Questionnaire of Self-Performance Evaluation of Board Members in Annex 2, and the Questionnaire of Self-Performance Evaluation of the Functional Committee in Annex 3 to be completed. The secretariat will then collect all information, give scores based on the evaluation indexes in Article 8, record the evaluation results in a report, and submit the report to the Nominating Committee for discussion and report to the board of directors.

**Article 7.** The external experts and scholars

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, the Company shall comply with the following guidelines:

1. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
2. The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
3. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

**Article 8.** The indexes and criteria of evaluation

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects and regular reviews by the Nominating Committee:

1. Participation in the operation of the company;
2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors;
4. Election and continuing education of the directors;
5. Internal control.

The criteria for evaluating the performance of the board members on themselves should cover, at a minimum, the following six aspects:

1. Familiarity with the goals and missions of the company;
2. Awareness of the duties of a director;
3. Participation in the operation of the company;
4. Management of internal relationship and communication;
5. The director's professionalism and continuing education;
6. Internal control.

The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of quality of decisions made by the functional committee;
4. Makeup of the functional committee and election of its members and
5. Internal control.

The scoring criteria are as follows:

Final evaluation score	Result
90 or above	Excellent
80 ~90	Good
70 ~80	Normal
60 ~70	To be improved
60 or below	Bad

**Article 9.** Disclosure in the annual report

The Company shall disclose in its annual report how the board performance evaluation has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Company shall, in the annual report, disclose the external

evaluation institution, the experts and their team members, and their expertise, and the statement of independence by the external evaluation institution or experts, and describe the evaluation method, standards and suggestions on improvement to be made.

**Article 10.** Disclosure method

The performance evaluation regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, to be made available for consultation

**Article 11.** conducting and amendment

The regulation shall be approved by more than half of all Nominating Committee members and submitted to the board of directors for a resolution. Subsequent amendments thereto shall be effected in the same manner.

The regulation was approved by the board of directors on February 26, 2015.

The regulation was approved by the board of directors on May 10, 2018.

The regulation was approved by the board of directors on April 11, 2019.

The regulation was approved by the board of directors on November 08, 2019.

The regulation was approved by the board of directors on November 06, 2020.