

# Procedures for Board of Directors Performance Evaluation

Doc. Name	Procedures for Board of Directors Performance Evaluation
Date	The third amendment was made on August 4, 2020.
<p>Article 1 To implement corporate governance and enhance the Company's Board functions, and to set forth performance objectives to improve the operational efficiency of the Board of Directors. This template is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.</p> <p>The Company shall establish regulations governing the evaluation of Board performance with reference to this template and other applicable rules, and may create different evaluation methods appropriate to individual units subject to evaluation.</p> <p>Article 2 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 evaluation of Board performance shall be subject to this template.</p> <p>The Board committee's charters shall be subject to review at least once a year as part of the Company's regulations governing performance evaluation for internal committees.</p> <p>Article 3 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.</p> <p>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.</p> <p>Internal and external Board performance evaluations shall be completed before the end of the first quarter of the following year.</p> <p>Article 4 The Company's Board evaluation scope covers the evaluation of the Board as a whole, individual directors, and functional committees.</p> <p>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.</p> <p>Article 5 The audit committee composed of Independent Directors is responsible for conducting the Company's internal Board performance evaluations, which has a clear understanding of the operation of the target to be evaluated and acts as a fair, objective, and independent role.</p> <p>The unit conducting evaluations for the functional committee may be different depending on the different operations of each functional committee. The</p>	

evaluation unit may change depending on the organizational structure of each company. The unit conducting evaluations should be fair, objective, and persons or entities that have no direct interest in the operation of the entities to be evaluated.

Article 6 The Bboard performance evaluation procedures of the Company are as follows:

1. Determine the units to be subject to evaluation, the period and the scope of evaluation in the current year, e.g. the Board of Directors as a whole (functional committees), individual Board members, each functional committee, etc.
2. Determine the method of evaluation, e.g. internal evaluation of the Board, self-evaluation by the Bboard members of themselves or peers, peer evaluation, and evaluation by an appointed external professional institution and experts, etc.
3. Select the units appropriate to conduct the evaluations.
4. Each unit collects information on the board activities and fills in Appendix 1 "Board Performance Self-evaluation Form," Appendix 2 "Board Member Performance Self-evaluation Form," or Appendix 3 "Functional Committee Performance Evaluation Self-evaluation Questionnaire." Finally, the responsible unit or the secretary of the Board of Directors will collect the data and record the evaluation result report according to the evaluation standard in Article 7, which shall be submitted to the Board of Directors for review and improvement.

Article 6-1 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 the 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 the Board of Directors or corporate governance to conduct evaluations of Board performance of the Company and prepare external evaluation analysis reports.

Article 7 The Company shall consider the status and needs of the Company to establish the measurement items for the performance evaluation of the Board of Directors and functional committees and they shall include at least the following five major aspects:

1. The degree of participation in the Company's operations.
2. Improvement in the quality of decision making by the Board of Directors.
3. The composition and structure of the Board of Directors.
4. Election and continuing education of the Directors.
5. Internal controls.

The measurement items for evaluating the performance of Board members include at least the following six aspects:

1. Their grasp of the Company's goals and missions.
2. Their recognition of Director's duties.
3. Their degree of participation in the Company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

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. Composition of the functional committee and election of its members.
5. Internal control.

The indexes of Board performance evaluation shall be determined based on the operation and needs of the Company, and be suitable and appropriate for evaluations by the Company, subject to regular reviews and constructive comments of the remuneration committee.

Scoring criteria may be modified and adjusted based on the Company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

Article 8 It is advisable that the Company disclose in its Annual Report whether regulations governing the evaluation of Board performance have been established as well as how the evaluation of Board performance has been conducted each year with a description of the evaluation method provided.

When electing or nominating members of the Board of Directors, the Company

shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual Director's remuneration on the evaluation results of his or her performance.

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 names of the external evaluation institution, names of the experts, and specialties of the experts, and indicate if the external institution and experts have business dealings with the Company and if they are independent.

Article 9 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 10 These Procedures shall take effect after being reviewed by the audit committee and approved by the board of directors. Subsequent amendments thereto shall be affected in the same manner.