

# Zig Sheng Industrial Co., Ltd.

## Rules for Performance Evaluation of Board of Directors

Revised by the board of directors on Jan. 7, 2022

- Article 1 (Set purpose and object)
1. 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.
  2. The company regularly evaluates the performance of the overall board of directors and individual directors in accordance with these measures every year.
- Article 2 (Scope to be followed)
- 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 (Evaluation scope and period)
1. 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.
  2. 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.
  3. Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.
- Article 4 (Evaluation scope and method)
1. The company's board evaluation scope covers the evaluation of the board as a whole and individual directors.
  2. Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, and evaluation by appointed external professional institutions, experts, or other appropriate methods.
- Article 5 (Executive unit of evaluation)
- The performance evaluation of the board of directors of the company shall be conducted by the responsible deliberative unit.

Article 6 (Evaluation procedure)

1. The executive unit of the performance evaluation of the board of directors of the company collects information related to the activities of the board of directors before the end of January each year, distributes and fills out the following relevant self-evaluation questionnaires and takes them back.
  - (1) “The Questionnaire of internal evaluation of the Board” :  
Performance evaluation of the executive unit on the overall board of directors.
  - (2) “The Questionnaire of Self-Evaluation by the Board members” :  
Performance evaluation of each director on self-performance.
2. Based on the self-evaluation questionnaire received, the executing unit records the evaluation results according to the scoring standards of the self-evaluation questionnaire evaluation indicators in Article 8 of these measures, and submits a report to the board of directors for discussion and improvement.

Article 7 (External professional institutions, Experts)

The company's external evaluation organization or external expert and scholar team 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 (Evaluation index and scoring standard)

1. The performance evaluation indicators of the board of directors of the company include:
  - (1) The performance evaluation indicators of the board of directors and the weighted proportion of their scores are as follows:
    - i . Participation in the operation of the company. (20%)
    - ii . Improvement of the quality of the board of directors' decision making. (20%)
    - iii . Composition and structure of the board of directors. (20%)
    - iv . Election and continuing education of the directors. (20%)
    - v . Internal control. (20%)

(2) The performance evaluation indicators of directors and the weighted proportion of their scores are as follows:

- i . Alignment of the goals and missions of the company. (20%)
- ii . Awareness of the duties of a director. (20%)
- iii . Participation in the operation of the company. (20%)
- iv . Management of internal relationship and communication. (10%)
- v . The director's professionalism and continuing education. (15%)
- vi . Internal control. (15%)

2. The indicators for the performance evaluation of the board of directors should be regularly reviewed and made recommendations by the remuneration committee, and the scoring standards should be based on weighted proportions for each indicator.

Article 9 (Application of evaluation results)

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.

Article 10 (Annual report information disclosure)

1. 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.
2. 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 11 (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 12 (Execute)

The company's regulations shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.

Article 13 These measures were formulated on January 10, 2020