

# Zig Sheng Industrial Co., Ltd.

## Rules for Performance Evaluation of Board of Directors

Approved by the board of directors on Jan 10, 2020

### Article 1 ( Purpose and target )

- I. To implement corporate governance and enhance this corporation 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/GTSM Listed Companies for compliance.
- II. This corporation shall conduct a performance evaluation of the Board of Directors as a whole and individual directors in accordance with the Measures on a regular basis each year.

### Article 2 ( The regulations 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 this corporation regulations governing the board performance evaluation shall be subject to this template. The board committee's charters shall be subject to review at least once a year as part of this corporation regulations governing performance evaluation for internal committees.

### Article 3 ( Evaluation cycle and period )

- I. This corporation 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.
- II. This corporation 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.
- III 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 )

- I. This corporation board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.
- II. 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 (Executive unit of evaluation)

The Evaluation of the Board of Directors of this corporation shall be handled by the administrative unit in charge as the executive unit.

Article 6 (Evaluation procedure)

I. The executive unit of the Evaluation of the Board of Directors of this corporation shall collect information related to the activities of the Board of Directors by the end of January each year, and distribute and complete the following relevant self-evaluation questionnaires and collect them.

(I) "Questionnaire for Evaluation Evaluation of the Board of Directors":

The executive unit's performance evaluation of the Board of Directors as a whole.

(II) "Self-evaluation questionnaire for performance evaluation of the Board members":

Each director's evaluation of their performance.

II. Based on the self-evaluation questionnaires collected, the executive unit shall record the evaluation results in accordance with the scoring standards of the self-evaluation questionnaire evaluation indicators in Article 8 of the Measures and submit a report to the Board of Directors for review and improvement.

Article 7 (External professional institutions, experts)

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

I. The external evaluation institution or panel of external experts and scholars shall be professional and independent.

II. 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.

III. 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 this corporation and prepare external evaluation analysis reports.

Article 8 (External professional institutions, experts)

I. The performance evaluation indicators of the Board of Directors of this corporation include the following dimensions:

The dimension of the indicators of the "Evaluation of the Board of Directors" and the weighted proportions of their scores are as follows:

(I) Participation in the operation of this corporation;

(II) Improvement of the quality of the board of directors' decision making;

(III) Composition and structure of the board of directors;

(IV) Election and continuing education of the directors.

(V) Internal control.

II. The dimension of the indicators of the "Board Members' Performance Evaluation" and the weighted proportions of their scores are as follows:

(I) Alignment of the goals and missions of this corporation;

(II) Awareness of the duties of a director;

(III) Participation in the operation of this corporation;

(IV) Management of internal relationship and communication;

(V) The director's professionalism and continuing education; and

(VI) Internal control.

The indicators of the Evaluation of the Board of Directors shall be reviewed and recommended by the Remuneration Committee on a regular basis, and the scoring standards shall be based on the weighted proportion of each indicator.

Article 9 (Use of evaluation results)

When electing or nominating members of the board of directors, this corporation 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 disclosure)

I. This corporation shall disclose in the annual report whether this corporation has established the Measures and the implementation of the Evaluation of the Board of Directors each year, and shall describe the evaluation method.

II. When this corporation appoints an external institution or expert to perform the Evaluation of the Board of Directors, the name and profession description of the external institution or expert shall be disclosed in the annual report, and whether the external institution or expert has business dealings with this corporation and whether they are independent shall also be stated.

Article 11 (Disclosure method)

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

Article 12 (Implementation)

This corporation 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

The Measures were established on January 10, 2020.