

Qisda Corporation

Director evaluation method

- Article 1 To implement corporate governance and enhance the functioning of our company's board of directors, and to establish performance objectives to strengthen the efficiency of the board's operations, the following regulations are formulated in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, for compliance purposes.
- Article 2 The method of assessing the performance of our company's board of directors, including the main assessment period, evaluation timeframe, scope and method of evaluation, executing unit of the evaluation, assessment procedures, and other matters to be followed, shall be conducted in accordance with the provisions of these regulations.
- Article 3 Our company's board of directors shall conduct an internal performance evaluation annually, with the internal assessment period ending each fiscal year. The current year's performance will be assessed based on the evaluation procedures and indicators specified in Articles 6 and 8. The execution of the performance evaluation of our company's board of directors shall be conducted by an external professional independent institution or a team of external expert scholars at least once every three years, and the evaluation of the current year's performance shall also be conducted at the end of each fiscal year. The results of the board of directors' internal and external performance evaluations shall be completed before the last board meeting of the next fiscal year.
- Article 4 The scope of assessing our company's board of directors may include the overall board, individual board members, and the performance of functional committees. Assessment methods may include self-assessment within the board, self-assessment by board members, peer assessment, engagement of external professional institutions, experts, or other appropriate methods.
- Article 5 The executing unit responsible for the internal performance evaluation of our company's board of directors shall clearly understand the operating conditions of the units being evaluated. It shall possess a fair, objective, and independent role. For the assessment of functional committees, given the slight differences in the operations of each functional committee, depending on the company's organizational structure, adjustments can be made for different executing units to ensure fairness, objectivity, and independence from individuals or units directly involved with the units being assessed.

- Article 6 The procedure for the performance evaluation of our company's board of directors is outlined as follows:
1. Identify the units and scope to be assessed for the current year.
 2. Determine the evaluation method.
 3. Select appropriate evaluation executing units.
 4. At the end of each fiscal year, each executing unit shall collect information related to board activities and distribute self-assessment questionnaires for the board's performance, self-assessment questionnaires for board members' performance, and self-assessment questionnaires for functional committees' performance. Finally, the coordinating executing unit shall collect the data and establish scores based on the evaluation indicators specified in Article 8, record the assessment results, and submit a report for review and improvement to the board of directors.
- Article 7 The external evaluation institutions or external expert scholar teams arranged by the company to conduct the board of directors' performance evaluations shall follow the following principles: External evaluation institutions mainly consist of relevant organizations that undertake board-related education and training programs and provide services to enhance corporate governance or management consulting firms. External expert scholar teams should consist of at least three experts or scholars in the board of directors or corporate governance field. They will assess the execution of the company's board of directors' performance evaluation and write an external evaluation analysis report.
- Article 8 The company should consider its situation and needs to establish measurement items for the performance evaluation of the board of directors (or functional committees) and at least cover the following five aspects:
1. Participation in company operations.
 2. Enhancement of the board of directors' decision-making quality.
 3. Composition and structure of the board of directors.
 4. Selection and ongoing education of directors.
 5. Internal control.

The measurement items for the evaluation of directors (self-assessment or peer assessment) should cover at least the following six aspects:

1. Grasp of company goals and missions.
2. Awareness of director responsibilities.
3. Participation in company operations.
4. Management of internal relationships and communication.
5. Director's expertise and continuous education.
6. Internal control.

The board of directors' performance evaluation indicators should be established based on the company's operations and needs. They should be relevant and suitable for the company's execution of performance evaluation. The criteria for scoring should be revised and adjusted according to the company's needs and may also be weighted according to each measurement aspect.

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| Article 9 | When the company selects or nominates independent directors, the results of individual director performance evaluations should be used as a reference. |
| Article 10 | The company should disclose in the annual report the execution details of the annual board of directors' performance evaluation, including at least the assessment cycle, period, scope, method, and content. Suppose external institutions or experts conduct the board's performance evaluation. In that case, the annual report should also disclose information about the external evaluation institution, experts, their team members, professional credentials, and independence statement, as well as details about the evaluation method, criteria, and future improvement suggestions. |
| Article 11 | The performance evaluation methods established by our company shall be fully disclosed on the Taiwan Stock Exchange's Market Observation Post System and our company's official website for public access. |
| Article 12 | The Principles will be taken into effect after the BOD adopts the resolution, same as amendment. |
| Article 13 | The Principles were enacted on November 7, 2018.

The 1st amendment was made on November 11, 2020 |