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## **Regulations Governing Board Performance Evaluation Walsin Lihwa Corporation**

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### **Article 1 Objective and basis of stipulation**

To implement corporate governance, enhance the Company's board functions, and set forth performance objectives to improve the operation efficiency of the board of directors, the Regulations Governing the Board Performance Evaluation (hereafter referred to as the Regulations) are established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

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### **Article 2 Compliance with the regulations**

The general evaluation cycle, evaluation period, scope and method of evaluation, the unit conducting such evaluation, evaluation procedures and other matters for compliance shall be subject to the Regulations Governing Board Performance Evaluation.

Individual functional committees of the Company shall stipulate the implementation of at least one internal performance evaluation every year.

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### **Article 3 Evaluation cycle and period**

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. The performance evaluation for the current year shall be conducted at year-end.

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

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### **Article 4 Evaluation scope and method**

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

Evaluation methods 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.

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### **Article 5 Unit responsible for evaluation implementation**

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The unit conducting internal evaluations of the Company's board of directors shall have an adequate understanding of the operation of the board of directors and shall assume a fair, impartial and independent role. Therefore, the unit responsible for such internal evaluations shall be the secretariat of the board

The secretariats of individual functional committees may perform evaluations of their committees in view of the differences between how individual functional committees operate.

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#### **Article 6 Evaluation procedures**

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

1. The Company shall determine the units subject to annual evaluation, period and the scope of evaluation in the current year, e.g. the board of directors as a whole, individual board members, individual functional committees, etc.
  2. The company may determine evaluation methods, e.g. internal evaluation of the board, self-evaluation by the board members of themselves or peers, peer evaluation, and evaluation by an appointed external professional institution and experts, etc. based on the condition of the current year.
  3. The secretariats of the board and individual functional committees are responsible for evaluation implementation.
  4. The secretariats shall provide the questionnaires in Annex 1, 3, and 4 to the board of directors and functional committees for them to fill out, and provide the filled-out questionnaire in Annex 2 to the secretariat of the board as well as performance evaluation-related information to the board of directors and functional committees for their reference. After the board of directors and functional committees fill out the annexed questionnaires, the secretariats will then collect and score the questionnaires to submit and report the evaluation results to the Compensation Committee and the board of directors.
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#### **Article 7 Evaluation by external parties**

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 education and training
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programs for boards of directors and improvement of corporate governance.

3. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of directorship or corporate governance to conduct evaluations of board performance of the Company and prepare external evaluation analysis reports.

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#### **Article 8 Evaluation indexes and scoring criteria**

The Company shall take into consideration its conditions and needs when establishing the criteria for evaluating the performance of the board of directors and shall cover at least the following five aspects:

- a. Participation in company operation;
- b. Improvement of the quality of the board of directors' decision making;
- c. Composition and structure of the board of directors;
- d. Election and continuing education of the directors; and
- e. Internal control.

The criteria for evaluating the performance of the board members **(on themselves or peers)** shall cover at least the following six aspects:

- a. Familiarity with company goals and missions;
- b. Awareness of the duties of directorship;
- c. Participation in company operation;
- d. Management of internal relationship and communication;
- e. Directorship professionalism and continuing education; and
- f. Internal control.

The criteria for evaluating the performance of functional committees shall cover at least the following five aspects:

1. Extent of participation in the operation of the Company
2. Awareness of functional committee duties
3. Improvement of functional committee decision-making quality
4. Functional committee makeups and election of committee members
5. Internal control

**The board of directors performance evaluation indexes** shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations

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by the Company, and subject to regular reviews and constructive comments of the Compensation 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.

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**Article 9 Application of evaluation results**

When electing or nominating members of the board of directors, the Company shall base its election or nomination on its board performance evaluation results and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

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**Article 10 Annual report disclosure**

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.

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**Article 11 Public disclosure**

The 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 available for consultation.

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**Article 12 Enforcement and amendment**

With approval by the board and Compensation Committee, the Regulations took effect on October 28, 2015 and were amended and became effective for the 1<sup>st</sup> time on February 26, 2016, the 2<sup>nd</sup> time on October 28, 2016, the 3<sup>rd</sup> time on August 4, 2017, the 5<sup>th</sup> time on August 2, 2018, the 6<sup>th</sup> time on May 6, 2019, and the 7<sup>th</sup> time on November 13, 2020.

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