

**AiRTAC**

**AIRTAC INTERNATIONAL GROUP**

**General Manager Office**

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**Rules for Performance Evaluation of  
the Board of Directors**

**Doc. No. AO-GM-MR-025**

**Version A-1**

**1. Purpose**

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 rule ("Rule") is established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the Corporate Governance Code of the Company (the "Code") for compliance.

**2. Scope and Method of Evaluation**

2.1 The scope of the evaluation of the Board of Directors of the Company includes the evaluation of the performance of the entire Board of Directors, individual directors, and functional committees.

2.2 Functional committees include the audit committee and remuneration committee.

2.3 Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, internal self-evaluation of the functional committees, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

**3. Responsibilities**

3.1 General Manager Office: assist in the preparation, interpret, and revision of this Rule.

**4. Definitions**

None

**5. Procedures**

None

**6. Contents**

6.1 General rules to be complied with

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 these Rules.

## 6.2 Cycle and period of evaluation

6.2.1 The Company's Board of Directors shall conduct an internal board performance evaluation every year according to the evaluation procedures in Article 6.4 and the evaluation indexes of Article 6.6 herein.

6.2.2 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.

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

## 6.3 Unit conducting the evaluations

6.3.1 The internal evaluation and self-evaluation of the Board of Directors and individual directors shall be conducted by the general manager office; the internal evaluation and self-evaluation of the functional committees shall be conducted by the general manager office.

6.3.2 If the annual evaluation is outsourced to external institutions, the Company shall be exempt from conducting evaluations.

6.3.3 The selection of evaluation institutions and experts, handling of schedules, methods of evaluation and other matters shall be authorized by the Chairman.

6.3.4 In cases where the Company has a corporate governance committee or nomination committee made up of independent directors, it is advisable for these committees to serve as the unit performing the evaluations.

## 6.4 Internal evaluation procedures

6.4.1 The units performing evaluations will collect information about the activities of the Board of Directors (including the functional committees) and distribute and calculate the results from the following questionnaires:

- A. Self-Evaluation Questionnaire of Performance of the Board of Directors, Self-Evaluation Questionnaire of Performance of the Audit Committee, Self-

Evaluation Questionnaire of Performance of the Remuneration Committee: the evaluation of the performance of the entire Board of Director (including functional committees) from each individual director.

B. Self-Evaluation Questionnaire of Performance of Board Members: the self-evaluation of his or her own performance by each individual director.

6.4.2 The unit responsible for evaluation shall collect all information, give scores based on the evaluation indexes and standards in Article 6.6, record the evaluation results in a report, and submit the report to the Board of Directors meeting to be held before the end of March of the following year as reference for discussion and improvement.

#### 6.5 External evaluation institution or experts

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance in accordance with Article 6.6.2, the Company shall comply with the following guidelines:

- A. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
- B. 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.
- C. 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.

#### 6.6 Evaluation indexes and standards

6.6.1 The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:

- A. Participation in the operation of the Company;
- 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.

6.6.2 The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:

- A. Alignment of the goals and missions of the Company;
- B. Awareness of the duties of a director;
- C. Participation in the operation of the Company;
- D. Management of internal relationship and communication;
- E. The director's professionalism and continuing education; and
- F. Internal control.

6.6.3 The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

- A. Participation in the operation of the Company;
- B. Awareness of the duties of the functional committee;
- C. Improvement of quality of decisions made by the functional committee;
- D. Makeup of the functional committee and election of its members; and
- E. Internal control.

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

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

6.6.6 When the unit conducting the evaluation calculates the results of the evaluations, it shall count separately the results of the self-evaluation of the performance of the Board of Directors (including functional committees) and the results of the self-evaluation of the performance of each individual directors. The self-evaluation score shall be the average of all items, and the results corresponding to each average score is as follows:

- A. The result is "Excellent" for an average score of 4 or more.
- B. The result is "Good" for an average score of more than 3 yet less than 4.
- C. The result is "To be Improved Upon" for an average score not reaching 3.

#### 6.7 Use of the 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.

#### 6.8 Disclosure of the annual report

6.8.1 The Company shall disclose in its annual report whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, with a description of the evaluation method provided.

6.8.2 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 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.

#### 6.9 Method of disclosure

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.

#### 6.10 Implementation

The Rule shall take effect after having been discussed and approved by the Board of Directors. Subsequent amendments thereto shall be effected in the same manner.

### 7. Related Rules

None

### 8. Annexes/Forms

#### 8.1 Forms

8.1.1 Self-Evaluation Questionnaire of Performance of the Board of Directors

AO-GM-MR-025-1-0

8.1.2 Self-Evaluation Questionnaire of Performance of the Audit Committee

AO-GM-MR-025-2-0

8.1.3 Self-Evaluation Questionnaire of Performance of the Remuneration Committee

AO-GM-MR-025-3-0

8.1.4 Self-Evaluation Questionnaire of Performance of Board Members

AO-GM-MR-025-4-0