

## 2023 Board and functional committee performance evaluation

The Company has formulated the Rules of the Performance Evaluation of the Board of Directors (approved by the Board of Directors), the amendment to which was approved by the 2nd board meeting in 2021. The Company evaluates the performance of the Board of Directors, individual directors, the Audit Committee, the Remuneration Committee, and the Risk Management Committee once per year. The results of the internal and external board performance evaluation shall be completed before the end of the first quarter of the following year. The Company implemented the performance evaluation of Directors from 2020 to 2022, and it was ended after three years in 2023. Therefore, in Q3/2022, the Company entrusted the Taiwan Corporate Governance Association to conduct an external evaluation through an on-the-spot examination. The results of the internal and external evaluations have been reported in the latest Board Report as a reference for future selection or nomination of Directors and the results of performance evaluation of individual Directors (excluding independent Directors) as a reference for determining the remuneration distribution for corporate Directors.

The implementation situation is as follows:

| Item    | Description   |
|---------|---|
| Cycle   | Once per year   |
| Period  | January 1–December 31 each year   |
| Scope   | The performance evaluation covers the Board of Directors, individual directors, functional committees (the Remuneration Committee, the Audit Committee, and the Risk Management).   |
| Method  | Internal self-evaluation of the Board of Directors, board members' self-evaluation, peer evaluation, appointment of external professional organizations or experts for performance evaluation at least once every three years, or other appropriate methods.  |
| Content | <p>1. The board performance evaluation indicators shall cover at least the aspects below:<br/>Degree of involvement in the Company's operations; improvement to the quality of the Board of Directors' decision-making; composition and selection of members of the Board of Directors; election of directors and their continuing education; internal control.</p> <p>2. The board member performance evaluation indicators shall cover at least the aspects below:<br/>Alignment with the Company's goals and mission; awareness of responsibilities as a director; degree of involvement in the Company's operations; management and communication of internal relations; directors' professional and continuing education; internal control.</p> <p>3. The functional committee performance evaluation indicators shall cover at least the aspects below:<br/>Degree of involvement in the Company's operations; awareness of responsibilities as a functional committee member; improvement to the quality of the functional committee's decision-making; composition and selection of members of the functional committees; internal control.</p> |

1. The objectives of reinforcement of the competency of the Board of Directors in the current year and the most recent year and the implementation:

(1) Reinforce the functions of the Board of Directors and functional committees:

- As per Article 14 of the Articles of Incorporation, there shall be seven directors on the board. With a candidate nomination system adopted, directors shall be elected by the shareholders' meeting from the list of candidates to serve a term of three years and may be re-elected.
- The Company has established an Audit Committee, a Remuneration Committee, and a Risk Management Committee, to evaluate and manage all strategies, operations, finances, and

hazards that may affect the Company's operations and profits. Each functional committee is entirely composed of independent directors. With their independence and professionalism, they strengthen the Company's corporate governance and the functions of the Board of Directors.

- The manager reports to the board of directors on the results of the implementation of the Company's sustainable development, the operation and implementation of ethical corporate management, concerns and responses of stakeholders, intellectual property management plans and implementation, information security management implementation, etc., and includes goals and suggestions for operational strategies.

(2) The implementation of the performance evaluation of the Board of Directors and functional committees

- Performance evaluation self-evaluation indicators and grades of board of directors in 2022  
1 Very dissatisfied; 2 dissatisfied; 3 Ordinary; 4 satisfactory; 5 very satisfactory.

| Board performance self-evaluation | Board member performance self-evaluation | Audit Committee performance self-evaluation | Remuneration Committee performance self-evaluation | Risk Management Committee performance self-evaluation |
|-----------------------------------|--|---|--|---|
| 26 self-evaluation indicators     | 20 self-evaluation indicators            | 21 self-evaluation indicators               | 19 self-evaluation indicators                      | 18 self-evaluation indicators                         |

■ 2023 self-evaluation results

| Board of Directors performance self-evaluation | Board member performance self-evaluation | Audit Committee performance self-evaluation | Remuneration Committee performance self-evaluation | Risk Management Committee performance self-evaluation |
|--|--|---|--|---|
| 4.99 points                                    | 4.95 points                              | 4.97 points                                 | 4.91 points  | 4.98 points   |

1. Performance evaluation of the Board of Directors: All of the individual indicators were scored between 5 (very satisfactory) to 4 (satisfactory). The Board of Directors is well-functioning, and the operation of the Board of Directors meets the requirements of corporate governance and directors' expectations.

2. Performance evaluation of the functional committees: All of the individual indicators were scored between 5 (very satisfactory) to 4 (satisfactory). Indicates that the functional committees are functioning well and meet the requirements of corporate governance.

■ Improvement plans

We reported the 2023 board performance evaluation results to the Remuneration Committee and the Board of Directors on February 16, 2024 and put forth the improvement plans for the indicators with lower average scores.

| Item | Indicators with a lower average score  | Countermeasure  |
|------|--|---|
| 1    | Directors clearly understand the characteristics and risks of the Company's industry | 1. In February, August, and November 2023, provide relevant laws and regulations and precautions to the new directors and all |

|   |  |   |
|---|--|---|
| 2 | Directors make effective contributions at Board of Directors meetings, such as making specific recommendations on motions, etc.                      | directors elected in the ninth term before taking office, and arrange company operation briefings and production line visits to understand the company's operating status. °<br>2. In 2023, directors and independent directors will assist the company in passing the Sinosteel Fine Materials merger and acquisition and the 2024 budget. ° |
| 3 | The Directors clearly understand the Company, the Company's management team and the Company's industry to make professional and appropriate judgment |   |

■ External evaluation is as follows:

| Evaluation cycle/evaluation period  | Assessment scope  | Assessment method   | Assessment content   |
|---|---|---|--|
| Performed at least once every three years<br>/ 2021.07.01<br>~ 2022.06.30 | Board of Directors, Board Members and Functional Committees of the Board of Directors | The China Corporate Governance Association, a corporate body, reviewed in writing the relevant documents required for the assessment provided by the company, and appointed four assessment experts((Executive Committee Member and Convenor Lin, Chun-Cheng, Executive Committee Member Chiu,Cheng-Jen, Evaluation Team Leader Lu, Shu-Man, and Evaluation Specialist Chen,Yi-En) to the company on August 11, 2022 to conduct an on-site visit and interview the company' s chairman and board of directors on the functionality of the company. Committee convener, general manager, deputy general manager, corporate governance director and chief auditor, etc. | Review the operation of the company's board of directors from eight aspects including board composition, guidance, authorization, supervision, communication, internal control and risk management, board of directors' self-discipline, and other aspects such as board meetings and support systems. |

The company entrusted the "China Corporate Governance Association" to conduct a board of directors effectiveness evaluation in 2022 and submitted an evaluation report on August 17, 2022. The company will report the results to the board of directors and the salary and remuneration committee on October 26, 2022 and February 21, 2023. The Chinese Corporate Governance Association issued the "Board of Directors Performance Evaluation Certificate". The overall evaluation, recommendations and the company's improvement implementation status are as follows: :

**(I) Overall Comments:**

1. Your company invited a third-party professional and independent organization to assist in the performance evaluation of the Board of Directors, which demonstrates the proactive attitude of your Board of Directors in implementing the corporate governance system and enhancing the effectiveness of the Board of Directors, and seeks opportunities for further improvement through a credible and objective review.

2. Considering the risks that may arise in the process of transformation and innovation, the Board of Directors formally approved the establishment of a "Risk Management Committee" on July 28, 2021, which will meet at least twice a year and set up a "Risk Control Team" to provide information and risk assessment on relevant proposals, and report and discuss them with the Risk Management Committee and finally report them to the Board of Directors, which fully demonstrates that the Company attaches importance to risk control and response.
3. Your company attaches importance to the international trend of sustainable development and incorporates ESG-related concepts such as carbon neutrality, circular economy and social welfare into the company's long-term development strategy and implements them into its daily operations. At the same time, ESG-related issues will be incorporated into the performance indicators of senior managers and employees in each department to actively promote sustainable management.
4. The Company's "Management Strategy" was developed by senior management and the Board of Directors through numerous interactive meetings. The "Annual Budget" is a preliminary set of objectives, plans and operating statements proposed by the management team, which are reported and discussed by the Audit Committee and then submitted to the Board of Directors for resolution, demonstrating the professionalism and responsibility of the Board of Directors.

## **(II) Recommendations and Improvements in Implementation**

Recommendation 1: Your company should provide a complete manual for new directors to perform their duties before they take office, and then the Corporate Governance Officer can arrange business briefings by the relevant units according to the needs of directors after they take office, so that new directors can fully understand the operation of the company. It is recommended that the Company systematize the aforementioned practices and establish a training program for new directors to strengthen the relevant systems of corporate governance.

Improvements in implementation: The Company's current practice is to provide directors with relevant laws and regulations, precautions to be taken, briefings on the Company's operations and site visits to production lines prior to their appointment, and also provide assistance in attending corporate governance-related courses, etc., but these are not explicitly provided for in the Management Regulations. The proposed amendments to certain provisions of the Code of Corporate Governance Best Practice Principles have been submitted to the Board of Directors for consideration and approval in the first quarter of 2023 to facilitate compliance.

Recommendation 2: Your company has a "Whistleblower System Management Regulations", in which the Audit Office Department receives reports of incidents, and after an internal investigation, submits them to the

president or the Chairman or Independent Directors depending on the significance of the incident. However, the whistle-blower mechanism places primary importance on the knowledge of the Board of Directors, especially Independent Directors. It is recommended that the Company set up a reporting channel for the Independent Directors (or the Audit Committee) to receive reports simultaneously to further strengthen the whistle-blower mechanism.

Improvements in implementation: On August 24, 2022, the Company completed the establishment of a whistleblower mailbox as proposed; and submitted to the Board of Directors in the fourth quarter of 2022 a review of and amendments to some of the provisions of the "Internal Important Information Processing Procedures".

Recommendation 3: It is recommended that the Company establish a mechanism and procedures for the reporting of occasional material information to regulate the material events that should be reported immediately, the reporting procedures, and the reporting deadlines, etc. The reporting procedures should cover all Board members to ensure that outside directors can fully grasp material information of the Company during non-meeting periods, so that the directors can better perform their supervisory duties.

Improvements in implementation: The Company's current material incidental events are required by law to be communicated by the Finance Department to all Board members simultaneously after the release of material information, but are not explicitly stated in the operating procedures; in 2022 Q4, an amendment to Article 5 of the "Internal Important Information Processing Procedures" has been submitted to the Board of Directors for consideration, specifying that all Board members are to be included in the reporting.