

Taiwan Secom Co., Ltd.
Rules for Performance Evaluation of Board of Directors

Amended at the Board meeting on 2021.11.11

Article 1 (Purpose of establishment and basis)

These measures have been established in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in order to realize corporate governance, improve Board functions, establish performance goals and enhance the Board's operational efficiency.

Unless the Board has a specific appraisal method for the evaluated units, the operations, procedures and indicators of performance appraisal of the Company's Board and the Functional Committees are subject to the requirements in these measures.

Article 2 (Standards to be followed)

The evaluation cycle, period, scope and method, the units to be evaluated, the evaluation procedures and other matters to be followed for the performance appraisal measures of the Board are subject to the requirements of these measures.

The procedures for each Functional Committee shall be included in the standards of the performance appraisal for Internal Committees to be conducted at least once a year.

Article 3 (Evaluation cycle and period)

The Company's Board shall conduct the Board performance appraisal at least once a year, and performance in the current year shall be carried out based on the evaluation procedures and indicators in Articles 6 and 8 before the end of the year.

Once every three years, the performance appraisal of the Board is conducted by external independent specialized institutions or teams of external experts and scholars, and the performance appraisal of the current year shall be carried out before the end of the year.

The results of the Board performance appraisal are to be provided before the most recent Board meeting in the following year.

Article 4 (Evaluation scope and method)

The scope of evaluation includes the performance appraisal of the Board, individual Board members, and Functional Committees.

The appraisal can be an internal self-assessment by the Board, self-assessment by Board members or other appropriate methods.

Article 5 (Unit responsible for conducting appraisal)

The internal unit conducting the performance appraisal shall have a clear understanding of the operation of the evaluated units, and have a fair, objective, and independent role.

The evaluation of Functional Committees may be conducted by different units depending on the Company's organizational structure. The unit conducting evaluations shall be fair and impartial, and no individual or unit conducting evaluations shall have any direct interest in the operation of the units subject to evaluation.

If the Company has a Corporate Governance Committee or Nomination Committee composed of Independent Directors, it is advisable for these Committees to serve as the unit performing the evaluations.

Article 6 (Evaluation procedures)

The procedures for the performance appraisal of the Board are described as follows:

For the internal performance appraisal of the Board, the administrative unit shall collect information on the activities of the Board of Directors, individual Directors and Functional Committees before December 31 each year and distribute the following questionnaires:

- I. "Self-Assessment Questionnaire for Performance Appraisal of the Board (including Functional Committees)": Each Director's appraisal of the overall Board (and Functional Committees) performance.
- II. "Board Members' Self-Assessment Questionnaire": Each Director's appraisal of his/her own performance.

The administrative unit shall submit the results from the returned questionnaires to the Board meeting before the end of March of the following year as a reference for review and improvement.

Article 7 (External professional institutions and experts)

The Company shall follow the instructions below when arranging an external evaluation agency or teams of external experts and scholars to conduct the Board performance appraisal:

The external evaluation agency should be an institution or a management consulting company that provides services such as education and training courses for the Board of Directors and improvement of corporate governance. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of the Board of Directors or corporate governance to conduct the performance appraisal of the Board and prepare external evaluation analysis reports.

Article 8 (Evaluation indicators and scoring criteria)

The Company shall take into consideration its condition and needs when establishing the criteria for performance appraisal of the Board (Functional Committees), which should cover, at a minimum, the following five aspects:

- I. Participation in the operation of the Company.
- 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.

The criteria for self-assessment of Board members should cover, at a minimum, the following six aspects:

- I. Alignment of the goals and missions of the Company.

- II. Awareness of the duties of a Director.
- III. Participation in the operation of the Company.
- IV. Management of internal relationships and communication.
- V. The Director's professionalism and continuing education.
- VI. Internal control.

The criteria for performance appraisal of Functional Committees should cover, at a minimum, the following five aspects:

- I. Participation in the operation of the Company.
- II. Awareness of the duties of the Functional Committee.
- III. Improvement of quality of decisions made by the Functional Committee.
- IV. Composition of the Functional Committee and election of its members.
- V. Internal control.

The Company shall establish the measurement items for the abovementioned three paragraphs that are in line with and suitable for the performance appraisal in accordance with the operation and needs.

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.

When compiling the results of self-evaluation as required in Article 6, the administrative unit shall separate the performance scores of the Board (and Functional Committees) and the Board members. The self-evaluation scores are the overall average score of all items, and the results of self-evaluation corresponding to the average scores are as follows:

- I. For those with an average score greater than or equal to 4 points, the self-evaluation result is "Excellent."
- II. For those with an average score greater than or equal to 3 but less than 4 points, the self-evaluation result is "Good."
- III. For those with an average score less than 3 points, the self-evaluation result is "To be improved."

Article 9 (Application of evaluation results)

The results of the performance appraisal of the Company's Board shall be used as a reference for selecting or nominating Director candidates.

Article 10 (Disclosure of information in annual reports)

The Company shall disclose in its annual report how the Board performance evaluation has been conducted each year, including information covering at least the evaluation cycle, evaluation period, scope of the 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.

Article 11 (Disclosure methods)

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 inquiry.

Article 12 (Implementation)

These measures are to be implemented after being discussed and approved by the Board meeting, and likewise for the revision. If the revision is only for the questionnaire mentioned in Article 6, the Chairman is authorized to make the approval.

Schedule

Schedule 1 Board Performance Self-Evaluation Questionnaire

Schedule 2 Board Member Performance Self-Evaluation Questionnaire

Schedule 3 Audit Committee Self-Evaluation Questionnaire

Schedule 4 Remuneration Committee Self-Evaluation Questionnaire