

Regulations Governing Evaluation of the Performance of the Board of Directors

Confidential document

Approved by the Board of Directors on August 9, 2016

Approved by the Board of Directors on August 12, 2020

Approved by the Board of Directors on March 10, 2021

Approved by the Board of Directors on August 29, 2022

Article 1

To implement corporate governance and enhance the functions of the board of directors of the Company (“Board of Directors” or “Board”), and to set forth performance objectives to improve the operation efficiency of the board of directors, the Regulations are established pursuant to Article 38 of Corporate Governance Best-Practice Principles of Chailease Holding Company Limited (the “Company”) for compliance.

Article 2

The general evaluation cycles, evaluation period, scope and methods of evaluation, the units conducting evaluations, evaluation procedures and other compliance matters relating to the board performance evaluation shall be conducted in accordance with the Regulations.

Article 3

The Company shall conduct an internal board performance evaluation at least once a year. The internal board performance evaluation for the latest evaluation period shall be conducted as of November 1 for each year according to the evaluation procedures and the evaluation indexes in Articles 7 and 8. The evaluation period shall commence from November 1 of the preceding year to October 31 of the current year in which the Company conducts the evaluation.

The Company's external 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 internal and external performance evaluations for the latest evaluation period shall be completed prior to the end of the first quarter in the next year.

Article 4

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

The average of director's attendance rate of Board meeting and attendance rate of committees meeting on which the director serves shall reach no less than 80% during each evaluation period.

Methods of evaluations include the internal evaluation of the Board and its functional committees, self-evaluation by individual directors and evaluation by an appointed external professional institution, a team of experts, or other appropriate methods.

Article 5

The unit in charge of board performance evaluation is Corporate Governance and Sustainable Development Committee.

Corporate Governance and Sustainable Development Committee may form and authorize any unit or units to perform evaluations of the Board and individual directors based upon the Board's operation.

The units conducting internal board performance evaluation shall have an adequate understanding of the operation of the board meeting, and shall play a fair, impartial and independent role.

Article 6

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

1. The external professional institution should be qualified in its expertise and independence.
2. 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.
3. 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 and prepare external evaluation analysis reports.

Article 7

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

1. Internal Board Evaluation: As of November 1 every year, the units performing evaluations will collect information about the activities of Board of Directors and complete the Questionnaire of Evaluation of Performance of the Board of Directors in Annex 1.
2. Self-evaluation of Individual Directors: The Secretariat of the Board will distribute the Questionnaire of Self-Evaluation of Performance of Directors in Annex 2 to each Director to complete. Thereafter, the Secretariat of the Board will collect the Questionnaires from each Director.
3. Functional Committee Evaluation: As of November 1 every year, the units performing evaluations will collect information about the activities of all functional committees and complete the Questionnaire of Evaluation of Performance of the functional committees in Annex 3.
4. External Board Evaluation: The units performing evaluations or the Secretariat of the Board shall cooperate with the external evaluation institution or panel of external experts and scholars.
5. The performance evaluation reports produced in accordance with the preceding four clauses shall be submitted to the Board of Directors for discussion and improvement by the units performing evaluations or the Secretariat of the Board

Article 8

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:

1. Participation in the operation of the company;
2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors and each functional committee;
4. Election and continuing education of the directors; and
5. Internal control.

The criteria for evaluating the performance of the directors, should cover, at a minimum, the following six aspects:

1. Familiarity with the goals and missions of the company;
2. Awareness of the duties of a director;

3. Participation in the operation of the company;
4. Management of internal relationship and communication;
5. The director's expertise and continuing education; and
6. Internal control.

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

1. Participation in the operation of the company;
2. Understanding of its Responsibilities;
3. Improvement of the quality of the functional committees' decision making;
4. Organization of the functional committees and Election of its members; and
5. Internal Control.

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.

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, and the number shall be rounded to the nearest integer.

Subject to the result of self-evaluation conducted by the Board of Directors or the evaluation committee members selected by the Company, if 90% of the measurement indexes reach 4 points or more, the grade of internal performance evaluation shall result in a grade of "Exceeding the Standard;" if 80% or more (but less than 90%) of the measurement indexes reach 4 points or more, the grade of internal performance evaluation shall result in a grade of "Meet the Standard;" if less than 80% of the measurement indexes reach 4 points or more, the grade of internal performance evaluation shall result in a grade of " Moderately Unsatisfactory."

【Descriptions】

1. The "Questionnaire of Self-Evaluation of Performance of Directors" includes 23 indexes, and shall be completed by each of the director. If the self-evaluation result of Director A is that 20 indexes (87%) reach 4 points or more, the grade of internal performance evaluation shall result in a grade of "Meet the Standard." If the self-evaluation result of Director B is that 21 indexes (91%) reach 4 points or more, the grade of internal performance evaluation shall result in a grade of "Exceeding the Standard."
2. The "Questionnaire of Evaluation of Performance of the Board of Directors" includes 45 indexes, and shall be completed by three (or more) evaluation committee members selected by the Company. If the self-evaluation result of the first committee member is that 38 indexes (84%) reach 4 points or more; the result of the second committee member is that 40 indexes (89%) reach 4 points or more; and the result of the third committee member is that 42 indexes (93%) reach 4 points or more, then the grade of internal performance evaluation shall be calculated as follows (the number shall be rounded to the nearest integer):

$$(84\%+89\%+93\%)/3= 89\%$$

The average score is that 80% or more (but less than 90%) of the measurement indexes reach 4 points or more, the grade of internal performance evaluation shall result in a grade of "Meet the Standard."

Article 9

The Company shall refer to the evaluation results of the Company's Board performance when electing or nominating directors and the result of the Self-evaluation of Individual Directors when deciding the compensation of each individual directors.

Article 10

The Company shall disclose in its annual report as to whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, such contents shall at least include the description of the evaluation cycle, evaluation period, evaluation scope, evaluation method and the evaluation criterion.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Company shall disclose the external assessment agency, experts and their team members and professional descriptions, as well as the independent assessment statement of the external assessment agency or experts in the annual report or company website, and explain the assessment methods, standards and future improvement suggestions.

Article 11

It is advisable that the Regulations are fully disclosed on the Market Observation Post System (MOPS) and the Company's official website at all times for the search of investors.

Article 12

The Regulations shall take effect upon the approval by the Board of Directors. Any amendments thereto shall take effect in the same manner.

Chailease Holding Co., Ltd.
2022 Questionnaire of Evaluation of Performance of the Board of Directors

Assessment Items (Note 1 & Note 2)	Assessment Results (Note 3)	Remarks
A. Participation in the operation of the company		
1. How is the actual average attendance of directors in Board of Directors meetings (excluding proxies for attendance)? (For example: an attendance rate less than 70% may be assessed as “1”, 70-80% may be assessed as “2”, 80-85% may be assessed as “3”, 85-90% may be assessed as “4”, 90% or more may be assessed as “5”)	1 2 3 4 5	
2. The directors in Board of Directors have attend the General Shareholders' Meeting and have a high attendance rate. (For example, if no director attends the shareholders meeting, this index may be assessed as “1”; if there are more than one directors attend the shareholders' meeting, but the attendance rate is less than 1/2, this index may be assessed as “2”; if the attendance rate reaches 1/2, this index may be assessed as “3”; if the attendance rate is more than 1/2 but does not reach 2/3, this index may be assessed as “4”; if the attendance rate is more than 2/3, this index may be assessed as “5”)	1 2 3 4 5	
3. The directors read and understood meeting materials before the meetings of the Board of Directors.	1 2 3 4 5	
4. There is sound interaction between Board of Directors and the management team.	1 2 3 4 5	
5. The Board of Directors strictly oversees the Company's compliance with the law and codes of practice.	1 2 3 4 5	
6. All directors of the company make effective contributions on the Board of Directors.	1 2 3 4 5	
7. The Board of Directors takes action, in an on-going basis, to establish corporate governance-related rules, support corporate assessment, and fully protect the rights and interests of shareholders so as to improve the corporate governance.	1 2 3 4 5	
8. The members of the Board of Directors have sufficient knowledge of the company, the company's management team and the company's industry.	1 2 3 4 5	
9. The Board of Directors can assess and monitor the existing and potential risk of the company, and discuss over the implementation and follow-up status of the internal control system.	1 2 3 4 5	
10. The Directors thoroughly communicated and interacted with the certified public accountant. (In case of implementation of new accounting bulletin or major adjustments in financial report, a meeting should be held for discussion. Accountant should be invited to attend the Board of Directors meetings at least twice a year to discuss on the annual and semi-annual financial reports so that directors can fully understand the financial status of the company.)	1 2 3 4 5	

11. The Board of Directors regularly and thoroughly reviewed the performance of the management team.	1 2 3 4 5	
12. The Board of Directors can fully and timely obtained the performance report of business operation for understanding the negative trends in time.	1 2 3 4 5	
B. Improvement of the quality of the board of directors' decision making		
13. The Board of Directors clearly set all strategic goals of the company.	1 2 3 4 5	
14. There were sufficient discussions for enacting the Company's strategic plans, annual budget and its procedure.	1 2 3 4 5	
15. How is the frequency of the Board of Directors meetings held and expected to be held during this year? (For example, an assessment of "3" / average is given for 6 meetings during a year.)	1 2 3 4 5	
16. The information provided by the Company to the Board of Directors is complete and timely and with certain format and quality with which the Board of Directors can successfully fulfill its duties.	1 2 3 4 5	
17. The minutes of the Board of Directors meetings properly recorded the contents of discussion and individual or collective reservations or concerns.	1 2 3 4 5	
18. In the agenda arranged by the Board of Directors, each proposal is allocated appropriate time for discussion so that the directors have sufficient time to discuss.	1 2 3 4 5	
19. The cases submitted by the Company to the Board of Directors for discussion and decision were appropriate.	1 2 3 4 5	
20. All matters discussed by the board of directors in accordance with the law have been attended by all independent directors.	1 2 3 4 5	
21. The Board of Directors provided a good communication channel for proper communications with independent directors.	1 2 3 4 5	
22. The Board of Directors has implemented follow-up tracking for the board meeting resolutions.	1 2 3 4 5	
23. If any director should avoid voting due to conflict of interests, the minutes of the Board of Directors meeting showed that the director always voluntarily refrained from voting or the Chairman asked in advance that the director not to vote.	1 2 3 4 5	
24. The Board of Directors, the board members and each functional committee regularly and efficiently conducted performance assessment.	1 2 3 4 5	
C. Composition and structure of the board of directors		

25. The Board of Directors consists of adequate positions of independent directors, the number of which complies with related regulation. (For example, if the Chairman of the Board of Directors and the general manager is the same person, are spouses, or are immediate relatives, the Company shall have at least four independent directors. However, if the number of directors exceeds fifteen, the number of independent directors shall not be less than five and should increase and more than half of the directors are not employees or managers of the Company.)	1 2 3 4 5	This article is revised in accordance with the external law.
26. The independent directors of the Company are qualified with required expertise and have maintained their independence during their tenure.	1 2 3 4 5	
27. The Board of Directors has established appropriate and sufficient functional committees.	1 2 3 4 5	
28. The existing functional committees are capable of performing their duties appointed by the Board.	1 2 3 4 5	
29. The company formulates and implements a policy of Board diversity based on the company's development needs.	1 2 3 4 5	
30. There are no more than two directors of the company who are spouses or collateral relatives by blood within the second degree of affinity, so that members of the Board of Directors may fulfill their duties objectively and independently.	1 2 3 4 5	
31. The Board of Directors is properly composed and has the expertise required for the decision-making process.	1 2 3 4 5	
D. The appointment and continuing education of directors		
32. The Company has established rigorous and transparent procedures for electing directors and plans for their successors.	1 2 3 4 5	
33. The selection process of the board of directors is based on the measurement standards of the company's director diversity policy.	1 2 3 4 5	
34. The process of nominating and electing directors took into account the evaluation results of individual directors.	1 2 3 4 5	
35. The process of nominating and electing directors, in terms of the actual and current needs of the company, thoroughly considers the skills, knowledge and experiences of the directors, as well as the suitability of any independent directors who has served three consecutive terms on the Board of Directors.	1 2 3 4 5	
36. The Board of Directors provided appropriate duty description to new directors so they can understand their responsibilities and be familiar with the operations and status of the company's business.	1 2 3 4 5	
37. The directors have received continuing education outside their respective expertise as shown in their annual hours for such continuing education.	1 2 3 4 5	
38. There are formal records of director training hours and professional development plan for directors to enhance their knowledge and skills.	1 2 3 4 5	
E. Internal Control		

39. The Board of Directors included risk assessment and control on the management in its corporate business decision-making process.	1 2 3 4 5	
40. The Board of Directors can effectively assess and monitor the effectiveness of the internal control system and risk management.	1 2 3 4 5	
41. The internal control system approved by the Board of Directors includes the five elements/principles and cover the whole operational activities and cycle.	1 2 3 4 5	
42. The auditing managers/auditor general of the Company attended the Board meetings and present the internal audit report therein, as well as handing over the audit report (including follow-up report) to the supervisors (or audit committee) and independent directors.	1 2 3 4 5	
43. The appointment, dismissal, evaluation, salary and remuneration of internal auditors is suggested to be reported to the board of directors or signed by the audit supervisor to the chairman for approval.	1 2 3 4 5	This article is revised in accordance with the external law.
44. When the accountants provided non-auditing services, all preparations are relevant for ensuring the objectivity and independence of the accountants.	1 2 3 4 5	
45. The directors understood and supervised the accounting system, financial reports and status, audit report of the Company and their follow-up status.	1 2 3 4 5	
F. Other Items (Please set up indexes as the Board deems appropriate)		
Additional Information:		
General Comments:		

Note 1: The evaluation period is from November 1st of the preceding year until October 31st of the current year when the evaluation is conducted.

Note 2: The evaluation should be completed before the end of the first quarter in the next year.

Note 3: The assessment is shown in a scale of 1 to 5, which bears the meaning as follows:

Number 1: very poor (strongly disagree); Number 2: poor (disagree); Number 3: average (neutral); Number 4: good (agree); Number 5: excellent (strongly agree)

Assessor:

(Signature and Date)

Chailease Holding Co., Ltd.

2022 Questionnaire of Self-Evaluation of Performance of Directors

Assessment Items (Note 1 and Note 2)	Assessment Results (Note 3)	Remarks
A. The familiarity with the goals and missions of the company		
1. You understand the core values (discipline, mission, honor, vision, etc.) of the Company.	1 2 3 4 5	
2. You clearly understand all strategic goals of the company set by the Board of Directors.	1 2 3 4 5	
3. You understand fully the nature and risks of the businesses in which the Company has operated.	1 2 3 4 5	
B. The awareness of the duties of a director		
4. You fully understand the director's legal obligations.	1 2 3 4 5	
5. You (even if newly appointed) understand your duties.	1 2 3 4 5	
6. You complied with the obligation of confidentiality on the internal information you obtained while performing your duties as a director.	1 2 3 4 5	
C. The participation in the operation of the company		
7. How is your actual average Board meeting attendance rate (excluding proxies for attendance)? (For example: an attendance rate less than 70% may be assessed as "1", 70 -80% may be assessed as "2", 80-85% may be assessed as "3", 85-90% may be assessed as "4", 90% or more may be assessed as "5")	1 2 3 4 5	
8. You read and understood the Board meeting materials prior to the Board meetings, so as to assist you in the performance as a director during the Board meetings.	1 2 3 4 5	
9. You devote sufficient time to board related affairs.	1 2 3 4 5	
10. You have made effective contributions to the board of directors, such as making specific suggestions for proposals, etc.	1 2 3 4 5	
11. When you received the minutes of Board meetings, you carefully read the contents of the Board minutes and were certain that the Board minutes truthfully recorded the matters of discussions as well as the qualified opinions and concerns of any director and a group of directors.	1 2 3 4 5	
12. You have a clear understanding of the company, the company's management team, and the company's industry to make professional and appropriate judgments.	1 2 3 4 5	
13. You had assessed and monitored the existing and potential risk of the company, and participated in the discussion on the implementation and follow-up status of the internal control system.	1 2 3 4 5	
14. You did not concurrently serve as directors and supervisors of multiple	1 2 3 4 5	

companies.			
D. Management of internal relationship and communication			
15. The interaction between you and the management team has been good.		1	2 3 4 5
16. The communication between you and other Board members has been good.		1	2 3 4 5
17. You have sufficiently communicated and interacted with the certified public accountant.		1	2 3 4 5
E. The director's expertise and continuing education			
18. You have the expertise required for the decision-making in the Board meetings.			
19. You have received continuing education on diverse courses outside your expertise, as shown in the annual hours for such continuing education.		1	2 3 4 5
20. You have kept strengthening the knowledge and skills in your expertise.		1	2 3 4 5
F. Internal Control			
21. If you should avoid voting due to conflict of interests, you voluntarily refrained from voting.		1	2 3 4 5
		Not applicable	
22. You have successfully assessed and monitored the effectiveness of the internal control system and risk management.		1	2 3 4 5
23. You understood and oversaw the accounting system, financial status, audit report of the company and their follow-up status.		1	2 3 4 5
G. Other Items (Please set up indexes as you deem appropriate)			
Additional Information:			
General Comment:			

Note 1: The evaluation period is from November 1st of the preceding year until October 31st of the current year when the evaluation is conducted.

Note 2: The evaluation should be completed before the end of the first quarter in the next year.

Note 3: The assessment is shown in a scale of 1 to 5, which bears the meaning as follows:

Number 1: very poor (strongly disagree); Number 2: poor (disagree); Number 3: average (neutral); Number 4: good (agree); Number 5: excellent (strongly agree)

Director:

(Date of Signature)

Chailease Holding Co., Ltd.
2022 Questionnaire of Evaluation of Performance of the Functional Committee

Assessment Items (Note 1 & Note 2)	Assessment Results (Note 3)	Remarks
A. Participation in the operation of the company		
1. How is the actual average attendance of the members (excluding proxies for attendance)? (For example: an attendance rate less than 70% may be assessed as “1”, 70 -80% may be assessed as “2”, 80-85% may be assessed as “3”, 85-90% may be assessed as “4”, 90% or more may be assessed as “5”)	1 2 3 4 5	
2. The members read and understood meeting materials before the meetings.	1 2 3 4 5	
3. Each member has made practical contributions in the meetings.	1 2 3 4 5	
4. Each functional Committee held its meetings on a periodical basis.	1 2 3 4 5	
B. The awareness of the duties of a member		
5. Each duty of the Committee is clearly defined and pertinent.	1 2 3 4 5	
6. The Committee can accurately assess and monitor each kind of existing and potential risk confronting the company.	1 2 3 4 5	
7. The Committee submit proposals to the discussions of the board of directors for its resolution in a timely and professional fashion.	1 2 3 4 5	
8. Members of the audit committee have had sufficient communication and interaction with the auditing accountants. (A meeting is required for discussions on matters such as the publication of a new accounting bulletin or major modification of the financial report.)	1 2 3 4 5	
9. Members of the audit committee have evaluated the independence and suitability of retained accountants on a periodical basis.	1 2 3 4 5	
10. The compensation committee has promulgated and periodically examined the policies, rules, standards and structures for evaluating the performances and compensations and rewards of the directors, supervisors and managers. (The decision on the compensations and rewards of the directors, supervisors and managers should not depart significantly form the company’s performance shown in its financial report.)	1 2 3 4 5	
11. The compensation committee evaluated and submitted to the approval of the board of directors the standards for evaluating the board’s performance and determined the compensations and rewards of the directors pursuant to such standards.	1 2 3 4 5	
C. Improvement of the quality of the Committee’s decision making		

12. The information provided by the Company to the Committee is complete and timely and with certain format and quality with which the Committee can successfully fulfill its duties. When necessary, related managers, internal auditors, accountants, and legal counsels are requested to participate in the Committee's meetings.	1 2 3 4 5	
13. The Committee has adequate time for discussions.	1 2 3 4 5	
14. Proposals submitted by the company to the Committee's discussions for resolutions are pertinent.	1 2 3 4 5	
15. If any member should avoid voting due to conflict of interests, the minutes of the Committee's meeting showed that the member actually refrained from voting. (Any member of the audit committee who is an independent director should honestly disclose the nature of the conflict of interests on matters in which the member is an interested party, and should refrain from discussions and voting, and from acting on behalf of another member for the right of voting.)	1 2 3 4 5	
16. The minutes of the Committee's meetings properly recorded the contents of discussion and individual or collective reservations or concerns.	1 2 3 4 5	
17. Each resolution of the Committee is effectively followed with respect to its implementation.	1 2 3 4 5	
18. The Committee periodically and effectively conducted self-assessment on its performance.	1 2 3 4 5	
D. Composition and Selection and Member Election of Functional Committee		
19. The member composition of the Committee is pertinent and represents the expertise required for its decision-making process.	1 2 3 4 5	
20. The members of the Committee actually maintained independence during their tenure.	1 2 3 4 5	
21. The selection and election of the members of the Committee are guided by the practical needs of the company, after fully taking into account the members' skills, knowledge, field of expertise, and the report on the evaluation of the Committee's performance.	1 2 3 4 5	
E. Internal Control		
22. The audit committee can effectively assess and monitor the effectiveness of the internal control system and risk management.	1 2 3 4 5	
23. The internal control system approved by the audit committee includes the five elements/principles and cover the whole operational activities and cycle.	1 2 3 4 5	
24. The audit committee understood and supervised the accounting system, financial reports and status, audit report of the Company and their follow-up status?	1 2 3 4 5	
F. Other Items (Please set up indexes as the Committee deems appropriate)		

Additional Information (e.g., suggestions on the improvement of the Committee's operation):		
General Comments:		

Note 1: The evaluation period is from November 1st of the preceding year until October 31st of the current year when the evaluation is conducted.

Note 2: The evaluation should be completed before the end of the first quarter in the next year.

Note 3: The assessment is shown in a scale of 1 to 5, which bears the meaning as follows:

Number 1: very poor (strongly disagree); Number 2: poor (disagree); Number 3: average (neutral); Number 4: good (agree);

Number 5: excellent (strongly agree)

Assessor:

(Signature and Date)