

ENNOSTAR Inc. Articles of Self-Evaluation of the Board of Directors and Functional Committees

Approved by a resolution of the Board of
Directors' meeting on August 12, 2021

Article 1 (Purpose and basis)

To implement corporate governance and to enhance the Company's board functions, the Company sets forth performance objectives to improve the operation efficiency of the board of directors. These Articles established is pursuant to Article 37 of Corporate Governance Best-Practice Principles of the Company .

The Company shall establish regulations governing the board performance evaluation with reference to this template and other applicable rules, and may create different evaluation methods appropriate to individual units.

Article 2 (Rules to be followed)

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 this template.

The board committee's charters shall be subject to review at least once a year as part of the Company's regulations governing performance evaluation for internal committees.

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 board of directors of the Company shall implement an internal board performance evaluation once a year, and the implementation shall be completed within three months after the end of each year.

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.

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

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.

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

Article 5 (Implementation unit of the assessment)

The execution unit of internal evaluation for the Company's board of directors and functional committee would be the unit dealt with agenda affairs of the aforementioned evaluates.

Article 6 (Evaluation procedure)

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

1. To determine the units subject to evaluation, the period and the scope of evaluation in the current year, e.g. the board of directors as a whole, individual board member, each functional committee, etc.
2. To determine the method of evaluation, e.g. internal evaluation of the board, self-evaluation by the board members of themselves, and evaluation by an appointed external professional institution and experts, etc.
3. The units performing evaluations will collect information about the activities of the evaluates and distribute self-evaluation questionnaires. And the execution unit will then collect all information, give scores based on the evaluation indexes in Article 8, record the evaluation results in a report, and submit the report to the board of directors for discussion and improvement.

The Corporate Governance Officer of the Company could add or adjust the self-evaluation questionnaire based on the needs of the operation, the domestic regulations, the change of practices and the trend of development of corporate governance within remarkable international companies.

Article 7 (External evaluation institution or of external experts)

When appointing an external evaluation institution or a 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 a 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 educational and training programs for board of directors and improvement of corporate governance of enterprises.
3. The panel of external experts and scholars shall include 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.

Article 8 (Evaluation indicators and scoring standards)

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 six 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;
4. Election and continuing education of the directors;
5. The effectiveness of internal control and supervision and risk management of the board of directors;
6. Corporate sustainable development

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

1. Alignment of the goals and missions of the company, including control of board of directors on characteristics of industry and objectives by phases;
2. Awareness of the duties of a director;
3. Participation in the operation of the company;
4. Management of internal relationship and communication, including but not limited to communication between members of board of directors and executive management team;
5. The director's professionalism, discipline and continuing education;
6. Internal control.

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

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of quality of decisions made by the functional committee;
4. Makeup of the functional committee and election of its members and continuing education
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, subject to regular reviews and constructive comments of the remuneration 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.

Article 9 (Exercise of assessment results)

The evaluation results of the performance of the board of directors shall be summarized and submitted to the board of directors for reviewing and improving. And the Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

Article 10 (Information disclosure)

The Company should disclose the result of performance evaluation, in its annual report and on the Market Observation Post System (MOPS).

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. In addition, the Company shall disclose the measures of evaluation, standard and future improvement suggestion.

Article 11 (Implementation)

The Company's regulations shall take effect after having been discussed and approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner.