

Regulations Governing the Performance Evaluation of the Board of Directors of Eternal Materials Co., Ltd.

Article 1. (Formulation purposes and basis)

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, these Regulations are established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

Article 2. (Regulations to follow)

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 Performance Evaluation of the Board of Directors shall be subject to these Regulations.

The functional 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 cycles and periods)

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 Company's Regulations Governing the Performance Evaluation of the Board of Directors stated that evaluation shall be conducted by an external professional independent institution or an external professional scholar team every three years.

The internal and external performance evaluations of the Board of Directors shall be completed before the end of the first quarter in 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, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Article 5. (Unit conducting evaluations)

The unit conducting internal evaluations of the Company's Board of Directors shall have an adequate understanding of the operation of the unit subject to evaluation and shall play a fair, impartial, and independent role.

The unit conducting evaluations for the functional committee may be different depending on the different operations of each functional committee. The evaluation unit may change depending on the organizational structure of the Company. The unit conducting evaluations should be fair, objective, and persons or entities that have no direct interest in

the operation of the entities to be evaluated.

Article 6. (Evaluation procedures)

The procedures of the Company's Performance Evaluation of the Board of Directors are as follows:

1. Determine the units to be 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 members, each functional committee, etc.
2. Determine the method of evaluation, e.g., internal evaluation of the Board of Directors, self-evaluation by the board members of themselves or peers, peer evaluation, and evaluation by an appointed external professional institution and experts, etc.
3. Select the units appropriate to conduct the evaluations.
4. The units performing evaluations will collect information about the activities of the Board of Directors and distribute self-evaluation questionnaires, such as the Questionnaire of Self-Evaluation of Performance of the Board in Annex 1, the Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers) in Annex 2, and the Questionnaire of Self-Evaluation of Performance of the Functional Committee in Annex 3 to be completed. The unit responsible for evaluation or the secretariat of the board 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.

Article 7. (External professional institutions, experts)

When appointing an external evaluation institution or 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 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 the 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 the board of directors or corporate governance to conduct evaluations of Board performance 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 five aspects:

1. Participation in the operation of the Company.
2. Improvement on the decision-making quality of the Board of Directors.
3. Composition and structure of the Board of Directors.
4. Election and continuing education of the Directors.
5. Internal control.

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

1. Alignment of 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 relationships and communication.
5. Professionalism and continuing education of the Directors.
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 on decision-making quality of the functional committee.
4. Composition of the functional committees and the election of its members.
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. (Utilization of 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 of Directors and shall base its determination of an individual Director's remuneration on the evaluation results of his or her performance.

Article 10. (Annual report information disclosure)

The Company shall disclose the means of performance evaluation of the Board of Directors in the Annual Report and disclose the implementation status of the performance evaluation of the Board of Directors each year. It shall also explain the evaluation methods. In cases where an external institution or experts are appointed to conduct performance evaluations of the Board of Directors, the Company shall, in the annual report, disclose 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.

Article 11. (Method of disclosure)

These Regulations shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website, to be made available for consultation.

Article 12. (Implementation)

These 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.

Annex 1

Questionnaire of Self-Evaluation of Performance of the Board

| Evaluated items | Evaluation results | Note |
|---|--------------------|------|
| A. Participation in the Company's operation | | |
| 1. The average attendance of Directors in the Board meetings (excluding attendance by proxy) is positive (attendance rate of 80% is scored 3, average). | 1 2 3 4 5 | |
| 2. The attendance of Directors in the Shareholders' meetings is positive (attendance rate of 1/2 is scored 3, average) | 1 2 3 4 5 | |
| 3. The Directors read and understand the meeting materials before a Board meeting. | 1 2 3 4 5 | |
| 4. The Board of Directors maintains positive interactions with the management team | 1 2 3 4 5 | |
| 5. The Board of Directors carefully supervises the Company's legal compliance and actual implementation status | 1 2 3 4 5 | |
| 6. All the Company's Directors made valid contributions to the Board of Directors. | 1 2 3 4 5 | |
| 7. The Board of Directors continues to establish regulations related to corporate governance, support the Company's participation in company assessment, and fully protect the rights and interests of shareholders, in order to enhance corporate governance. | 1 2 3 4 5 | |
| 8. Members of the Board of Directors have sufficient knowledge of the Company, its management team, and its industry | 1 2 3 4 5 | |
| 9. The Directors are able to assess and monitor various existing or potential risks of the Company and discuss the implementation and tracking of the internal control system. | 1 2 3 4 5 | |
| 10. There have been adequate communication and exchanges between the Directors and the certified public accountants (Meetings have to be convened to review the implementation of any new accounting bulletin or any major adjustment to financial statements. The Board of Directors invites certified public accountants to sit in on its meetings at least twice to discuss annual and semi-annual financial statements, with a view to fully understanding the Company's financial status.) | 1 2 3 4 5 | |
| 11. The Board of Directors regularly and thoroughly examines the management performance of the management team and offers rewards and punishments. | 1 2 3 4 5 | |
| 12. The Board of Directors fully and promptly obtains performance reports on business operations, and quickly learns about unfavorable trends. | 1 2 3 4 5 | |

| B. Improvement on decision-making quality of the Board of Directors | | |
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| 13. The Board of Directors has established the Company's core values (such as discipline, mission, honor, vision, etc.), and can clearly set the Company's strategic goals. | 1 2 3 4 5 | |
| 14. The Company has appropriate procedures for discussing and establishing strategic plans, and annual budgets | 1 2 3 4 5 | |
| 15. The number of Board meetings convened is appropriate (at least 6 times is scored 3, average) | 1 2 3 4 5 | |
| 16. The information provided by the Company to the Board of Directors is complete, timely, and high quality, so that the Board of Directors (including independent directors) can perform its duties smoothly. | 1 2 3 4 5 | |
| 17. The minutes of the Board of Directors' meetings appropriately record the content of discussions, and appropriately record individual or collective reservations or concerns | 1 2 3 4 5 | |
| 18. In the agendas arranged by the Board of Directors, all proposals are given an appropriate time for discussion so that the directors have sufficient time to discuss them | 1 2 3 4 5 | |
| 19. The proposals submitted by the Company to the Board of Directors are appropriate | 1 2 3 4 5 | |
| 20. Agenda items that require discussions in board meetings have been discussed in board meetings attended by all Independent Directors | 1 2 3 4 5 | |
| 21. The Board of Directors provides good communication channels and can appropriately communicate with the independent directors | 1 2 3 4 5 | |
| 22. Resolutions passed in various Board of Directors' meetings are implemented appropriately and tracked subsequently | 1 2 3 4 5 | |
| 23. In the event that a director needs to recuse himself/herself due to a conflict of interests in the relevant proposals, the Director has recused himself/herself or the Chairman has strictly required the Director's recusal, which is recorded in the meeting minutes | 1 2 3 4 5 | |
| 24. The Board of Directors, members of the Board of Directors and various functional committees regularly and effectively implement performance evaluation | 1 2 3 4 5 | |
| C. Composition and structure of the Board of Directors | | |
| 25. The Board of Directors has established a sufficient number of seats for independent directors, and the number of independent directors complies with the relevant regulations | 1 2 3 4 5 | |
| 26. The Company's independent directors should possess professional knowledge, and maintain their independence within their term of office | 1 2 3 4 5 | |
| 27. The Board of Directors has set up adequate and sufficient functional committees | 1 2 3 4 5 | |
| 28. Each existing functional committee is capable of performing the duties assigned by the Board of Directors | 1 2 3 4 5 | |
| 29. The Company formulates and implements the diversity policy for members of the Board of Directors according to | 1 2 3 4 5 | |

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| | the Company's development needs | | |
| 30. | To ensure the objective and independent operations of the board members, no more than two Director of the Company have a spousal or familial relationship within the second degree of kinship with any other Director | 1 | 2 3 4 5 |
| 31. | The composition of the members of the Board of Directors is appropriate and they possess the professional knowledge necessary for the decision-making process | 1 | 2 3 4 5 |
| D. Election and continuing education of the Directors | | | |
| 32. | The Company has established rigorous and transparent procedures for the election of directors and succession plans | 1 | 2 3 4 5 |
| 33. | The procedures for electing members of the Board of Directors can be implemented according to the measurement criteria for the diversity policy for members of the Board of Directors | 1 | 2 3 4 5 |
| 34. | The procedures for electing members of the Board of Directors take into consideration the results of performance evaluation of individual Directors | 1 | 2 3 4 5 |
| 35. | The procedures for electing members of the Board of Directors fully consider various skills, knowledge and experiences possessed by members of the Board of Directors according to the Company's actual needs. For independent directors who have served for more than three consecutive terms, consideration should be given to whether their independence has been harmed | 1 | 2 3 4 5 |
| 36. | The Board of Directors provide an appropriate explanation for newly-appointed Directors to understand their duties and familiarize themselves with the Company's operations and environment | 1 | 2 3 4 5 |
| 37. | The Directors have attended a diverse range of courses outside the scope of their respective professional competence, and complete an appropriate number of training hours every year | 1 | 2 3 4 5 |
| 38. | The Company keeps official records of the Director's training hours and establishes continuous development programs so that the directors can enhance their knowledge and skills | 1 | 2 3 4 5 |
| E. Internal control | | | |
| 39. | The Board of Directors has incorporated risk assessment and control of the management into the decision-making process of the Company. | 1 | 2 3 4 5 |
| 40. | The Board of Directors effectively evaluates and monitors the effectiveness of various internal control systems and risk management | 1 | 2 3 4 5 |
| 41. | The internal control system approved by the Board of Directors includes five major elements/principles, and covers the control operations of all operating activities and transaction cycles | 1 | 2 3 4 5 |
| 42. | The Company's audit manager/Chief Auditor attends the board meetings, reports on internal audits, and submits audit reports (including follow-up reports) to the supervisors (or Audit Committee) and Independent Director | 1 | 2 3 4 5 |

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| in accordance with the regulations | | | |
| 43. | The appointment, evaluation and remuneration of internal auditors shall be submitted to the Board of Directors or be reported by the audit manager to the Chairman, for approval. | 1 | 2 3 4 5 |
| 44. | When CPAs provide non-audit services, appropriate arrangements are in place to ensure the CPA will act objectively and independently. | 1 | 2 3 4 5 |
| 45. | The Directors of the Board of Directors understand and supervise the Company's accounting system, financial position and financial reports, audit reports, and subsequent status | 1 | 2 3 4 5 |
| F. Others (Determine what to be included on your own) | | | |
| Other additional information (Such as recommendations to the operation of the Board of Directors) | | | |
| General comments | | | |

Note 1. Where the evaluation results of various indicators cannot be expressed with scores, an explanation may be provided in the Notes column.

Note 2. The evaluation period is from ○ to ○ during the evaluation year.

Note 3. The evaluation scoring standards are as follows:

1. Strongly disagree;
2. Disagree;
3. Average
4. Agree;
5. Strongly agree.

Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)

| Evaluated items | Evaluation results | Note |
|--|--------------------|------|
| A. Understanding of the Company's goals and missions | | |
| 1. The Directors understand the core values of the Company (such as discipline, mission, honor, vision, etc.). | 1 2 3 4 5 | |
| 2. The Directors clearly understand all the strategic goals of the Company defined by the Board of Directors | 1 2 3 4 5 | |
| 3. The Directors understand the characteristics and risks of the industry in which the Company operates business | 1 2 3 4 5 | |
| B. Director's understanding of their duties and responsibilities | | |
| 4. The Directors understand the legal obligations of a director | 1 2 3 4 5 | |
| 5. Newly elected Directors understand their duties and responsibilities and the operation and environment of the Company | 1 2 3 4 5 | |
| 6. The Directors are keeping in confidentiality the internal information of the Company they have obtained when performing their duties | 1 2 3 4 5 | |
| C. Participation in the Company's operation | | |
| 7. The average attendance of Directors in the Board meetings (excluding attendance by proxy) | 1 2 3 4 5 | |
| 8. (attendance rate of 80% is scored 3, average) | 1 2 3 4 5 | |
| 9. The Directors have read and understood meeting information before board meetings to fully perform his/her duties in Board meetings | 1 2 3 4 5 | |
| 10. The Directors spend sufficient time on matters relating to the Board of Directors | 1 2 3 4 5 | |
| 11. The Directors made valid contributions at the Board meetings, e.g., provide specific suggestions on proposals | 1 2 3 4 5 | |
| 12. When receiving the meeting minutes, the Directors read the content of these minutes, and confirm that they have appropriately recorded the content of discussion and individual or collective reservations or concerns | 1 2 3 4 5 | |
| 13. The Directors have a clear understanding of the Company, the Company's management team and the industry in which the Company is engaged, to make professional and appropriate judgment | 1 2 3 4 5 | |
| 14. The Directors have assessed and monitored various existing or potential risks of the Company and discussed the implementation and tracking of the internal control system. | | |
| D. Management of internal relationships and communication. | | |
| 15. The Directors establish good communication with the management team. | 1 2 3 4 5 | |
| 16. The Directors establish good communication with other Directors. | 1 2 3 4 5 | |
| 17. There have been adequate communication and exchanges between the Directors and the CPAs | 1 2 3 4 5 | |

Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)

| E. Professionalism and continuing education of Directors | | |
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| 18. The Directors possess the professional skills required for decision-making by the Board of Directors. | 1 2 3 4 5 | |
| 19. The Directors have attended a diverse range of courses outside the scope of their respective professional competence and completed an appropriate number of training hours every year. | 1 2 3 4 5 | |
| 20. The Directors continuously enhance their professional knowledge and skills. | 1 2 3 4 5 | |
| F. Internal control | | |
| 21. In the event that a director needs to recuse himself/herself due to a conflict of interests in the relevant proposals, the director has recused himself/herself | 1 2 3 4 5 | |
| 22. The Directors have effectively assessed and monitored the effectiveness of various internal control systems and risk management | 1 2 3 4 5 | |
| 23. The Directors understand and supervise the Company's accounting system, financial position and financial reports, audit reports, and subsequent status | 1 2 3 4 5 | |
| G. Others (Determine what to be included on your own) | | |
| | | |
| Other additional information (Such as recommendations to the operation of the Board of Directors) | | |
| General comments | | |

Note 1. Where the evaluation results of various indicators cannot be expressed with scores, an explanation may be provided in the Notes column.

Note 2. The evaluation period is from ○ to ○ during the evaluation year.

Note 3. The evaluation scoring standards are as follows:

1. Strongly disagree;
2. Disagree;
3. Average
4. Agree;
5. Strongly agree.

Director: _____ (Signature and date)

Questionnaire of Self-Evaluation of Performance of the Functional Committee

| Evaluated items | Evaluation results | Note |
|---|--------------------|------|
| A. Participation in the Company's operation | | |
| 1. The average attendance of individual committee members in meetings of the functional committee (excluding attendance by proxy) is positive (attendance rate of 80% is scored 3, average). | 1 2 3 4 5 | |
| 2. Each committee member read and understood the meeting materials before a meeting | 1 2 3 4 5 | |
| 3. All committee members made valid contributions at the functional committee. | | |
| 4. Each functional committee is regularly convened for meetings | 1 2 3 4 5 | |
| B. Understanding of duties of functional committee | | |
| 5. The functional committee clearly defined its duty | 1 2 3 4 5 | |
| 6. The functional committee carefully evaluates and oversees the Company's existing or potential risks | 1 2 3 4 5 | |
| 7. The functional committee is capable of providing promptly, professional, and objective recommendations to the Board of Directors for discussions and reference for decision-making | | |
| 8. There have been adequate communication and exchanges between the Audit Committee and CPA (Meetings have to be convened to review the implementation of any new accounting bulletin or any major adjustment to financial statements) | | |
| 9. The Audit Committee regularly evaluates the independence and adequacy of the appointed CPA | | |
| 10. The remuneration committee has established, and perform regular reviews on, policies, systems, standards, and structure of performance evaluations and remunerations for directors, supervisors, and managers. | | |
| 11. (It is not advisable for decisions on the compensation of the Directors, Supervisors, and managerial officers to run contrary to financial performance to a material extent) | 1 2 3 4 5 | |
| C. Improvement on decision-making quality of the functional committee | | |
| A. Participation in the Company's operation | | |
| 12. The Company provides the functional committee with comprehensive, updated, and high-quality information for the functional committee to successfully perform their duties. Where necessary, the Company requests the attendance of related management personnel, internal auditors, legal consultants, or other personnel | 1 2 3 4 5 | |
| 13. The functional committee has sufficient time for discussions | 1 2 3 4 5 | |
| 14. Proposals submitted by the Company to the functional committees for resolution are appropriate | 1 2 3 4 5 | |
| 15. In the event that a member needs to recuse himself/herself | 1 2 3 4 5 | |

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| due to conflict of interests in the relevant proposals, the committee member has recused himself/herself, which is recorded in the meeting minutes (In the event of a proposal involves a conflict of interest of an Independent Directors of the Audit Committee, he or she shall disclose the conflict. In the event the conflict of interest may harm the interest of the Company, he or she shall be recused during discussion or vote on the matter and shall not exercise the right to vote on behalf of any other Directors) | | |
| 16. The minutes of the functional committee meetings appropriately record the discussions, and individual or collective qualified opinions or concerns. | 1 2 3 4 5 | |
| 17. There have been appropriate follow-ups on the resolutions of the functional committees | 1 2 3 4 5 | |
| 18. The functional committees conduct regular and effective performance evaluation | | |
| D. Composition of the functional committees and the election of its members | | |
| 19. The composition of the members of the functional committees is appropriate and they possess the professional knowledge necessary for the decision-making process | 1 2 3 4 5 | |
| 20. Members of the functional committees maintain their independence during their term of office | 1 2 3 4 5 | |
| 21. Members of the functional committees are elected based on the actual needs of the Company by taking into consideration members' scope of skills, knowledge, and experience, and also taking into account the results of performance evaluation of the functional committees | 1 2 3 4 5 | |
| E. Internal control | | |
| 22. The Audit Committee effectively evaluates and monitors the effectiveness of various internal control systems and risk management | 1 2 3 4 5 | |
| A. Participation in the operation of the Company. | | |
| 23. The internal control system approved by the functional committees includes five main elements/principles and covers control operations for all business activities and transaction cycles | 1 2 3 4 5 | |
| 24. The Audit Committee understands and supervises the Company's accounting system, financial position and financial reports, audit reports, and subsequent status | 1 2 3 4 5 | |
| F. Others (Determine what to be included on your own) | | |
| | | |
| Other additional information (Such as recommendations to the operation of the functional committees) | | |
| General comments | | |

- Note 1. Where the evaluation results of various indicators cannot be expressed with scores, an explanation may be provided in the Notes column.
- Note 2. The evaluation period is from ○ to ○ during the evaluation year.
- Note 3. The evaluation scoring standards are as follows:
1. Strongly disagree;
 2. Disagree;
 3. Average
 4. Agree;
 5. Strongly agree.