

EPISIL TECHNOLOGIES INC

Regulations Governing the Board Performance Evaluation

Article 1 (Legal 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, the regulations are established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

Article 2 (Regulations)

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 s shall be handled in accordance with the provisions of the regulations.

Article 3 (Evaluation Cycle and Period)

The board of directors of the company shall conduct internal performance evaluation of the board of directors every year. Internal board performance evaluation shall be completed accordance to the evaluation procedures and the evaluation indexes in Articles 6 and 7, which the evaluation period is at the end of each year.

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

Article 4 (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, or other appropriate methods.

Article 5 (Execution unit)

The unit conducting performance evaluations of the company's internal board of directors should clearly understand the operation of the evaluated unit and have a fair, objective and independent role

Article 6 (Procedures)

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

1. Determine the unit to be subject to evaluation, the period and the scope of the evaluation in the current year.
2. Select the method of evaluation.
3. Select the units appropriate to conduct the evaluations.
4. The unit responsible for evaluation will then collect all information, give scores based on the evaluation indexes in Article 7, record the evaluation results in a report, and submit the report to the board of directors for discussion and improvement.

Article 7 (Evaluation Indicators and Scoring Criteria)

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;
4. Election and continuing education of the directors;
5. Internal control.

The criteria for evaluating the performance of the board members 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 relationship and communication;
5. The director's professionalism 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
5. Internal control.

The indexes of board performance evaluation shall be determine 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.

Article 8 (Use of evaluation results)

When electing or nominating members of the board of directors, the evaluation results of the performance of the board shall be taken into consideration.

Article9 (Annual report information disclosure)

The Company shall disclose in its annual report whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, with a description of the evaluation method provided.

Article10 (Disclosure method)

The performance evaluation regulation 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 consultation.

Article11 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.