

## PharmaEngine, Inc.

### Rules for Performance Evaluation of Board of Directors

#### Article 1 Purpose and 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, these rules are established pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.

#### Article 2 Specifications to be followed

The general evaluation cycle, evaluation period, 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 these rules.

All functional committees' charters shall mention that the internal performance evaluation on the committee shall be conducted at least once a year.

#### Article 3 Cycle and Period of Evaluation

The Company's board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indicators in Articles 6 and 8.

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 Scope and Method of Evaluation

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 Units Conducting Evaluation**

The internal evaluation of the Company's board shall be conducted by the agenda working group.

#### **Article 6 Evaluation Procedure**

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

1. Determine the units to be subject to evaluation, the period and the subject of evaluation, e.g., the board of directors as a whole, individual board members, or each functional committee, in the current year.
2. Determine the method of evaluation, e.g., internal evaluation of the Board, self-evaluation by the board members of themselves or peers, peer evaluation, and evaluation by an appointed external professional institution and experts.
3. 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-Performance Evaluation of the Board in Annex 1, the Questionnaire of Self-Performance Evaluation of Board Members in Annex 2, and the Questionnaire of Self-Performance Evaluation of the Functional Committee in Annex 3 to be completed. The agenda working group will then collect all information, record the evaluation results in a report based on the scoring standards of evaluation indicators in Article 8, and submit the report to the Board of Directors for discussion and improvement.

#### **Article 7 External Professional Institutions and 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 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 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 five aspects:

1. The degree of participation in the Company's operations.
2. Improvement in the quality of decision-making by the Board of Directors.
3. The composition and structure of the Board of Directors.
4. The election of the directors and their continuing professional education.
5. Internal control.

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

1. Their understanding of the Company's goals and missions.
2. Their recognition of a director's responsibilities.
3. The degree of participation in the Company's operations.
4. Their management of internal relationships and communication.

5. Their professionalism and continuing professional education.
6. Internal control.

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

1. The degree of participation in the Company's operations.
2. The recognition of the responsibilities of the functional committee.
3. Improvement in the quality of decision-making by the functional committee.
4. The composition of the functional committee and the election and appointment of committee members.
5. Internal control.

The indicators 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 Use of Evaluation Results**

When electing or nominating members of the Board of Directors, the evaluation results of the performance of the Company's board shall be used as the basis. When determining a director's remuneration, the evaluation results of his/her performance shall be used as the basis.

#### **Article 10 Disclosure of Annual Report**

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 evaluation, evaluation method, and what is 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 Requirements**

The performance evaluation regulations established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website for browsing.

#### **Article 12 Implementation**

The Rules shall take effect after they are discussed and approved by the Board of Directors.

The same procedure shall be followed when the Rules are amended.

The Board of Directors' approval date: March 19, 2015

The first amendment was made on May 2, 2019

The second amendment was made on December 24, 2020