

VSO ELECTRONICS CO., LTD.

Board Performance Evaluation Procedures

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

1. Purpose

- 1.1. To implement corporate governance and enhance the functions of the Company's Board of Directors, establish performance objectives, and improve the efficiency of board operations, these Procedures are formulated in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

2. Scope

- 2.1. Performance evaluation of the Company's Board of Directors.

3. Reference Documents

- 3.1. Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

4. Definitions

5. Roles and Responsibilities

6. Operating Procedures

6.1. Compliance Requirements

- 6.1.1. The Board's performance evaluation, including the evaluation cycle, evaluation period, evaluation scope and methods, executing unit, procedures, and other compliance matters, shall be carried out in accordance with these Procedures.
- 6.1.2. The organizational charter of each functional committee shall stipulate that at least one internal performance evaluation be conducted annually.

6.2. Evaluation Cycle and Period

- 6.2.1. The Board shall conduct internal performance evaluations annually in accordance with the procedures and indicators set out in Articles 6.5 and 6.7.
- 6.2.2. The results of internal and external board performance evaluations shall be completed before the end of the first quarter of the following fiscal year.
- 6.2.3. The Company's board performance evaluation shall be conducted by an external professional independent organization or a team of external experts at least once every three years.

6.3. Evaluation Scope and Methods

- 6.3.1. The scope of evaluation shall include the overall Board, individual Board members, and functional committees.
- 6.3.2. The methods of evaluation may include internal self-evaluation of the Board, self-evaluation of Board members, peer evaluation, engagement of external professional institutions, experts, or other appropriate methods.

6.4. Executing Units

- 6.4.1. The executing unit for the internal board performance evaluation must have a clear understanding of the operations of the unit being evaluated and shall maintain fairness, objectivity, and independence.
- 6.4.2. For functional committee evaluations, as the operations of each committee may differ, the Company may assign different executing units depending on its organizational structure. Such executing units shall be impartial, objective, and free from direct conflicts of interest with the units being evaluated. If the Company has a Corporate Governance Committee or Nomination Committee composed of independent directors, it is advisable for such committees to serve as the executing units.

6.5. Evaluation Procedures

- 6.5.1. The procedures for the Board's performance evaluation are as follows:
 - A. Identify the unit, period, and scope of the evaluation for the year (e.g., overall Board, individual members, functional committees).
 - B. Determine the method of evaluation (e.g., internal self-evaluation of the Board, self-evaluation or peer evaluation of Board members, external professional or expert evaluation).
 - C. Select an appropriate executing unit.
 - D. The executing units collect information related to Board activities and distribute the "Board Performance Self-Evaluation Questionnaire," "Board Member Performance Self-Evaluation Questionnaire," or "Functional Committee Performance Self-Evaluation Questionnaire." The executing unit then consolidates and analyzes the results according to the evaluation indicators and scoring standards under Article 6.7, compiles an evaluation report, and submits it to the Board for reporting, review, and improvement.

6.6. External Professional Institutions and Experts

- 6.6.1. When the Company engages external institutions or expert teams to conduct board performance evaluations, they shall meet the following requirements:
 - A. The external institution or expert team must possess professionalism and independence.
 - B. External institutions shall primarily be organizations or management consulting firms that provide services related to board training, corporate governance enhancement, or similar.
 - C. An external team of experts shall consist of at least three professionals or scholars in the fields of boards of directors or corporate governance, who will assess the Company's

board performance evaluation implementation and prepare an external evaluation analysis report.

6.7. Evaluation Indicators and Scoring Standards

- 6.7.1. The Company shall consider its circumstances and needs in establishing evaluation criteria for board performance, which shall include at least the following five dimensions:
 - A. Participation in the Company's operations.
 - B. Improvement of the Board's decision-making quality.
 - C. Composition and structure of the Board.
 - D. Election and ongoing training of directors.
 - E. Internal control.
- 6.7.2. Individual Board member (self or peer) evaluations shall include at least the following six dimensions:
 - A. Understanding of corporate goals and missions.
 - B. Awareness of director responsibilities.
 - C. Participation in the Company's operations.
 - D. Internal relationship management and communication.
 - E. Professional expertise and continued training.
 - F. Internal control.
- 6.7.3. Functional committee performance evaluations shall include at least the following five dimensions:
 - A. Participation in the Company's operations.
 - B. Awareness of committee responsibilities.
 - C. Improvement of committee decision-making quality.
 - D. Composition and member selection of the committee.
 - E. Internal control.
- 6.7.4. The indicators for board performance evaluation shall be set in accordance with the Company's operations and needs, and reviewed regularly by the Remuneration Committee, which shall also provide recommendations.
- 6.7.5. Scoring standards may be revised and adjusted according to the Company's needs, and weighted scoring may be applied to different evaluation dimensions.

6.8. Application of Evaluation Results

- 6.8.1. The results of the board performance evaluation shall serve as a reference for the selection or nomination of directors and independent directors. The results of individual director evaluations (excluding independent directors) shall also be used as a reference in determining their respective compensation.

6.9. Disclosure in Annual Report

- 6.9.1. The Company shall disclose in its annual report the implementation status of the board performance evaluation each year, including the evaluation cycle, evaluation period, scope, methods, and contents.

6.9.2. If the evaluation is conducted by external institutions or experts, the annual report shall disclose the information of the institution or experts and their team members, professional qualifications, independence statement, as well as the evaluation methods, standards, and recommendations for future improvements.

6.10. Disclosure Method

6.10.1. These Procedures shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website for reference.

7. Attachments (Forms / Flowcharts / Others)

None.

8. Implementation and Amendments

These Procedures shall be implemented upon approval by the Board of Directors, and any amendments shall follow the same process.