

GROUNDHOG INC.
RULES FOR
PERFORMANCE EVALUATION OF
BOARD OF DIRECTORS

Last Amendment Date: December 27, 2022

Notice To Readers

This English version is a machine-translated of Chinese version and is not an official document of Groundhog Inc. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Article 1 (Purpose 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, this template is established pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.

Article 2 (Norms 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.

Article 3 (Assessment Period and Duration)

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 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 Assessment)

The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.

Evaluation methods include 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 (Entity Responsible for Evaluation)

The self-assessment of the Board of Directors and its members, as well as the self-assessment of the functional committees, shall be conducted by the Administrative Division. In the fiscal year when the performance evaluation is outsourced, the company is exempt from conducting the assessment itself. The selection of external evaluation agencies and experts, the timing of the evaluation, the evaluation method, and related matters shall be authorized by the Chairman of the Board.

Article 6 (Evaluation Procedure)

The internal performance evaluation of the Board of Directors should be carried out by the Administrative Division. Before December 31st of each year, they shall collect relevant information on the activities of the Board of Directors, individual directors, and functional committees and distribute the following questionnaires:

1. "Self-Assessment Questionnaire for the Board of Directors (including functional committees)": Each director's performance assessment of the overall performance of the Board of Directors (including functional committees).
2. "Self-Assessment Questionnaire for Board Members": Each director's performance assessment of their own performance.

After collecting and summarizing the questionnaires, the Administrative Division shall submit a report to the Board of Directors by the end of March of the following year for review and improvement purposes.

Article 7 (External Professional Organizations 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:

The external evaluation institution or panel of external experts and scholars shall be professional and independent.

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.

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 (Assessment 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; and
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. 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; and

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
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.

When the Administrative Management Department assesses self-evaluation results according to Article 6, it should separately assess the performance self-evaluation scores of the Board of Directors (including functional committees) and the directors. The self-evaluation score is the overall average score of all items, and the self-evaluation results corresponding to the average score are as follows:

1. Those with an average score of 4 or above are rated as "Excellent."
2. Those with an average score of 3 or above but less than 4 are rated as "Good."
3. Those with an average score below 3 are rated as "Needs Improvement."

Article 9 (Utilization of Assessment 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 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 in its annual report how the board performance evaluation has been conducted each year, including information covering at least evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be 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 Methods)

The performance evaluation regulations 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.

Article 12 (Implementation)

This rule of performance evaluation shall be implemented after obtaining the approval of the Compensation Committee and receiving a resolution from the Board of Directors. The same process shall apply when amendments are made. However, when amending only the questionnaire referred to in Article 6, the Chairman of the Board is authorized to approve the changes.