

Succession Planning and Operational Processes for Board Members and Key Management Personnel

I. Purpose and Objectives

1. Purpose: To ensure the continuity, stability, and effectiveness of leadership within the Board of Directors and key management personnel, supporting the company's long-term strategy.
2. Objectives:
 - Identify and cultivate potential board candidates and key management personnel.
 - Achieve an orderly and timely transition between senior and junior leadership.
 - Maintain a balance in terms of professionalism, experience, and diversity.
 - Comply with regulatory requirements and best corporate governance principles.

II. Organization and Responsibilities

1. Leading Organization: Nomination is led by the Board of Directors, with approval from the entire Board.
2. Key Responsibilities:

- Regularly evaluate the overall and individual performance of the Board (including industry knowledge, financials, internationalization, digitalization, ESG, etc.).
- Evaluate the performance, tenure, and succession intentions of current directors.
- Establish and maintain a pool of key management candidates (internal and external).
- Regularly develop management succession plans, ensuring transparency and objectivity.

III. Succession Planning and Operational Process

Board Members:

1. Professional Analysis:

- Define the required core competencies based on the company's 3-5 year operational strategy.
- Compare the relevant expertise of existing board members and key management personnel, such as new technologies, market direction, and risk management.

2. Current Director Evaluation:

- Annual evaluation: including contributions, independence, attendance, and teamwork.
- Term Management: Define the maximum term policy (e.g., independent directors cannot serve more than 9 years according to regulatory requirements) and plan a natural succession schedule.
- Contingency Management Plan: An emergency replacement mechanism for sudden departures of directors/managers (health, accidents, etc.).

3. Candidate Sources and Criteria:

- Internal Sources: Key managers.
- External Sources: Industry experts, key managers from other companies, academics, and professionals.
- Criteria: In addition to professional competence, emphasis should be placed on ethical character, independence, time commitment, teamwork, and cultural fit. Diversity (gender, region, professional background, etc.) should be a key consideration.

Key Management Level:

1. Long-Term Planning Phase:

- Regularly (annually) review the required skills, experience, and succession needs.
- Establish and dynamically update a candidate pool, maintaining at least 2-3 potential candidates available.

2. Mid-Term Preparation Phase:

- Initiate specific assessments and screenings for positions expected to be vacated.
- Conduct in-depth understanding, informal contact, or preliminary assessments of key candidates.

3. Immediate Succession Phase:

- Propose formal candidate recommendations and collect and evaluate candidate background information.
- Arrange a handover period, allowing the new and departing candidates to work together for a certain period to confirm operational continuity.

4. Onboarding and Evaluation Phase:

- Provide continuous follow-up and support after formal onboarding.
- Evaluate the integration and contributions of new hires annually.

Succession planning and operational processes for board members and key management personnel are crucial to the company's long-term stability. Through the above systematic plan, the company can not only effectively manage succession risks for the board and key management personnel, but also proactively cultivate an outstanding leadership team that can adapt to future challenges. This plan will be continuously adjusted and strengthened as the company develops and the governance environment changes, demonstrating the company's governance practices and forward-looking planning.