

Performance evaluation of the Board of Directors and Functional committees (Internal & External assessment)

- **Internal Assessment**

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2023 Performance evaluation of the Board of Directors and Functional committees (Internal Assessment)

2023 Board of Directors' regular performance evaluation and progress

1. Basis: "Performance Evaluation Policy for the Board of Directors and Its Functional Committees."
2. Evaluation cycle and frequency

The Company's Board of Directors and functional committees are subject to internal performance evaluation at the end of each year.

3. Evaluation indicators

⊙ Board of directors' performance is evaluated using 48 indicators across 6 different areas, including board engagement in the Company's operations, improving the quality of board decisions, the board's composition and structure, election and continuing education of board members, enforcement of internal control, and engagement in sustainable operation (ESG).

⊙ Directors' (individual) performance is evaluated using 23 indicators across 6 different areas, including director awareness towards the Company's goals and missions, their respective duties, level of engagement in the Company's operations, maintenance of internal relations and communication, continuing education, and enforcement of internal control system.

⊙ Functional committees' performance is evaluated using 19–22 indicators across 5 different areas, including committee engagement in the Company's operations, awareness of committee duties, improvement of committees' decisions, the committee's composition and member selection, and enforcement of internal control.

4. Evaluation procedures

⊙ At the end of each year, the Company evaluates year's performance using various indicators. Results of internal and external performance assessments are presented for discussion by the Corporate Governance and Sustainability Committee and the Board of Directors within 3 months of the following financial year.

⊙ 2023 performance of the Board of Directors and functional committee was reported and discussed during the Corporate Governance and Sustainability Committee meetings dated March 14, 2024.

5. Assessment results

The Board of Directors and functional committees have performed in accordance with corporate governance principles. All committees have duly performed their duties and supported the board.

⊙ Out of the 48 board performance indicators, average performance scores ranged between 4.9 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2023
1. Engagement in the Company's operations	4.90
2. Improvement of the Board's decision quality	4.96
3. Composition and structure of the Board of Directors	4.92
4. Election and continuing education of directors	4.91
5. Internal control	4.93
6. Engagement in sustainable management (ESG)	5.00

⊙ Out of the 23 individual director performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2023
1. Comprehension of the Company's targets and missions	4.98
2. Directors' duty awareness	5.00

3. Participation in the Company's operations	4.83
4. Management and communication of internal relations	4.96
5. Professionalism and continuing education of directors	4.91
6. Internal control	4.96

◎ Functional committees: 22 of which were applicable to the Audit Committee, 21 of which were applicable to the Remuneration and Nomination Committee, whereas 19 of which were applicable to the Corporate Governance and Sustainability Committee. Average performance scores of functional committees as below.

Area of assessment	Committee		
	Audit Committee 2023	Remuneration and Nomination Committee 2023	Corporate Governance and Sustainability Committee 2023
1. Engagement in the Company's operations	4.96	4.96	4.97
2. Awareness toward the functional committees' responsibilities and duties	4.97	4.90	5.00
3. Improvement of the functional committees' decision quality	5.00	5.00	5.00
4. Formation and election of functional committee members	5.00	5.00	5.00
5. Internal control	5.00	-	-

Note: Scores are assigned using a 5-scale system: "Outstanding (5), Excellent (4), Good (3), Fair (2), Improvement Required (1)." A perfect score is 5 for all assessments.

◎ Improvement measures:

① With regard to Board of Directors performance evaluation and director self-evaluation, the board scored lower compared to the previous year, whereas directors' individual self-assessed scores were better than the previous year. Below is an explanation to aspects that scored less than 4.85:

➤ The Board of Directors' performance valuation

Indicator	Improvement measures
A. Level of participation in the Company's operations 3. Are directors given relevant information prior to a board meeting? (Average score: 4.80)	● Agenda of a board meeting and all related information is mailed to each director, along with the meeting advice, 7 days in advance so that they may read and comprehend beforehand.
A. Level of participation in the Company's operations 10. Do directors engage financial statement auditors in adequate communication and interaction? (Average score: 4.80)	● The Company invites financial statement auditors to discuss during board meetings when presenting financial statements for the previous year or previous half. Furthermore, the Company hosts two meetings a year where financial statement auditors may

	<p>discuss with independent directors on key audit issues. Overall, adequate time is given for directors and financial statement auditors to communicate face-to-face regarding the audit plans proposed by the Company and subsidiaries.</p>
<p>A. Level of participation in the Company’s operations</p> <p>11. Does the board regularly and thoroughly examine performance of the management team, and make reward and disciplinary decisions in a timely manner? (Average score: 4.73)</p>	<ul style="list-style-type: none"> ● Yearly/quarterly reports on business operations or significant motions are made to provide directors with a better understanding of the Company’s operations and performance of the management team. Yearly performance evaluation is conducted in accordance with Paragraph 1, Article 26 of the Articles of Incorporation, Article 5 of “Director Remuneration Policy,” and Paragraph 1, Article 4 of “Remuneration and Nomination Committee Articles of Incorporation.” Performance evaluation, salary, and compensation for the Company’s Chairman and managers, as well as subsidiaries’ chairmen, vice chairmen, and presidents, are presented for review by the Remuneration and Nomination Committee and for resolution by the Board of Directors.
<p>C. Composition of the Board of Directors</p> <p>30. Does the Company have no more than two directors on the board who are related to each other as a spouse or 2nd-degree relative or closer, so as to ensure objective and independent decision-making? (Average score: 4.67)</p>	<ul style="list-style-type: none"> ● The Board of Directors will propose the establishment of the “Election Standards for the 9th Board of Directors” when electing members of the 9th board. This standard will serve as reference for nomination and re-election. The Company has implemented a key role system. All chairmen and presidents of the financial holding company and the main subsidiaries and their subordinates are considered key roles whose annual performance and compensation are determined differently from other managerial positions. Each key role holder shall have their annual performance evaluated based on aspects including strategic direction, key indicators, corporate social responsibilities, and leadership quality. Performance goal-setting
<p>D. Election and ongoing education of directors</p> <p>32. Does the Company have robust and transparent director election procedures and succession plans in place? (Average score: 4.73)</p>	

	and performance review are subject to approval by the Chairman. By monitoring performance and gaining insight into leadership style, the Company hopes to identify suitable director candidates from within the organization.
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➤ The Board and director (individual) performance assessment

Indicator	Improvement measures
C. Level of participation in the Company's operations 7. Directors' personal attendance (excluding proxy attendance) at board meetings (Average score: 4.67)	<ul style="list-style-type: none"> ● Prior to setting a time for board meetings, the Company will first determine directors' availability and schedules in line with city council meetings so that all directors are able to attend. In the case of extraordinary meeting, best efforts will be made to schedule meetings at times when all directors are able to attend. Board meetings between March and June each year are scheduled depending on the types of motions to be resolved for the upcoming shareholders' meeting, so as to meet the time requirements imposed by laws.
C. Level of participation in the Company's operations 14. Are directors free of concurrent director/supervisor duties in other companies? (Average score: 4.60)	<ul style="list-style-type: none"> ● The concurrent duty arrangement conforms with the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company," the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and related laws.

② With regard to the evaluation of functional committee performance, the Audit Committee was the only one that scored lower compared to the previous year, whereas the Remuneration and Nomination Committee and the Corporate Governance and Sustainability Committee both scored higher compared to the previous year. The indicators that scored 4.8 and below are shown with explanations and suggestions:

Indicator	Improvement measures
Remuneration Committee B. Awareness towards duties of the functional committee 11. The Remuneration and Nomination Committee communicates regularly with senior managers on performance evaluation and development plans. (Average score: 4.67)	<ul style="list-style-type: none"> ● To enable more adequate explanation of senior managers' annual performance evaluation and development plan (including training history), a decision was made during the Board of

	<p>Directors meeting held in January 2024 to amend the “Senior Manager Performance Evaluation and Development Schedule” and add the assessment criteria – “Senior managers’ participation in key internal meetings (such as Operational Committee and Risk Management Committee meetings) and internal/external training courses.” The Company will continually review and improve other assessment aspects to further complete senior managers’ performance evaluation.</p>
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2022 Performance evaluation of the Board of Directors and Functional committees (Internal Assessment)

2022 board of directors' regular performance evaluation and progress

1. Basis: "Performance Evaluation Policy for the Board of Directors and Its Functional Committees."
2. Evaluation cycle and frequency

The Company's Board of Directors and functional committees are subject to internal performance evaluation at the end of each year.

3. Evaluation indicators

⊙ Board of directors' performance is evaluated using 48 indicators across 6 different areas, including board engagement in the Company's operations, improving the quality of board decisions, the board's composition and structure, election and continuing education of board members, enforcement of internal control, and engagement in sustainable operation (ESG).

⊙ Directors' (individual) performance is assessed using 23 indicators across 6 different areas, including director awareness towards the Company's goals and missions, their respective duties, level of engagement in the Company's operations, maintenance of internal relations and communication, continuing education, and enforcement of internal control system.

⊙ Functional committees' performance is evaluated using 19–22 indicators across 5 different areas, including committee engagement in the Company's operations, improving the quality of committee decisions, the committee's composition and structure, election and continuing education of committee members, and enforcement of internal control.

4. Evaluation procedures

⊙ At the end of each year, the Company evaluates year's performance using various indicators. Results of internal and external performance assessments are presented for discussion by the Corporate Governance and Sustainability Committee and the Board of Directors within 3 months of the following financial year.

⊙ 2022 performance of the Board of Directors and functional committee was reported and discussed during the Corporate Governance and Sustainability Committee meetings dated March 15, 2023.

5. Assessment results

The board of directors and functional committees have performed in accordance with corporate governance principles. All committees have duly performed their duties and supported the board.

⊙ Out of the 48 board performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2022
1. Engagement in the Company's operations	4.93
2. Improvement of the Board's decision quality	4.99
3. Composition and structure of the Board of Directors	4.97
4. Election and continuing education of directors	4.94
5. Internal control	4.97
6. Engagement in sustainable operation (ESG)	4.94

⊙ Out of the 23 individual director performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2022
1. Comprehension of the Company's targets and missions	4.88
2. Directors' duty awareness	4.97
3. Participation in the Company's operations	4.85
4. Management and communication of internal relations	4.88
5. Professionalism and continuing education of directors	4.91
6. Internal control	4.94

© Functional committees: 22 of which were applicable to the Audit Committee, 21 of which were applicable to the Remuneration and Nomination Committee, whereas 19 of which were applicable to the Corporate Governance and Sustainability Committee. Average performance scores of functional committees as below.

Area of assessment	Committee	Remuneration and Nomination Committee 2022	Corporate Governance and Sustainability Committee 2022
	Audit Committee 2022		
1. Engagement in the Company's operations	5.00	5.00	5.00
2. Awareness toward the functional committees' responsibilities and duties	5.00	4.91	4.97
3. Improvement of the functional committees' decision quality	5.00	5.00	4.95
4. Formation and election of functional committee members	5.00	4.93	5.00
5. Internal control	5.00	---	---

Note: Scores are assigned using a 5-scale system: "Outstanding (5), Excellent (4), Good (3), Fair (2), Improvement Required (1)." A perfect score is 5 for all assessments.

© Improvement measures:

- ① Board of Directors performance evaluation and director self-evaluation both showed improved scores compared to the previous year. Below is an explanation to aspects that scored less than 4.90:

➤ The Board of directors' performance valuation

Indicator	Improvement measures
<p>A. Level of participation in the Company's operations 6. All directors of the Company have made noticeable contributions in board meetings. (Average score: 4.82)</p>	<p>● Diverse, humane, and flexible courses will be organized to help enforce core values, professional advantages, and capabilities. Each year, the Company provides tuition to directors and supervisors within the group on a variety of corporate governance-related topics such as finance, risk management, cybersecurity, business, and corporate social responsibilities. All of which have been considered essential courses for directors' education roadmap.</p>
<p>A. Level of participation in the Company's operations 11. The board had regularly and thoroughly examined the performance of the management team, and made reward and disciplinary decisions in a timely manner. (Average score: 4.82)</p>	<p>● Yearly/quarterly reports on business operations or significant motions are made to provide directors with a better understanding of the Company's operations and performance of the management team. Yearly performance evaluation is conducted in accordance with Paragraph 1, Article 26 of the Articles of Incorporation, Article 5 of "Director Remuneration Policy," and Paragraph 1, Article 4 of "Remuneration and Nomination Committee Articles of Association." Performance evaluation, salary, and compensation for the Company's Chairman and managers, as well as subsidiaries' chairpersons, vice chairpersons, and presidents, are presented for review by the Remuneration and Nomination Committee and for resolution by the board of directors.</p>
<p>D. Election and ongoing education of directors 32. The Company has robust and transparent director election procedures and succession plans in place. (Score: 4.73)</p>	<p>● The Board of Directors will propose the establishment of "Election Standards for the 9th Board of Directors" when</p>

<p>D. Election and ongoing education of directors 33. Board members are elected according to the Company's board diversity policy and assessment standards. (Score: 4.82)</p>	<p>electing members of the 9th board. This standard will serve as reference for nomination and re-election. The Company has implemented a key role system. All chairmen and presidents of the financial holding company and the main subsidiaries and their subordinates are considered key roles whose annual performance and compensation are determined differently from other managerial positions. Each key role holder shall have their annual performance evaluated based on aspects including strategic direction, target accomplishment, corporate social responsibilities, and leadership quality, all of which are subject to approval by the Chairman of the financial holding company. Furthermore, year-end performance is evaluated individually and on a case-by-case basis by the Chairman of the respective subsidiaries. This system enables the organization to gain insight into the performance and leadership style of each individual, and uncover suitable talent for director succession. If there is a need to assign a new director to the board, the Company would first recommend one from the list of key role managers.</p>
<p>F. Involvement in ESG 46. Board members' understanding of ESG issues relevant to the Company's industry. (Average score: 4.82)</p>	<ul style="list-style-type: none"> ● The ESG Task Force makes reports of half-yearly progress and execution plan for the next six months. Each year, the Company provides tuition to directors and supervisors within the group on a variety of corporate governance-related topics such as finance, risk management, cybersecurity, business, and corporate social responsibilities. All of which have been considered essential courses for the directors' education roadmap. The Company shares information about courses or conferences on topics such as ESG issues, compliance, financial reporting, and risk management that are

	being held outside the organization as a means to encourage continuing education among directors.
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➤ Outcome of board of directors and board member performance (self) assessment and follow-up progress; only areas that averaged a score of 4.73 or lower and where two or more members had rated a score of 4 were listed:

Indicator	Improvement measures
<p>C. Level of participation in the Company's operations 7. Directors' overall attendance (excluding proxy attendance) at board meetings (5 for full attendance, 4 for 1 missed session, 3 for 2 missed sessions and so on)? (Average score: 4.73)</p>	<ul style="list-style-type: none"> ● Prior to setting a time for board meetings, the Company will first determine directors' availability and schedules in line with city council meetings so that all directors are able to attend. In the case of an extraordinary meeting, best efforts will be made to schedule meetings at times when all directors are able to attend.
<p>C. Level of participation in the Company's operations 14. Directors do not assume concurrent director/supervisor duties in multiple companies. (Score: 4.73)</p>	<ul style="list-style-type: none"> ● The concurrent duty arrangement conforms with "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and related laws.

- ② With regard to the evaluation of functional committee performance, only the indicators that scored 4.50 and below are shown with explanations and suggestions:

Indicator	Improvement measures
<p>Remuneration Committee</p> <p>A. Awareness toward duties of the functional committee</p> <p>11. The Remuneration and Nomination Committee communicates regularly with senior managers on performance evaluation and development plans. (Average score: 4.40)</p>	<ul style="list-style-type: none"> ● Senior managers are key persons of the financial holdings and subsidiaries, and given their critical role in making important decisions, it is essential that they possess adequate knowledge in the domestic and foreign financial environments as well as prevailing regulations. To facilitate more comprehensive description of senior managers' accomplishments aside from annual performance, a proposal was raised to establish "Senior Manager Performance Evaluation and Development Schedule" to take into consideration senior managers' participation in key internal meetings (such as Operational Committee and Risk Management Committee meetings) and training courses within and outside the organization.

2021 Performance evaluation of the Board of Directors and Functional committees (Internal Assessment)

2021 board of directors' regular performance evaluation and progress

1. Basis: "Performance Evaluation Policy for the Board of Directors and Its Functional Committees"

2. Evaluation cycle and frequency

The Company's Board of Directors and functional committees are subject to internal performance evaluation at the end of each year.

3. Evaluation indicators

⊙ Board of directors' performance is evaluated using 48 indicators across 6 different areas, including board engagement in the Company's operations, improving the quality of board decisions, the board's composition and structure, election and continuing education of board members, and enforcement of internal control and engagement in sustainable management (ESG).

⊙ Directors' (individual) performance is assessed using 23 indicators across 6 different areas, including director awareness towards the Company's goals and missions, their respective duties, level of engagement in the Company's operations, maintenance of internal relations and communication, continuing education, and enforcement of internal control system.

⊙ Functional committees' performance is evaluated using 19-22 indicators across 5 different areas, including committee engagement in the Company's operations, improving the quality of committee decisions, the committee's composition and structure, election and continuing education of committee members, and enforcement of internal control.

4. Evaluation procedures

⊙ At the end of each year, the Company evaluates year's performance using various indicators. Results of internal and external performance assessments are presented for discussion by the Corporate Governance and Sustainability Committee and the Board of Directors within 3 months of the following financial year.

⊙ 2021 performance of the Board of Directors and functional committee was reported and discussed during the Corporate Governance and Sustainability Committee meetings dated March 10, 2022.

5. Assessment results

The board of directors and functional committees have performed in accordance with corporate governance principles. All committees have duly performed their duties and supported the board.

⊙ Out of the 48 board performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2021
1. Engagement in the Company's operations	4.9
2. Improvement of the Board's decision quality	4.9
3. Composition and structure of the Board of Directors	5.0
4. Election and continuing education of directors	4.8
5. Internal control	4.9
6. Engagement in sustainable management (ESG)	5.0

- ⊙ Out of the 23 individual director performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2021
1. Comprehension of the Company's targets and missions	4.9
2. Directors' duty awareness	5.0
3. Participation in the Company's operations	4.8
4. Management and communication of internal relations	4.9
5. Professionalism and continuing education of directors	4.9
6. Internal control	5.0

- ⊙ Functional committees: 22 of which were applicable to the Audit Committee, 21 of which were applicable to the Remuneration and Nomination Committee, whereas 19 of which were applicable to the Corporate Governance and Sustainability Committee. Average performance scores of functional committees as below.

Area of assessment	Committee	Audit Committee	Remuneration and Nomination Committee	Corporate Governance and Sustainability Committee
		2021	2021	2021
1. Engagement in the Company's operations		5.0	4.9	4.9
2. Awareness toward the functional committees' responsibilities and duties		5.0	4.9	5.0
3. Improvement of the functional committees' decision quality		5.0	5.0	5.0
4. Formation and election of functional committee members		5.0	5.0	5.0
5. Internal control		5.0	---	---

Note: Scores are assigned using a 5-scale system: "Outstanding (5), Excellent (4), Good (3), Fair (2), Improvement Required (1)." A perfect score is 5 for all assessments.

⊙ Corrective Measures:

- ① Improvement measures for aspects of the Board and Director (individual) performance assessment that scored below 4.7 and the assessment of the score dropped:

➤ The Board of directors' performance valuation

Indicator	Enhanced Measures
A. Level of participation in the Company's operations 6. All directors of the Company have made noticeable contributions in board meetings. (Score: 4.6)	● Diverse, humane, and flexible courses will be organized to help enforce core values, professional advantages, and capabilities.

<p>A. Level of participation in the Company’s operations 8. Board members possess adequate understanding of the Company, the management team and the industry the Company operates in. (Score: 4.7)</p>	<ul style="list-style-type: none"> ● All annual budgets and financial statements have to be presented personally by the president or delegate of the respective subsidiary, so that directors can properly understand the strategic goals of each company.
<p>D. Election and ongoing education of directors 32. The Company has robust and transparent director election procedures and succession plans in place. (Score: 4.5)</p>	<ul style="list-style-type: none"> ● The Board of Directors has established “Election Standards for the 8th Board of Directors” and nominated candidates accordingly when electing the 8th board of directors. The recommendations listed on the left will be taken into consideration when electing the next (9th) board of directors.
<p>D. Election and ongoing education of directors 34. The board member election procedures take into account performance assessment of individual directors. (Score: 4.6)</p>	

➤ The Board and director (individual) performance assessment

Indicator	Enhanced Measures
<p>C. Level of participation in the Company’s operations 7. Directors’ personal attendance (excluding proxy attendance) at board meetings 5 for full attendance, 4 for 1 missed session, 3 for 2 missed sessions and so on. (Score: 4.5)</p>	<ul style="list-style-type: none"> ● Prior to setting a time for board meetings, the Company will first survey directors’ availability and schedules of city council meetings so that all directors are able to attend. In the case of extraordinary meeting, best efforts will be made to schedule meetings at times when all directors are able to attend.

② With respect to the assessment of functional committee performance, corrective measures have been raised for two of the members who received a score of 4 on certain indicators and the assessment of the score dropped:

Indicator	Corrective Measures
<p>A. Level of participation in the Company’s operations Members’ overall attendance (excluding proxy attendance) at functional committee meetings. (Remuneration and Nomination Committee: 4.6; Corporate Governance and Sustainability Committee: 4.7)</p>	<ul style="list-style-type: none"> ● Prior to setting a time for functional committee meetings, the Company will first survey members’ availability and schedules of city council meetings so that all members are able to attend. In the case of extraordinary meeting, best efforts will be made to schedule meetings at times when all members are able to attend.
<p>A. Level of participation in the Company’s operations All members of the Auditee Committee have made noticeable contributions in functional committee meetings. (Score: 4.8)</p>	<ul style="list-style-type: none"> ● Diverse, humane, and flexible courses will be organized to help enforce core values, professional advantages, and capabilities.

2021 Performance evaluation of the Board of Directors and Functional committees by external professional institution - Taiwan Corporate Governance Association

The Company commissioned Taiwan Corporate Governance Association to evaluate the performance of its board of directors in December 2021. The external evaluation covered eight major aspects comprising: board composition, guidance, authorization, supervision, communication, internal control and risk management, self-discipline and others (board meeting, support system, etc.), and utilized a combination of questionnaire and field interview to assess the board's performance. The assessment panel of Taiwan Corporate Governance Association comprised Executive Committee Wen-Cheng Liu (former Chairman of Taiwan Corporate Governance Association), Executive Committee Fu-Wei Chen (Honorary Chairman of Taiwan CPA Association), and two evaluation specialists I-Ting Chen and I-Ching Sung. By engaging a professional institution to review performance of the current board and functional committees, the Company was able to benefit from the guidance, the exchange of knowledge, as well as professional and objective checkup of the Company's health. The performance evaluation concluded by Taiwan Corporate Governance Association on the Company's board of directors was reported to the Corporate Governance and Sustainability Committee and the board of directors on March 10, 2022. (Taiwan Corporate Governance Association is an independent non-government/non-profit organization that specializes in the evaluation of corporate governance system and assessment of board of directors performance.) Taiwan Corporate Governance Association made the following comments and suggestions in its board of directors performance assessment report:

1. Overall comment:

- ◎ In 2020, the Company was placed on the "A List" during CDP's climate change assessment and awarded grade A for "Supply Chain Engagement," making it the first financial holding company in Taiwan to receive double-A recognition from CDP. Combined with the fact that the Company has been selected a composition of DJSI World for five consecutive years, it is evident that the Company has made prominent progress towards adopting international sustainability initiatives and enforcing ESG.
- ◎ The Company's new sustainability roadmap for 2021 has outlined four key ESG strategies, namely: low carbon, digitalization, inspiration, and influence, and set long-term goals for 2025, which shows the organization's commitment to support sustainability. Furthermore, goals and accomplishments with respect to green banking, green bond underwriting, carbon reduction, and other aspects of the ESG Visioning Project are explained in the Company's investor seminars.
- ◎ The Company has implemented a "Board of Directors and Functional Committees Performance Evaluation Policy" and reviews performance on a yearly basis. Level of ESG participation has been included as a measurement for board performance. Furthermore, suggestions and improvement measures are raised based on the outcome of evaluation, whereas relevant issues are discussed in Corporate Governance and Sustainability Committee and Board of Directors Meetings. These practices are indicative of the Company's initiative to enforce the corporate governance system and improve board functionality.
- ◎ The Company has adjusted the responsibilities of its Audit Committee based on industry characteristics and future growth requirements to include: fairness and rationality review for M&A plans, review of significant accounting policies or accounting estimates, review of annual budget, tracking of operating plans and execution, review of risk management policy and execution, and improvement to cybersecurity policies, strategies, and incidents. This level of empowerment allows the Audit Committee to perform supervisory duties at a higher level.

◎The Company's Remuneration Committee places great attention on the association between performance evaluation and compensation of senior managers. Senior managers' performance measurements not only comprise budget attainment rates, but also include ESG indicators that are implemented to subordinates as well. This practice provides the effective inspiration needed to execute ESG project as a team, and helps build a strong foundation for sustainable growth.

2. Recommendations:

◎The Company currently has 15 directors on the board, including 3 director representatives from Taipei City Government, 6 internal directors or director representatives from judicial persons, and 6 independent directors. Given the Company's future growth requirements and challenges of the business environment, the Company should consider increasing the number and percentage of independent directors to improve independence, professionalism, and diversity of the board.

◎The Company has implemented its "Board of Directors and Functional Committees Performance Evaluation Policy" in a way that associates Board of Directors' and Corporate Governance and Sustainability Committee's performance with ESG. It is recommended to adjust the performance measurements used based on the Company's industry characteristics and responsibilities of various committees during future reviews of the "Board of Directors and Functional Committees Performance Evaluation Policy," and raise self-assessment standards and definitions as deemed appropriate. For example, considering that the Company has renamed its Remuneration Committee to Remuneration and Nomination Committee in 2020, the committee's performance measurements should be expanded to cover nomination duties.

◎It is recommended to have the Company's Audit Committee involved in setting goals and evaluating performance for the Chief Auditor, which helps enhance independence of the internal audit function and allows the Audit Committee to exercise supervision over internal audits.

3. Future actions:

Based on independent recommendations of the external institution, the Company will amend performance measurements of the Remuneration and Nomination Committee to include indicators concerning its nomination duties. When conducting future reviews of the "Board of Directors and Functional Committees Performance Evaluation Policy," the Company will aim to adjust performance measurements based on industry characteristics and growth requirements, introduce indicators that are relevant to committees' duties, and raise self-assessment standards and definitions progressively over time. With regard to the increase of independent director seats, the Company will take into consideration when electing its 9th Board of Directors in the future. As for the Audit Committee's involvement in setting goals and evaluating performance for the Chief Auditor, the Company will assign responsible departments to conduct the necessary evaluations.