

**Fubon Financial Holding Co., Ltd.**  
**Performance Evaluation Policy for the**  
**Board of Directors and Its Functional**  
**Committees**

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## **Article 1 (The Purpose and the Basis for the Establishment of the Policy)**

To implement corporate governance and enhance the functions of the Board of Directors (or the “Board”) of Fubon Financial Holding Co., Ltd. (the “Company”) and its functional committees, and to set forth performance objectives to improve the operating efficiency of the Board, the Company hereby enacts this Policy pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies for compliance.

## **Article 2 (Scope of the Policy)**

The general evaluation cycles, periods, scope and methods, the unit conducting evaluations, evaluation procedures, and other compliance requirements regarding the evaluation of the performance of the Board and its functional committees shall be subject to this Policy.

## **Article 3 (Evaluation Cycles and Evaluation Periods)**

The Board of Directors of the Company and its functional committees shall conduct internal performance evaluations at least once a year. The internal performance evaluations for the current year shall be conducted at the end of the year according to the evaluation procedures and the evaluation criteria stipulated in Articles 6 and 8 in this Policy.

The Company’s Board of Directors performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars, or conducted using other appropriate methods at least once every three years. The performance evaluation for the current year shall be conducted at the end of the year. Internal and external performance evaluations of the Board of Directors shall be completed before the end of the first quarter of the following year.

## **Article 4 (Evaluation Scope and Method)**

The evaluation scope of the Company’s Board of Directors and its functional committees shall cover the performance of the Board as a whole, individual board members, and the board’s functional committees.

Methods of evaluation include internal evaluation of the Board, self-assessment by individual board members, evaluation by appointed external professional institutions, experts, or other appropriate methods of evaluation.

## **Article 5 (The Unit Conducting Evaluations)**

The unit conducting internal evaluations of the Company's Board of Directors and its functional committees shall be the secretariat of the Board of Directors and functional committees.

#### **Article 6 (Evaluation Procedure)**

The procedures for the performance evaluation of the Company's board and its functional committees are as follows:

1. Determine the units, duration and the scope to be evaluated during the current year;
2. Determine the method of evaluation;
3. Select an appropriate external evaluation unit;
4. The unit conducting the evaluations will collect information about the activities of the Board of Directors and its functional committees and fill in the information requested on Attachments 1 to 3. At the end of the process, the unit conducting the evaluations will consolidate information and send report to the Corporate Governance and Sustainability Committees and the Board of Directors for review and as a basis for making improvements.

#### **Article 7 External Institutions and Experts**

External institutions, experts or scholars chosen for Board of Directors performance evaluation must satisfy the following criteria:

1. The external institution, expert or scholar must possess adequate professionalism and independence.
2. The external 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 or scholars shall comprise at least 3 members who are specialized in Board of Directors' duties or corporate governance. The panel's responsibilities are to assess how the Company has assessed the performance of its board, and draft an external assessment/analysis report.

#### **Article 8 Evaluation Indicators**

Performance of the board of directors shall be assessed using a number of indicators that are determined based on the Company's needs and circumstances, which must cover at least the six main aspects below:

1. Participation in the Company's operations.
2. Improvement of Board of Director's decision quality.
3. Composition of the Board of Directors.
4. Election and continuing education of directors.
5. Internal control.
6. Involvement in ESG.

Directors' individual performance (self) assessment shall cover at least the following six main aspects:

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

The criteria for the performance of the Company's functional committees shall cover at a minimum the following five areas:

1. Participation in the operation of the Company;
2. Awareness toward the duties of the functional committee
3. Improvement of the quality of the decision-making of functional committees;
4. Election and continuing education of functional committee members; and
5. Internal controls.

Board of Directors and functional committee's performance evaluation indicators shall be reviewed by the Remuneration and Nomination Committees with suggestions raised on a regular basis.

#### **Article 9** Use of Evaluation Outcome

Outcome of Board of Directors performance evaluation shall be taken into consideration when electing or nominating directors. Performance evaluation of individual directors should be taken into consideration when determining remuneration for individual directors.

#### **Article 10 Disclosure in Annual Report**

The Company shall disclose in the annual report its Board of Directors and functional committees performance evaluation policy, along with the evaluation method and overall execution.

If the Company chooses to engage external institution or expert for the evaluation of Board of Directors performance, disclosures must be made in the annual report regarding the names and expertise of the external institution or expert, whether they have any business dealing with the Company, and whether they operate independently.

**Article 11 (Disclosure)**

The Performance Evaluation Policy for the Board of Directors and Its Functional Committees shall be fully disclosed on Market Observation Post System and the Company's website as a reference.

**Article 12 (Enforcement)**

After discussion by the Corporate Governance and Sustainability Committee, this Policy shall be submitted to and approved by the Board of Directors, and enforced according to the Company's "Rule Establishment Policy." Subsequent amendments thereto shall be effected in the same manner.

Table: Record of Changes

Version	Date of approval	Date of effect	Level of approval authority	Remarks
01	2015/11/24	2015/11/24	Board of directors	8th regular meeting of the 6th board
02	2016/11/22	2016/11/22	Board of directors	14th regular meeting of the 6th board
03	2017/11/28	2017/11/28	Board of directors	2nd regular meeting of the 7th board
04	2018/08/27	2018/08/27	Board of directors	7th regular meeting of the 7th board
05	2019/11/21	2020/01/01	Board of directors	14th regular meeting of the 7th board

# Fubon Financial Holding Co., Ltd. OO Board of Directors

## Performance Self-assessment Questionnaire

Period of assessment: from     to     .

Assessment criteria	Assessment outcome	Remarks
<b>A. Level of participation in the Company's operations</b>		
1. Directors' overall attendance (excluding proxy attendance) at board meetings (3 for 80% attendance rate; 4 for 85% attendance rate; and 5 for 90% attendance rate)	1 2 3 4 5	
2. Directors' attendance in shareholder meetings (3 for 1/2 attendance rate; 4 for 2/3 attendance rate; and 5 for 3/4 attendance rate)	1 2 3 4 5	
3. Directors had duly read and comprehended conference materials prior to convention of meeting	1 2 3 4 5	
4. The board and the management team had exhibited sound interaction	1 2 3 4 5	
5. The board of directors had duly supervised the Company in various compliance affairs and codes of conduct	1 2 3 4 5	
6. All directors of the Company have made noticeable contributions in board meetings	1 2 3 4 5	
7. The board of directors continues to enforce corporate governance policy, support the Company's participation in public evaluation, and protect shareholders' interests as means to improve overall governance	1 2 3 4 5	
8. Board members possess adequate understanding of the Company, the management team and the industry the Company operates in	1 2 3 4 5	
9. Directors are capable of assessing and monitoring existing as well as potential risks, and discuss regularly about the execution of internal control system	1 2 3 4 5	
10. Directors had engaged financial statement auditors in adequate communication and interaction (Meetings have to be convened for discussion in the event of new accounting standards or major financial statement adjustments. CPAs are invited to participate in at least two board meetings a year to discuss about annual and semi-annual financial reports, and develop better understanding of the Company's financial position)	1 2 3 4 5	
11. The board had regularly and thoroughly examined performance of the management team, and made reward and disciplinary decisions in a timely manner	1 2 3 4 5	
12. The board of directors is able to obtain adequate and timely report on business performance, and quickly respond to adverse situations	1 2 3 4 5	



<b>B. Improvement of board decision quality</b>		
13. The board has established proper core values within the Company (e.g. discipline, mission, honor and vision) and are able to set clear strategic goals	1 2 3 4 5	
14. The Company has adequately discussed and implemented strategic plans as well as the annual budget process	1 2 3 4 5	
15. Board meetings were convened at adequate frequency (3 for 5 sessions a year or less; 4 for 6~8 sessions; and 5 for 9 sessions and above.)	1 2 3 4 5	
16. The Company provides the board of directors with complete and timely information of certain quality, so that directors (including independent directors) may duly perform their duties	1 2 3 4 5	
17. Board meeting minutes have adequately recorded the discussions made as well as opinions or concerns from individuals or groups	1 2 3 4 5	
18. All motions in a board agenda were allocated adequate time for directors to engage in discussions	1 2 3 4 5	
19. The motions presented for discussion in board meetings were considered appropriate	1 2 3 4 5	
20. Motions that were subject to discussion by the board of directors have been discussed in the presence of all independent directors	1 2 3 4 5	
21. The board of directors has provided robust communication channels to facilitate communication with independent directors	1 2 3 4 5	
22. Board meeting resolutions have been properly executed and followed up	1 2 3 4 5	
23. For any motion that required avoidance of conflicting interest, the directors had either voluntarily disassociated from involvement or were instructed to do so by the chairperson, with meeting minutes duly prepared	1 2 3 4 5	
24. The board of directors, board members and functional committees had conducted performance assessments in a regular and efficient manner	1 2 3 4 5	
<b>C. Composition of the board of directors</b>		
25. The board of directors has allocated sufficient independent director seats that complied with relevant rules (e.g.: in situations where the Company's Chairman is the same person as or a spouse or first-degree relative to the President or personnel of equivalent grade (i.e. the most senior manager), additional independent directors should be introduced to the board and at least half of total board members must not undertake employment or management position)	1 2 3 4 5	

26. Independent directors of the Company possess the required professional knowledge and have maintained independence throughout the duration of service	1 2 3 4 5	
27. The board of directors has adequate and sufficient number of functional committees to support its duties	1 2 3 4 5	
28. All existing functional committees are capable of accomplishing assignments delegated by the board of directors	1 2 3 4 5	
29. Establishment and enforcement of board diversity policy according to the Company's growth requirements	1 2 3 4 5	
30. To ensure objective and independent decision-making, no more than two directors shall be a spouse or 2nd-degree relative or closer to one another within the board	1 2 3 4 5	
31. Board composition is considered appropriate and members are deemed to have possessed the professional qualities for decision-making	1 2 3 4 5	
<b>D. Election and ongoing education of directors</b>		
32. The Company has robust and transparent director election procedures and succession plans in place	1 2 3 4 5	
33. Board members are elected according to the Company's board diversity policy and assessment standards	1 2 3 4 5	
34. The board member election procedures take into account performance assessment of individual directors	1 2 3 4 5	
35. The board member election procedures shall take into account the Company's actual requirements and skills, knowledge and experiences of individual directors; independent directors who have served 3 consecutive terms shall be assessed for compromise of independence	1 2 3 4 5	
36. The board provides appropriate instructions to new directors coming onboard, so that they may quickly familiarize with the duties involved and the Company's operations	1 2 3 4 5	
37. Directors participate in courses outside of their own expertise, and complete appropriate number of training hours on a yearly basis	1 2 3 4 5	
38. The Company maintains director training hours on record and supports a sustainable growth plan that helps directors enhance knowledge and skills	1 2 3 4 5	
<b>E. Internal control</b>		

39. The board has duly incorporated the management's risk assessments and controls as part of its decision-making process	1 2 3 4 5	
40. The board is able to assess and supervise the effectiveness of the Company's internal control system and risk management practices	1 2 3 4 5	
41. The internal control system approved by the board does contain five major elements/principles and covers all operating activities and transaction cycle controls	1 2 3 4 5	
42. The Company's chief internal auditor is invited to board meetings where they present their internal audit reports; audit reports (including follow-up reports) are delivered or notified to independent directors according to policy	1 2 3 4 5	
43. Appointment, dismissal, assessment and compensation of the Company's internal auditors shall be approved either by the board of directors or by the Chairman with the recommendation of the chief internal auditor	1 2 3 4 5	
44. Where non-audit service is provided by CPAs, the Company makes appropriate arrangements to ensure objectivity and independence of the CPAs	1 2 3 4 5	
45. Directors' understanding and supervision over the Company's accounting system, financial position, financial statements, audit report and follow-up tracking	1 2 3 4 5	
<b>F. Involvement in ESG</b>		
46. Board members' understanding of ESG issues relevant to the Company's industry	1 2 3 4 5	
47. The board discusses the annual ESG plan and execution on a regular basis	1 2 3 4 5	
48. The board is fully supportive of corporate sustainability, and reviews execution of sustainability issues regularly for fulfillment of corporate social responsibilities	1 2 3 4 5	
Other supplementary explanations (such as recommendation to board functions)		
<b>Overall comment</b>		

Note 1: Use the remarks column for more detailed explanation if the indicators do not fully reflect the assessment outcome.

Note 2: Assessment results are presented in the 5 tiers described below:

Scores: 1 - Extremely poor (Strongly disagree); 2 - Poor (Disagree); 3 - Satisfactory (Neither agree/disagree); 4 - Good (Agree); 5 - Excellent (Strongly agree).

Director: \_\_\_\_\_(signature/seal and date of completion)

## Fubon Financial Holding Co., Ltd. OO Board Member (Self) Assessment Questionnaire

Period of assessment: from     to     .

Assessment criteria	Assessment outcome	Remarks
<b>A. Comprehension of the Company's targets and missions</b>		
1. The directors have duly comprehended the Company's core values within the Company (e.g. discipline, mission, honor and vision) and are able to set clear strategic goals	1 2 3 4 5	
2. Directors have developed clear understanding of all strategic goals set by the Company	1 2 3 4 5	
3. Directors have thoroughly comprehended the characteristics and risks associated with the Company's industry	1 2 3 4 5	
<b>B. Directors' duty awareness</b>		
4. Directors have fully comprehended their statutory obligations	1 2 3 4 5	
5. New directors have familiarized themselves with the duties involved and the Company's operations	1 2 3 4 5	
6. Directors have duly fulfilled confidentiality obligations with respect to all insider information obtained while exercising director authority	1 2 3 4 5	
<b>C. Level of participation in the Company's operations</b>		
7. Directors' actual attendance (excluding proxy attendance) at board meetings (5 for full attendance, 4 for 1 missed session, 3 for 2 missed sessions and so on.)	1 2 3 4 5	
8. Directors had duly read and comprehended conference materials prior to convention of meeting; these conference materials provided directors with the adequate knowledge needed to perform their duties in board meetings	1 2 3 4 5	
9. Directors have committed adequate amount of time into board-related affairs	1 2 3 4 5	
10. Directors have made noticeable contributions in board meetings, such as offering practical recommendations on the motions proposed for discussion	1 2 3 4 5	
11. For any meeting minutes received, the directors thoroughly comprehend the details recorded to confirm that it appropriately documents the matters discussed as well as opinions or concerns from individuals or groups	1 2 3 4 5	
12. Directors possess clear understanding of the Company, the management team and the industry the Company operates in to facilitate professional and appropriate judgments	1 2 3 4 5	

13.	Directors have duly assessed and monitored existing as well as potential risks, and discussed regularly about the execution of internal control system	1 2 3 4 5	
14.	Directors do not assume concurrent director/supervisor duties in multiple companies	1 2 3 4 5	
<b>D. Management and communication of internal relations</b>			
15.	Directors have maintained sound interaction with the management team	1 2 3 4 5	
16.	Directors are able to communicate with each other in a proper manner	1 2 3 4 5	
17.	Directors have fully communicated with financial statement auditors	1 2 3 4 5	
<b>E. Professionalism and ongoing education of directors</b>			
18.	Directors possess the expertise needed to form board decisions	1 2 3 4 5	
19.	Directors participate in courses outside of their own expertise, and complete appropriate number of training hours on a yearly basis	1 2 3 4 5	
20.	Directors are committed to enhancing professional knowledge and skills on an ongoing basis	1 2 3 4 5	
<b>F. Internal control</b>			
21.	Directors have duly avoided involvement for any motion that requires avoidance of conflicting interest	1 2 3 4 5	
22.	Directors have assessed and supervised the effectiveness of the Company's internal control system and risk management practices	1 2 3 4 5	
23.	Directors are capable of understanding and supervising the Company's accounting system, financial position, financial statements, audit report and follow-up tracking	1 2 3 4 5	
Other supplementary explanations (such as recommendation to board functions)			
<b>Overall comment</b>			

1. Use the remarks column for more detailed explanation if the indicators do not fully reflect the assessment outcome.
2. The assessment outcome is presented in 5 tiers; the Company may also revise and re-design presentation of the assessment outcome depending on the actual circumstances. Assessment tiers are described below:  
Scores: 1 - Extremely poor (Strongly disagree); 2 - Poor (Disagree); 3 - Satisfactory (Neither agree/disagree); 4 - Good (Agree); 5 - Excellent (Strongly agree).

Director: \_\_\_\_\_(signature/seal and date of completion)

## Fubon Financial Holding Co., Ltd. OO Functional Committee Performance Self-assessment Questionnaire

Period of assessment: from     to     .

Assessment criteria	Audit Committee	Remuneration and Nomination Committee	Corporate Governance and Sustainability Committee	Remarks
<b>A. Level of participation in the Company's operations</b>				
1. Members' overall attendance (excluding proxy attendance) at functional committee meetings (3 for 80% attendance rate; 4 for 85% attendance rate; and 5 for 90% attendance rate)	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
2. The members had read and comprehended conference materials prior to convention of meeting	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
3. Each member has made noticeable contributions in functional committee meetings	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
4. Each functional committee convenes meetings on a regular basis	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
<b>B. Awareness towards duties of the functional committee</b>				
5. Duties of each functional committee are clearly and appropriately defined	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
6. Functional committees are able to assess and monitor existing as well as potential risks	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
7. Functional committees are able to raise proposals for discussion by the board of directors in a timely, professional and objective manner to support the board's decision-making	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
8. The Audit Committee has fully communicated with financial statement auditors (Meetings have to be convened for discussion in the event of new accounting standards or major	1 2 3 4 5	---	---	

financial statement adjustments)				
9. The Audit Committee conducts regular assessments on the independence and suitability of its CPAs	1 2 3 4 5	---	---	
10. The Remuneration and Nomination Committee stipulates and reviews regularly the compensation policies, systems, standards and structures, and performance of directors, supervisors and managers. (Directors', supervisors' and managers' compensation should not deviate from financial performance by a significant degree)	---	1 2 3 4 5	---	
11. The Remuneration and Nomination Committee regularly reviews and seeks board's approval for director performance assessment standards, and proposes director remuneration based on assessment outcome	---	1 2 3 4 5	---	
12. The Remuneration and Nomination Committee recommends suitable director/supervisor candidates for the Company and subsidiaries	---	1 2 3 4 5	---	
13. The Corporate Governance and Sustainability Committee discusses the annual ESG plan and execution on a regular basis, and reports findings to the board of directors	---	---	1 2 3 4 5	
14. The Corporate Governance and Sustainability Committee provides regular supervision and guidance with respect to corporate governance evaluation/assessment, and reports findings to the board of directors for discussion and improvement	---	---	1 2 3 4 5	
<b>C. Improvements to the quality of decisions made by functional committees</b>				



15.	The Company provides functional committees with complete and timely information of certain quality, so that functional committees may duly perform their duties. Managers, internal auditors, CPAs, legal consultants or other personnel of relevant expertise may be invited to meetings if necessary	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
16.	Functional committees are given adequate time for discussion	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
17.	The motions referred to functional committees for discussion are considered appropriate	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
18.	Members have duly avoided involvement for any motion that requires avoidance of conflicting interest; avoidance of conflicting interest is also detailed in meeting minutes (Independent directors of the Audit Committee are required to provide explanations for any motion that concerns their own interests. Independent directors are required to disassociate from discussion and voting if the stakes involved are in conflict against the Company's favor, and may not exercise voting rights on behalf of other members in this situation)	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
19.	Functional committee meeting minutes have adequately recorded the discussions made as well as opinions or concerns from individuals or groups	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
20.	Functional committee meeting resolutions have been properly executed and followed up	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
21.	Each functional committee has conducted performance assessments in a regular and efficient manner	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
<b>D. Composition of the functional committee and selection of committee members</b>					

22.	Composition of functional committee is considered appropriate and members are deemed to have possessed the professional qualities needed for decision-making	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
23.	Members of the functional committee have maintained independence over the course of their service	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
24.	Members of functional committee are selected according to the Company's actual requirements, and take into account the skills, knowledge and experience of individual directors as well as performance assessment of the functional committee as a whole	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	
<b>E. Internal control</b>					
25.	The Audit Committee is able to assess and supervise the effectiveness of the Company's internal control system and risk management practices	1 2 3 4 5	---	---	
26.	The internal control system approved by the Audit Committee <u>does</u> contain five major elements/principles and covers all operating activities and transaction cycle controls	1 2 3 4 5	---	---	
27.	The Audit Committee is capable of understanding and supervising the Company's accounting system, financial position, financial statements, audit report and follow-up tracking	1 2 3 4 5	---	---	
Other supplementary explanations (such as recommendation to functional committee operations)					
<b>Overall comment</b>					

Note 1: Use the remarks column for more detailed explanation if the indicators do not fully reflect the assessment outcome.

Note 2: Assessment results are presented in the 5 tiers described below:

Scores: 1 - Extremely poor (Strongly disagree); 2 - Poor (Disagree); 3 - Satisfactory (Neither agree/disagree); 4 - Good (Agree); 5 - Excellent (Strongly agree).

Member: \_\_\_\_\_(signature/seal and date of completion)