

## **Title : Directions for the Implementation of Continuing Education for**

### **Directors of Chang Hwa Commercial Bank, Ltd.**

Enacted on 2 October 2003

Amended on 11 September 2015

#### **Article 1(Basis and Purpose for Adoption)**

These Directions are specially adopted pursuant to Articles 40 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ("the Principles") and " Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies" adopt by Taiwan Stock Exchange Corporation (TWSE) as reference to encourage the Bank to arrange for newly appointed or re-appointed directors (including independent directors) to enrich and update their knowledge on a ongoing basis, and to fulfill the following purposes:

- (1) To urge the Bank directors to enhance their professional expertise and legal knowledge.
- (2) To assist the Bank directors to develop their exceptional qualities and decision-making abilities.
- (3) To lead the Bank directors to step up exchanges of their experience and mutual communication and interaction.
- (4) To promote the effective implementation by the Bank directors of the corporate governance system.

#### **Article 2(Continuing Education Measures)**

The measures for the Directions are as follows:

##### 1. Applicable Subjects:

- (1)The Bank' s directors.
- (2)"Newly appointed" directors in these Directions mean those serving for the first time as a director of a TWSE or TPEX listed company.
- (3)"Re-appointed" directors in these Directions means those serving another term as a director of a TWSE or TPEX listed company.
- (4)Temporal continuity or continuous appointment at the same TWSE or TPEX listed company across terms of service is not required for a determination of being "re-appointed" under the preceding paragraph. However, if the company at which the director previously served becomes TWSE or TPEX listed only after the person has completed his or her term of service has been dismissed for any reason, that term may not be deemed as a first term.

## 2. Continuing Education Hours:

Continuing professional education (CPE) hours for directors of the Bank are as follows:

- (1) It is advisable for a newly appointed person to complete a minimum of 12 CPE hours in the year the person is appointed, and a minimum of 6 hours per year in each following year.
- (2) It is advisable for a re-appointed person to complete a minimum of 6 CPE hours per year during the term of appointment. However, if during the given year, the person has served as an instructor teaching any course related to corporate governance at a training institution under item (1) of Article 2, Paragraph 4 "Continuing Education System," and has met the requirement under the preceding subparagraph of completing 12 CPE hours in the year the person was newly appointed, then 1 hour may be deducted each time the person teaches a course; the total number of hours deducted shall be limited to 3 hours.
- (3) CPE hours shall be calculated on a progressive basis, counting, in principle, from 1 January to 31 December for the given year. In the event of peculiar circumstances or where cross-year calculation is necessitated by the curriculum design, the reasons shall be stated together with the disclosure of the status of continuing education.

## 3. Continuing Education Scope:

To assist each director in gaining, through continuing education, the abilities under all subparagraphs of Article 20, paragraph 4 of the Principles (i.e. directors shall possess abilities of business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international marketing, leadership, decision making), it is advisable to consider topics extending beyond the scope of the professional expertise of the directors, and to select courses encompassing corporate governance related topics such as finance, risk management, business, commerce, legal affairs, accounting, and corporate social responsibility, or courses relating to internal control systems or liability for financial reports.

## 4. Continuing Education System:

The Bank shall, in principle, turn to the following institutions when arranging continuing education for directors:

- (1) Professional training institutions such as the Securities and Futures Institute, ROC, Accounting Research and Development Foundation in Taiwan, Institute of Internal Auditors, ROC, Taiwan Development & Research Academia of Economic & Technology, Computer Audit Association, Taiwan Academy of Banking and Finance, Taiwan Corporate Governance Association.
- (2) Lectures, seminars, symposiums, and educational courses organized by the following

institutions (whether as the host or a co-host) and in line with the Continuing Education Scope under Article 2, paragraph 3 :

a. The regulatory authority in charge of a relevant industry, the competent authority, the TWSE, Taipei Exchange (TPEX), Taiwan Depository and Clearing Corporation, and other institutions recognized by the TWSE or TPEX.

b. Taiwan Securities Association, CPA Associations, and Bar Associations.

(3) Seminars, symposiums, and internal training sessions organized by the Bank or its affiliated enterprises, and in line with the Continuing Education Scope under Article 2, paragraph 3, provided that the hours thereof that may be recognized for continuing education are limited to one-third of the minimum CPE hours that a person is advised to complete per year under these Directions.

(4) Special lectures, seminars, and symposiums organized by international organizations such as OECD or by major securities markets around the world, attended by directors, where the topic is in line with the Continuing Education Scope under Article 2, paragraph 3.

(5) When the Bank engages a foreign national to serve as a director, the Bank shall, in addition to having a clear understanding of the substantive content of the person's continuing education undertaken abroad, provide a translation in English or the foreign national's native language of Taiwan's major laws and regulations related to economics, securities, TWSE or TPEX listing, and relevant industries for reference.

### **Article 3(Continuing Education Arrangements and Information Disclosure)**

The Bank shall have an understanding of the educational background, work experience, and professional expertise of all of its directors, and make appropriate arrangements for the contents of continuing education for directors, taking into consideration the Bank's main operational focus and main directions of business development.

The directors shall regularly file with the Bank documentary proof of their continuing education. The Bank shall regularly review the status of the continuing education of its directors.

The Bank shall disclose in its prospectuses, annual reports, and on the Bank's website information on the continuing education status of its directors pursuant to the Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses, Regulations Governing Information to be Published in Annual Reports of Public Companies, and the Article 59, paragraph 1, subparagraph 8 of Corporate Governance Best-Practice Principles for TWSE or TPEX Listed Companies. Relevant operations are coordinated by the Secretariat Division.

#### **Article 4(Approved level)**

The Directions is approved by the president and reported to the board of executive directors for future reference. The same applies to the amendments of the Directions.