

# **Chang Hwa Commercial Bank, Ltd. (the “Bank”) Rules of Performance Evaluation of the Board of Directors**

Established by the 14th Meeting of the 24th Board of Directors on December 25, 2015  
Amended and adopted by the 30th Meeting of the 25th Board of Directors on November 12, 2019  
Amended and adopted by the 5th Meeting of the 26th Board of Directors on October 20, 2020  
Amended and adopted by the 32nd Meeting of the 26th Board of Directors on November 10, 2022

## **Article 1 (Purpose of and basis for adoption)**

To implement corporate governance, enhance the Bank’s board functions and setting forth performance objectives so as to improve the operation efficiency of the board of directors, these rules are adopted pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies for compliance.

## **Article 2 (Compliance)**

The cycles, periods, scope, methods, procedures and other matters for compliance of the evaluation of the Bank’s board of directors shall be subject to these rules.

## **Article 3 (Evaluation cycles and periods)**

The Bank shall conduct an internal performance evaluation every year according to the evaluation procedures and the evaluation indexes in Paragraph 1 of Article 5, and Article 6, and an external evaluation conducted by independent professional institution or a panel of external experts and scholars (hereinafter referred to as “external evaluation unit”) at least once every three years to the board of directors.

The performance evaluation of the board of directors shall be completed before the end of the first quarter of the following year, and the results shall be reported to the board.

## **Article 4 (Evaluation scope and methods)**

The scope of the evaluation of the board of directors contains the board as a whole, individual director and functional committees.

Methods of evaluations include the operational performance evaluation of the board,

self-evaluation made by individual board members, and evaluation made by appointed external evaluation units, or other appropriate methods.

### **Article 5 (Evaluation procedures)**

The procedures for the Bank's internal performance evaluation of the board of directors are as follows:

1. The Form of Self-Evaluation of Performance of Board Members (Annex 1), the Form of Evaluation of Performance of the Board (Annex 2), the Form of Self-Evaluation of Performance of Functional Committee Members (Annex 3), and the Form of Evaluation of Performance of the Functional Committee (Annex 4) are created according to the evaluation indexes set in Article 6.

2. Self-evaluation of performance of the members of the board of directors and the functional committees:

The designated department which are responsible for the meeting logistics or administrative affairs of the board of directors or each functional committee shall collect the operation informations of the board of directors and each functional committee, and distribute the Form of Self-Evaluation of Performance of Board Members and the Form of Self-Evaluation of Performance of Functional Committee Members to the directors to be filled.

3. Evaluation of operational performance of the board and the functional committee :

The designated department which are responsible for the meeting logistics or administrative affairs of the board of directors or each functional committee shall score and calculate items set in the Form of Evaluation of Performance of the Board and the Form of Evaluation of Performance of the Functional Committee according to practical operation of the board and the functional committee.

4. The designated department responsible for the meeting logistics of the board of directors shall fill the Form of consolidated Self-Evaluation of Performance of Board Members and the Form of consolidated Self-Evaluation of Performance of Functional Committee Members, which is consolidated from the Form of Self-Evaluation of Performance of Board Members and the Form of

Self-Evaluation of Performance of Functional Committee Members and report to the board of directors together with the Form of Evaluation of Performance of the Board and the Form of Evaluation of Performance of the Functional Committee referred to in the preceding subparagraph.

The chairperson of the board shall be authorized to decide the delegated subject, schedule, methods, and other matters when the performance evaluation of the board directors conducted by an external evaluation unit.

The external evaluation unit referred to in the preceding paragraph shall comply with the following qualifications:

1. It shall be professional and independent.
2. It 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. It shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance.

#### **Article 6 (Evaluation indexes and scoring criteria)**

The criteria for evaluating the performance of the board of directors should cover, at a minimum, the following six aspects:

1. Participation in the operation of the Bank;
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.
6. Action in respect to environmental, social, and governance (ESG).

The criteria for self-evaluating the performance of the board members should cover, at a minimum, the following seven aspects:

1. Alignment of the goals and missions of the Bank;
2. Awareness of the duties of a director;
3. Participation in the operation of the Bank;

4. Management of internal relationship and communication;
5. The director's professionalism and continuing education; and
6. Internal control.
7. Attention to environmental, social, and governance (ESG).

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 Bank;
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 performance evaluation of the board of directors shall be set based on the practical operation and necessity of the Bank and suitable and appropriate for evaluations by the Bank; which are reviewed and recommended regularly by the remuneration committee of the Bank. The amendment of the annexes within Articles 5 shall be reported to the board of directors for recordation.

The scoring criteria are listed in the Form of Self-Evaluation of Performance of Board Members, the Form of Evaluation of Performance of the Board, the Form of Self-Evaluation of Performance of Functional Committee Members, and the Form of Evaluation of Performance of the Functional Committee.

The results of performance evaluation conducted according to these rules, which are obtained by consolidating and calculating the scores given in the Form of Evaluation of Performance of the Board and the Form of Evaluation of Performance of the Functional Committee are as follows:

1. The overall score greater than or equal to 90 is "beyond the standard";
2. The overall score greater than or equal to 80 but less than 90 is "meet the standard";  
and
3. The overall score less than 80 is "improvement needed."

The evaluation indexes and scoring criteria may be modified and adjusted to meet the Bank's necessity. The weighted calculation may be adopted as a method to scoring

each aspects of evaluation indexes.

### **Article 7 (Application of evaluation results)**

The results of performance evaluation of the board of directors of the Bank may be considered as a reference when the following matters were proceeded:

1. Elect or nominate candidates of the board of directors; and
2. Determine or periodically review the remuneration of directors (including chairperson, managing directors, independent directors and non-independent directors) by the remuneration committee.

### **Article 8 (Methods for report and disclosure)**

These rules shall be disclosed on the Market Observation Post System (MOPS) and the Bank's website, to be made available for consultation.

The result of performance evaluation of the board of directors of the Bank of the year and the status of execution of the result shall be reported to the Taiwan Stock Exchange Corporation (TWSE), and disclosed on the Bank's website and in the annual report, which shall at least include the cycles, periods, scope, methods, and details of the evaluation of the Bank's board of directors.

In cases where an external evaluation unit is appointed to conduct the evaluation, the Bank shall, in the annual report, disclose the names of the members, the specialties and the independence statement of the external evaluation unit contemporary with the methods, standards and suggestions for future improvement.

### **Article 9 (Implementation and amendment)**

These rules shall take effect after having been discussed and approved by the board of directors, subsequent amendments thereto shall be effected in the same manner.