

## **SinoPac Financial Holdings Co., Ltd.**

### **Regulations Governing the Evaluation of the Performance of the Board of Directors**

- Not established in response to external regulations
- Established in response to external regulations

Established by: Secretariat

Approval level: The Board of Directors

#### Article 1 (Purpose and basis)

These Regulations are established in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange Corporation and Taipei Exchange to implement corporate governance, improve the functions of the Company's Board of Directors, establish performance targets, and strengthen the operating efficiency of the Board of Directors.

#### Article 2 (Applicable regulations)

The main evaluation cycle, evaluation period, evaluation scope and methods, unit responsible for the evaluation, evaluation procedures, and other compliance items for the evaluation of the Company's Board of Directors and functional committees shall be processed in accordance with these Regulations.

The aforementioned functional committees refer to the Audit Committee and the Remuneration Committee.

#### Article 3 (Evaluation cycle and duration)

The Company's Board of Directors and functional committees shall conduct at least one internal performance evaluation every year. The internal performance evaluation shall be conducted at the end of each year in accordance with the evaluation procedures and standards set forth in Article 6 and Article 8 to evaluate the performance of the year.

Performance evaluation of the Board of Directors of the Company shall be conducted by an external professional independent institution or a team of external experts and scholars (hereinafter referred to as External Evaluation Unit) at least once every three years and the performance evaluation for the current year shall be conducted at the end of the year.

The results of internal and external performance evaluations of the Board of Directors and functional committees shall be reported to the Board of Directors

before the end of March in the following year.

Article 4 (Evaluation scope and methods)

The scope of the performance evaluation of the Company's Board of Directors and functional committees include the entire Board of Directors, individual directors, and functional committees.

The methods of evaluation include self-evaluation of the Board and functional committees, self-evaluation of the members of the Board, and evaluations by appointed External Evaluation Units.

Article 5 (Evaluation unit)

The internal performance evaluations of the Company's Board of Directors and functional committees shall be performed by units responsible for their respective businesses.

If the evaluation is outsourced to external parties, the units responsible for their respective businesses specified in the preceding paragraph shall provide necessary information and assistance. The Chairman of the Board shall be authorized to determine the External Evaluation Unit, schedule, and evaluation method. Where an external performance evaluation has been arranged for the current year, the internal performance evaluation may be exempted.

Article 6 (Evaluation procedures)

The procedures for the performance evaluations of the Company's Board of Directors and functional committees are explained as follows:

1. Establish the evaluation scope and methods for the current year.
2. If the evaluation is an internal evaluation, the unit responsible for the evaluation shall distribute Appendix 1 Board of Directors Performance Evaluation Self-Evaluation Questionnaire, Appendix 2 Board Member Performance Evaluation Self-Evaluation Questionnaire, Appendix 3 Audit Committee Performance Evaluation Self-Evaluation Questionnaire, and Appendix 4 Remuneration Committee Performance Evaluation Self-Evaluation Questionnaire to the Board and Committee members. The unit responsible for the evaluation shall compile and report the results to the Board of Directors and the functional committees as reference for review and improvements.
3. 2. If the Company outsources the evaluation of the Board of Directors to an external unit, the evaluation procedures, evaluation indicators, evaluation standards, and evaluation results shall be processed in accordance with the plans of the External Evaluation Unit. The unit responsible for the affairs of

the Board of Directors shall submit the results of the external evaluation and analysis reports to the Board of Directors as reference for review and improvements.

Article 7 (External evaluation unit)

Where the Company appoints and External Evaluation Unit to perform the evaluation for the performance of the Board of Directors, it shall consider whether the unit has organized related training courses for the Board of Directors and whether it has the experience or management consulting skills for improving corporate governance.

After the External Evaluation Unit completes the performance evaluation of the Board of Directors, it shall submit an analysis report in accordance with the evaluation results.

Article 8 (Evaluation indicators and scoring standards)

The Company shall consider the status and needs of the Company to establish the measurement items for the performance evaluation of the Board of Directors and functional committees and they shall include at least the following five major dimensions:

1. Degree of participation in the Company's operations;
2. Improvement in the quality of decision-making by the Board of Directors (or functional committees);
3. Composition and structure of the Board of Directors (or functional committees);
4. Election and continuous development of directors (or members of functional committees);
5. Internal controls.

The measurement items for evaluating the performance of board members include at least the following six dimensions:

1. Understanding company goals and missions;
2. Recognition of duties as directors;
3. Degree of participation in the Company's operations;
4. Management of internal relationship and communication;
5. Professionalism and continuing education;
6. Internal controls.

The indicators for the performance evaluation of the Board of Directors and functional committees shall be based on the operations and needs of the Company and they shall be suitable for the contents of performance evaluations for the

Company.

For the scoring criteria, each measurement item is scored using the weight evaluation method and performance evaluation results are divided into five levels, namely excellent, very good, good, fair, and poor. However, the results of performance evaluations by the Board of Directors and functional committees shall be based on the arithmetic mean of the evaluation score for each Board and committee member.

Article 9 (References for selection of directors by the Board of Directors)

When the Company's Board of Directors selects or nominate a director, the results of performance evaluations for individual directors shall be listed as references for the selection.

Article 10 (Information disclosure in the Annual Report)

The Company shall disclose the means of performance evaluation of the Board of Directors in the Annual Report and disclose the implementation status of the performance evaluation of the Board of Directors each year. It shall also explain the evaluation methods.

Where the Company appoints an External Evaluation Unit for the performance evaluation of the Board of Directors, the Company shall disclose the name and professional qualifications of the External Evaluation Unit, whether it has business relations with the Company and its independence status in the Annual Report.

Article 11 (Implementation)

The Regulations shall be implemented after the approval of the Board of Directors. The same shall apply to future amendments. The Regulations shall be disclosed on the Market Observation Post System and the Company's website.

Approved in the 6<sup>th</sup> meeting in 2018 of the 6<sup>th</sup>-Term Board of Directors on June 22, 2018