

# **Mega Financial Holding Company Ltd., Board of Directors**

## **Performance Evaluation Rules**

Formulated at the 6th meeting of the 6th Board of Directors on November 24, 2015

Amended at the 10th meeting of the 6th Board of Directors on March 29, 2016

Amended at the 6th meeting of the 7th Board of Directors on November 27, 2018

Amended at the 14th meeting of the 7th Board of Directors on July 23, 2019

Amended at the 14th meeting of the 8th Board of Directors on July 26, 2022

### **Article 1 (Formulation Purpose and Basis)**

In order to implement corporate governance and enhance the functions of the Board of Directors of the company and establish performance objectives to enhance the operational efficiency of the Board of Directors, these rules are formulated in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

### **Article 2 (Responsible Unit)**

The agenda working group for the Board meeting is responsible for establishment and maintenance of these Rules.

### **Article 3 (Evaluation Cycle and Period)**

The Board of Directors of the company shall conduct an internal board performance evaluation every year in accordance with the evaluation procedures and evaluation indicators specified in Articles 7 and 8 of these rules.

The Company's board performance evaluation shall be carried out at least once every three years by an external professional independent institution or an external team of experts and scholars (hereinafter referred to as the external evaluation institution or team).

The results of the first and second performance evaluations shall be reported to the Board of Directors before the end of March of the following year.

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

The scope of the performance evaluation of the Board of Directors of the company includes the performance evaluation of the overall Board of Directors, individual directors and functional committees.

The method of evaluation is self-evaluation by members of the Board of Directors and functional committees, assisted by the execution unit specified in Article 5 of these rules, or a performance evaluation by external evaluation institutions or teams.

### **Article 5 (The Evaluation Execution Unit)**

The execution unit of the internal performance evaluation of the Board of Directors of the company is undertaken by the agenda working group of the Board of Directors and functional committees respectively.

In the case of outsourced evaluation, the Chairman of the Board of Directors shall be authorized to approve the selection, processing schedule and evaluation method of the external evaluation institutions or teams.

### **Article 6 (External Evaluation Institution or Team)**

The external evaluation institution or team that executes the performance evaluation of the Board of Directors shall meet the following requirements:

- I. Be professional and independent.
- II. The evaluation institutions are mainly the relevant institutions or management consulting companies that undertake the relevant education and training courses for the Board of Directors and improve corporate governance.
- III. At least three members of the expert and scholar team shall be experts or scholars in the field of corporate governance or Board of Directors.

### **Article 7 (Evaluation Procedure)**

The performance evaluation procedures of the Board of Directors are as follows:

- I. Determine the unit, period and scope to be evaluated for the year (e.g., the overall Board of Directors, individual directors, functional committees, etc.).
- II. Establish evaluation methods, such as self-evaluation by the Board of Directors and functional committees, self-evaluation by board members, outsourced evaluation, etc.
- III. The execution unit distributes and fills in Attachment 1 “Questionnaire of Self-Performance Evaluation of the Board”, Attachment 2 “Questionnaire of Self-Performance Evaluation of Board Members” and Attachment 3 “Questionnaire of Self-Performance Evaluation of the Functional Committee”. It is responsible for collecting and delivering them to the agenda working group of the Board of Directors for the results to be summarized and reported to the Board of Directors as a reference for review and improvement.

### **Article 8 (Evaluation Index)**

The performance evaluation of the Board of Directors of the company shall include at least the following five aspects:

- I. Participation in the operation of the company.
- II. Improve the decision-making quality of the Board of Directors.
- III. The composition and structure of the Board of Directors.
- IV. Director selection and continuing education.

## V. Internal control.

The performance evaluation of directors shall include at least the following six aspects:

- I. Understanding of the company's objectives and tasks.
- II. Recognition of directors' responsibilities.
- III. Participation in the operation of the company.
- IV. Internal relationship management and communication.
- V. Professional and continuing education of directors.
- VI. Internal control.

The performance evaluation of functional committees shall include at least the following five aspects:

- I. Participation in the operation of the company.
- II. Recognition of functional committee's responsibilities.
- III. Improve the decision-making quality of functional committees.
- IV. Composition and selection of members of functional committees.
- V. Internal control.

The measurement principles of the first and the third performance evaluations are divided into "qualitative indicators" and "quantitative indicators". When the internal performance evaluation is conducted, "qualitative indicators" shall be filled in by the members of the Board of Directors and functional committees and "quantitative indicators" shall be filled in by the executive unit. The evaluation results shall be summarized in accordance with Article 9 of these rules.

The first three evaluation indicators shall be formulated according to the operation and needs of the company and applicable to the content of the company's performance evaluation. The Remuneration Committee reviews and makes recommendations those evaluation indicators on a regular basis.

## **Article 9 (Internal Performance Evaluation Standards and Results)**

The internal performance evaluation results of the Board of Directors and functional committees of the company are summarized according to the following standards:

- I. "Quantitative indicators": According to the statistics of the executing unit, if the result of measurement is "yes", the measurement item is "achieved".
- II. "Qualitative indicators": If the result selected by a more than half of directors or committee members is "3, 4 or 5", the measurement item is "achieved".
- III. If the achievement rate of all measurement items (i.e., "quantitative indicators" plus "qualitative indicators") is more than 90%, the evaluation result is "beyond the standard". Those whose achievement rate is more than 80% but less than 90% are regarded as "meeting the standard". If the achievement rate is less than 80%, it is "to be improved".

In the self-evaluation results of the directors, if "3, 4 or 5" accounts for more than 90% of the total items, the evaluation result is "beyond the standard". If they are more than 80% but less than 90% of

the total items, it is considered as “meeting the standard”. If they do not reach 80% of the total items, it is considered as “to be improved”.

#### **Article 10 (Application of Evaluation Results)**

The results of the performance evaluation of the Board of Directors of the company shall be used as a reference for the selection or nomination of directors.

The individual performance evaluation results of the continuing directors shall be used as reference for determining their individual remuneration.

#### **Article 11 (Disclosure and Declaration of Information)**

The company shall disclose these rules on the TWSE MOPS, the company’s website or the annual report for reference.

The company shall disclose the implementation of the annual performance evaluation of the Board of Directors on the company’s website and annual report, and explain the evaluation cycle, evaluation period, scope of evaluation, evaluation method, and what is to be evaluated. If the performance evaluation of the Board of Directors is carried out by an external evaluation institutions or teams, the external evaluation institution, the experts and their team members, and their expertise, and the statement of independence by the external evaluation institution or experts shall be disclosed, and the evaluation method, standards and suggestions on improvement to be made shall be explained.

The company shall report the results of the performance evaluation to the Taiwan Stock Exchange Corporation before the end of the first quarter of the next year.

#### **Article 12 (Implementation and Amendment)**

These Rules shall be enforced upon resolution of the Board meeting, and the same shall apply when they are amended. However, the Chairman of the Board is authorized to approve the amendment if just the schedules to these rules are amended or repealed.

## Attachment 1

## Questionnaire of Self-Evaluation of Performance of the [YEAR] Board of Mega Financial Holding Company Ltd.

Form filling instructions:

1. If the scores of the evaluation results of various indicators are insufficiently expressive, additional remarks may be provided in the remarks field.
2. Evaluation period: [blank date] to [blank date]
3. The principles of evaluation and grading qualitative indicators are as follows:
  - Level 1: Very bad/disagree strongly
  - Level 2: Poor/disagree
  - Level 3: Medium/achieved
  - Level 4: Good/agreed
  - Level 5: Excellent/agree strongly

Evaluation items		Evaluation results (Please circle)	Remark
<b>A. Participation in the operation of the company</b>			
Qualitative indicator	1. Before a board meeting, the directors have read and understood the meeting materials in advance and actively participated in the discussion of proposals.	1 2 3 4 5	
	2. There is a good interaction between the Board of Directors and the management team.	1 2 3 4 5	
	3. The Board of Directors truly supervised the company to comply with laws and regulations and codes of practice.	1 2 3 4 5	
	4. All directors of the company make effective contributions in the Board of Directors.	1 2 3 4 5	
	5. The Board of Directors continues to promote the formulation of corporate governance related measures, support the company to participate in corporate assessment, and fully protect the rights and interests of shareholders, so as to improve corporate governance.	1 2 3 4 5	
	6. Members of the Board of Directors have sufficient knowledge of the company, its management team and its industry.	1 2 3 4 5	
	7. Directors truly assessed and supervised the existing or potential risks in the company, and discuss the implementation and follow-up status of the internal control system.	1 2 3 4 5	
	8. The Board of Directors regularly and thoroughly reviews the management performance of the management team, and rewards and punishments are given in a timely manner.	1 2 3 4 5	

Evaluation items		Evaluation results (Please circle)	Remark
	9. The Board of Directors can fully and timely obtain the performance report of enterprise operation, and quickly grasp all adverse trends.	1 2 3 4 5	
Quantitative indicators	10. Is the average attendance rate of directors attending the board meetings in person (excluding attendance by proxy) at least 80% and is the attendance situation good?	<input type="radio"/> Yes <input type="radio"/> No	
	11. Is the attendance rate of directors attending the shareholder meetings at least 60% and is the attendance situation good?	<input type="radio"/> Yes <input type="radio"/> No	
	12. Do the directors fully communicate with the certified public accountants, hold meetings when necessary to discuss the implementation of the new accounting bulletin or material adjustments to the financial statements, and invite accountants to attend the Board meeting at least twice a year to discuss the annual report and semiannual report, so as to fully understand the financial situation of the company?	<input type="radio"/> Yes <input type="radio"/> No	

### **B. Improving the decision quality of the Board of Directors**

Qualitative indicator	13. The Board of Directors has the core values (discipline, mission, honor, vision, etc.) of the company, and can clearly set all the strategic goals of the company.	1 2 3 4 5	
	14. The company properly discussed and formulated the strategic plan and annual budget process.	1 2 3 4 5	
	15. The information provided by the company to the Board of Directors is complete, timely and of certain quality, so that the Board of Directors (including independent directors) can smoothly perform their job duties.	1 2 3 4 5	
	16. The minutes of the Board meeting has properly recorded the contents of the discussion and the reservations or concerns of individuals or groups.	1 2 3 4 5	
	17. The agendas of the Board meetings has appropriately allocated the time for discussion of each proposal to facilitate the discussion for the directors.	1 2 3 4 5	
	18. The discussion proposals submitted by the company to the Board meetings are appropriate.	1 2 3 4 5	

Evaluation items		Evaluation results (Please circle)	Remark
	19. All the independent directors have attended the discussions of the Board meetings on matters that must be submitted to the Board meetings for discussion according to the law.	1 2 3 4 5	
	20. The Board meetings shall provide a good communication channel and be able to communicate with independent directors appropriately.	1 2 3 4 5	
	21. All the resolutions of the Board meetings are followed up.	1 2 3 4 5	
	22. If there is a need for a director to recuse himself/herself from the relevant motion, the director recused himself/herself or the Chairman truly asked the director to recused himself/herself, and this is reflected in the meeting minutes.	1 2 3 4 5	
Quantitative indicators	23. Does the Board meeting hold at least 12 meetings a year, and is the frequency in line with the regulations and appropriate?	<input type="radio"/> Yes <input type="radio"/> No	
	24. Do the Board of Directors, directors and functional committees conduct performance evaluation annually and efficiently?	<input type="radio"/> Yes <input type="radio"/> No	
<b>C. Composition and structure of the Board of Directors</b>			
Qualitative indicator	25. The Board of Directors shall establish appropriate and sufficient functional committees.	1 2 3 4 5	
	26. The existing functional committees have the ability to perform the job duties appointed by the Board of Directors.	1 2 3 4 5	
	27. The independent directors of the company have the necessary professional knowledge and truly maintain their independence during their term of office.	1 2 3 4 5	
	28. The company formulates and implements the policy of diversification of directors according to the company's development needs.	1 2 3 4 5	
	29. The composition of the Board of Directors is appropriate and has the necessary expertise for the decision-making process.	1 2 3 4 5	
Quantitative	30. Has the Board of Directors designated enough independent director positions and does the number of	<input type="radio"/> Yes <input type="radio"/> No	

Evaluation items		Evaluation results (Please circle)	Remark
indicators	independent directors meet the relevant regulations? (For example, when board chairperson and general manager, or an equivalent position, are the same person, or they are spouses or relatives of the first degree of kinship, there must be four or more independent directors. If there are more than 15 seats in the board, there must be five or more independent directors, and at least half of all directors are not employees or managers.)		
	31. Among the directors of the company, are there no more than two who are spouses or relatives within the second degree of one another; can the directors operate objectively and independently?	<input type="radio"/> Yes <input type="radio"/> No	
<b>D. Selection and continuing education of directors</b>			
Qualitative indicator	32. The selection procedure of directors is based on the company's diversification policy.	1 2 3 4 5	
	33. The selection procedure of directors takes into account the performance evaluation results of individual directors.	1 2 3 4 5	
	34. The selection process of directors is based on the actual needs of the company and takes full account of the skills, knowledge and experience of the directors. If independent director tenor has been three consecutive terms, his/her independence has been fully considered.	1 2 3 4 5	
	35. The Board of Directors provided appropriate appointment instructions to new directors to help them understand their job duties and become familiar with the company's operation and environment.	1 2 3 4 5	
Quantitative indicators	36. Does the company have strict and transparent procedures for the selection of directors and succession planning?	<input type="radio"/> Yes <input type="radio"/> No	
	37. Does the company keep a record of the number of hours of formal training hours attended by directors and a continuous professional development plan, which enables directors to strengthen their knowledge and skills?	<input type="radio"/> Yes <input type="radio"/> No	
	38. Do directors pursue diversified courses beyond their	<input type="radio"/> Yes <input type="radio"/> No	



Evaluation items		Evaluation results (Please circle)	Remark
	professional competence, and do the number of hours of study per year conform to relevant corporate governance norms?		
<b>E. Internal control</b>			
Qualitative indicator	39. The Board of Directors truly integrated the risk evaluation and control of management team into the decision-making process of the enterprise.	1 2 3 4 5	
	40. The Board of Directors can effectively evaluate and supervise the effectiveness of various internal control systems and risk management.	1 2 3 4 5	
	41. The internal control system adopted by the Board of Directors includes five major elements/principles, and covers all the control operations of operation activities and trading cycle.	1 2 3 4 5	
	42. When accountants provide non-audit services, all arrangements are appropriate to ensure their objectivity and independence.	1 2 3 4 5	
	43. The directors of the Board of Directors understood and supervised the company's accounting system, financial status and financial statements, audit reports and their follow-up status.	1 2 3 4 5	
Quantitative indicators	44. Does the audit director/chief auditor of the company attend the Board meetings as non-voting delegates and submit the internal audit report (including follow-up report) to the Audit Committee and independent directors in accordance with regulations?	<input type="radio"/> Yes <input type="radio"/> No	
	45. Are the appointment/removal, assessment and remuneration of the company's internal auditors reported to the Board of Directors or forwarded by the audit director to the Chairman for approval?	<input type="radio"/> Yes <input type="radio"/> No	
Other supplementary notes (for example, suggestions on improving the operation of the Board of Directors, etc.)			

**Director (independent director):** \_\_\_\_\_ (signature and seal)

Date of form filling: \_\_\_\_\_

## Attachment 2

## Questionnaire of Self-Evaluation of Performance of [YEAR] Board Members of Mega Financial Holding Company Ltd.

Form filling instructions:

1. If the scores of the evaluation results of various indicators are insufficiently expressive, additional remarks may be provided in the remarks field.
2. Evaluation period: [blank date] to [blank date]
3. The principles of grading are as follows:
  - Level 1: Very bad/disagree strongly
  - Level 2: Poor/disagree
  - Level 3: Medium/achieved
  - Level 4: Good/agreed
  - Level 5: Excellent/agree strongly

Evaluation items	Evaluation results (Please circle)	Remark
<b>A. Mastery of company objectives and tasks</b>		
1. The director truly understands the company's core values. (For example, discipline, mission, honor, and vision)	1 2 3 4 5	
2. The director has a clear understanding of all the company's strategic objectives set by the Board of Directors.	1 2 3 4 5	
3. The director has a clear understanding of the characteristics and risks of the company's industry.	1 2 3 4 5	
<b>B. Recognition of the director's job duties</b>		
4. The director is fully aware of his/her legal obligations.	1 2 3 4 5	
5. The new director understands his/her job duties and is familiar with the operation and environment of the company.	1 2 3 4 5	
6. The director truly abides by the obligation of confidentiality with respect to the company's internal information obtained in the course of his/her duties as a director.	1 2 3 4 5	
<b>C. Level of participation in the operation of the company</b>		
7. The actual attendance of the director at the Board meetings (excluding attendance by proxy) was good. (For example: an attendance rate of 80% is considered 3 medium)	1 2 3 4 5	
8. The director reads and understands the meeting materials before the board meeting, so that he/she can fully perform his/her job duties during the board meeting.	1 2 3 4 5	

Evaluation items	Evaluation results (Please circle)	Remark
9. The director devotes sufficient time to the affairs of the Board of Directors.	1 2 3 4 5	
10. The director makes effective contributions during the board meeting, such as putting forward specific proposals to the motion, etc.	1 2 3 4 5	
11. When receiving the meeting minutes, the director reads the minutes carefully and confirms that they have properly recorded the contents of the discussion and the reservations or concerns of individuals or groups.	1 2 3 4 5	
12. The director has a clear understanding of the company, the company's management team and the company's industry to make professional and appropriate judgments.	1 2 3 4 5	
13. The director has truly assessed and supervised various existing or potential risks in the company, and discussed the implementation and follow-up situation of the internal control system.	1 2 3 4 5	
14. The director does not concurrently hold the position of director or supervisor of several companies.	1 2 3 4 5	
<b>D. Internal relationship management and communication</b>		
15. The interaction between the Board of Directors and the management team is good.	1 2 3 4 5	
16. The director has good communication with other directors.	1 2 3 4 5	
17. The director has fully communicated with the certified public accountant.	1 2 3 4 5	
<b>E. Professional and continuing education of the director</b>		
18. The director has the professional skills required by the Board of Directors to make decisions.	1 2 3 4 5	
19. The director has taken diversified courses outside their respective professional competence, and the appropriate number of hours of study each year.	1 2 3 4 5	
20. The director has the ability to continuously strengthen their professional knowledge and skills.	1 2 3 4 5	
<b>F. Internal control</b>		
21. If there is a need for a director to recuse himself/herself from the relevant motion, the director truly recused	1 2 3 4 5	

Evaluation items	Evaluation results (Please circle)	Remark
himself/herself.		
22. The director has effectively evaluated and supervised the effectiveness of various internal control systems and risk management.	1 2 3 4 5	
23. The director understood and supervised the company's accounting system, financial situation and financial statements, audit report and follow-up situation.	1 2 3 4 5	
Other supplementary notes (for example, suggestions on improving the operation of the Board of Directors, etc.)		

**Director (independent director):** \_\_\_\_\_ (signature and seal)

Date of form filling: \_\_\_\_\_

## Attachment 3

## Questionnaire of Self-Evaluation of Performance of the [YEAR] Functional

## Committee of Mega Financial Holding Company Ltd.– 000 Functional Committee

Form filling instructions:

1. If the scores of the evaluation results of various indicators are insufficiently expressive, additional remarks may be provided in the remarks field.
2. Evaluation period: [blank date] to [blank date]
3. The principles of grading are as follows:
  - Level 1: Very bad/disagree strongly
  - Level 2: Poor/disagree
  - Level 3: Medium/achieved
  - Level 4: Good/agreed
  - Level 5: Excellent/agree strongly

Evaluation items		Evaluation results (Please circle)	Remark
<b>A. Participation in the operation of the company</b>			
Qualitative indicator	1. Committee members read and understand the meeting materials in advance.	1 2 3 4 5	
	2. Committee members make effective contributions to functional committees.	1 2 3 4 5	
Quantitative indicators	3. Is the average attendance rate of committee members attending the committee [meetings] in person (excluding attendance by proxy) at least 80% and in good condition?	<input type="radio"/> Yes <input type="radio"/> No	
	4. Is the frequency of the committee meetings in accordance with the law and appropriate?	<input type="radio"/> Yes <input type="radio"/> No	
<b>B. Recognition of the functional committee's job duties</b>			
Qualitative indicator	5. The scope of the various job authorities of the committee is clear and appropriate.	1 2 3 4 5	
	6. The committee can truly assess and supervise the existing or potential risks in the company.	1 2 3 4 5	
	7. The committee can timely, professionally and objectively put forward suggestions and submit them to the Board of Directors for discussion.	1 2 3 4 5	
Quantitative indicators	8. Does the Audit Committee fully communicate with the certified public accountants? (In case of the implementation of a new accounting bulletin or	<input type="radio"/> Yes <input type="radio"/> No	

Evaluation items		Evaluation results (Please circle)	Remark
	material adjustment of financial statements, a meeting shall be held for discussion when necessary)		
	9. Does the Audit Committee regularly evaluate the independence and competency of the appointed accountants?	<input type="radio"/> Yes <input type="radio"/> No	
	10. Does the Remuneration Committee formulate and regularly review the policies, systems, standards and structure of performance evaluation and remuneration for directors and managers? (The decision on the remuneration of directors and managers should not be materially inconsistent with financial performance)	<input type="radio"/> Yes <input type="radio"/> No	
	11. Does the Remuneration Committee regularly review the performance evaluation standards of directors and submit them to the Board of Directors for approval, and determine the remuneration of directors based on the results of performance evaluation?	<input type="radio"/> Yes <input type="radio"/> No	

### C. Improving the decision quality of functional committees

Qualitative indicator	12. The information provided by the company to the committee is complete, timely and of a certain quality, so that the committee can smoothly perform its duties. If necessary, relevant managers, internal auditors, accountants, legal advisers or other personnel are invited to attend.	1 2 3 4 5	
	13. The committee had enough time for discussion.	1 2 3 4 5	
	14. The company's discussion proposals submitted to the committee for resolution is appropriate.	1 2 3 4 5	
	15. If there is a need for a member to recuse himself/herself from the relevant motion, the member truly recused himself/herself, and this is reflected in the meeting minutes.	1 2 3 4 5	
	16. The minutes of the meeting of the committee properly record the contents of the discussion and the reservations or concerns of individuals or groups.	1 2 3 4 5	

Evaluation items		Evaluation results (Please circle)	Remark
	17. There are appropriate follow-ups after the implementation of the committee's resolutions.	1 2 3 4 5	
Quantitative indicators	18. Does the committee conduct performance evaluation regularly and efficiently?	<input type="radio"/> Yes <input type="radio"/> No	
<b>D. Composition and member selection of functional committees</b>			
Qualitative indicator	19. The membership of the committee is appropriate and has the expertise required for the decision-making process.	1 2 3 4 5	
	20. Members of the committee truly maintain their independence during their term of office.	1 2 3 4 5	
	21. The selection of members of the committee is truly based on the actual needs of the company, taking full account of the skills, knowledge and experience of members, and taking into account the performance evaluation results of the committee.	1 2 3 4 5	
<b>E. Internal control</b>			
Qualitative indicator	22. The Audit Committee can effectively evaluate and supervise the effectiveness of various internal control systems and risk management.	1 2 3 4 5	
	23. The internal control system adopted by the Audit Committee includes five elements/principles, and covers all the control operations of operation activities and the transaction cycle.	1 2 3 4 5	
	24. The Audit Committee understood and supervised the company's accounting system, financial status and financial statements, audit reports and their follow-up status.	1 2 3 4 5	
Other supplementary notes (For example, suggestions for improving the operation of the committee)			

**Member:** \_\_\_\_\_ (signature and seal)

Date of form filling: \_\_\_\_\_