

## Execution of Board Performance Evaluation

	Assessment cycle (Note 1)	Assessment duration (Note 2)	Scope of assessment (Note 3)	Assessment method (Note 4)	Assessment details (Note 5)
External evaluation of 2021 performance for board of directors	At least once every three years	January 1, 2021 ~ December 31, 2021	Board of Directors	<ul style="list-style-type: none"> <li>■ Cathay FHC shall commission external professionals and independent organizations or experts to conduct an evaluation at least once every three years. The indicators, procedures, achievement rate standards, and results of the evaluation shall be handled in accordance with the planning devised by the commissioned external professionals and independent organizations or experts.</li> <li>■ In March 2022, Cathay FHC has commissioned the Taiwan Institute of Ethical Business and Forensics (hereinafter referred to as the external evaluation organization) to conduct the external an evaluation of the Board in 2021, and we have developed the improvement measures that were recommended by the institute. Said measures were approved by the Board of Cathay FHC on May 4, 2022 for implementation.</li> <li>■ The evaluation was conducted by the executive members of the external evaluation organization based on the relevant information provided by Cathay FHC on the Board and corporate governance</li> </ul>	<p>The external evaluation organization has provided the Board of Directors of Cathay FHC with the following conclusions based on observations and improvement suggestions:</p> <ol style="list-style-type: none"> <li>1. The composition of the Board of Cathay FHC has become more diverse, and in the future the Board will further strengthen its diversity from different aspects.  One female director with an academic background and government experience has been included in the Board members of Cathay FHC and its diversity has therefore been improved. It is suggested to continuously increase the proportion of female directors to improve the gender diversity of the Board. It is also suggested to introduce more members with information expertise into the Board. In the future, the indicators for recommending director candidates may be adjusted according to practical needs, so as to respond to changes in the financial market.</li> <li>2. Directors are recommended to attend board meetings in person.  Cathay FHC held 8 board meetings in 2021 and the Chairman as well as most directors attended the meetings in person. It is suggested that the directors of Cathay FHC should attend the board meetings in person to facilitate their understanding of the motions, so they can conduct discussions with other directors and have the opportunity to communicate with the manager team.</li> </ol>

				<p>as well as the questionnaires and interviews for directors provided by Cathay FHC in 2021. The external evaluation organization provided conclusions based on observations and improvement suggestions.</p> <ul style="list-style-type: none"> <li>■ The external evaluation organization is a nonprofit academic and professional group and consists of experts from various fields. Its main tenet is to research and promote corporate governance involving honest management, fraud prevention and forensics. The executive members also have expertise in accounting, law, and corporate governance, and therefore the members are considered professionals. In addition, the external evaluation organization and its executive members have no influence on the independence of Cathay FHC and therefore are independent.</li> </ul>	<p>3. Cathay FHC has planned and implemented various measures relating to social responsibility and sustainable governance.</p> <p>Cathay FHC and its subsidiaries have invested plenty of resources in various aspects relating to ESG. All members of the Cathay FHC Board of Directors understand the importance of corporate sustainability. In addition to the formulation of the Corporate Sustainability Principles, Cathay Financial Holdings Statement of Sustainability Values, environment and energy policy, and other internal regulations, all subsidiary companies also further implemented the principles of financial sustainability such as the Equator Principles to urge their business partners and clients to pay attention to sustainability issues and selected investment targets based on international standards by introducing carbon screening mechanisms. Therefore, Cathay FHC actively implements the corporate social responsibility of a financial company in its daily business.</p> <p>Cathay FHC has planned and implemented the following improvement measures based on the evaluation report and improvement suggestions provided by the external evaluation organization:</p> <ol style="list-style-type: none"> <li>1. With regard to the suggestion on continuous improvement of the diversity of the Board made by the external evaluation organization, the existing directors of Cathay FHC also have rich experience in digital finance, financial technology, and information technology in addition to their industry experiences in finance, banking, insurance, bonds, and asset</li> </ol>
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					<p>management. The overall Board also has professional knowledge in business, accounting, law, finance and mathematics/actuarial science and possesses professional capabilities in digital information, overseas market/merger and risk management, which is in line with the requirement of diversity of Article 30, Paragraph 2 of the Corporate Governance Best Practice Principles of Cathay FHC. For the re-election of directors to be held this year, the Board plans to increase the percentages of both independent directors and female directors to improve the diversity of the Board. Cathay FHC's strategic development, industry trends, and business needs will all be taken into consideration in the future to continuously improve the diversity and effectiveness of the Board.</p> <p>2. With regard to the suggestion on in-person attendance of directors at the board meetings made by the external evaluation organization, Cathay FHC will mail detailed meeting information to all directors seven days before the board meetings as required by law. The director shall appoint a representative (another director) to attend the board meetings to participate in discussions and to vote as required by law if he or she is not able to attend the meetings in person. The attendance rate of Cathay FHC's directors also meets the requirements of the indicators of the existing Corporate Governance Evaluation. The Board will notify the directors and ask them to attend future board meetings in person.</p>
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					4. With respect to board's attitude toward corporate social responsibilities, the Company has been approaching external consultants for advice and assistance on sustainability and corporate social responsibility issues. For example: PwC and Chia-Wei Hsu from Tunghan University were invited to offer advice on overall CS and internal systems. In the future, the financial group will continue approaching professional consultants for objective opinions on different levels and aspects of sustainability development.
Internal evaluation of 2022 performance for board of directors and functional committees	Once a year	January 1, 2022 ~ December 31, 2022	Board of directors and functional committees (including Audit Committee, Remuneration Committee and Corporate Governance and Nomination Committee)	<ul style="list-style-type: none"> <li>■ The board of directors, each functional committee members and board meeting organizers were invited to conduct assessments on the board's and each functional committee's performance.</li> <li>■ Performance of the board and functional committees was then assigned one of three ratings: Above Standard, Standard, and Substandard. Results of the above performance assessment will be submitted to the board of directors for discussion and approval.</li> </ul>	<p>Internal assessment of board and functional committees performance covered five main aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in company operations, including the knowledge of functional committees' responsibilities.</li> <li>2. Improvement of board's/functional committee's decision quality.</li> <li>3. Board/functional committee composition.</li> <li>4. Election and ongoing education of directors/functional committee members.</li> <li>5. Internal control.</li> </ol> <p>The internal assessment of the board and functional committee performance in 2022 was completed using the five major aspects of self-assessed "qualitative indicators", and it was completed by all of the directors and members of the functional committees. The "quantitative indicators" were calculated by the board meeting organizer according to the quantitative indicator data. Based on attainment rates that the meeting organizer had calculated for all assessment indicators, the board of directors and functional committees were considered to have performed</p>

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					exceeding the aforementioned standards in 2022. This result was discussed and approved during the board of directors' meeting on January 17, 2023.
Evaluation of 2022 performance for individual directors	Once a year	January 1, 2022 ~ December 31, 2022	Applies to individual board members who remain in duty at the time of assessment.	<ul style="list-style-type: none"> <li>■ Board member self-assessment: Self-assessments are performed using assessment indicators based on information provided by the management.</li> <li>■ Independent directors' review: Directors' self-assessments are reviewed by independent directors using appropriate assessment indicators.</li> </ul>	<p>Individual director performance assessment covered the following aspects:</p> <ol style="list-style-type: none"> <li>1. Director's awareness toward the Company's goals and missions.</li> <li>2. Director's awareness to duties.</li> <li>3. Level of participation in the Company's operations.</li> <li>4. Management and communication of internal relations.</li> <li>5. Professionalism and ongoing education of directors.</li> <li>6. Supervision over corporate finance and operations.</li> <li>7. Supervision over corporate internal audit, internal control, risk management and compliance.</li> <li>8. Company credit rating.</li> <li>9. Fulfillment of Corporate Sustainability.</li> </ol> <p>Individual director performance assessment should combine with internal control and risk assessment indicators. According to "Cathay Financial Holdings Co., Ltd., Regulations Governing Remuneration Paid to the Directors", remuneration will not be paid to directors that fail the annual individual director performance assessment. The results of director performance assessment were determined to be "Pass" for all the directors in 2022.</p>

Note1: Represents the frequency of board performance evaluation, e.g.: once a year.

Note2: Represents the duration covered by performance evaluation, e.g.: performance of the board of directors between January 1 and December 31, 2022, was assessed.

Note3: The scope of assessment covers performance of the board as a whole, the individual directors and functional committees.

Note4: Assessment methods include: board internal self-assessment, director self-assessment, peer assessment, assessment by external institution or expert, and other methods as deemed appropriate.

Note5: Assessment details, by scope of assessment, include at least the following:

- (1) Board performance assessment: board's participation in the Company's operations, the quality of board's decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control.
- (2) Director individual performance assessment: director's awareness toward the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and ongoing education, and enforcement of internal control.
- (3) Performance assessment for functional committees: participation in the Company's operations, awareness to duties, quality of committee's decisions, composition and member selection, and enforcement of internal control.