

2023 Board of Directors Performance Evaluation

Board of Directors Performance Evaluation Mechanism

On October 31, 2018, the TCFHC Board of directors adopted the “Board of Directors Performance Evaluation Regulations”, stipulating that annual internal performance evaluation be conducted for board of directors, individual directors, and functional committees. To establish a more comprehensive board of directors performance evaluation system, enhance information disclosure, and implement corporate governance, the aforementioned regulations were further revised on May 27, 2024.

According to Article 2 of the TCFHC "Board of Directors Performance Evaluation Regulations", there shall be conducted internal performance evaluation annually. However, evaluation shall be conducted by external professional independent institutions or a team of external experts and scholars at least once every three years. The results of the performance evaluation shall be reported to the board of directors by the end of March the following year.

In accordance with Article 7 of the TCFHC "Board of Directors Performance Evaluation Regulations", the board of directors' performance evaluation results shall serve as references for the selection or nomination of future directors; and individual director performance evaluation results shall serve as the bases for determining their individual salary compensation.

According to the Regulations, in 2023, the Company commissioned external professional organization EY Business Advisory Services Inc. to conduct board of directors performance evaluation. The results of the internal and external performance evaluation for 2023 were approved by the board of directors at the 8th meeting of the 5th session on January 22, 2024. Detailed implementation situations are presented as follows:

(1) Internal Performance Evaluation Implementation Situations:

The 2023 internal performance evaluation assessed the board of directors, individual directors, and functional committees. The evaluation methods adopted consisted of internal self-assessments and committee member self-assessments. The evaluation results were categorized into five levels: very poor, poor, neutral, good, and excellent. All of the 2023 internal performance evaluation were rated as “good” (as shown in the figure below).

2023 Internal Performance Evaluation Ratings and Results:

Subject		Items	Results
Board of Directors		1. Participation in the operation of the company 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 5. Internal control	Good
Functional committees	Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of the functional committee	Good
	Remuneration Committee	3. Improvement of quality of decisions made by the functional committee	Good
	Ethical Management Committee	4. Makeup of the functional committee and election of its members 5. Internal control	Good

Subject	Items	Results
Individual directors	1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control	Good

*The evaluation period was from January 1, 2023 to December 31, 2023.

(2) External Performance Evaluation Implementation Situations:

In September 2023, the Company commissioned EY Business Advisory Services Inc. to conduct the Company's 2023 board of directors external performance evaluation. The said institution comprised experts with a wealth of practical experiences in corporate governance, risk management, and legal compliance, guaranteeing professionalism. Additionally, the institution and its executing experts had no conflicts of interest with the Company, nor were they the certified accountants of the Group's financial statements, thereby ensuring their independence.

1. Evaluation period: From November 1, 2022 to October 31, 2023.
2. Evaluation dimensions: "board of directors structure" , "people" , and "process and information."
3. Evaluation aspect: There are eight major aspects to evaluate the performance of the board of directors, including board of directors structure and processes, board of directors composition, corporate and organizational structure, roles and responsibilities, behavior and culture,

directors' training and development, risk control-related supervision, and reporting, disclosure, and performance-related supervision.

4. Evaluation methods: Document reviews, director self-assessment questionnaires, and individual interviews with directors.

5. Evaluation ratings and results:

(1) Evaluation ratings : Divided into “basic”, “advanced” , and “benchmark”.

(2) Evaluation results: The Company's overall performance in “board of directors structure” , “people” ,and “process and information” was respectively rated “advanced”, “advanced” , and “benchmark”.

6. Evaluation suggestions and implementation of improvements:

Item	Evaluation suggestions	Implementation of improvements
1	The Company is advised to continue using its functional committees to help its board of directors adapt/respond to corporate development goals, external legal trends, and various emerging risks, ensuring the appropriateness and effectiveness of its overall mid- and long-term risk management and resource allocation.	The Company will continue to report issues such as corporate development goals, external legal trends, and emerging risks to its functional committees to ensure that they are well-informed about the Company's operational statuses, thereby ensuring the appropriateness and effectiveness of its overall mid- and long-term risk management and resource allocation.