

E.SUN FHC Implementation Result of Board Performance Evaluation 2023

2024.06.26

I. Self-Assessment of Board Performance

The Company has implemented the "E.SUN Financial Holding Board of Directors Performance Evaluation Policy" with the following evaluation procedures:

(I) Evaluation of board performance

1. Each year, the Company evaluates board performance of the previous year using the board performance scorecard.
2. Board performance evaluations are reviewed by the Corporate Governance and Nomination Committee and subsequently resolved by the board of directors.

(II) Evaluation of functional committee performance

1. Each year, the Company evaluates performance of various functional committees in the previous year using the committee performance scorecard.
2. Functional committee performance evaluations are internally reviewed by the respective functional committees and subsequently reported to the board of directors.

(III) Evaluation of director performance

1. At the beginning of each year, directors are required to evaluate their own performance (self-assessment) and the performance of other directors (overall assessment) in the previous year, using a designated scorecard.
2. The agenda working group of the board of directors will consolidate directors' self-assessments and overall assessments to conclude the final performance score for each director. This result is subsequently presented for review by the Chairman.

II. Independent Assessment of Board Performance

The Company's board of directors performance evaluation shall be executed at least **once every three years** by an external professional independent institution or external expert scholar.

- (I) In 2023, the Company commissioned the Corporate Governance Association in Taiwan to conduct board performance evaluation. This institution and execution experts have no business dealings with the company and are independent. They are responsible for eight major items including the composition of the company's board of directors, guidance, authorization, supervision, communication, internal control and risk management, self-discipline, and board meetings and support systems. Aspects are evaluated.

In addition to reviewing the company's evaluation indicator project statements in writing and providing relevant documents, the association also visited the company in person to conduct on-site interviews on November 29, 2023. Individual interviewees included the chairman, general manager, chief auditor and management team, and five independent Directors, etc., the association will issue a performance evaluation report of the board of directors on December 13, 2023. Regarding the overall assessment report, the company has submitted the relevant overall assessment content, recommendations and future improvement plans to the 8th meeting of the 8th Board of Directors on January 17, 2024.

(II) Overall evaluation report

1. Summary of General Evaluation:

- (1) We place great importance on the professionalism and diversity of the board of directors. The selection of board members not only considers corporate governance requirements but also seeks suitable candidates based on the company's operational development needs and strategic objectives. The five independent directors of the company actively contribute their expertise in areas including finance and accounting, digital technology, law, business strategy, and customer experience. They have good interaction with the company's management team, providing ample consultation and guidance.
- (2) The chairman respects the professional opinions of the directors. All board meeting agendas are fully discussed, and the directors actively speak out on various issues. They have direct communication channels with the management team, creating a positive board meeting culture.
- (3) Regular strategic report meetings on diverse topics are held. The conclusions of these meetings are submitted for discussion by the board's strategy committee and then presented to the board for approval. After the board's approval, knowledge sharing seminars are organized to explain operational strategies and future directions to all employees. Through the functioning of this mechanism, the board fully exercises its guiding, strategic, and communicative functions.
- (4) The board is committed to talent cultivation and succession planning. Clear plans for board member and management level succession have been put in place and are being implemented in an orderly manner. In terms of talent development, we regularly screen candidates at all levels to establish a talent pool. This is supplemented by education, training, and job rotations to systematically cultivate a pool of potential successors,

ensuring the company’s sustainable development through the cultivation of reserve talents.

2. Summary of recommendations and improvement plan :

| Item | Recommendation | Improvement Plan |
|------|---|--|
| 1 | It is recommended to review the phased positioning, functions and division of labor of the existing functional committees, and consider the feasibility of committee integration to improve the collaborative work between committees and the overall board operating efficiency. | The Company will list relevant recommendations as priority areas for improvement in corporate governance and continue strengthening the effectiveness of the company's board of directors. |
| 2 | The head of corporate governance proactively visits new directors, provides director handbooks and business briefings, and actively assists directors in taking up their posts. It is recommended that this practice be used to develop standard operating procedures and improve relevant systems to facilitate the inheritance of the experience of the head of corporate governance and set the benchmark for corporate governance. Demonstration effect of enterprises. | |

III. Assessment Structure and Aspects

The E.SUN FHC Board Performance Evaluation Scorecard is changed from a yes/no system to a 5-point scale with "excellent", "good", "satisfactory", "unsatisfactory", and "needs improvement" for quantified evaluation in 2019. In addition, directors should abide by the highest ethical standards, and especially include the review of ethical behavior compliance in the performance evaluation indicators of the board of directors to ensure that directors follow the self-discipline every year; in 2021, the content of the roles, functions and powers and responsibilities related to assisting and guiding the three lines of defense will be added, and In the event of major deficiencies in newly added companies, specific risk issues should be included in the overall performance evaluation content E.SUN has incorporated commitments, community participation, and environmental policies into its business strategies. The items in the evaluation are as follows:

- (I) Board performance evaluation covers 5 aspects (47 indicators): degree of participation in company operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control.
- (II) Functional committee performance evaluation covers 5 aspects (24 indicators): degree of participation in company operations, awareness of functional committee responsibilities, improvement in the quality of decision making by the functional committee, composition and structure of the functional committee, and internal control.
- (III) Director self-assessment covers 6 aspects (25 indicators): grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's professionalism and continued learning, and internal controls.

IV. Results of Self-Assessment

The Company completed 2023 performance evaluation for the board of directors and the functional committee on January 17, 2024. The result are as follows:

- (I) The board of directors participated actively in company operations and performed their duties in advising and overseeing business strategies, major operations, and risk management and establishing an adequate internal control system. 49 items were rated "excellent". The score is 100%.
- (II) The overall performance of the functional committees was in line with corporate governance principles. The functional committees served their purposes as intended and effectively made the board more effective.
 1. The results of the Audit Committee evaluation had 22 items rated "excellent" and 2 not applicable. Overall result: Excellent.
 2. The results of the Remuneration Committee evaluation had 19 items rated "excellent" and 5 not applicable. Overall result: Excellent.
 3. The results of the Corporate Governance and Nomination Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
 4. The results of the Board Strategy Development Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
 5. The results of the Sustainable Development Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.
 6. The results of the Risk Management Committee evaluation had 17 items rated "excellent" and 7 not applicable. Overall result: Excellent.

V. In addition, on March 15, 2024, the Company presented the results of the 2023 director performance evaluation based on self-assessments by the directors and peer reviews.

1. Self-evaluation score: 99.40%
2. Total self-evaluation score: 99.20%