

China Development Financial  
Principles for the Performance Evaluation of the Board of Directors

Competent Authority: Secretariat, Board of Directors

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Article 1 To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the principles are established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Article 45 of the Corporate Governance Best Practice Principles for Financial Holding Companies for compliance.

Article 2 The general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation of shall be subject to the principles.

Article 3 The Company shall conduct an internal board performance evaluation at least once a year according to the evaluation procedures and the evaluation indexes in Articles 6 and 7.

The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars (hereafter referred as "the external evaluation unit") at least once every three years.

The Company's chairman is authorized for the appointment of external performance evaluation, including the commissioned unit, time period, method and related matters.

The internal board performance evaluation can be exempted in the event that an external board performance evaluation is conducted during the same year.

Article 4 The Company's internal board evaluation scope covers the evaluation of the board as a whole, individual board members, and the board's functional committees. The hereby referred "functional committees" means the Audit Committee and the Remuneration Committee. Methods of evaluations include the self-evaluation of the board as a whole,

self-evaluation by individual board members, self-evaluation of the functional committees, and evaluation by appointed external professional institutions, experts and scholars, or other appropriate methods.

The Company's external board evaluation, which evaluation procedures, measurement items, evaluation indicators and scoring criteria, etc., are processed in accordance with the plans organized by the external evaluation unit.

Article 5 The unit conducting internal evaluations of the Company's board of directors is the secretariat of the Board of Directors and functional committees.

Article 6 The procedures for the Company's internal board performance evaluation are as follows.

A. The self-evaluation of the board as a whole:

The secretariat of the Board of Directors will collect information about the operation activities of the board of directors, distribute the "Questionnaire of Self-Evaluation of Performance of the Board" in Annex 1, and calculate the score of each evaluation item from the completed questionnaires according to Article 7.

B. The self-evaluation by individual board members

The secretariat of the Board of Directors will distribute self-evaluation questionnaires such as the "Questionnaire of Self-Evaluation of Performance of Board Members" in Annex 2 to each member of the Board of Directors, and calculate the score of each evaluation item from the completed questionnaires according to Article 7. The results shall be submitted to the Board of Directors for review, along with the evaluation results of the "Questionnaire of Self-Evaluation of Performance of the Board" .

C. The self-evaluation of functional committees:

The secretariat of the functional committees will collect information about the operation activities of the functional committees, distribute the "Questionnaire of Self-Evaluation of Performance of the Audit Committee" in Annex 3 or "Questionnaire of Self-Evaluation of Performance of the Remuneration Committee" in Annex 4, and calculate the score of each evaluation item from the completed questionnaires according to Article 7. The evaluation results shall be submitted to the functional committees and the Board of Directors for review.

Article 7 The criteria for the self-evaluation of the board as a whole shall cover, at a minimum, the following six aspects:

- A. Participation in the operation of the company;
- B. Improvement of the quality of the board of directors' decision making;
- C. Composition and structure of the board of directors;
- D. Election and continuing education of the directors;
- E. Internal control;
- F. Participation in environmental, social and governance initiatives (ESG).

The criteria for the self-evaluation by individual board members shall cover, at a minimum, the following six aspects:

- A. Familiarity with the goals and missions of the company;
- B. Awareness of the duties of a director;
- C. Participation in the operation of the company;
- D. Management of internal relationship and communication;
- E. Professionalism and continuing education of the directors;
- F. Internal control.

The criteria for the self-evaluation of the functional committees shall cover, at a minimum, the following five aspects:

- A. Participation in the operation of the company;
- B. Awareness of the duties of functional committees;
- C. Improvement of the quality of the functional committees' decision making;
- D. Composition and election of the functional committees;
- E. Internal control.

The aforementioned indicators of the Company's internal board performance evaluation (as in Annex 1-4) shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company. The Remuneration Committee and the Nomination and Performance Evaluation Committee shall regularly review the indicators and provide suggestions.

The scoring standards used for evaluating the performance are as follows:

Level	Excellent	Very Good	Good	Acceptable	Improvement Needed
Score	5	4	3	2	1

The results of the internal board performance evaluation shall be the average of the total score obtained.

Article 8 When appointing an external evaluation unit to conduct the external board performance evaluation, the appointee shall comply the following requirements:

- A. The external evaluation unit shall be professional and independent;
- B. If an external evaluation institution, it shall be a management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises;
- C. If a panel of external experts and scholars, it shall designate at least three experts or scholars specialized in the fields of board of directors or corporate governance.

Upon the completion of the external board performance evaluation, the external unit shall issue an analysis report on the evaluation results, which shall be further submitted to the board of directors by the Secretariat.

Article 9 The evaluation results of the performance of directors may be used as a reference for individual directors' remuneration and nomination for reappointment.

Article 10 The principles shall be fully disclosed on the Company's website at all times, to be made available for consultation.

Article 11 The principles, and any amendments hereto, shall be adopted by the approval of the board of directors and take effect from the date of issuance.