

## **O-Bank Co., Ltd.**

### **Implementation Result of the Performance Evaluation of Board of Directors**

#### **I. Principle**

Based on “O-Bank’s Regulations Governing the Performance Evaluation of Board of Directors,” the Board of Directors and functional committees shall conduct an internal board performance evaluation at least once a year; the evaluation shall be conducted at least once every 3 years by external evaluation institutions or panel of external experts and scholars.

#### **II. External Evaluation**

##### **A. Summary of Implementation**

In April 2021, the Bank commissioned Taiwan Corporate Governance Association (hereinafter “the association”) to conduct the board performance evaluation. The evaluation period is from June 1, 2020 to May 31, 2021. The association is a non-profit and professional public interest group that advocates corporate governance, and helps businesses improve corporate governance, competitiveness, and sustainability. Also, it provides such services as offering training courses for directors, conducting corporate governance system assessment and board performance evaluation, and issuing publications on corporate governance. The association’s evaluation panel is composed of 4 association members, experienced in corporate governance assessment, corporate governance evaluation, and board performance evaluation. That is, the evaluation panel is equipped with professional competence in conducting the Bank’s board performance evaluation. In addition, the association clarified the independence of the panel in the statement of the evaluation report.

The association conducts the evaluation based on the open-ended questionnaire, other materials provided, public information, and on-site visit. On September 30, 2021, the evaluation panel met in person with the Bank’s Chairman, independent directors, CPA, President, and management team for evaluation. The evaluation includes: the composition of board of directors, direction, delegation, supervision, communication, internal control and risk management, and self-discipline. It also covers other aspects such as board meetings and the support system. The association issued the report of the Bank’s board performance evaluation on October 12, 2021. The Bank submitted the report and improvement plans to the 1<sup>st</sup> Corporate Governance and Nomination Committee in its 5<sup>th</sup> meeting and to the 8<sup>th</sup> Board of Directors in its 12<sup>th</sup> meeting on December 29, 2021; and submitted the report on the implementation of the suggestion in 2022 to the 1<sup>st</sup> Corporate Governance and Nomination Committee in its 9<sup>th</sup> meeting and to the 8<sup>th</sup> Board of Directors in its 20<sup>th</sup> meeting on December 17, 2022.

##### **B. Summary of General Evaluation**

1. The Bank actively participated in the corporate governance system assessment and invited an independent and professional institution to conduct the board performance evaluation, demonstrating the board’s proactive attitude in implementing corporate governance and

- improving the board functions through the independent and objective observations.
2. The Bank's independent directors are outstanding individuals from different industries and perform their duties faithfully. They actively participate in and contribute to the board affairs, and strengthen the board functions via functional committees, thereby enhancing the quality of the board's decision-making. All of which build a competent and positive board meeting culture.
  3. The Chairman creates an atmosphere of openness among the board with her open leadership. The Chairman's attention in brainstorming and respect for board members' opinions allow the board sufficient discussion and increase the quality of the board's decision-making. The directors, through different meetings, also faithfully supervise the board by contributing their expertise and actively participating in setting the Bank's future prospects and strategic target.
  4. The Bank appoints a head of corporate governance, who is in charge of arranging board meeting agendas, helping directors with director training, providing them with materials within or outside the meetings, and offering them information related to directors both occasionally and on a regular basis. The head of corporate governance also helps directors take hold of important information on the Bank, businesses, international corporate governance trend through compiling quarterly Director Newsletter on news regarding directors, banks, finance, legal announcement, special topics report, and international corporate governance trend. All of which shows that the Board is fully backed up with the support system and shows the accountability of the head of corporate governance.

C. Summary of suggestions and improvement plan

Suggestions (summary)	Improvement Plan
<p>The appraisal and remuneration of the Bank's Chief Auditor are reported to the Compensation Committee, whose members identical to those of the Audit Committee, and approved by the Chairman, who is authorized by the board. The association suggests that the Bank's Chairman take into account the Audit Committee's opinion, in order to further enhance the independence of the internal audit and reinforce the Audit Committee's supervisory responsibility.</p>	<p>In response to the association's suggestion, the improvement initiatives have been already implemented.</p>

<p>The Bank has disclosed its Whistleblowing Policy, reporting hotline, email address, and mailing address on its website. The association suggests that the Bank grant access to the Audit Committee or independent directors to provide stakeholders with direct communication channels, so as to allow the Audit Committee to receive material information.</p>	<p>The Bank’s amended Whistleblowing Policy was approved by the Board of Directors on December 29, 2021, and disclosed on its website. After taking into account of the association’s suggestion and the Bank’s practical operations, the Bank provided stakeholders with a direct communication channel and enabled the Audit Committee to receive immediate material information.</p>
<p>The association suggests that the Bank set up Succession Planning for senior management in line with the Bank’s future prospects, strategies, and global ESG trend. Also, it suggests that the Bank report the implementation status to the Board on a regular basis, thereby attaining sustainable development.</p>	<p>The Bank has already disclosed the Succession Planning of Senior Management on its website. In response to the association’s suggestion, the Bank will review the Succession Planning regularly and report to the board from 2022.</p>
<p>To help newly-elected directors understand the duties and familiarize with the Bank’s business earlier, the Bank arranges meetings for managerial officers to introduce their business and relevant information. The association suggests that the Bank compile Director Handbook and provide it to directors for reference. It is advised that the acceptance receipt of the Handbook is signed and filed, and that the Handbook covers such aspects as the Bank’s business, industry dynamics, legal compliance, the duties and obligations of directors, and directors’ training. Also, it suggests that the Bank establish a director seminar system for newly-elected directors in order to help the Bank facilitate its implementation in the future.</p>	<p>In response to the association’s suggestions:</p> <ul style="list-style-type: none"> <li>(1) Include the Board Orientation in Corporate Governance Best Practice Principles.</li> <li>(2) Compile Director handbook. It is expected to provide the Handbook to directors for reference starting from 9<sup>th</sup> Board of Directors meeting.</li> </ul>

<p>The Bank discloses its implementation results of CSR initiatives and communications with stakeholders in its CSR report and on its website. The association suggests that the Bank report the Bank’s annual CSR Plan to the Board of Directors to help directors understand the Bank’s CSR initiatives.</p>	<p>In response to the association’s suggestion, the improvement initiatives have been already implemented.</p>
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### III. Internal Evaluation

At the beginning of each year, the Bank conducts its internal performance evaluation of the Board of Directors for the previous year and completes by the first quarter of each year.

#### A. Evaluation Indicators:

The Bank’s internal evaluation of performance of the Board of Directors employs 5-point scale: “Excellent (5 points), Very Good (4 points), Good (3 points), Fair (2 points), Needs Improvement (1 point)” for quantified evaluation. The resulting average scores are then used for measurement. The evaluation items include as below:

1. A total of 52 indicators is determined for Board performance evaluation. The evaluation aspects include participation in company operations, improvement on the quality of the board’s decision making, composition and structure of the board of directors, election of directors and continued knowledge development, internal control, other essential issues, etc.
2. For functional committee performance evaluation, a total of 24 indicators is determined in Audit Committee, 20 in Compensation Committee, 19 in Corporate Governance and Nomination Committee, and 19 in Sustainability Committee. The evaluation aspects include participation in company operations, understanding of the committee members’ duties and responsibilities, improvement on the quality of the committees’ decision making, composition of the committees and election of the committee members, internal control, etc.
3. A total of 24 indicators is determined for Board member performance evaluation (self-assessment). The evaluation aspects include grasp of company targets and missions, understanding of the directors’ duties and responsibilities, participation in company operations, internal relationship management and communications, professional qualifications of directors and continued knowledge development, internal control, etc.

#### B. Result of 2023 Internal Performance Evaluation:

1. The average score of Board performance evaluation on each aspect is between 4.68~4.95:

<b>Evaluation Aspect</b>	<b>Average Score</b>
A. Participation in company operations	4.68
B. Improvement on the quality of the board's decision making	4.86
C. Composition and structure of the board of directors	4.95
D. Election of directors and continued knowledge development	4.93
E. Internal control	4.92
F. Others (issues such as fair treatment of clients, personal information management, AML/CFT, legal compliance, information security management, ESG development, corporate social responsibility, ethical corporate management, etc.)	4.92

2. The average score of functional committee performance evaluation on each aspect is between 4.90~5 in Audit Committee, 4.94~5 in Compensation Committee, 5 in Corporate Governance and Nomination Committee, and 4.94~5 in Sustainability Committee:

<b>Evaluation Aspect</b>	<b>Average Score of Audit Committee</b>	<b>Average Score of Compensation Committee</b>	<b>Average Score of Corporate Governance and Nomination Committee</b>	<b>Average Score of Sustainability Committee</b>
A. Participation in company operations	4.94	4.94	5	4.96
B. Understanding of the committee members' duties and responsibilities	4.90	5	5	4.94
C. Improvement on the quality of the committee's decision making	4.96	4.96	5	4.98
D. Composition of the committees and election	5	5	5	5

of the committee members				
E. Internal control	4.90	5	5	5

3. The average score of Board member performance evaluation (self-assessment) on each aspect is between 4.75~5:

Evaluation Aspect	Average Score
A. Understanding of company goals and missions	4.83
B. Understanding of the directors' duties and responsibilities	5
C. Participation in company operations	4.77
D. Internal relationship management and communications	4.75
E. Professional qualifications of directors and continued knowledge development	4.94
F. Internal control	4.75

4. Overall, the Bank's Board of Directors and functional committees are operating competently by adequately fulfilling their duties of supervising and advising on the Bank's strategic plans, major business, and risk management. Moreover, all the functional committees are operating properly, thereby improving the board functions. In the meantime, the board members' understanding of their responsibilities, participation in the Bank's operations, and offer in proper decision-making effectively improve the Bank's corporate governance.

Below are the improvement suggestions of 2023 Internal Performance Evaluation of Board of Directors:

Improvement Item	Improvement Plan
1. The average actual attendance of each director at board meetings.	Advance planning and announcing the dates of board meeting, as well as utilizing various methods such as video conferencing and in-person participation, to enhance director attendance rate at board meetings.
2. The attendance of directors at Shareholder meetings.	Advance noticing the dates of Shareholder's meeting, actively inviting and encouraging the directors to fully participate in Shareholder's

	meeting, enhancing director attendance rate.
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C. The result of 2023 Internal Performance Evaluation of Board of Directors was deliberated and approved by the Corporate Governance and Nomination Committee and the Board of Directors on March 13, 2024. They will serve as references for the continuous improvement of the Board of Directors (including functional committees and board members) and for director compensation, re-election nominations.