Cathay Life Insurance Co., Ltd. Regulations Governing Performance Evaluation on Board of Directors

Adopted on June 20, 2018
Amended on November 13, 2019
Amended on March 11, 2020
Responsible Unit: Legal Department

Article 1 (Purpose and Basis)

In order to establish a good corporate governance system for the Company and upgrade the powers of Board of Directors, the Regulations are adopted in accordance with the "Corporate Governance Best-Practice Principles for Insurance Enterprises" and "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".

Article 2 (Scope)

The performance evaluation on the Company's Board of Directors shall be performed in accordance with the Regulations.

Article 3 (Subject and method of evaluation)

The subjects of the performance evaluation on the Company's Board of Directors include the entire Board of Directors and its members (including supervisors, hereinafter referred to as the performance evaluation on the Board of Directors).

The method of evaluation include the performance evaluation on the entire Board of Directors, and individual directors' self-assessment, peer-to-peer assessments, supervisors' self-assessment, or performance evaluation performed in any other appropriate manners.

Article 4 (Evaluation cycle and period)

The Company shall perform the performance evaluation on the Board of Directors for once per year, from January 1 to December 31 of each year. Meanwhile, the Company shall perform the current performance evaluation based on the evaluation procedure and indicators referred to in Article 6 and Article 7 herein at the end of each fiscal year.

Article 5 (Evaluation unit)

The unit responsible for performing the performance evaluation on the Board of Directors is the parliamentary procedure unit of the Board of Directors, which shall know about the operation of the evaluated subjects and act fairly, objectively and independently.

Article 6 (Evaluation procedure)

The evaluation unit shall collect the information about the Board of Directors' activities in the duration of evaluation and provide the same to the Board members for the performance evaluation at the end of each fiscal year.

The Board members shall complete the Board of Directors' overall performance evaluation questionnaire, Board of Directors' annual performance evaluation form (self-assessment and peer-to-peer assessment), supervisors' self-assessment form separately, and have the execution unit compile the overall performance evaluation results and report the same to the Board of Directors.

Article 7 (Evaluation indicators and scores)

The performance evaluation on the Board of Directors shall include at least the following five major aspects:

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. Board members and continuing education;
5. Internal control.

The self-assessment on individual directors shall include the following aspects:

1. Attendance at the Board meeting (exclusive of attendance by proxy);
2. Knowledge about and participating in the discussion about motions before the meeting;
3. Interaction with the management team;
4. Compliance with laws and the Principles;
5. Upgrading of corporate governance;
6. Continuing education about corporate governance;

7. Knowledge about the Company, the Company's management team, and the industry which the Company is engaged in;
8. Other aspects required by the competent authority or Board of Directors.

The peer-to-peer assessment on individual directors shall include the following aspects:

1. The other directors' knowledge about and participating in the discussion about motions before the meeting;
2. The other directors' interaction with the management team;
3. Operation of the Board of Directors and functional committees;
4. The other directors' compliance with laws and the Principles;
5. The other directors' knowledge about the functions and role of the Board of Directors;
6. Whether the other directors exercise their powers and functions sufficiently;
7. Whether the other directors work hard to upgrade the corporate governance;
8. The other directors' knowledge about the Company, the Company's management team, and the industry which the Company is engaged in;
9. Other aspects required by the competent authority or Board of Directors.

The self-assessment on individual supervisors shall include the following aspects:

1. Attendance at the Board meetings;
2. Interaction with the internal audit department;
3. Compliance with laws and performance of duty;
4. Upgrading of corporate governance;
5. Continuing education about corporate governance;
6. Other aspects required by the competent authority.

The indicators and scope of the performance evaluation on the Board shall set forth the contents or scores applicable to the Company's execution of the performance evaluation, subject to the Company's operation and needs. (The questionnaire and performance evaluation form are attached hereto.)

Article 8 (Reference for appointment (re-appointment) of and remuneration to Board members)

The Company shall submit the self-assessment results of the Board members referred to in the preceding paragraph to Cathay Financial Holdings as the reference for appointment of directors (independent directors) or supervisors, and provide the same to HR Dept. as the reference for payment of remuneration to directors and supervisors.

Article 9 (Disclosure)

The Company shall disclose the Regulations on the Company's website, and the result of performance evaluation on the entire Board of Directors in the annual report or on the Company's website on a yearly basis for record.

Article 10 (Enforcement)

The Regulations shall be enforced upon authorization of the Board of Directors. The same shall apply if the Regulations are amended or abolished.

Annex

Questionnaire of Performance Evaluation on the Entire Board of Directors of Cathay Life Insurance Co., Ltd. ○ (year)

Instructions: The questionnaire consists of five major aspects. Except certain indicators which shall be assessed by the parliamentary procedure unit of the Board of Directors based on related information and data, you are hereby requested to complete the self-assessment based on the other indicators.

If the assessment indicator is fulfilled by a majority of the all directors, the assessment indicator shall be considered achieved successfully. When the achievement rate of the whole assessment indicators attains 90% or more, the result of the performance evaluation on the Board of Directors reflects "Beyond Standard". When it comes to 80% but less than 90%, the result reflects "Satisfaction with Standard". However, when it is less than 80%, the result reflects "To be Improved".

I. Participation in the company's operation			
Assessment indicators	Yes	No	Note
1. Whether the director reads and verifies the meeting information before the meeting?			
2. Whether the Board of Directors interacts with the management team amicably?			
3. Whether the Board members has sufficient understanding about the Company, the Company's management team, and the industry which the Company is engaged in?			
4. Whether the Board of Directors reviews the business performance and controls various trends rapidly?			
5. Whether the Board of Directors supports the corporate governance and sustainability issues, and supports the Company to attend the related evaluation to upgrade the corporate governance and practice corporate social responsibility?			

6. Whether the Board members' conduct satisfies the Code of Ethics of Cathay Financial Holdings?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on related information.
7. Whether the Chairman of Board or any Board member is prosecuted for violations of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Financial Holding Company Act or the Business Entity Accounting Act, or for offense against corruption, malpractice, fraud, breach of trust and embezzlement?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on related information.
8. Whether the actual attendance rate at the Board meetings by the whole directors in the year when the evaluation takes place attains 80% or more?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
II. Improvement on the quality of the board's decision making			
Assessment indicators	Yes	No	Note
9. Whether the information provided by the Company to the Board of Directors is complete, in a timely manner and with specific quality sufficient to enable the Board of Directors (includes independent directors) to perform its duties smoothly?			
10. Whether the Board meeting is granted sufficient time? Whether the motions submitted to the Board meeting are appropriate?			
11. Whether the Board of Directors provides a fair communication environment enabling the adequate communication with independent directors?			
12. Whether the director who is required to recuse himself from conflict of interest in a motion indeed recuses himself or whether the chairperson precisely asks the director to recuse and takes the meeting minutes?			

13. Whether the Board meeting minute records the discussion adequately, and personal or collective opinion as well?			
14. Whether each resolution made by the Board meeting is followed upon after it is executed?			The parliamentary procedure unit of the Board of Directors shall provide related explanation for reference to help the assessment.
15. Whether the Board of Directors and directors perform the performance evaluation periodically?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
16. Whether the Board of Directors convenes the meeting for more than six times each year?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
III. Makeup and Structure of the Board of Directors			
Assessment indicators	Yes	No	Note
17. Whether the Company formulates the diversity policy toward the Board members subject to the Company's development needs?			
18. As far as the Company's current needs are concerned, whether the members composing the Board of Directors hold competent skills, knowledge and experience?			
19. Whether the existing functional committees are able to perform the duties assigned by the Board of Directors?			
20. Whether the qualification and composition of the Board members comply with related laws and the Articles of Incorporation?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on the composition of the Board members.
21. Whether the Board of Directors has appointed independent directors, and whether the number thereof satisfies the relevant requirements?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
22. Whether no independent director of the Company concurrently serves as an independent director of more than three other public companies?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.

23. Whether the Board of Directors establishes related functional committees pursuant to laws?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
IV. Election of directors and continued knowledge development			
Assessment indicators	Yes	No	Note
24. Whether the selection process of Board members is based on the Company's director diversity policy measurement standards, the actual needs of the Company, and taking into account the various skills, knowledge and experience?			
25. Whether the qualification and number of the Board members comply with related laws?			
26. Whether a new director is provided with related information to help him understand the role taken by him?			
27. Whether the Company has provided the information about directors' continuing education and recorded their continuing education hours to enable the directors to strengthen their knowledge and skills?			The parliamentary procedure unit of the Board of Directors shall provide related explanation for reference to help the assessment.
28. Whether the directors attend continuing education and fulfill the continuing education hours required for the year?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on relevant statistics.
V. Internal control			
Assessment indicators	Yes	No	Note
29. Whether the Board of Directors precisely supervise the Company to build the three lines of defense for a sound internal control system (including 1. Self-check; 2. Compliance and risk management; 3. Internal audit)?			The three lines of defense for internal controls, namely "Legal Compliance Dept. ," "Internal Audit Office" and Risk Management Dept. to provide explanation as reference to help the assessment.
30. Whether the Board of Directors assess and supervise the validity of various internal control systems and risk management effectively?			"Internal Audit Office" and Risk Management Dept. shall provide explanation as reference to help the assessment.

31. Whether the internal control system approved by the Board of Directors consists of the five major elements and covers the control operations of all operating activities?			“Internal Audit Office” shall provide explanation as reference to help the assessment.
32. When the CPA provides non-audit services, whether the various arrangements are adequate enough to ensure the CPA’s objective and independent position?			“Accounting Dept.” shall provide explanation as reference to help the assessment.
33. Whether the Board of Directors understands and supervises the Company’s accounting system, financial position and financial report, Audit report, and follow-up thereof?			“Accounting Dept.” and “Internal Audit Office” shall provide explanation as reference to help the assessment.
34. Whenever the Company conducts self-assessment on the effectiveness of the design and implementation of the internal control system on a yearly basis, whether the Board of Directors fails to issue the statement identifying material deficiencies in the internal control system?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on the information provided by the “Internal Audit Office”.
35. Whether the Company’s chief internal audit officer attends the Board meeting as a non-voting participant and submit the internal audit report, and also send or notify the audit report (follow-up report) to each supervisor or independent director?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on the information provided by the “Internal Audit Office”.
36. Whether the supervisors (or independent directors) periodically hold discussions with the internal auditors about review on the internal control system deficiencies for at least once per year, and record the discussion into the minute and submit the minute to the Board of Directors?			The parliamentary procedure unit of the Board of Directors shall conduct the assessment based on the information provided by the “Internal Audit Office”.

37. Whether the appointment, dismissal, promotion, reward and punishment, rotation and assessment of internal auditors is signed by the audit supervisor and reported to the chairman for approval?			
Signed by Directors:			

Board of Directors' Annual Performance Evaluation Form

(1) Self-assessment

Scope of evaluation	Indicators	Scoring standards	Scores
1. Attendance at the Board meeting (exclusive of attendance by proxy)	5 times or 100%	100	
	4 times or 80%	80	
	3 times or 60%	60	
	2 times or 40%	40	
	1 times or 20%	20	
	0 times or 0%	0	
2. Knowledge about and participating in the discussion about motions before the meeting	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
3. Interaction with the management team	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
4. Compliance with laws and the Principles	Compliance	80-100	
	Few exceptions	51-79	
5. Upgrading of corporate governance	Boost formulation of the corporate governance-related regulations, support the Company's participation in the corporate governance evaluation, and sufficiently protect customers' and shareholders' interests and right, et al.	1-100	
6. Continuing education about corporate governance	7 hours or more	100	
	3~6 hours	80	
	1~2 hours	60	
	None	0	
7. Knowledge about the Company, the Company's management team, and the industry which the	Enough	80-100	
	Barely enough	60-79	
	Not enough	30-59	

Company is engaged in			
8. Other aspects required by the competent authority or Board of Directors		1-100	
Average of the total scores			

Completed by:

Completed on: DD/MM/YY

Remark: 1. Average of the total scores, for 90 scores: Outstanding, 80~89 scores: Good, 60~79 scores: Fair, 59 scores or below: To be Improved

2. The other aspects required by the competent authority or Board of Directors shall be included into the average of the total scores, if necessary.

Board of Directors' Annual Performance Evaluation Form

(2) Peer-to-peer assessment (overall evaluation)

Scope of evaluation	Indicators	Scoring standards	Scores
1. The other directors' knowledge about and participating in the discussion about motions before the meeting;	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
2. The other directors' interaction with the management team	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
3. Operation of the Board of Directors and functional committees	Whether the Articles of Incorporation and agenda are followed? Whether the efficiency of parliamentary procedure of the Board meetings is upgraded? Whether it substantially helps the upgrading of powers and functions of the Board of Directors?	1-100	
4. The other directors' compliance with laws and the Principles	Compliance	80-100	
	Few exceptions	51-79	
5. The other directors' knowledge about the functions and role of the Board of Directors	Functions of strategic guidance and supervision	1-100	
6. Whether the other directors exercise their powers and functions sufficiently	Functions of strategic guidance and supervision	1-100	
7. Whether the other directors work hard to upgrade the corporate governance	Boost formulation of the corporate governance-related regulations, support the Company's participation in the corporate governance evaluation, and sufficiently protect customers' and shareholders' interests and right, et	1-100	

	al.		
8. The other directors' knowledge about the Company, the Company's management team, and the industry which the Company is engaged in	Enough	80-100	
	Barely enough	60-79	
	Not enough	30-59	
9. Other aspects required by the competent authority or Board of Directors		1-100	
Average of the total scores			

Completed by:

Completed on: DD/MM/YY

Remark: 1. Average of the total scores, for 90 scores: Outstanding, 80~89 scores: Good, 60~79 scores: Fair, 59 scores or below: To be Improved

2. The functional committees mean Risk Management Committee, Audit Committee or Remuneration Committee defined in the Corporate Governance Best-Practice Principles for Insurance Enterprises.

3. The other aspects required by the competent authority or Board of Directors shall be included into the average of the total scores, if necessary.

The self-assessment on individual supervisors

Scope of evaluation	Indicators	Scoring standards	Scores
1. Attendance at the Board meetings	5 times or 100%	100	
	4 times or 80%	80	
	3 times or 60%	60	
	2 times or 40%	40	
	1 times or 20%	20	
	0 times or 0%	0	
2. Interaction with the internal audit department	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
3. Compliance with laws and performance of duty	Active	80-100	
	Moderate	60-79	
	Occasional	1-59	
4. Upgrading of corporate governance	Support the Company's participation in the corporate governance evaluation, and maintain the channels of communication with stakeholders	1-100	
5. Continuing education about corporate governance	7 hours or more	100	
	3~6 hours	80	
	1~2 hours	60	
	None	0	
6. Other aspects required by the competent authority		1-100	
Average of the total scores			

Completed by:

Completed on: DD/MM/YY

Remark: 1. Average of the total scores, for 90 scores: Outstanding, 80~89 scores: Good, 60~79 scores: Fair, 59 scores or below: To be Improved

2. The other aspects required by the competent authority or Board of Directors shall be included into the average of the total scores, if necessary.