

# The Shanghai Commercial & Savings Bank

## The rule for Performance Evaluation of Boards

Formulation Secretarial office of Board of Directors

Approved on March 23, 2019

### Article 1

To implement corporate governance and enhance the Bank's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, this rule is established pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed 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 Bank's regulations governing the board performance evaluation of shall be subject to this rule.

### Article 3

The Bank shall conduct an internal board performance

evaluation once a year according to the evaluation procedures and the evaluation indexes in Articles 6 and 8.

The Bank's board performance evaluation should be conducted by an external independent professional institution or a panel of external experts and scholars once every three years according to Article 7.

Internal and external board performance evaluations shall be completed before the first quarter of board meeting held in the following year.

#### Article 4

The Bank's board performance evaluation scope may cover the evaluation of the board as a whole, functional committees and individual directors.

Methods of evaluations may include the internal evaluation of the board, self-evaluation by individual board members, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

## Article 5

The unit conducting internal evaluations of the Bank's board of directors shall be the nomination committee.

## Article 6

### 1. The performance evaluation of board of directors:

- a. The results of the evaluation shall be summarized by the secretarial office of the board, submitted to the nomination Committee for review, and reported to the board of directors.
- b. The form: "Questionnaire of Self-Evaluation of Performance of the Board" (Annex 1), with each director filling out the performance evaluation of the overall board of directors.

### 2. The performance evaluation of functional committees:

- a. The results of the evaluation shall be summarized by the secretarial office of the board, submitted to the nomination Committee for review, and reported to the

board of directors

- b. The form: “Questionnaire of Self-Evaluation of Performance of the functional committee” (Annex 2), with each member of the functional committee filling out the performance evaluation of the overall functional committee of directors.

3. The performance evaluation of Board Members:

- a. The results of the evaluation shall be summarized by the secretarial office of the board, submitted to the nomination Committee for review, and reported to the board of directors.
- b. The form: “Questionnaire of Self-Evaluation of Performance of Board Members” (Annex 3), with each director filling out the performance evaluation for him/herself.

## Article 7

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of

board performance, the Bank shall comply with the following guidelines:

1. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
2. The external evaluation institution shall be an institution or 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.
3. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

The external evaluation results shall be summarized by the secretarial office of the board, submitted to the nomination Committee for review, and reported to the board of directors. If necessary, an external professional institution or a panel of external experts and scholars may be invited to attend the

meeting and to make explanatory statements.

## Article 8

The criteria for evaluating the performance of the board of directors should cover the following five 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. Election and continuing education of the directors; and
5. Internal control.

The criteria for evaluating the performance of the functional committee should cover the following five aspects:

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of the quality of the functional committee's decision-making;
4. Composition and election of the member of the functional committee; and

## 5. Internal control.

The criteria for evaluating the performance of the board members should cover the following six aspects:

1. Familiarity with 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;

and

## 6. Internal control.

The indexes of performance evaluation of the board of directors, functional committees and individual directors shall be determined based on the relevant regulations of the regulatory authority and the operation and needs of the Bank, and the content of the performance evaluation shall be reviewed and revised in a timely manner.

## Article 9

When electing or nominating members of the board of

directors, the Bank shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

#### Article 10

It is advisable that the Bank disclose in its annual report whether regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted each year, with a description of the evaluation method provided.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Bank shall, in the annual report, disclose the names of the external evaluation institution, names of the experts, and specialties of the experts, and indicate if the external institution and experts have business dealings with the Bank and if they are independent.

#### Article 11



The performance evaluation regulations established by the Bank shall be fully disclosed on the Market Observation Post System (MOPS) and the Bank's website at all times, to be made available for consultation.

## Article 12

The Bank's regulations shall take effect after having been approved by the board of directors. Subsequent amendments thereto shall be effected in the same manner. If the regulation had amended based on relevant revision by the regulatory authority, the board of managing directors is authorized to approve and implement the amendments .