



Implementation of Performance Assessment

SCSB's Board of Directors in November 2020 adopted the resolution to amend the Rules for Performance Evaluation of Boards, in order to implement corporate governance and enhance functions of the Board of Directors. The regulations specify that internal board performance evaluations shall be conducted once a year, external board performance evaluations shall be conducted once every three years, in order to establish performance goals and improve operational efficiency.

External evaluation

SCSB commissioned the Taiwan Corporate Governance Association, an independent association that does not do business with SCSB, to conduct the external evaluation in 2021. Observations and evaluation were carried out in eight aspects, and a performance evaluation report was published in November 2021 based on evaluation results. Reported to the Board of Directors in March 2022 after being reviewed by the Nomination Committee.

Cycle	Duration	Scope	Method	Content
Implemented triennially	From 2020/10/1 to 2021/9/30	Board of Directors and Functional Committees	1. Online self-assessment 2. Document review 3. On-site inspection and assessment	The composition, direction, authorization, supervision, communication, internal control and risk management, self-discipline, and other matters such as the meeting and support systems, of the Board of Directors.

※ Assessment results summary:

Overall assessment:

- (1) Third-party professional and independent organizations were invited to assist with the Board Performance Assessment. Through independent and impartial examination, these organizations can offer suggestions for improvements. This arrangement fully demonstrates SCSB's strong ambition to implement corporate governance, improve Board efficacy, and continuously enhance corporate governance.
- (2) To enhance the independence of corporate governance and the whistle-blower system, the SCSB website features a "stakeholder contact mailbox" for external personnel to make reports directly to independent directors through this channel. The Compliance Department is the dedicated unit for whistle-blowing matters. It will establish a case for any whistle-blowing matter regardless of its anonymity, contact relevant units or auditors for investigation in the case, and regularly report relevant progresses and results to the Audit Committee and the Board of Directors, thereby showing SCSB's commitment to business integrity and ethics.
- (3) The meeting agendas were carefully planned, and directors were all able to fully communicate with relevant units beforehand after Board and Functional Committee meeting notices were issued. Functional Committee meetings are held at least 7–10 days before the Board meeting, so that directors had ample time to discuss and perfect the proposals to be submitted for discussion at the Board meeting, thus assisting the Board in performing its duties more efficiently and effectively.
- (4) The Chairman had an open-minded leadership and was widely receptive of suggestions and criticisms, thus allowing directors to fully express their opinions and effectively exerting the functions of leadership. The independent directors were committed and accountable, while directors were able to participate in formulating SCSB's vision and long-term strategic goals, make professional contributions, and express opinions through various meetings, thus exerting directors' functions of guidance and supervision.



Suggestions and improvements:

Suggestions	Improvements
<p>Annually implement performance self-assessments in accordance with the Rules for Performance Evaluation of Boards. It is advised that directors' suggestions be solicited on the each of the items that scored a lower score in the self-assessment and be compiled for project reports at the Board meeting. Actively respond to the self-assessment results, make improvements based on the results and suggestions, and add qualitative indicators with forward-looking and strategic meanings, in order to raise the standards for Board performance self-assessment indicators and make them more discriminative.</p>	<p>Complete director self-assessment every year, analyze the scores of all items, and notify the directors of the results by reporting them to the Board of Directors. For lower-scoring items, identify the causes in order to plan improvement measures.</p>

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<p>Attach importance to corporate social responsibility. In order to deepen and systematically realize the vision of corporate social responsibility, it is advised that the level of the Sustainable Operation Committee be upgraded to a functional committee under the Board of Directors, which shall supervise the directions and specific promotional plans of corporate social responsibility and sustainable development, and improve the synergy of the units' mutual communications and implementation of the strategies and actions of corporate sustainability and social responsibility. In doing so, sustainable operation can be implemented more effectively, specifically, and thoroughly from the top down within the organization.</p>	<p>At present, in cooperation with the bank-wide organization, the Sustainable development Committee has been established in the managerial department to integrate the actions of various units and report the results to the Board of Directors. Appropriate adjustments will be made in the future according to the overall effect of implementation.</p>
<p>In response to the challenges in SCSB's future developmental needs and environment, continuously pay attention to and plan suitable candidates for independent directors. It is advised that a formal document-based election mechanism may be established to determine the service terms and identify the specialties of directors, widen the scope of recruitment, and fully communicate with target professionals about business philosophy. Through a careful and comprehensive election process, we hope to achieve the independence and diversified specialties of a sustainable, streamlined Board of Directors.</p>	<p>Continuously pay attention to the planning of suitable candidates for independent directors and communicate with target professionals to explain SCSB's business philosophy, thereby benefiting from professional assistance to attain SCSB's sustainable development.</p>