

CHINA AIRLINES Board of Directors Performance Evaluation Rules

Enacted at the 4th meeting of the 21st Board of Directors on January 21, 2019.
Amended at the 8th meeting of the 21st Board of Directors on November 7, 2019.

Article 1. (Purpose and Basis)

To implement corporate governance and enhance the Company's board functions, and to establish performance objectives aimed at improving the operational efficiency of the board of directors, these Rules are established pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies for compliance.

Article 2. (Regulations to be Complied with)

The evaluation cycles, evaluation periods, scope and method of evaluation, evaluation procedures and other matters for compliance under the Company's regulations governing the board performance evaluation shall be subject to these Rules.

Article 3. (Evaluation Cycle and Period)

The Board of Directors of the Company shall conduct an internal performance evaluation of the board annually. The internal evaluation period shall be conducted at the end of each year in accordance with the evaluation procedures and indicators set forth in Articles 5 and 6 of these Rules. The performance evaluation results shall be completed and reported by the end of the first quarter of the following year.

The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.

Article 4. (Evaluation Scope and Method)

The scope of the board performance includes the performance evaluation of the board as a whole, individual directors, and functional committees.

The performance evaluation method is as follows:

1. Board as a whole: The board's operations group will conduct an evaluation based on the "Board of Directors Performance Evaluation Form" (see Appendix 1).
2. Individual Directors: Board members will complete the "Board Member Performance Evaluation Self- Assessment Questionnaire" (see Appendix 2).
3. Functional Committees: Functional Committee members will complete the "Board of Directors(Functional) Committee Performance Evaluation Self-Assessment Questionnaire" (see Appendix 3).

Article 5. (Evaluation Procedure)

The Secretarial Office of the Board of Directors will complete the "Board of Directors Performance Evaluation Form" based on information related to board operations.

The Secretarial Office of the Board of Directors will distribute the “Board Member Performance Evaluation Self-Assessment Questionnaire” and the “Board (Functional Committee) Performance Evaluation Self-Assessment Questionnaire” to each director for completion, collect the questionnaires, and compile the performance evaluation results.

The Human Resources Division will submit the performance evaluation results to the Board of Directors’ report by the end of March of the following year.

Article 6. (Evaluation Indicators)

The performance evaluation of the board of directors shall include at least the following five key areas:

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 performance evaluation of the board members shall include at least the following six key areas:

1. Alignment of 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 performance evaluation of the functional committee members shall include at least the following five key areas:

1. Participation in the operation of the company;
2. Awareness of the duties of the functional committee;
3. Improvement of quality of decisions made by the functional committee;
4. Makeup of the functional committee and election of its members; and
5. Internal control.

The performance evaluation indicators in the first three paragraphs shall be customized based on the Company’s operations and needs, consistent with and appropriate for the Company’s performance evaluations.

Any adjustments to the appendix to Article 4 of these Rules shall be authorized for approval by the Chairman. The Human Resources Division shall first submit the changes to the Chairman for approval before they are implemented in the following year.

Article 7. (Evaluation Criteria)

The evaluation criteria for the Company’s board performance are as follows:

1. “Board of Directors Performance Evaluation Form”:
 - (1) A score of 90 points or higher will be considered “Exceeding Standards.”
 - (2) A score of 80 points or higher but less than 90 points will be considered “Meeting Standards.”
 - (3) A score of less than 80 points will be considered “Needing Improvement.”
2. Achievement rate of “Yes” on the “Board Member Performance Evaluation Self-Assessment Questionnaire” relative to all metrics:

- (1) Average achievement rate of 90% or higher across all metrics will be considered “Exceeding Standards.”
- (2) Average achievement rate of all metrics is 80% or higher but less than 90% will be considered “Meeting Standards.”
- (3) Average achievement rate of all metrics less than 80% will be considered “Needing Improvement.”
3. Achievement rate of “Yes” on the “Board of Directors (Functional Committee) Performance Evaluation Self-Assessment Questionnaire” relative to all metrics:
 - (1) Average achievement rate of 90% or higher across all metrics will be considered “Exceeding Standards.”
 - (2) Average achievement rate of all metrics is 80% or higher but less than 90% will be considered “Meeting Standards.”
 - (3) Average achievement rate of all metrics less than 80% will be considered “Needing Improvement.”

Article 8. (External Professional Organizations and Experts)

External organizations conducting performance evaluations of the board of directors must meet the following qualifications and, after submission by the Human Resources Division, be approved by the Chairman:

1. External evaluation organizations primarily provide educational and training programs related to the board of directors, institutes that enhance corporate governance, or management consulting firms.
2. The external expert and scholar team is composed of experts and scholars in the field of board of directors or corporate governance.

Article 9. (Disclosure Method)

The Company shall disclose these Rules on the MOPS and the Company’s official site, and shall disclose the results of the annual board evaluation in its annual report or on its official site.

Article 10. (Miscellaneous)

Matters not covered herein shall be handled pursuant to resolutions of the board of directors, unless otherwise provided by laws, regulations, the Company’s Articles of Association, or the Code of Corporate Governance.

Article 11. (Implementation)

These Rules shall be implemented upon approval by the board of directors, the same applies to the amendments.

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Board of Directors Performance Evaluation Form

Evaluation period: (Year)

Evaluation Indicators	Evaluation Metrics	Evaluation Criteria	Score
I. Participation in the operation of the company	1. Matters Legally Required for Board Discussion	Are proposals submitted to the board of directors for discussion in accordance with relevant laws and regulations? 10 points will be awarded for all proposals submitted to the board of directors for discussion as required throughout the year. 2 points will be deducted for each proposal not submitted to the board of directors for discussion as required, until the score reaches zero.	
	2. Board of Directors Attendance	Is the attendance rate of directors at the board of directors at least two-thirds? The attendance rate of directors at each board of directors meeting throughout the year is at least two-thirds or more, 10 points will be awarded. 2 points will be deducted for each director (the same applies to each independent director) who fails to attend, until the score reaches zero.	
	3. Shareholders' Meeting Attendance	Is the attendance rate of directors at shareholders' meetings at least one-third? If the attendance rate of directors at shareholders' meetings is one-third or more, 10 points will be awarded. If the attendance rate is less than one-third, 2 points will be deducted for each director, until the score reaches zero.	
	4. Frequency of Board Meetings	Is the board meeting held at least once a quarter? If five or more meetings are held annually, 10 points will be awarded, with 2 points deducted for each missing meeting, until the score reaches zero.	

Evaluation Indicators	Evaluation Metrics	Evaluation Criteria	Score
II. Improvement of the quality of the board of directors' decision-making	5. Director Recusal	If a resolution requires a director to recuse him/herself, has the director voluntarily recused him/herself, or has the chairman actually requested that the director recuse him/herself? If a director has actually recused him/herself from all resolutions requiring recusal throughout the year, 10 points will be awarded. If he/she has not recused himself/herself, 2 points will be deducted for each resolution, until the score reaches zero.	
III. Composition and structure of the board of directors	6. Independent Director Status	The number of independent directors on the board of directors must be no fewer than three and no less than one-third of the board seats. If the number of independent directors meets the requirements, 10 points will be awarded. For each independent director missing, 2 points will be deducted, until the score reaches zero.	
	7. Independent Directors Holding Concurrent Positions	Whether an independent director concurrently serves as an independent director for more than three listed companies. If no independent director concurrently serves as an independent director for more than three companies, 10 points will be awarded. For each independent director concurrently serving in more than three listed and/or OTC companies, 2 points will be deducted, until the score reaches zero.	
IV. Election and continuing education of the directors	8. Director selection process meets company needs	The selection process for board members is based on the company's actual needs, fully considering the skills, knowledge, and strength of board members. 5 points are awarded for successful implementation; 0 points are awarded for failure to implement the process.	
	9. Annual training for directors	Do directors meet the training hours required by the competent authority. Each director who meets the requirements throughout the year will receive 5 points. Each director who fails to meet the requirements will be deducted 1 point, until the score reaches zero.	

Evaluation Indicators	Evaluation Metrics	Evaluation Criteria	Score
V. Internal control	10. Financial Reports and Audit Work Reports	Are the quarterly financial reports, audit work reports, and follow-up reports required by the board of directors submitted on time? Each quarterly board of directors' compliance with the requirements will receive 10 points. If any individual case is not fully implemented, 2 points will be deducted, until the score reaches zero.	
	11. Internal Control System Statement	Whether the General Audit Office submits a statement on the internal control system to the Board of Directors in the first quarter of each year based on the internal audit report, self-audit results, and the status of improvements to internal control deficiencies. 10 points are awarded for successful implementation; 0 points are awarded for failure to implement the process.	
Total			

Note 1: The total score of this Form is 100 points.

Note 2: This Form was revised on October 17, 2024.

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Board Member Performance Evaluation Self-Assessment Questionnaire

Evaluation period: (Year)

Evaluation Indicators		Self-Assessment Results	
		Yes	No
I. Alignment of the goals and missions of the company	1. Do I understand the Company's vision (Leading Asia-Pacific, Flying Worldwide)?		
	2. Do I understand the Company's annual operating plan?		
	3. Do I understand the characteristics and risks of the industry in which the Company operates?		
II. Awareness of the duties of a director	4. Do I fully understand the legal obligations of a director?		
	5. Do I understand my director's responsibilities and adhere to the Company's Code of Conduct?		
	6. Do I maintain confidentiality with respect to internal company information obtained while performing my duties as a director?		
III. Participation in the operation of the company	7. Do I actually attend at least 70% of board meetings (excluding proxy attendance)?		
	8. Do I understand and review meeting materials before board meetings?		
	9. Do I devote sufficient time to matters related to the board?		
	10. Do I read the minutes when I receive them?		
	11. Do I understand the Company's organizational structure?		
IV. Management of internal relationship and communication	12. Do I communicate well with other board members?		
V. The director's professionalism and continuing education	13. Do I possess the necessary expertise to execute board decisions?		
	14. Have I completed the required annual training hours?		
	15. Do I continue to take courses related to corporate governance?		
VI. Internal control	16. Will I recuse myself from any board resolutions that require a recusal of interest?		

Evaluation Indicators		Self-Assessment Results	
		Yes	No
	17. Do I understand the company's financial statements, audit work reports, and their follow-up status?		
	18. Have I reviewed the Company's internal control system statement?		
Director's signature and date of completion			

Note 1: This Form was revised on February 19, 2025.

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Board of Directors (Functional) _____ Committee Performance
Evaluation Self-Assessment Questionnaire

Evaluation period: _____ (Year)

Evaluation Indicators		Self-Assessment Results	
		Yes	No
I. Participation in the operation of the company	1. Do I actually attend at least 70% of functional committee meetings (excluding proxy attendance)?		
	2. Each member has made effective contributions to the functional committee meetings.		
II. Awareness of the duties of the functional committee	3. The functional committee's scope of authority is clear and appropriate.		
	4. The functional committee can submit timely, professional, and objective recommendations to the board for discussion and decision-making.		
	5.-1 Remuneration Committee (To be completed by Remuneration Committee members only): Regular review of policies, systems, standards, and structures for performance evaluation and compensation of directors and managers		
	5.-2 Audit Committee (To be completed by Audit Committee members only): Understand and oversee the company's accounting system, financial status and financial reports, audit reports, and their tracking.		
	5.-3 Sustainability and Risk Committee (To be completed by Sustainability and Risk Committee members only): Review the formulation and implementation of sustainability policies, systems, and related management guidelines, as well as specific promotion plans; review the formulation, implementation results, and response measures of the company's various risk management strategies.		
	6. The information provided by the Company to the functional committees is complete, timely and of a certain quality, enabling the functional committees to perform their duties smoothly.		

Evaluation Indicators		Self-Assessment Results	
		Yes	No
III. Improvement of quality of decisions made by the functional committee	7. Where any relevant resolutions require a member to recuse themselves, that member has indeed recused themselves, and the meeting minutes have been prepared.		
IV. Makeup of the functional committee and election of its members	8. The functional committees are appropriately composed and possess the necessary expertise for the decision-making process.		
	9. Functional committee members maintain their independence during their terms of office.		
V. Internal control	10. Do I understand the reporting content and follow-up status of the functional committee to which I am affiliated?		
Member's signature and date of completion			

Note 1: This Form was revised on August 16, 2025.