

Mega International Commercial Bank Ethical Corporate Management Best Practice Principles

Note: If the English version contains any discrepancy from the original Chinese version, the original Chinese version shall prevail.

Approved in the 25th Board meeting of the 15th Board of Directors on July 21, 2017
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Article 1

(Purpose of adoption and scope of application)

Based on the Ethical Corporate Management Best Practice Principles of Mega Financial Holding Co., Ltd. and related laws and regulations, these Principles are adopted as ethical management compliance policy to assist this Corporation to foster a corporate culture of ethical management and sound development.

The scope of application of these Principles includes the subsidiaries of this Corporation and enterprises and corporations directly or indirectly controlled by this Corporation. However, these organizations can set their own Principles based on the spirit of these Principles, and obtain approval from the board of directors.

Article 1-1

(Responsible Unit)

The unit responsible for the Principles is the Planning Department.

Article 2

(Policy)

This Corporation shall abide by the business philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 3

(Compliance)

This Corporation shall comply with the Financial Holding Company Act, The Banking Act of the R.O.C, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Act on Recusal of Public Servants Due to Conflicts of Interest, Government Procurement Act, TWSE/GTSM relevant rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 4

(Prevention programs)

This Corporation shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention programs, this Corporation shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, this Corporation is advised to negotiate with the Union, important trading counterparties, or other stakeholders.

Article 4-1

(Scope of prevention programs)

This Corporation shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis. Prevention programs in the preceding paragraph shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage the interest of stakeholders by means of scale of products or services.

Article 5

(Prohibition against unethical conduct)

When engaging in commercial activities, directors, supervisors, managers, employees, and mandatories of this Corporation or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, government-owned or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 6

(Types of benefits)

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 6, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles of Mega Financial Holding Co., Ltd. and these Principles, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of this Corporation.

Article 7

(Commitment and implementation)

The Corporation shall request their directors, supervisors, senior management whose responsibilities heavier than or equal to senior executive vice president **and managers** to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

This Corporation shall clearly specify in their **internal** rules and external documents and on the corporation website the ethical corporate management policies and the commitment by the board of directors, senior management **and managers** on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 8

(Ethical management in commercial activities)

This Corporation shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, this Corporation shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, this Corporation is advised to include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, this Corporation may at any time terminate or rescind the contracts.

Article 9

(Prohibition against bribery)

When conducting business, this Corporation and its directors, supervisors, managers, employees, mandatories, and substantial controllers, may not directly or indirectly offer,

promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 10

(Prohibition against unlawful political donation)

This Corporation is prohibited from making political donations by law.

This Corporation's directors, supervisors, managers, employees, mandatories, and substantial controllers, shall comply with the Political Donations Act and shall not make such donations in exchange for commercial gains or business advantages.

Article 11

(Prohibition against donations and sponsorship)

When making or offering donations and sponsorship, This Corporation and its directors, supervisors, managers, employees, mandatories, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 12

(Prohibition against unreasonable presents, hospitality or other improper benefits)

This Corporation and its directors, supervisors, managers, employees, mandatories, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 13

(Deleted)

Article 14

(Prohibition against intellectual property)

This Corporation and its directors, supervisors, managers, employees, mandatories, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15

(Prohibition against unfair competition)

This Corporation shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16

(Prevent damage of products and services to stakeholders)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, this Corporation and its directors, supervisors, managers, employees, mandatories, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17

(Laws and regulations compliance when conducting business)

This Corporation's directors, supervisors, managers, employees, mandatories, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 18

(Prevent conflicts of interest)

This Corporation shall comply with related laws and regulations or adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a director, supervisor, officer or other stakeholder of this Corporation attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

This Corporation's directors, supervisors, managers, employees, mandatories, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 19

(Accounting and internal control)

To implement ethical management, this Corporation shall establish effective accounting systems and internal control systems, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of this Corporation shall, based on the results of assessment of the risk of involvement in unethical conduct compiled by the Planning Department, devise

relevant audit plans, and examine accordingly the compliance with the prevention programs.

The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and Ethical Management Committee and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 20

(Organization and responsibility)

The directors, supervisors, managers, employees, mandatories, and substantial controllers of this Corporation shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, this Corporation has set up Ethical Management Committee under the board of directors as a dedicated unit, and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors at least once a year:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Ensuring whistle-blowing case shall be handled by “Mega International Commercial Bank Co., Ltd. Mechanism for Whistle-blowing” and its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Holding the management accountable for conducting high-asset customer business.

Article 21

(Training and performance appraisal)

The chairman, president, or senior management of this Corporation shall communicate the importance of corporate ethics to its directors, employees, and mandatories on a regular basis.

This Corporation shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandatories, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

This Corporation shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22

(Whistle-blowing system)

This Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. Internally establish and publicly announce on its website and the intranet, an independent mailbox or hotline, for this Corporation insiders and outsiders to submit reports.
2. Dedicated unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager whose position shall be equal to a senior executive vice president, and has been accepted after assessment, shall be reported to the independent directors and supervisors.
3. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted, including documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

Cases of anonymous whistle-blowing affair should still be dealt with if the contents or the supporting facts and evidence provided contain specific details and warrant further investigation.

When material misconduct or likelihood of material impairment to the Corporation comes to their awareness upon investigation, the Receiving Unit shall immediately report to the board of directors. Critical incident or maternal violation discovered in the investigation shall be dealt with “Mega International Commercial Bank Co., Ltd. Direction for Reporting Major Contingencies”, and reported or informed to relevant authorities.

Article 23

(Disciplinary and appeal system)

This Corporation shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24

(Information disclosure)

This Corporation shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical

management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 25

(Review and amendment of ethical management policies and measures)

This Corporation shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 26

(Opinions of independent director)

When these Principles are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 27

(Miscellaneous)

Matters not specified in the Principles shall be conducted in accordance with the applicable laws and regulations, and the Bank's other relevant rules.

Article 28

(Enforcement)

These Principles, and any amendments or abolishment hereto, shall be implemented after adoption by resolution of the board of directors, and shall be sent to the supervisors and reported at a shareholders' meeting.