

Mega Financial Holding Co., Ltd.
Principles for Ethical Management

The First Amendment approved by the 6th Meeting of the Sixth Term Board of Directors of November 24, 2015
2nd Amendment approved by the 17th Meeting of the Seven Term Board of Directors of December 22, 2019

Article 1 Purpose and Application

The Principles for Ethical Management (the Principles) have been established by Mega Financial Holding Co., Ltd. (the Company) in order to strengthen the corporate culture of ethical management and sustainable business development. The Company's subsidiaries, enterprises and other forms of legal entities, directly or indirectly controlled by the Company shall establish their own Principles for Ethical Management in line with the Principles, and obtain approval from the board of directors.

Article 1-1 Responsible Unit

The Administration Department is designated to handle the administrative matters of the Principles.

Article 2 Policies

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 3 Legal Compliance

The Company shall comply with the Financial Holding Company Act, 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 listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 4 Prevention Measures

The Company shall 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, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, The Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 5 Prohibition of Unethical Conduct

When engaging in commercial activities, directors, managerial officers, employees, and mandataries of the Company or persons having substantial control over the Company ("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, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders.

Article 6 Benefits

"Benefits" in the 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 the preceding paragraph, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the 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 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 the Company.

Article 7 Commitment and Implementation

The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify in its rules and external documents and on the Company website the ethical corporate management policies and the commitment by the board of directors and the senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 8 Ethical Business Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the Principles .

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other business parties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other business parties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 9 Prohibition of Bribery

When conducting business, the Company and its directors, managerial officers, employees, mandataries, 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 of Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managerial officers, employees, mandataries, 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 of Improper Charitable Donations or Sponsorships

When making or offering donations and sponsorship, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws, regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 12 Prohibition of Illegitimate Gifts, Hospitality or Other Improper Benefits

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offering or receiving of any illegitimate gifts, hospitality or other improper benefits to build a business relationship or affect business transactions.

Article 13 Procedures for Handling the Acceptance of Improper Benefits

Except under any of the circumstances set forth in the second paragraph and the proviso of the first paragraph of the Article 6, when the Company and its directors, managerial officers, employees, mandataries, and substantial controllers are provided with or are promised, either directly or indirectly, any benefits as specified in Article 6 by a third party, the matter shall be handled in accordance with the following procedures:

- 1.If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- 2.If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor

and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being approved by the president.

Article 14 Prohibition of Intellectual Property Infringement

The Company and its directors, managerial officers, employees, mandataries, 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 of Unfair Competition

The Company 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 Prevention of Damaging the Interest of Stakeholders

In the course of research and development, procurement, provision, or sale of products and services, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It 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 its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, suspend the services immediately.

Article 17 Business Legal Compliance

The Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 18 Conflicts of Interest

The Company shall 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, managerial officers 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 proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company' directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 19 Accounting and Internal Control

For business activities with a higher risk of unethical behaviors, the Company shall establish an effective accounting system and internal control system, shall not have under-the-table accounting system or keep secret accounts, and shall conduct regular

reviews to ensure continued effectiveness of the system's design and implementation.

The Company's internal audit unit shall audit the status of the implementation of the accounting and internal control system and submit its audit reports to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 20 Organization and Responsibility

The directors, managerial officers, employees, mandataries, and substantial controllers of the Company 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 the Principles.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the board of directors 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. Adopting 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. Developing a whistle-blowing system and ensuring 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.

Article 21 Training and Assessment

The chairperson, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries, 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.

The Company 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

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

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to all independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. 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.

Anonymous reporting will not be accepted in principle, except that a concrete content or evidence is provided with investigation necessity.

When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated unit handling the whistle-blowing system shall immediately report to the board of directors. Critical incident or material violation discovered in the investigation shall be reported or filed with relevant authorities.

Article 23 Disciplinary and Appeal System

The Company shall stipulate and promulgate the disciplinary and appeal system for violation of the ethical corporate management provisions and disclose on the Company's internal website violating individuals' title, name, date of violation, matter violated and handling status.

Article 24 Information Disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It 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 its website, annual reports, and prospectuses, and disclose the contents of the Principles on the Market Observation Post System.

Article 25 Review and Revision of the Principles

The Company shall monitor local and foreign developments of principles related to the ethical corporate management in a timely manner and encourage suggestions from directors, managerial officers, and employees for the improvement of the ethical corporate management policy and related measures and the enhancement to the effectiveness of implementation.

Article 26 Opinion of Independent Directors

When the Principles are brought to the board of directors for discussion, consideration should be given to the independent directors' opinions. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 27 Enforcement

The Principles, and any amendments to them, shall enter into force after they have been adopted by the board of directors, and reported to a shareholders meeting.