

Mega International Commercial Bank Directions for Preferential Loans to Promote Clients to Implement ESG Performance

Formulated on May 5, 2021

Article 1 (Purpose)

The Guidelines are established to use financial mechanisms to lead the sustainability-driven corporate borrowers to implement ESG performance and to foster a positive cycle of the social and economic transition.

Article 2 (Responsible Unit)

The responsible unit for the Guidelines is the Corporate Banking Department.

Article 3 (Applicants and Types of Loans)

The Guidelines are applicable to the corporate borrowers with a corporate banking rating (including various model ratings) at grade 7 or above or a corporate credit rating at grade B or above, while selected in any of the ESG-related awards/indices below:

- I. Included in the constituent stocks of the FTSE4Good TIP Taiwan ESG Index jointly launched by Taiwan Index Plus and FTSE International Taiwan Ltd.
- II. Won the Taiwan Corporate Sustainability Awards (TCSA) from the Taiwan Institute for Sustainable Energy.
- III. Selected in the "Large Enterprises" group of the CommonWealth Magazine Taiwan's Excellence in Corporate Social Responsibility Award hosted by the CommonWealth magazine.
- IV. Selected in the Dow Jones Sustainability Indices (DJSI) components lists as a Taiwanese enterprise.

The types of loans under the Guidelines are limited to short-term corporate facility loans in New Taiwan dollars and U.S. dollars.

The lists specified in Paragraph 1 is based on the latest information announced by relevant units or organizations, and the Corporate Banking Department is responsible for updating said lists and notifying the branches on a regular basis. If the corporate borrowers are no longer eligible for the same awards/indices, the new drawdown shall not be applicable to the prime lending rate any more.

Adjustment to the evaluations or standards applicable to Paragraph 1 shall be reported to the President for approval.

Article 4(Preferential Interest Rate Standards)

From the day when the Corporate Banking Department makes an announcement of any borrowers on the lists of any of the awards/indices specified in the preceding article to the next announcement day, the applicable interest rates for short-term loan cases in New Taiwan dollars and U.S. dollars may be reduced in accordance with the rules below:

- I. A company that is selected in the same award/index for two consecutive times or fewer can get a maximum reduction of 0.02%.
- II. A company that has been selected in the same award/index for three consecutive times can get a maximum reduction of 0.03%.
- III. A company that has been selected in the same award/index for more than three consecutive times can get a maximum reduction of 0.05%.

For the loan cases within the President's authorization, the interest rate reduction in accordance with the rule in the preceding paragraph shall not be restricted by the lower limit of the interest rate originally approved, but the interest rate after the reduction shall not be lower than the Bank's benchmark lending rate in New Taiwan dollars and U.S. dollars.

Article 5(Period and Authorization)

The longest period of each drawdown under the Guidelines shall not exceed 90 days. For those who continue to adopt the interest rate under the Guidelines without repaying the loan or extending the expiry date, they shall be submitted to the Vice President & General Manager in the branch for approval.

The hierarchy of authorization for domestic branches to which the Guidelines are applicable is as follows:

- I. For the applications cases from Foreign Dept. and Central Branch, the Vice President & General Manager may authorize Class A supervisor at the Corporate Loan Department, at which said cases are being processed, to approve said cases, but the Corporate Loan Department must submit an aggregate table to the Vice President & General Manager for review every

week.

- II. The applications cases from other domestic branches shall be approved by the Vice President & General Manager.

Article 6 (Post-loan Management)

To supervise the loan cases applied in the Guidelines in the branches, the report form provided by the Data Processing & Information Department shall be adopted to provide relevant information to the Corporate Banking Department to review the effectiveness of the implementation on a regular basis.

Article 7 (Others)

Matters not specified in the Guidelines, if any, shall be conducted in accordance with the Bank's other relevant rules.

Article 8 (Level of Approval)

The Guidelines will take effect after approval of the President, so do its amendment and abolishment.