

Mega Financial Holding Company Ltd.,

Sustainable Development Best Practice Guidance

Formulated at the 24th Meeting of the 5th Board of Directors on April 22, 2014
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Chapter I General Provisions

Article 1 (Purpose and Basis)

In order to implement enterprise sustainable development and promote economic, environmental and social progress, so as to achieve the goal of sustainable development, the company hereby formulates the Guidance.

Article 1-1 (Responsible Unit)

The responsible unit of the Guidance shall be the Administration Department.

Article 2 (Coverage)

The Guidance is applicable to the overall operation activities of the company and its subsidiaries (hereinafter collectively referred to as “the Group”).

While engaging in business operation, the Group shall actively implement sustainable development to meet the international development trend and, through corporate citizenship responsibility, enhance the national economic contribution, improve the quality of life of employees, communities and society, and strengthen the competitive advantage of sustainable development.

Article 3 (Stakeholders Interest and Risk Evaluation)

While pursuing profits, the Group shall carry out sustainable development, pay attention to the rights and interests of stakeholders, attach importance to environmental, social and corporate governance factors, and incorporate them into the company’s management policies and operation activities.

The Group shall, in accordance with the principle of materiality, conduct risk evaluation on environmental, social and corporate governance issues related to the operation of the company, and formulate relevant risk management policies or strategies.

Article 4 (Principle of Sustainable Development)

The Group's practice of sustainable development should be based on the following principles:

- I. Implement corporate governance.
- II. Develop environmental sustainability.
- III. Promote social prosperity.
- IV. Strengthen information disclosure of sustainable development.

Article 5 (Reporting Level)

The company shall consider the relevance between the sustainable development trend at home and abroad and the core business of the enterprise, as well as the impact of the overall operation activities of the Group on stakeholders, etc., and formulate sustainable operation policies, systems or relevant management policies and specific promotion plans of the Group, which shall be approved by the Board of Directors and reported to the shareholders' meeting.

When a shareholder proposes a motion related to sustainable development, the Board of Directors of the company should consider including it as a proposal to the shareholders' meeting.

Chapter II Implement Corporate Governance

Article 6 (Establishment of Ethical Standards)

The Group should follow its industry's code of corporate governance practice, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies. It should establish an effective corporate governance structure and ethical standards for good faith operation, so as to improve corporate governance.

Article 7 (推動要領)

The directors and supervisors of the Group shall perform the duty of care of good managers, urge the enterprise to practice sustainable development, and review the implementation effect at any time and make continuous improvement, so as to ensure the implementation of sustainable development policy.

The Board of Directors of the Group is advised to fully consider the interests of stakeholders, including the following items when implementing the sustainable development of the company:

- I. Put forward the mission or vision of sustainable development, and formulate sustainable development policies, systems or relevant management policies.
- II. Incorporate sustainable development into the company's operation activities and development direction, and approve the specific promotion plan of sustainable development.
- III. Ensure the timeliness and accuracy of information disclosure related to sustainable development.

The economic, environmental and social issues arising from the operation activities of the Group shall be handled by the senior management authorized by the Board of Directors, and the handling situation shall be reported to the Board of Directors. The handling process and relevant responsible personnel shall be specific and clear.

Article 8(Education and Training)

The Group should regularly organize education and training for the promotion of sustainable development, or participate in external training, including publicity of the second paragraph of the preceding Article.

Article 9 (Governance Framework and Remuneration Policy)

In order to improve the management of sustainable development, the Group is advised to establish a governance framework of promoting sustainable development, and set up a specialized (concurrent) unit to promote sustainable development. It should be responsible for proposing and

implementing sustainable development policies, systems or related management policies and specific promotion plans, and report the implementation to the Board of Directors regularly.

The Group should formulate a reasonable salary and remuneration policy to ensure that the compensation plan can meet the organization's strategic objectives and the interests of stakeholders.

The employee performance appraisal system should be combined with the sustainable development policy, and a clear and effective reward and punishment system should be established.

Article 10 (Stakeholder Communication)

The Group shall respect the rights and interests of the stakeholders, identify the stakeholders of the company, and set up a special area for stakeholders on the company's website. Through appropriate communication, the Group shall understand the reasonable expectations and needs of stakeholders and respond to the important sustainable development issues that they are concerned with.

Chapter III Develop Environmental Sustainability

Article 11 (Compliance of Environmental Regulations)

The Group shall abide by relevant environmental regulations and relevant international standards. It shall properly protect the natural environment. In carrying out its operations and internal management, the Group shall strive to achieve the goal of environmental sustainability.

Article 12 (Energy Consumption)

The Group should be committed to improving the utilization efficiency of energy and using recycled materials with low impact on the environment, so as to make sustainable use of the earth's resources possible.

Article 13 (Environmental Management System)

The Group should establish an appropriate environmental management system according to its industrial characteristics, which shall include the following items:

- I. Collect and evaluate sufficient and timely information on the impact of operational activities on the natural environment.
- II. Establish measurable environmental sustainability goals and review the sustainability and relevance of their development on a regular basis.
- III. Formulate specific plans or action plans and other implementation measures, and regularly review the effectiveness of their operation.

Article 14 (Promoting Environmental Sustainability)

The Group should designate a responsible unit or personnel of environmental management to formulate, promote and maintain relevant environmental management system and specific action plan, and regularly organize environmental education and training for management and employees.

Article 15 (Ecological Benefits and Environmental Impact)

The Group should consider the impact of operation on ecological benefits, promote and publicize the concept of sustainable consumption, and carry out operation activities in accordance with the following principles to reduce the impact of the company's operation on the natural environment and human beings:

- I. Reduce the resources and energy consumption of goods and services.
- II. Reduce the discharge of pollutants and wastes and properly dispose of them.
- III. Increase the recyclability and reuse of goods.
- IV. Maximize the sustainable use of renewable resources.
- V. Prefer energy saving and durable products.
- VI. Increase the energy efficiency of goods and services.

Article 16 (Water Consumption)

In order to improve the efficiency of water resources, the Group shall make

proper and sustainable use of water resources and formulate relevant management measures.

Article 17 (Measures for Climate Change)

The Group should assess the potential risks and opportunities of climate change to the enterprise at present and in the future, and take corresponding measures on climate related issues.

The Group should adopt the standards or guidelines commonly used at home and abroad to carry out the greenhouse gas inventory of the enterprise and disclose it. The scope should include:

- I. Direct greenhouse gas emissions: The source of greenhouse gas emission is owned or controlled by the company.
- II. Indirect greenhouse gas emissions: Those generated by the use of power input, heat or steam.
- III. Other indirect greenhouse gas emissions: The greenhouse gas emission generated by business operation, which is from other emission resource that owned or controlled by the company, but excludes indirect emission of energy.

The Group should count the emission of greenhouse gases, water consumption and total weight of waste, formulate policies for energy saving, carbon reduction, greenhouse gas reduction, water use reduction or other waste management. The Group should incorporate the acquisition of carbon rights into the company's carbon reduction strategy plan, and promote it to reduce the impact of the company's operation activities on climate change.

Chapter IV Promote Social Prosperity

Article 18 (Human Right Protection)

The Group shall abide by relevant laws and regulations and international human rights conventions, such as gender equality, right to work and prohibition of discrimination.

In order to fulfill the responsibility of protecting human rights, the Group shall formulate relevant management policies and procedures, including:

- I. Put forward the enterprise human rights policy or statement.
- II. Assess the impact of the company's operations and internal management on human rights, and formulate appropriate procedures.
- III. Regularly review the effectiveness of the enterprise human rights policy or statement.
- IV. When human rights infringement is involved, the procedures for dealing with the stakeholders involved shall be disclosed.

The Group shall abide by internationally recognized labor rights, such as freedom of association, right of collective negotiation, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, elimination of hiring and employment discrimination, etc., and confirm that its human resource utilization policy has no gender, race, socio-economic level, age, marital and family status or other differential treatment, in order to realize the equality and fairness of employment, employment conditions, salary, welfare, training, evaluation and promotion opportunities.

The Group shall provide an effective and appropriate complaint system for cases endangering the rights and interests of workers to ensure the equality and transparency of the complaint process. The complaint channel shall be concise, convenient and unblocked, and appropriate response shall be given to employees' complaints.

Article 19 (Employee 員工權利)

The Group shall provide employees with information in accordance with the law to enable them to understand the labor laws of the country where they operate and the rights they enjoy.

Article 20 (Occupational Safety and Health)

The Group should provide a safe and healthy working environment for employees, including necessary health and first aid facilities, and strive to reduce the risk factors to employees' safety and health, so as to prevent occupational disasters.

The Group should regularly provide safety and health education and training for its employees.

Article 21 (Human Resource Development)

The Group should create a good environment for the career development of its employees and establish an effective professional skill development training plan.

The Group shall formulate and implement reasonable employee welfare measures (including salary, leave and other benefits), and properly reflect the operating performance or results in the employee salary, so as to ensure the recruitment, retention and encouragement of human resources and achieve the goal of sustainable development.

Article 22 (Labor-Management Communication)

The Group shall establish a channel for regular communication and dialogue among employees, so that employees can obtain information and express their opinions on the company's operation and management activities and decisions.

The Group shall respect the right of employee representatives to negotiate on working conditions, and provide necessary information and hardware facilities to employees to promote negotiation and cooperation among the employer, employees and employee representatives.

The Group shall, in a reasonable manner, notify its employees of any changes in its operations that may have a great impact on its employees.

Article 23 (Responsible Marketing)

The Group should adhere to the principles of responsibility for goods and marketing ethics, ensure the transparency of information on goods and services, formulate and publicize its policies on consumers' rights and

interests, and implement them in its operation activities, so as to prevent goods or services from damaging consumers' rights and interests.

Article 24 (Compliance of Social-related Regulations)

The Group shall ensure the quality of goods and services in accordance with government regulations and relevant industrial norms.

The Group shall abide by government regulations and relevant international standards in respect of customer privacy, marketing and labeling, and shall not cheat, mislead, defraud or commit any other act that damages consumers' trust and interests.

Article 25 (Risk of Social Impact Management)

The Group should assess and manage various risks that may cause business interruption, so as to reduce the impact on consumers and society.

The Group should provide transparent and effective consumer complaint procedures for its goods and services, handle consumer complaints fairly and immediately, comply with the personal data protection law and other relevant laws and regulations, truly respect the privacy of consumers, and protect the personal data provided by consumers.

Article 26 (Sustainable Procurement)

The Group should assess the environmental and social impact of procurement on the community of the source of supply, and cooperate with its suppliers to implement sustainable development.

The Group should formulate a supplier management policy to require suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health, or labor and human rights. Before conducting business, the Group should assess whether its suppliers have a record of affecting the environment and society, so as to avoid dealing with those who violate the sustainable development policy.

When signing contracts with major suppliers, the Group should abide by the sustainable development policies of both parties. If the supplier is involved in violation of the policy and has a significant impact on the environment and society of the community of the source of supply, it may terminate or rescind

the terms of the contract at any time.

Article 27 (Social Prosperity)

The Group should evaluate and manage the impact of the company's operation on the community, and appropriately employ the manpower of the company's operation location, so as to promote community support.

The Group should participate in the activities of civic organizations, charitable organizations and local government agencies for community development and community education through commercial activities, in kind donations, corporate volunteer services or other public welfare professional services, so as to promote community development.

Chapter V Strengthen Information Disclosure of Sustainable Development

Article 28 (Information Disclosure)

The Group shall conduct information disclosure in accordance with relevant laws and regulations and the code of practice for corporate governance of its industry, and shall disclose information related to sustainable development, so as to enhance information transparency.

The information about sustainable development disclosed by the Group is as follows:

- I. Sustainable development policies, systems or related management programs and specific promotion plans approved by the Board of Directors.
- II. Risks and impacts on the company's operation and financial position from implementation and promotion of corporate governance, development of environment sustainability, promotion of social common prosperity and other factors.
- III. The company's objectives and measures for sustainable development and implementation effect.
- IV. Major stakeholders and issues of concern.
- V. Disclosure of major suppliers' management and performance

information on major environmental and social issues.

VI. Other sustainable-development-related information.

Article 29 (External Assurance)

In preparing the sustainability report, the company shall adopt internationally recognized standards or guidelines to disclose the promotion of the Group's sustainable development, and should obtain the assurance or guarantee of a third party to improve the reliability of information. It should include the following contents:

- I. Policies, systems or related management policies and specific promotion plans to implement sustainable development.
- II. Major stakeholders and issues of concern.
- III. Execution status and review of the implementation of corporate governance, development of environment sustainability, promotion of social common prosperity and other factors.
- IV. The future improvement direction and goal.

Chapter VI Supplementary Provisions

Article 30 (Review and Improve)

The company shall pay attention to the development of relevant standards for sustainable development at home and abroad and the change of enterprise environment at any time and shall accordingly review and improve the sustainable development system established by the company, so as to enhance the implementation effect of promoting sustainable development.

Article 31 (Matters not Covered)

Matters not covered in this code shall be handled in accordance with the laws and regulations of the competent authority and the relevant provisions of the company.

Article 32 (Approval Levels)

This Guidance shall take effect upon its approval by the Board of Directors, and the same shall apply when it is amended or repealed.