Mega International Commercial Bank's Guidelines for the Implementation of Promoting the Development of Sustainable Financial Products and Services

Approved on July 15, 2021

Chapter 1
General

Article 1 (Purpose and Basis)

To implement the Bank's ESG (Environmental, Social, Government) activities, promote the concept of sustainable finance, and become a benchmark bank, which supports a sustainable environment, fulfills social responsibilities, and improves corporate governance, in addition to pursuing stable profitability and sustainable operation, we should do our best to guide customers and the general public to pay attention to various green and sustainable issues such as ESG in order to achieve a multi-win situation in finance, industry, society, and the environment. This is hereby formulated in accordance with Article 7 of Mega International Commercial Bank's (hereinafter referred to as "the Bank") Sustainable Finance Policy, used as the operation guidelines for the staff of the Bank to adhere to when formulating operational points, rules, and regulations, as well as regulating internal management, investing and developing financial products, providing financial services, and performing regular work.

Article 2 (Responsible Unit)

The unit responsible for this Guideline is the Corporate Banking Business Department.

Article 3 (Applicable Parties)

This Guideline applies to the whole bank.

Article 4 (Extent)

The extent of ESG actions that the Bank should implement as mentioned in Article 1 of this point includes, but is not limited to, green financing and investment, product and service responsibilities, consumer rights protection, consumer complaints, customer data protection. Additionally, the promotion covers responsible lending, responsible investment, financial inclusive, customer relationship management, innovation and development of digital finance, customer satisfaction and appeals, etc.

Chapter 2
Responsible Lending

Article 5 (Principle)

In order to implement responsible lending, the Bank should obey the following principles:

1. The reference should be made to relevant international ESG principles or initiatives (including but not limited to responsible banking principles, equator principles, or climate-related financial disclosures, etc.) to internalize the ESG

spirit into the bank's review process, risk assessment and credit 5P comprehensive judgment.

2. Clearly list the objects of prohibition: Objects sanctioned by the competent authorities in accordance with AML/CFT (Anti-Money laundering/countering the financing of terrorism), and the enterprises engaged in illegal activities such as illegal weapons manufacturing/trading, illegal gambling, etc.
3. Carefully evaluate highly sensitive industries: Industries with environmental risks or social risks are examined more minutely whether they comply with ESG regulations, and relevant regulations are included in financing approval conditions or the commitments.
4. Carefully evaluate objects of high ESG risk behavior: Enterprises that involve high-pollution, high-carbon emissions, major environmental violations, human rights violations, social welfare, industrial safety/food safety/labor rights disputes, which have been announced or punished by domestic and foreign competent authorities, should provide specific improvement plans and only after careful evaluation, credit business transactions can be allowed. If there already exist transactions, the Bank should supervise the credit customers to improve, not increase the loan, or gradually withdraw the loan.
5. Actively participate in the sustainable industry: Credit business should support green related industries (including but not limited to low-carbon industries, renewable energy, environmental pollution control, circular economy, etc.) or provide assistance and preferential conditions for companies that are committed to environmental sustainability and social inclusion. If customers get relevant awards in ESG, the Bank may provide additional preferential incentive conditions to motivate them to execute it.
6. The use of the bank's loan should follow ESG-related regulations. If the use of a loan causes a negative ESG-related impact, the customers should be required to provide improvement plans, and the improvement effects should be tracked on a regular basis.
7. If the Bank voluntarily follows or signs international guidelines or initiatives such as the Equator Principles, it shall follow the relevant regulations and guidelines and implement them.

Article 6 (Review)

In order to implement responsible lending, the Bank should understand the impact of credit customers and the use of loan funds on ESG, as one of the credit risk considerations, and appropriately incorporate the ESG impact reduction plan into the credit approval conditions or commitments to reduce the Bank's ESG risk.

Article 7 (Post-loan Management)

In order to implement responsible lending, after the loan is allocated in a credit case, pay attention to the operating dynamics of the credit client continuously, and on an irregular basis review whether the credit client is environmentally friendly, socially responsible, and fulfills corporate integrity management. If the credit client is likely to have a significant adverse impact on sustainable development, the Bank should know the improvement plan.

If the loan conditions state that ESG-related conditions or commitments should be complied with, the credit case should be more carefully monitored for the review of the customer's ESG implementation effectiveness and pay attention to whether it causes a negative impact after the loan is allocated. Contact the credit client for possible causes, and after thorough understanding, propose a specific improvement plan, and regularly track the improvement effect. If the improvement is still not

effective, it should be taken into consideration not to allow the loan increase or to gradually withdraw the loan.

Chapter 3
Responsible Investment

Article 8 (Principle)

In order to implement responsible investment, the Bank should continue to invest in sustainable development areas, including but not limited to bonds, equity investment, and investment in ESG financial products related to issues such as green energy, low-carbon, renewable energy, and circular economy. The Bank should support companies with environmental protection, social responsibility or sustainable governance through equity investment or sustainable financing (including but not limited to the issuance of the bonds related to green energy, sustainable development and social responsibility). By investing and financing, the dual goals of promoting sustainable development and guiding private capital investment are expected to be achieved.

Article 9 (Investment Evaluate)

In order to implement responsible investment, ESG-related international standards or initiatives (including but not limited to responsible investment principles, etc.) should be added to the investment analysis and decision-making process before investing. For those violating ESG principles (damaging the environment and ecology, infringing on human rights, acting against legality or involving dishonest behavior, etc.), the Bank will not make investment.

Article 10 (Engagement)

In order to comply with responsible investment, it is necessary to follow Stewardship Principles for Institutional Investors, and guide the investment enterprises, shareholders and other stakeholders to pay attention to ESG issues together. Additionally, by engaging in the executives of the invested businesses through participation in the investment business' board of directors and shareholder meetings, irregular visits, or public market announcements, the Bank seeks to prompt them to implement the sustainable development strategy and appropriately announce the results of ESG, for the purpose of enhancing investment value and reducing investment risks.

Article 11 (Investment or Post-investment Management Mechanism)

For the companies that violate ESG principles (damaging the environment and ecology, infringing on human rights, acting against legality or involving dishonest behavior, etc.) and that do not come up with specific improvement plans, the Bank will not invest or will reduce investment; if the Bank has already made investment, the Bank should suggest or guide the companies to improve and implement the principles. If it cannot be realized, the Bank will choose to gradually withdraw/transfer the investment positions without losing the equity.

After careful evaluation of the proposals put forward by the executives of the invested businesses, the Bank will not support proposals that violate ESG principles or those that have a negative impact without providing improvement or compromise solutions.

Chapter 4
Financial Inclusive

Article 12 (Category)

Financial Inclusive emphasizes the universality of financial services, solves the problem of uneven distribution of financial resources, and provides comprehensive and convenient financial products or services required by diverse or disadvantaged groups to alleviate poverty and promote social public welfare. At the same time, in line with the ESG spirit, the service covers financing, diversified financial services and policies.

Article 13 (Principle)

In order to continuously develop financial products or services suitable for diversified or disadvantaged groups and increase the breadth of the bank's financial services, the Bank should give priority to and continue to promote financial products or services that have a positive influence on ESG or may reduce ESG risks or impacts.

In order to implement Financial Inclusive, the Bank shall regularly review the objectives of related products or services and the effectiveness of strategy implementation, pay attention to relevant domestic and foreign trends, and make rolling corrections at the right time.

Chapter 5
Innovation and Development of Digital Finance

Article 14 (Principle)

The Bank should make full use of Fintech to promote business development and continue to develop safe, instant and convenient financial products and services. In addition, through resource integration, service innovation, and digitalization, the Bank should improve financial service coverage and customer service experience, and reduce customers' and banks' demand for paper and other resources and energy consumption. All of the above is to achieve the goal of environmental friendliness and sustainable development.

Article 15 (Execution Strategy)

The Bank should develop cross-industry cooperation and establish a financial ecosystem, based on the customers' lifestyle, in combination with AI big data and data-driven decision-making, so as to promptly respond to market demand and increase customer market share. The bank should strengthen the cultivation of digital talents, increase the bank's digital assets, accumulate innovation momentum, and establish a digital culture to accelerate the development of digital innovation and service transformation.

Chapter 6
Customer Relationship Management

Article 16 (Personal Information Protection and the Principle of Suitability)

In order to manage customer relationship properly, the Bank should adhere to the following principles:

1. Establish a corporate culture that values the protection of financial consumers, focus on the rights and interests of customers, care for customers first, give full attention to the duty of care and loyalty of good managers, and take strict measures to protect customer information.

2. Comply with the relevant regulations of the Financial Consumer Protection Act and self discipline specification, stick to the principles of fairness, reasonableness, honesty, trustworthiness and transparency, ensure the suitability of products or services to customers, carefully review products and services to implement risk control, and must not deceive, mislead or harm consumers' rights in the marketing and labeling of products.

Article 17 (The Protection of the Rights and Interests of Customers)

The Bank shall establish a twenty four seven complaint channel and a dedicated unit, provide customers with financial product transactions or services and handle related matters through the improvement of the financial service network, ensure the transparency and security of product and service information, implement the protection of customers' rights and interests and the principle to treat clients fairly, so as to increase customer satisfaction.

The Bank shall assess and consider various risks that may cause operational interruption, including but not limited to natural disasters, man-made disasters, epidemics, computer system failures, etc. It shall establish a backup mechanism and conduct regular exercises and tests to avoid impacting the rights and interests of customers and causing social and economic losses.

Chapter 7
Others

Article 18 (Matters Not Covered)

Any matter not covered by the Directions shall be handled in accordance with relevant laws, the resolutions of the Board of Directors, and the Bank's relevant regulations.

Article 19 (Approval)

The Directions shall be implemented upon approval of the President. The same shall apply to any amendment thereto or revocation.