

Mega Financial Group, Anti-Money Laundering and Anti-Terrorism Financing Policy

Approved by the Board of Directors on December 18, 2018
Authorized for amendment by the Board of Directors on October 27, 2020
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Article 1 Purpose and Basis

This policy was formulated according to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, in order to strengthen the Group's AML/CFT system, enable all subsidiaries to effectively identify and assess various money laundering and terrorism financing risks, and implement the requirements of relevant norms.

Article 1-1 Responsible Unit

The responsible unit for the policy is the Compliance Department.

Article 2 Applicable Objects

This policy is mainly applicable to the company and its subsidiaries regulated by Article 5 of the Money Laundering Control Act, including banks, negotiable instruments, securities, property insurance, and investment trust companies (hereinafter referred to as "subsidiaries"), as well as overseas subsidiaries or branches and all their employees.

Article 3 Organization and Responsibilities

The Company's chief compliance officer shall be responsible for supervising subsidiaries' compliance with AML/CFT laws and regulations and the implementation of relevant matters.

Each subsidiary shall allocate appropriate personnel and resources to prevent money laundering and crack down on terrorism financing in accordance with its scale and risks, and the Board of Directors shall appoint a senior chief to be the special chief to prevent money laundering and crack down on terrorism financing, endow him/her with full authority to prevent money laundering and crack down on terrorism financing, and ensure that such personnel have no concurrent position with conflict of interest with their duties to prevent money laundering and crack down on terrorism financing.

A bank subsidiary shall set up an independent special unit to prevent money laundering and crack down on terrorism financing, which shall not concurrently handle other businesses other than preventing money laundering and cracking down on terrorism financing.

The person in charge mentioned in the second paragraph shall report to the Board

of Directors, supervisors or audit committee of the company at least every half a year, and report to the Board of Directors, supervisors or audit committee immediately in case of material violation of laws and regulations.

Each subsidiary may, according to its actual needs, set up a committee to prevent money laundering and crack down on terrorism financing, which shall be responsible for supervising and coordinating the implementation of matters to prevent money laundering and crack down on terrorism financing.

Article 4 Compliance Scope

Each subsidiary shall comply with this policy, as well as the relevant laws of the competent authorities of the home country and the local jurisdiction when carrying out matters related to AML/CFT.

Where the laws of the countries where the foreign branches of subsidiaries are located are inconsistent with norms of the head office, except those that have been approved or checked by the competent authorities of Taiwan in accordance with the law, they shall adopt the same norms as the head office to prevent money laundering and combat terrorism financing. However, if the local laws and regulations are more stringent, they shall comply with the regulations and report the situation to the head office.

Article 5 Principles to be Followed

All subsidiaries shall follow the following principles when carrying out anti-money laundering and anti-terrorism financing activities:

- I. **Risk-based orientation principle:** Each subsidiary shall take risk-based measures to prevent money laundering and crack down on terrorism financing, take strengthening measures for those with higher risks, and take relatively simplified measures for those with lower risks, and formulate specific risk assessment items according to the identified risks.
- II. **Customer due diligence and continuous monitoring principle:** Each subsidiary shall establish and implement due diligence procedures for customer identity, including identification and confirmation of customers and their substantial beneficiaries, and adopt continuous due diligence and monitoring procedures for customers and their transactions, so as to ensure that relevant transactions are consistent with customers, businesses and risks.
- III. **Transaction declaration principle:** Each subsidiary shall report to the competent authority in accordance with the law any suspected money laundering or terrorism financing transaction found by the subsidiary in accordance with the provisions of laws and regulations or through continuous monitoring of the transaction.
- IV. **Record keeping principle:** Each subsidiary shall keep records and certificates of customer transactions for at least five years. However, if the

law provides otherwise, such provisions shall prevail. The transaction records shall be sufficient to reconstruct individual transactions for the purpose of identifying illegal activities.

Article 6 Risk Assessment of Money Laundering and Terrorism Financing of New Products, Services or New Business

All subsidiaries shall establish risk assessment procedures for new products, services or new business and terrorism financing, conduct risk assessment for money laundering and terrorism financing before launching new products or services or processing new business, and establish corresponding risk management measures to reduce the identified risks.

Article 7 Risk Indicators

In order to ensure the consistency of the Group's risk indicators, each subsidiary shall, in accordance with the risk indicators set by the company, formulate its own risk appetite and indicators, and establish corresponding monitoring and management systems for the degree and types of money laundering and terrorism financing risks it is willing to bear.

Article 8 Information Sharing

In order to implement the Group's risk management purpose of AML/CFT, the Company and its subsidiaries shall share AML/CFT information within the Group on the premise of complying with relevant laws and regulations, and shall establish internal controls according to the following principles:

- I. The Company shall specify the types of information to be shared, and formulate risk-based management mechanisms.
- II. Information on cases or patterns suspected of money laundering may be shared after de-identification.
- III. Personnel that access shared information shall be obligated to maintain confidentiality. The information shall be handled as confidential information and shall not be leaked.
- IV. Proper control measures shall be established for the maintenance, safekeeping, access rights settings, and retention period of shared data.
- V. The security of information systems and data transmission shall be secured.
- VI. Information shared across borders shall comply with data confidentiality regulations of the home country and the local jurisdiction.

Specific measures of internal controls shall be separately established by the Compliance Department, subject to approval by the president.

Article 9 Employee Appointment, Education and Training

Each subsidiary shall establish a prudent and appropriate employee selection and appointment procedure, including whether the employee has integrity, and the relevant certificates and professional knowledge required to perform their duties.

Each subsidiary shall, depending on the nature of its business, carry out appropriate education and training on preventing money laundering and cracking down on terrorism financing, so that relevant personnel can understand its responsibilities of preventing money laundering and cracking down on terrorism financing, as well as the latest developments of relevant laws and regulations and relevant internal norms.

Article 10 Risk Assessment of Money Laundering and Terrorism Financing

Each subsidiary shall conduct an institutional money laundering and terrorism financing risk assessment at least once a year, report to its Board of Directors and send it to the company, so that the management can timely and effectively understand the overall money laundering and terrorism financing risk faced by each subsidiary.

The risk assessment items of an institution's money laundering and terrorism financing risk assessment operations shall at least include geographical, customer, product and service, transaction or payment channels, and further analyze each risk item to determine the detailed risk factors.

If there are major changes in each subsidiary, such as major events, major development in management and operation, or relevant new threats, the assessment shall be conducted again.

Article 11 Plan of Preventing Money Laundering and Cracking Down on Terrorism Financing Risk

Each subsidiary shall, according to the risk assessment results of money laundering and terrorism financing, formulate a plan to prevent money laundering and combat terrorism financing, so as to manage and reduce the identified risks, and submit it to the Board of Directors for approval.

Article 12 Establishment and Implementation of Internal Control System

Each subsidiary shall, in accordance with its applicable laws and regulations, establish relevant internal control systems to prevent money laundering and crack down on terrorism financing, and incorporate self-examination, self-assessment and internal audit items, so as to fully identify, measure and monitor the possible money laundering and terrorism financing risks involved by each subsidiary, and implement the function of three lines of defense.

Article 13 Other Subsidiaries

Other subsidiaries of the Group that are not the main objects of Article 2 shall notify the chief of the subsidiary at the Executive Vice President level and the Compliance Department of the company by confidential letter if they find that their customers are suspected of money laundering or terrorism financing.

Article 14 Reward and Punishment

Those who discover or prevent the occurrence of money laundering transactions or terrorism financing activities, or avoid the reputation damage of the company or its subsidiaries, due to the effective implementation of relevant laws and regulations, this policy or the relevant internal norms of its subsidiaries, shall be rewarded. Those who fail to comply with the relevant provisions and damage the reputation of the company or its subsidiaries shall be punished.

The conditions for rewards and penalties mentioned in the preceding paragraph and related matters shall be processed in accordance with the relevant rules and regulations of the company and its subsidiaries.

Article 15 Miscellaneous

Any matters not covered in this policy shall be processed in accordance with the money laundering prevention law, the terrorism financing prevention law, the relevant provisions of the competent authorities and the relevant provisions of the company and its subsidiaries.

The Company's chief compliance officer is authorized to interpret any ambiguity in the contents of this policy and its application.

Article 16 Approval Levels

This policy shall enter into effect upon approval by the Board of Directors; the same is true for amendments and the repeal thereof.