

Mega Holdings Group Guidelines for Divestment Management in the Coal and Unconventional Oil and Gas Industries

Article 1 (Formulation Purpose)

This Guideline was formulated in response to the United Nations Framework Convention on Climate Change's initiative to limit global warming to 1.5 degrees Celsius, decrease carbon emissions in the value chain, and achieve the Group's goal of fully withdrawing investments and financing in the coal and unconventional oil and gas sectors by 2040 at the latest.

Article 2 (Responsible Unit)

The responsible department of the Guidelines is the Business Development Department.

Article 3 (Applicability)

This Guideline is applicable to the Company and its subsidiaries (hereinafter referred to as the Group).

Subsidiaries in the preceding paragraph refers to other companies in which the Company directly holds over 50% of shares with voting rights or total capital, or if over half of all directors are directly appointed by the Company.

Article 4 (Control Subjects)

The Group shall gradually conduct a phase-out plan for the following enterprises (hereinafter referred to as control subjects).

I. Coal Enterprises: Enterprises that generate more than 5% of their revenue from the following thermal coal business activities:

- (I) Coal mining: Mining, cleaning, and processing of coal from surface and underground mines.
- (II) Coal-fired power: Coal used for power generation and heating, including electricity and steam.
- (III) Coal infrastructure: Infrastructure for processing or transporting coal including transportation, import and export trade, storage of coal, receiving stations, pipelines.

II. Unconventional oil and gas enterprises: Enterprises that generate more than 5% of their revenue from the following unconventional oil and gas business activities including mining, production, processing, and infrastructure such as pipelines, receiving stations, refineries, and storage facilities:

- (I) Tar Sands
- (II) Shale Oil & Gas
- (III) Arctic Oil & Gas
- (IV) Ultra-deep-water Oil & Gas
- (V) Liquefied Natural Gas derived from unconventional fossil fuels

Article 5 (Scope of Control)

This Guideline covers the following scope of business:

- I. Financing business: Including project financing and general lending/credit lines.
- II. Investment business: Including equity and bond investments, and underwriting.
- III. Wealth management services.
- IV. Other businesses involving control subjects: In principle, if the business involves the review of an individual subject with transaction periods of more than one year, or an individual subject receiving funding, it should be deemed a control subject.

Article 6 (Principles and Objectives of Control)

The principles and objectives of control in this Guideline are:

I. Financing business

- (I) Project financing: Each subsidiary should no longer undertake any new project financing cases where the credit customer is a control subject, and these positions shall be reduced to zero by the end of 2040 at the latest.
- (II) General lending/credit lines: Each subsidiary should avoid taking on new general lending/credit cases or additional lending/credit for existing cases where the credit customer is a control subject. Their exposure position at the end of 2023 shall be applied as the base period to gradually lower the general credit position, which shall be reduced to zero by the end of 2040 at the latest.

II. Investment business

- (I) Equity and bond investments: The Group should avoid undertaking new investments or increasing holdings in existing cases where the investment entity is a control subject. The investment position at the end of 2023 shall be applied as the base period to gradually lower investment positions, which shall be reduced to zero by the end of 2040 at the latest.
- (II) Underwriting: Each subsidiary should avoid undertaking underwriting business of control subjects.

III. Wealth management services: If an issuer of bond products marketed by subsidiaries is a control subject of this Guideline, these products should be fully labeled before the end of 2030 and sale should cease before the end of 2040.

IV. Other businesses involving control subjects: Business relationships shall be terminated by the end of 2040 at the latest. Each subsidiary is authorized to formulate detailed control measures regarding the preceding paragraphs.

Article 7 (Exemption)

In order to support and encourage the low-carbon transformation of enterprises, if a control subject has put forward clear evidence and plans for sustainable transformation, or if the funds are used for sustainable development and have measurable and verifiable performance indicators, the applicability of Article 6 may be excluded for the agreement of continuing business with the subject.

Article 8 (Engagement with Control Subjects)

Each subsidiary should maintain records of proactive engagement with the control subjects by 2030 at the latest, guiding them in carrying out sustainable transformation. Those who have put forward clear evidence and plans for sustainable transformation, or whose funds are used for sustainable development and have measurable and verifiable performance indicators are exempt from the application of this Article.

Article 9 (Information Disclosure)

Each subsidiary shall, on a quarterly basis, report the business undertaking status of the control subjects, as well as the business undertaking status of low-carbon and sustainable transformations proposed in accordance with Article 7 for the Company to track and control the implementation results.

Article 10 (Other Matters)

Matters not specified in this Guideline shall be governed by the applicable laws and relevant regulations of the Company.

Article 11 (Level of Approval Authority)

This Guideline shall become effective following the approval of the President. The same procedures shall apply to all future amendments or abolishment.

Article 12 (Revision history)

This Guideline was formulated on April 12, 2024.