



Mega International Commercial Bank

Modern Slavery Statement

in accordance with the *Modern Slavery Act 2018*

(Commonwealth of Australia)

Head Office: No.100, Chi-lin Rd., Taipei City 10424, Taiwan

Australian registered office: Level 8, 10 Spring Street, Sydney 2000

Identification of the reporting entity

This is the 'Modern Slavery Statement' that has been prepared by the Australian Branch of Mega International Commercial Bank Co., Ltd ARBN 079 372 688 (**Mega Bank**) in accordance with the requirements placed on 'reporting entities' by the *Modern Slavery Act 2018* (Cth) (**the Australian Modern Slavery Act**). It is based on, and incorporates the 'Slavery and Human Trafficking Statement' prepared by our Head Office, located in Taipei Taiwan, in accordance with *Modern Slavery Act 2015* (UK) (**the UK Modern Slavery Act**).

As Mega Bank has a reporting year ending on 31 December, this 'Modern Slavery Statement' prepared for the period 1 January 2022 – 31 December 2022 (**Reporting Period**).

Description of the reporting entity's structure, operations and supply chains

Mega Bank is a banking and financial service institution with its head office located in Taipei, Taiwan. It is a wholly-owned subsidiary of Mega Financial Holding Co., Ltd. (**Mega Holdings**).

During the Reporting Period, Mega Bank had 108 branches in Taiwan, 24 offshore branches, 6 sub-branches, 3 representative offices and 1 subsidiary in Thailand, bringing Mega Bank's total offshore offices to 38.

Mega Bank employs over 6,712 staff globally and has paid up capital of NT\$85,362 Million as at 31 December 2022. In Australia, the Australian Branch of Mega Bank has offices in Sydney, Brisbane and Melbourne and 62 staff.

In Taiwan, Mega Bank is a full service commercial bank offering a wide range of products including:

- Deposit products;
- Loan products;
- Trade Finance;
- Remittance services;
- Wealth Management Advice; and
- Treasury services including issuing and dealing in:
 - Foreign exchange;
 - Derivatives and
 - Securities.

In Australia, Mega Bank provides its customers with the following products and services:



兆豐國際商業銀行

Mega International Commercial Bank

- Deposit Products;
- Payment Services;
- Foreign Exchange (Spot and Short Dated Forwards);
- Derivatives (Swaps and Options); and
- Regulated and Unregulated Lending (Including Participation in Syndicated Loans).

During the Reporting Period, Mega Bank engaged a supply chain of approximately 1,157 suppliers globally. In Australia, Mega Bank engaged a supply chain of approximately 79 suppliers, including suppliers who provided services including:

- Communication and technology;
- Office related services including leasing, furnishing, cleaning, and security;
- Professional services including legal, audit, tax accounting, and valuation;
- Services provided by training organisations; and
- Other financial services including those provided by other banks and finance companies.

Description of the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls

Mega Bank takes a zero tolerance approach to modern slavery and human trafficking and seeks to ensure that our suppliers have similar values to our values, including values relating to modern slavery and other human rights.

As a regulated financial services institution in all jurisdictions in which we operate, Mega Bank considers that the risk of Mega Bank directly engaging in modern slavery practices is low. Mega Bank has formed this view on the basis that its supply chains are relatively simple and due to the nature of goods and services we acquire from our suppliers there is limited opportunity for modern slavery and/or human trafficking practices to occur.

However, Mega Bank acknowledges that it is important that we develop appropriate procedures to address the risk that one or more of our suppliers engages in unacceptable modern slavery practices. Therefore, the General Affairs & Occupational Safety and Health Department of Mega Bank Head Office in Taiwan is responsible for assessing and monitoring the supply chain risks that we face.

The General Affairs & Occupational Safety and Health Department have identified that some of our suppliers come from industries that are known to pose an increased risk of engaging in modern slavery activities. Suppliers from these 'high-risk industries' are carefully reviewed and undergo additional due diligence before they are on-boarded and at least annually.

Further, in Australia, the Australian Branch of Mega Bank reviews the risks that we face in our local supply chain at least annually.

During the Reporting Period, the Australian Branch of Mega Bank confirmed the following risks that had been identified previously:

- location of our suppliers; and
- industries in which our suppliers operate (i.e. technology is a higher risk type industry of modern slavery occurring)



During the Reporting Period, Mega Bank also considered the following additional risks:

- the risk that our customers may use the financial services that we provide in activities that involve modern slavery; and
- the risk that the manufacturer of products that we purchase is involved in modern slavery practices.

Description of the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes

The General Affairs & Occupational Safety and Health Department of Mega Bank Head Office is aware of a number of risks of modern slavery practices that we may face, and therefore we have adopted policies and procedures to provide the group with a clear path to manage the risk that we may inadvertently engage in modern slavery practices.

As part of the framework, the General Affairs & Occupational Safety and Health Department of Mega Bank Head Office has developed and is responsible for 'Supplier Sustainability Management Guidelines' which ensures that we only engage reputable suppliers.

We require all of our suppliers to comply with labour regulations, basic human rights of labour and the ban on the use of child labour. In order to ensure these principles are upheld by our supplies, all major suppliers, and those who we determine may pose a higher risk of engaging in modern slavery practices, are required to sign the Mega Bank 'Supplier Sustainability Statement'. Mega Bank will terminate any relationship that we have with a supplier if that supplier has not complied with their obligations in that document.

Mega Bank is able to minimise the risk that our customers may use our financial services and products in relation to activities that involve a violation of human rights through our processes when on-boarding new customers, and our periodic reviews of existing customers. As a financial institution, we are required to comply with the relevant money laundering legislation in each jurisdiction in which we operate. Therefore, Mega Bank uses its customer identification and verification processes to understand our customers and the nature of their business activities.

In addition, Mega Bank has the following policies and due diligence processes which supports our approach to ensuring that we do not engage in, and do not engage suppliers who engage in modern slavery practices:

- the Mega Holdings' 'Principles for Ethical Management' which provides the framework of the business standards and cultural expectations of the group;
- the Mega Holdings' 'Code of Ethical Conduct' which further sets out rules and social responsibilities which our staff must observe;
- the Mega Holdings' 'Human Rights Policy' which strictly prohibits Mega Bank from employing children, using forced labour or engaging in other modern slavery practices;
- the Mega Bank 'Corporate Governance Best Practice Principles'; and
- the following policies which have been adopted by Mega Bank and its branches, subsidiaries and representative offices globally:
 - Anti-Money Laundering and Know Your Customer policies and procedures;
 - Human Resources policies and procedures; and
 - Whistleblowing policies and procedures.

In Australia, during the Reporting Period, the Australian Branch of Mega Bank reviewed our Outsourcing Policy and ensure we continue to assess the risks that we face in relation to modern slavery issues.

Our Outsourcing Policy specifies a requirement that all new suppliers and service providers are assessed against our Modern Slavery Risk Assessment Matrix tool. This tool requires us to consider:

- the general sector and industry in which the supplier or goods manufacturer operates;



兆豐國際商業銀行

Mega International Commercial Bank

- the products and services provided by the supplier or goods manufacturer;
- the geographic region in which the supplier is headquartered, the services are provided or the goods are manufactured; and
- the type of entity that the supplier or goods manufacturer is.

Our Outsourcing Policy is a companion policy to our Modern Slavery Australia Policy. In addition, the Australian Branch of Mega Bank has the following policies to support our commitment not to engage in, not to accept customers, and not to contract with suppliers who engage in modern slavery practices:

- New Products Policy and Procedures;
- AML/CTF Program (Part A);
- Correspondent Banking Policy;
- Human Resources Policy; and
- Credit Risk Management Framework and Policy.

Mega Bank has also implemented relevant and ongoing training to all areas of our business to ensure that our staff are aware of our policies, can identify any modern slavery practices that they may encounter and notify management as required. The Australian Branch provided refresher training on modern slavery during the Reporting Period.

Description of how the reporting entity assesses the effectiveness of these actions

Mega Bank continues to adopt the following indicators to show and evaluate the effectiveness of managing the risk of slavery and human trafficking in the business or the suppliers:

- our assessment of our suppliers (including our standard contractual provisions for contracts with suppliers to ensure that we mitigate the risk of a supplier engaging in slavery and human trafficking practices;
- our on-going training of staff and constant review of our policies and procedures;
- our continued advocacy of the Australian Modern Slavery Act and the UK Modern Slavery Act; and
- ensure that Mega Bank pays all staff a reasonable wage plus benefits.

Mega Bank undertakes an on-going evaluation of the results from these key indicators.

Describe the process of consultation with any entities the reporting entity owns or controls

As a branch of Mega Bank, the Australian Branch regularly consults with Head Office and all of our policies must be consistent with the policies and procedures mandated by the group. The Australian Branch also consults with branches of Mega Bank in other jurisdictions as required in order to ensure that, subject to local laws, our policies and procedures are not inconsistent across the group.

Any other relevant information

The Australian Branch of Mega Bank is determined to continue to strengthen its processes and procedures to ensure that we don't engage in practices that violate human rights, don't provide services to customers that engage in such practices and don't contract with suppliers that engage in modern slavery practices.

In 2023, the Australian Branch of Mega Bank intends to:

- undertake additional, focused staff training programs to ensure our staff are able to effectively identify situations where an increased risk of human rights violations may exist;
- refine and update our customer onboarding controls in order to ensure that our customers do not use our services in activities that involve modern slavery; and
- enhance the processes that have been adopted by the bank in fighting financial crime.



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Mega International Commercial Bank

Approval

This statement covers the financial year 1 January 2022 to 31 December 2022.

It was approved by the Mega International Commercial Bank Board of Directors on 12 May 2023.

Signature

A handwritten signature in black ink, appearing to read 'C. Chang', written over a horizontal line.

Chao-Shun Chang
Chairman of the Board
Mega International Commercial Bank Co., Ltd.

Date: 23 May 2023