

2024 Mega Financial Holding Climate and Natural Environment Report

Message from the Chairman and the President

Foreword

Mega Financial Holding Climate Governance Milestones

1	Climate and Nature Governance.....	1
1.1	Climate and Nature Governance Framework.....	4
1.2	Responsibilities of Board of Directors.....	6
1.3	Managerial Responsibilities	8
1.4	Climate and Performance Linked Policy.....	11
1.5	Nature-Related Engagement and Human Rights Policy	13
2	Climate and Nature Strategies.....	15
2.1	Climate Risks and Opportunities	15
2.2	Natural Dependency and Pressure	42
3	Climate and Nature Risk Management	63
3.1	Climate and Nature Risk Management Framework	63
3.2	Climate and Nature Risk Management of Investment and Financing.....	74
3.3	Climate and Nature Scenario Analysis	82
4	Climate and Nature Metrics and Targets.....	98
4.1	Green Operation - Low Carbon Transition Development Strategy.....	99
4.2	Carbon Asset Exposure Risk	110
4.3	GHG Emissions of Investment and Financing Portfolio / Insurance	111
4.4	Science-based Targets	115
4.5	Climate and Nature Targets	118
4.6	Climate and Nature Metrics	124
5	Future Prospects.....	126
	External Verification Statement.....	127
	Appendix 1 Comparison Table of TCFD Metrics.....	128
	Appendix 2 Notes on IFRS S2 Metrics.....	130
	Appendix 3 Notes on TNFD Guidelines	131
	Appendix 4 Notes on LEAP Guidelines	132
	Appendix 5 Financial Impact Calculations for Climate-Related Risks and Opportunities .	133

Message from the Chairman and the President



According to the World Meteorological Organization (WMO), 2024 was the warmest year on record. The global average surface temperature was 1.55°C above the 1850-1900 average, with a margin of uncertainty of ± 0.13 °C. This unprecedented warming has been accompanied by accelerated ice melt, rising sea levels, ocean warming, and an increase in both the frequency and severity of extreme weather events. Climate disasters have occurred across the globe: During the severe droughts in Italy and South America in 2024, Afghanistan, Dubai, Oman, Bavaria of Germany, Valencia of Spain, Rio Grande do Sul of Brazil, and China were all hit by catastrophic rainfall or flooding. Heat waves in India, Mexico, and Saudi Arabia have caused massive deaths. In addition, the United States, the Philippines, and Southeast Asia have been hit by devastating tropical cyclones. Droughts caused by El Nino in southern Africa have ravaged crop and livestock production, leaving approximately 68 million people in need of assistance, representing 17% of the population in the region. According to statistics, the global extreme weather events resulted in more than 3,700 deaths and millions of people being displaced in 2024. Based on the research of the Swiss Re Institute, global economic losses caused by extreme weather events increased by 6% to US\$320 billion, a significant increase of 25% over the 10-year average. However, the United Nations climate summit last year was almost at a standstill, and even showed signs of backsliding. The European Union, a leading role in global climate actions, put forward a draft of the EU Omnibus Simplification Package on February 26, 2025 due to changes in the international situation such as Trump's withdrawal from the Paris Agreement and the rise of

far-right parties in Germany after election. It attempted to relax the carbon reduction requirements for some enterprises through measures such as streamlining the process, screening regulated enterprises and extending the transition period. Furthermore, the official implementation of the Carbon Border Adjustment Mechanism (CBAM) may be postponed to 2027, and the number of applicable enterprises will also decrease significantly. Due to a shift in the new U.S. government's energy policy, the promotion of the Clean Competition Act (CCA) proposed by the Democratic Party is expected to slow down. In contrast, the Ministry of Environment of Taiwan published the "Regulations Governing the Collection of Carbon Fees" and "Regulations Governing Self-Determined Reduction Plans" on August 29, 2024, and announced the "Designated GHG Emissions Reduction Goals for Entities Subject to Carbon Fees", completing the three supporting sub-laws of the carbon fee system. Taiwan has formally entered the era of carbon pricing. Carbon fees will be levied from 2025 onwards, encouraging substantial reductions through preferential rates, coupled with a variety of mechanisms such as reduction credits for voluntary reductions, with a view to expanding participation of small-sized enterprises through guidance of large-scale enterprises and accelerating reduction efforts.

Guided by its mission of “Spreading Positive Influence and Leading the Way to Sustainable Development”, Mega Group has achieved significant results in terms of the “Green Finance Action Plan 3.0”. At the end of 2023, Mega Group was invited by the Financial Supervisory Commission (FSC) to formally join the “Coalition of Movers and Shakers” and serve as the responsible person of the “Financial Sector Net Zero Promotion Work Platform - Interdepartmental Consultation Working Group”, in order to assist the financial sector in understanding and supporting the development of the technology industry in sustainable economic activities. For the purpose of accelerating climate and environmental risk management, the Company officially entered into the Carbon Disclosure Project (CDP) in 2025 to carry out in-depth implementation of its climate risk management and sustainable management strategy by incorporating climate change-related information into its business and investment decision-making. In the future, Mega Group will also continue to act as a bridge of communication between the government, the industry, and peers, taking practical

actions to help Taiwan's net-zero transition and creating a win-win business model with our clients.

Mega Group has taken a responsible approach to climate change. Since 2020, we have signed to support the Task Force on Climate-Related Financial Disclosures (TCFD) framework. In 2024, Mega Group received the highest leadership grade of A in CDP Climate Change Questionnaire. Mega Group was also selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index for three consecutive years, demonstrating its solid performance in various aspects of ESG. In response to the Paris Agreement's goal of not exceeding 1.5°C in warming by the end of this century, and our country's net-zero emissions target by 2050, we signed the Science Based Targets initiative (SBTi) in April 2023, committing to setting short-term SBTs. Meanwhile, in order to enhance the quality of carbon management in investment and financing activities, we officially joined the Partnership for Carbon Accounting Financials (PCAF) to optimize Scope 3 investment and financing carbon inventory methodology, and introduced the ISO 14064-1 greenhouse gases into global operating sites to protect our sustainable homeland with practical actions.

To achieve the long-term goal of net-zero emissions by 2050, the Board of Directors adopted the Group's decarbonization strategy in May 2023, committing to fully withdrawing from investment and financing of coal and non-traditional oil and gas investments before 2040. To implement the spirit of climate governance, the Group has successively formulated the "Sustainable Finance Policy", "Climate Risk Management Guidelines", and expanded the scope of the "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries" to include industries with high carbon emissions, as well as established the "Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries". In November 2023, the Board of Directors approved the Group's SBTs, action plans, and carbon reduction pathways, which were reviewed and approved by the SBTi institution in June 2024, leading the subsidiaries to reduce the impact of climate change, focusing on promoting the development of sustainable finance business, and echoing the

commitment of the Coalition of Movers and Shakers to proactively engage with domestic high-carbon emission industries. We will also promote digital financial services to maximize the impact of the financial industry and move towards becoming a “Sustainability Paradigm of the Financial Industry in Asia Pacific”.

To demonstrate Mega Group’s commitment to the natural environment, in 2024, we followed the Taskforce on Nature-related Financial Disclosures (TNFD) and Partnership for Biodiversity Accounting Financials (PBAF), and introduced the LEAP methodology to systematically assess the dependencies and impacts of investment and financing business on natural resources. In addition, we have identified nature risks and opportunities, conducted resilience analysis under a variety of scenarios, and formulated strategies and goals to take reasonable countermeasures. With respect to risk management, in addition to incorporating the impact assessment factors of water resources and biodiversity in the ESG risk rating of highly sensitive industries, we are also committed that all global “locations of operations” will comply with the principles of protecting biodiversity and “zero deforestation”. We aim to show our love for the earth through actions, minimize the impact of natural environmental risks, and enhance the Group’s operational resilience.

Chairman of Mega Financial Holding Co., Ltd.

Supplementary signature and seal

President of Mega Financial Holding Co., Ltd.

Supplementary signature and seal

Foreword

The World Economic Forum (WEF), Potsdam Institute of Climate Impact Research (PIK), and CDP (Carbon Disclosure Project) published the first State of Nature and Climate report in January 2025, warning that humanity is putting the stability of the entire Earth system at risk. Failure to take effective countermeasures will cause nature to lose its self-regulation function, further jeopardizing global economic development and social security. Of the nine planetary boundaries, six are already breached. The six breached boundaries are climate change, artificial and material pollution that disrupts the Earth's system, biogeochemical flows (phosphorus and nitrogen cycles), freshwater change, land system change, and biodiversity. In addition, ocean acidification is worsening and rapidly approaching the planetary boundary. The Global Risks Report 2025 shows that state-based armed conflict, increase in extreme weather events due to climate change, geopolitical confrontations, and the spread of false information due to technology advancement have all contributed to a significant rise in global instability, with 88% of respondents predicting global instability in the next two years. Looking ahead to the next decade, the top four risks in the world will still be extreme weather events, biodiversity loss and ecosystem collapse, critical changes to Earth systems, and natural resources shortages. It is worth noting that the risks of “Misinformation and disinformation” (5th) and “Adverse outcomes of AI technologies” (6th) have risen in rankings, which are consistent with the information security risk trends of concern in the Taiwan and APAC Sustainability Trends 2025, highlighting the severe challenges faced by the world.

In addition to following the “TCFD Recommendations” framework and referring to the “TCFD Guidelines for the Banking and Insurance Industry” issued by the Financial Supervisory Commission, this report illustrates Mega Group’s governance, strategies, and risk management mechanism based on four core elements, explains actions taken for targets and metrics, as well as incorporates the frameworks of the International Financial Reporting Standards (IFRS) S2 “Climate-Related Disclosures” and the Taskforce on Nature-Related Financial Disclosures (TNFD)”, demonstrating the Group’s determination to implement climate actions.

This report consists of four sections, covering the four major aspects of TCFD and IFRS S2, as well as TNFD. Section One, “Climate and Nature Governance”, explains the governance structure, rights and responsibilities of the Board of Directors and senior management, the climate and performance linked policy, and the nature-related engagement and human rights policy, which systematically present the governance and actions of Mega Group in sustainable climate and nature management. Section Two, “Climate and Nature Strategy”, explains the process of identifying climate risks and opportunities, assessment methods, operational strategies, and the results of scenario analyses. With respect to nature-related aspects, the Group introduces the LEAP methodology advocated by the TNFD to assess nature-related dependencies, impacts, risks, and opportunities, and then plans for the response strategies. Section Three, “Climate and Nature Risk Management”, discloses the risk management system established in response to climate change and issues related to the natural environment. Section Four, “Climate and Nature Metrics and Targets”, explains key

metrics such as Scopes 1, 2, and 3 GHG emissions from investment and financing, water consumption, waste and carbon asset exposure, and describes short-, medium- and long-term carbon reduction targets. The final section, “Future Outlook”, explains Mega Group’s vision of becoming the “Sustainability Paradigm of the Financial Industry in Asia Pacific” and the mission of “Spreading Positive Influence and Leading the Way to Sustainable Development”, to promote green finance, support low-carbon transition and natural capital conservation, as well as achieve sustainable development goals.

Four Major Aspects of TCFD (IFRS S2)	
Governance	Strategy
- The Board of Directors is the highest governance unit on climate and natural environment issues, and its committees and business departments implement the climate and natural environment governance mechanism. - Through monthly, quarterly, and annual tracking, we regularly monitor and control climate and natural environment metrics and targets, and promote climate issues.	- The climate and natural environment risks and opportunities have been identified over the short, medium, and long term for the planning of low-carbon development strategies. - Use scenario analysis to assess the impacts on Mega Group’s businesses and formulate risk and opportunity response measures.
Risks and Management	Metrics and Targets
- Integrate climate and natural environment factors into Mega Group’s overall risk management mechanism. - Climate Risk Management Guidelines - Sustainable Finance Policy - Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries - Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries	- Scopes 1, 2 and 3 investment and financing, net-zero emissions by 2050 - With “Committing to Net-zero Emissions to Achieve Environmental Sustainability” as the main axis, management metrics related to climate change and natural environment risks and opportunities are set to track climate metrics and targets.
Scope of Disclosure	
Mega Financial Holding and its major subsidiaries, covering global business locations, are the core scope of the disclosures.	
Disclosure Period	
The data analysis covers the period from January 1, 2024 to December 31, 2024, and the content includes events that occurred during the preparation of the report (2025).	
Compilation Basis	
It follows the Task Force on Climate-Related Financial Disclosure Recommendations (TCFD) framework, which includes four core elements covering governance, strategy, risk management, metrics and targets. It also adheres to the supplementary guidance for the banking industry and the TCFD guidelines for domestic banks.	
External Verifications	
The environmental data (Scopes 1, 2 and 3 investment and financing and insurance) disclosed in this report have passed ISO 14064-1 verification and will be simultaneously disclosed in the Group’s 2024 annual report and sustainability report.	

Mega Financial Holding Climate Governance Milestones

Mega Group signed to support the TCFD in April 2020. In May of the same year, it joined the Bankers Association TCFD and PRB Case Study Working Group to actively participate in the discussion and promotion of sustainability issues in the financial industry. In 2022, it issued the first TCFD report. In 2023, its subsidiaries Mega Bank, Mega Securities and Chung Kuo Insurance (CKI) also publicly disclosed separate TCFD report on their official websites to strengthen their climate disclosure practices. In 2024, the Group published the “Climate and Natural Environment Report”, which brought together the Task Force on Climate-Related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD), and International Financial Reporting Standards (IFRS) S2 Climate-Related Disclosures frameworks for the first time, demonstrating Mega Group’s climate governance from top to bottom, as well as its continuous improvement in information disclosure quality and sustainable management capabilities.

“Taiwan’s Pathway to Net-Zero Emissions in 2050” was officially announced by the government in March 2022. To support Taiwan’s net-zero transition policy and in response to the official announcement of the Climate Change Response Act in February 2023, Mega Group signed the Science-Based Targets initiative (SBTi) in April 2023. We are committed to setting near-term SBTs to demonstrate our commitments to climate governance and low-carbon transition.

Year	Milestones
2025	■ Raised the governance level of the “Sustainable Development Committee”, with the Chairman serving as the chairperson, and more than half of the committee members being independent directors. An Executive Committee was established under the Committee, with the President serving as the Chief Sustainability Officer to coordinate the promotion and supervision of the Group's sustainability development. ■ Launched the Group’s carbon inventory system for investment and financing to improve the efficiency and transparency of carbon information management. ■ Increased the weighting of climate change and performance linked evaluations in the Implementation Rules for Annual Assessment of Subsidiaries. ■ Mega Financial Holding became a member of CDP to strengthen climate information disclosure. ■ Adopted ISO 14064-1 Greenhouse Gas Inventory for financial carbon emissions of insurance business and passed third-party verification. ■ Added disclosure of the Group's nature-related engagement and human rights policy. ■ Disclosed the industry's basic metrics in accordance with the spirit of "IFRS S2 Climate-related Disclosures" to improve the consistency and comparability of disclosures. ■ Analyzed the dependencies and impacts of the value chain on the natural environment based on the four steps of the LEAP methodology, and identified the impacts of risks and opportunities on Mega Group's finances.
2024	■ Won the 2024 TCSA Taiwan Climate Leadership Award. ■ The Group’s Science Based Targets (SBTs) were approved by the Board of Directors and submitted to SBTi for review. The targets passed the review in June. ■ The ISO 14064-1 Greenhouse Gas Inventory standard was adopted for Scopes 1, 2, and 3 (investment, financing, and insurance), and the third-party verification was successfully completed.

2024 Climate and Natural Environment Report

Year	Milestones
	■ Formulated the “Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries”. ■ Selected as one of the companies with outstanding performance in temperature control 1.5°C by Commonwealth Magazine. ■ The "Climate and Natural Environment Report" brought together the Task Force on Climate-Related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD), and International Financial Reporting Standards (IFRS) S2 Climate-Related Disclosures frameworks for the first time, and obtained the highest-level certification of "TCFD Performance Assessment - Pioneer" from SGS Taiwan. ■ Received highest grade of “A” in CDP Climate Change Questionnaire. ■ Selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index for the third time. ■ Achieved an annual carbon reduction of 143 metric tons for credit cards, equivalent to the amount absorbed by about 12,000 trees per year.
2023	■ Invited by the FSC to join the Coalition of Movers and Shakers on Sustainable Finance. ■ Signed the Science Based Targets initiative (SBTi) commitment. ■ Signed to join the PCAF and adopted PCAF methodology to disclose financial carbon emissions. ■ Completed ISO 14064-1 GHG Inventory on all business locations worldwide and obtained third-party independent verification. ■ Inventory carbon emissions of investment and financing portfolios and plan carbon reduction paths according to SBTi recommendations. ■ Committed to withdrawing from investment in and financing for coal mining and non-traditional oil and gas industries by 2040. ■ Mega Financial Holding and Mega Bank issued separate TCFD reports, and both received the highest level (Level 5+) certification from a third-party verification unit. ■ Received A- Leadership Level in CDP Climate Change Questionnaire. ■ Once again selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index. ■ Promoted the “Carbon Neutrality Credit Card” Project on a cumulative of 844,000 credit cards, implemented carbon neutrality on 298,000 credit cards, and purchased 387 metric tons of carbon rights.
2022	■ Voluntarily adopted the PCAF methodology to disclose financial carbon emissions. ■ Established the “Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries”. ■ The first TCFD report was released and received the highest level (Level 5) certification from a third-party verification unit. ■ Set a long-term goal of net-zero emissions by 2050 (Scopes 1 and 2). ■ Adopted ISO 14064-1 Greenhouse Gas Inventory. ■ Issued 199,000 carbon neutrality credit cards. ■ Received A- Leadership level in CDP Climate Change Questionnaire. ■ Selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index. ■ Received MSCI ESG Index rating of AA.

2024 Climate and Natural Environment Report

Year	Milestones
2021	■ Established the Sustainable Finance Policy. ■ Mega Bank signed the Equator Principles (EP). ■ Established the Climate Risk Management Guidelines. ■ Credit cards issued by Mega Bank received ISO 14067 Carbon Footprint and ISO 14046 Water Footprint certifications and obtained PAS 2060 Carbon Neutrality certification. Mega Bank issued 347,000 carbon neutrality credit cards (purchased 280 metric tons of carbon credits). ■ Completed ISO 14064-1 GHG Inventory on all business locations in Taiwan and obtained third-party independent verification.
2020	■ Signed the Task Force on Climate-Related Financial Disclosures (TCFD).
2017	■ Mega Bank Chi-Lin Building introduced the ISO 14001 Environmental Management System. ■ Completed the international NGO CDP Climate Change Questionnaire.

1 Climate and Nature Governance

The Board of Directors of Mega Financial Holding is the highest climate and nature governing body of the Group. It is responsible for supervising and reviewing climate and nature-related risk policies and management systems, while the “Risk Management Committee” and “Sustainable Development Committee” under the Board of Directors are responsible for implementing the identification and management of climate and nature risks and opportunities. The “Audit Committee” is responsible for supervising the implementation of annual risk monitoring metrics (including climate risk quantitative metrics).

The “Risk Management Committee”, with the Chairman as the Convener, leads the risk management units of Mega Financial Holding and its subsidiaries to regularly present a report of the climate and nature risks faced by the Group to the Board of Directors so that the Board of Directors is kept informed of relevant risk issues. In order to strengthen the resilience of climate and natural risk response in compliance with the framework recommended by the TCFD and TNFD guidelines, the risk management units of Mega Financial Holding and its subsidiaries conducted a comprehensive review of climate and nature related risks in each business and continue to refine the assessment of climate and nature risk impacts and opportunities, as well as the response mechanism.

The “Audit Committee”, convened by an independent director, is responsible for overseeing the management and control of the Company's existing or potential risks. In accordance with Article 48 of the Risk Management Policies and Guidelines, "The implementation status of annual risk monitoring metrics shall be submitted to the Audit Committee for review before the end of March of the following year. The Audit Committee shall supervise the Company's risk management matters and disclose the risk management organizational chart, risk management procedures, and operating status on the Company's website".

Starting from 2025, the Chairman will serve as the Chairperson of the “Sustainable Development Committee”, with more than half of the committee members being independent directors. An Executive Committee was established under the Committee, with the President serving as the Chief Sustainability Officer to promote and supervise the Group's sustainable development affairs. The Sustainability Development Department will be responsible for the planning and execution of the Committee's meetings. Six working groups were established under the Committee, namely the Environmental Sustainability Working Group, which is responsible for the Group's green operations and environmental protection; the Sustainable Finance Working Group, which is responsible for the Group's green finance and responsible investment and financing strategies; and the Sustainable Development Committee, which tracks and manages the implementation of the Group's ESG plans and objectives on a quarterly basis and reports to the Board of Directors on a regular basis.

2024 Climate and Natural Environment Report

Organization	Chairperson	Members	Climate Issue-Related Responsibilities
Board of Directors	Chairman, Mega Holding	10 directors and 5 independent directors	The Highest Climate and Nature-related Governing Body of the Group It is responsible for supervising and reviewing the Group's climate and nature-related risk policies, management systems, and capital expenditure plans. Besides, it has ultimate responsibility for ensuring that an appropriate and effective system of internal controls is established and maintained.
Sustainable Development Committee	Chairman, Mega Holding	Composed of five to seven members in the capacity of directors. The Chairman of Mega Financial Holding serves as the chairperson and convener, and more than half of the remaining members are independent directors.	Planning Sustainable Development and Discussing Climate and Nature-related Strategies Responsible for the proposal and execution of climate and nature-related strategies, systems or management approaches and specific promotion plans, including the Group's green operations, environmental protection, green finance, and responsible investment and financing strategies.
Risk Management Committee	Chairman, Mega Holding	Mega Financial Holding's President, Executive Vice President, Chief Compliance Officer, and executives from each department and the chairman of each subsidiary serve as the committee members; Mega Financial Holding's Chief Auditor and the risk control manager from each subsidiary attended meetings as nonvoting delegates.	Controlling and Reporting Climate and Nature-related Risks It is responsible for formulating climate and nature risk management policies and monitoring metrics and regularly reviewing the implementation results. Based on this management mechanism, responding measures are taken under different scenarios, and the management results of climate and nature-related risks are regularly reported to the Board of Directors.
Audit Committee	Independent Directors	Composed of all independent directors, with no fewer than three members, and one of whom serves as the convener.	Monitoring the Implementation of Climate Risk Metrics The implementation status of annual risk monitoring metrics (including quantitative climate risk metrics) should be submitted by Mega Financial Holding's Risk Management Department to the Audit Committee for review before the end of March of the following year, and the Audit Committee will supervise the Company's risk management matters.

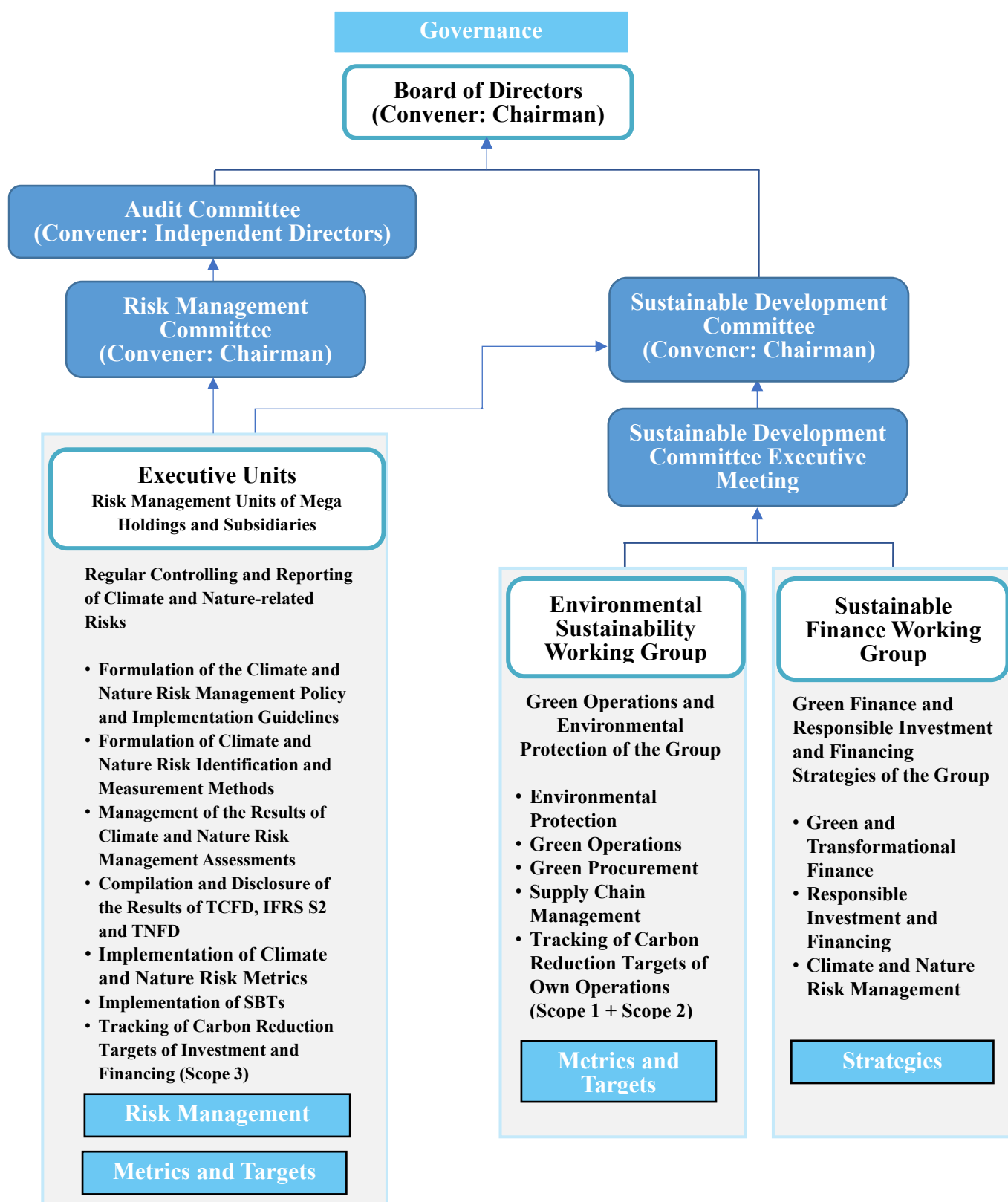
Monthly Report	The Sustainable Development Committee convenes regularly every two months. The Environmental Sustainability Working Group and Sustainable Finance Working Group report the progress of sustainability issues and present them to the Sustainable Development Committee.
Quarterly Review	Report the progress and implementation of climate and nature risk work of Mega Financial Holding and subsidiaries to the Risk Management Committee and submit the report to the Board of Directors. The Sustainable Development Committee reviews the progress of ESG target implementation, tracks the implementation results of various sustainability projects of the Group, and reports meeting minutes to the Board of Directors on a quarterly basis.
Annual Tracking	Each December of each year, each of the Group's subsidiaries review and revise the risk management objectives for the next year, submit them to the subsidiary's Board of Directors for approval, and then report to the Risk Management Committee for reference, as well as submit them to the Board of Directors. The Sustainable Development Committee formulates ESG goals for the following year and the implementation status of that year and submits them to the Board of Directors for review. Mega Financial Holding's Risk Management Department reports the implementation status of annual risk monitoring metrics (including quantitative climate risk metrics) to the Audit Committee.



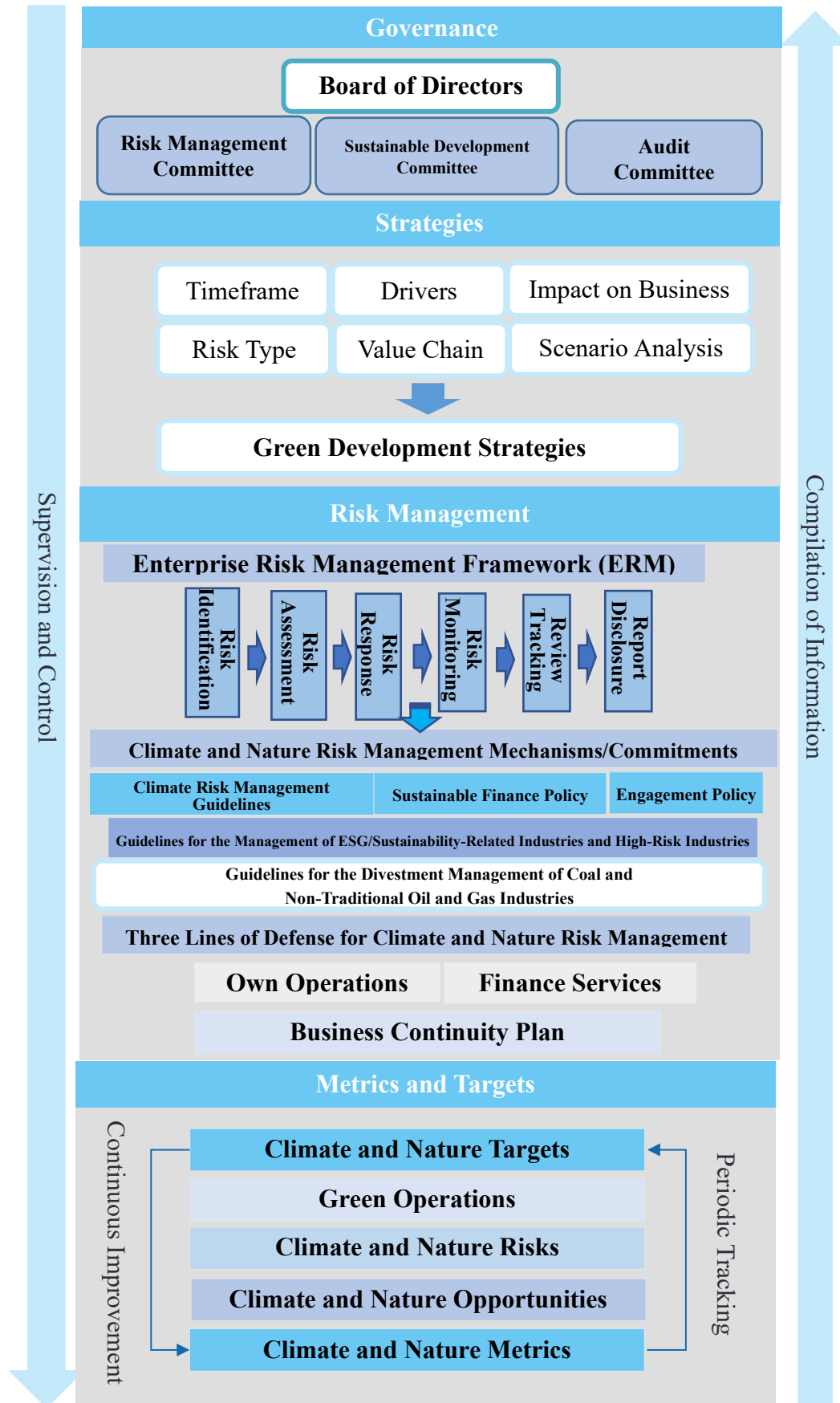
Reporting to the Board of Directors

1.1 Climate and Nature Governance Framework

Mega Group takes “Committing to Net-zero Emissions to Achieve Environmental Sustainability” as the main Group strategic axis of its climate action policy. It follows the four major aspects of TCFD, with top-down supervision and control through the management and bottom-up implementation units. We compile climate-related information and establish a complete climate governance mechanism to effectively strengthen the Group’s climate resilience.



Committing to Net-zero Emissions to Achieve Environmental Sustainability



1.2 Responsibilities of Board of Directors

The highest climate and nature related governing body of the Group is the Board of Directors of Mega Financial Holding, which is mainly responsible for supervising and reviewing the Group's climate and nature-related risk policies, management systems and capital expenditure planning. In April 2020, the Chairman approved and signed the support for Task Force on Climate-Related Financial Disclosures (TCFD).

All climate-related capital expenditures of the Group under NT\$50 million are compiled into a meeting minute, which will be reviewed by the Sustainable Development Committee or Risk Management Committee depending on the nature of business and then presented to the Board of Directors. If the expenditures for the year or related commercial plans exceed the aforementioned amount, including IT equipment, purchasing of company cars, and project services, it must be presented to the Board of Directors for review first, after which the Board will instruct as to whether or not it should be carried out. In 2024, Mega Group approved several action plans and allocated budget for it accordingly, including purchasing of low-carbon energy and renewable electricity, adoption of ISO environmental systems, and implementation of SBTi carbon reduction action plans.

The Board of Directors has the ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective internal control system. This year, it reviewed and approved the major climate and nature issues listed in the table below. It also has a regular tracking management mechanism for climate and nature operation strategies and targets. Please refer to “4.4 Climate and Nature Targets” and “4.5 Climate and Nature Metrics” for details of the management process of climate and nature metrics and targets.

Board of Directors’ Climate and Nature- Related Proposals in 2024 and Early 2025

- **Governance**
 - Amendments to the Corporate Governance Best Practice Principles to add that “The Company shall formulate and disclose its operating strategies and business plans, explain its specific measures to enhance corporate value, report the matters to the Board of Directors, and actively communicate with shareholders”.
 - Amendments to the Sustainable Development Committee Charter to stipulate that starting from 2025, the Chairman will serve as the Chairperson of the “Sustainable Development Committee”, with more than half of the committee members being independent directors.
- **Strategies**
 - Amendments to the Sustainable Development Best Practice Guidance to take impact on ecological benefits and the protection of biodiversity into consideration.
 - Formulation of the Engagement Policy to include biodiversity, environmental impact and human rights protection into issues of engagement.
 - In 2025, the Group’s official vehicle leasing and procurement case will take low carbon emissions and low fuel consumption into consideration.
- **Metrics and Targets**
 - Implementation status of the Group’s Greenhouse Gas Inventory Plan.
 - The Group’s ESG promotion plan, specific goals and mid- and long-term goals for 2025.

Climate and Nature Capacity Building - Directors' Continuing Education

- Mega Group provides diverse continuing education courses in external institutions for board members in response to climate and nature-related issues and the international trend of sustainable finance to strengthen their skills needed for the execution of their duties and advance with the times.
- In 2024, board members of Mega Financial Holding continued to attend continuing education courses in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”. All board members attended a total of 185 hours of training, of which 45 hours are climate and nature-related training hours. The continuing education of directors in 2024 has been disclosed on the Market Observation Post System and the Company's website.

Courses

Business Implications of ESG Rating Analysis and Sustainability Evaluation for the Capital Market

Roles and Responsibilities of the Board of Directors/Senior Management in ESG Governance

Seminar on Sustainability Knowledge for a New Carbon Era

International Trends and Challenges of Climate Change

Deepening Sustainable Finance for Net-Zero Transition

Carbon Trading System and Carbon Management Application

Impacts of Climate Change on Financial Statements

Mega Group Environmental and Sustainable Finance Seminar - “Love the Earth with Net Zero Sustainable Lifestyle”

1.3 Managerial Responsibilities

Mega Group's climate and nature related issues are implemented by the “Sustainable Development Committee” at the Board level, its working groups, and the Risk Management Committee”. They join hands to manage climate and nature risks and opportunities, coordinate the Group's climate and nature targets and achievements, formulate climate and nature strategies and policies, and regularly report relevant implementation results to the Board of Directors. The "Audit Committee" is responsible for supervising the management of the Company's existing or potential risks. The Risk Management Department of Mega Financial Holding reports the implementation status of annual risk monitoring metrics (including quantitative climate risk metrics) to the Audit Committee for review.

[Sustainable Development Committee]

Starting from 2025, the Chairman will serve as the Chairperson, with more than half of the committee members being independent directors. An Executive Committee was established under the Committee, with the President serving as the Chief Sustainability Officer to promote and supervise the Group's sustainable development affairs. The Sustainability Development Department will be responsible for the planning and execution of the Committee's meetings. Six working groups were established under the Committee, namely the Environmental Sustainability Working Group, which is responsible for the Group's green operations and environmental protection; the Sustainable Finance Working Group, which is responsible for the Group's green finance and responsible investment and financing strategies; and the Sustainable Development Committee, which tracks and manages the implementation of the Group's ESG plans and objectives on a quarterly basis and reports to the Board of Directors on a regular basis.

Major Climate-Related Action Plans

Working Group	Implementation Results in 2024	Medium/Long-Term Targets
Environmental Sustainability Working Group	- Revised the Group's short-, medium- and long-term water and waste reduction targets. - Appointed counsellors for the Group's ISO14001: 2015 Environmental Management System and ISO50001: 2018 Energy Management System, and reported the feasibility assessment of expanding the scope of application of the energy management systems.	- Climate Change - Organize climate change-related reward mechanisms or activities. - Commit to SBTs and pass audits to reach net-zero emissions by 2050. - Green Operations - Complete the introduction and verification of ISOs related to the environment of all operating sites. - Achieve water, waste, and green building targets. - Sustainable Procurement - Continue to cooperate with the government's green procurement plan.

Sustainable Finance Working Group	• Promoted the “Green Finance Action Plan 3.0” and reported on the Group’s implementation status. • Invested, issued, and underwrote NT\$54.879 billion of domestic sustainability bonds. • Approximately NT\$335.883 billion loans outstanding for the sustainable development industry.	• Sustainable Finance - ESG issues are included in the credit, investment and product review processes, and are regularly reviewed and adjusted. - Continue to develop sustainable finance-related products and business and gradually increase the proportion of green assets. - Continue planning to issue/underwrite green, social responsibility or sustainability bonds.
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[Risk Management Committee]

The Risk Management Committee is chaired by the Chairman, with the President, Executive Vice President, Chief Compliance Officer, executives from each department and the chairman of each subsidiary as committee members. It is responsible for the establishment and implementation of the Group’s risk management mechanism. Mega Group convenes the Risk Management Committee every quarter to discuss climate and nature risk management-related progress and target performance, identify the climate and nature risks faced by the Group, and manage the impact of climate and nature-related risks on various businesses. The Risk Management Department is responsible for supervising the Group's subsidiaries in assessing the impacts of climate and nature issues on the economic activities and risks of various businesses, performing climate and nature risk identification, measurement, response and monitoring and other related operations, incorporating climate and nature risks into the Group’s risk control mechanism, and reporting the relevant information to the Board of Directors on a regular basis. In addition, in order to understand the impact of climate and nature risks on the Group, Mega Financial Holding’s Risk Management Department collects climate and nature-related issues, such as low-carbon transition, carbon emission-related regulations, biodiversity and related nature policies, to enable the management to keep abreast of climate and nature risk changes and situations.

Major Climate and Nature-Related Action Plans

Executive Units	Implementation Results in 2024	Medium/Long-Term Targets
Risk Management Departments of Mega Financial Holding and Subsidiaries	• Mega Financial Holding issued the Climate and Natural Environment Report and obtained the highest level of "Pioneer" certification from SGS Taiwan, a third-party verification unit. • Reported the Group's SBTs for review and approval, subsequent matters, and implementation status of carbon reduction action plans. • Disclosed the Group’s climate change-related information using the TCFD and TNFD frameworks through DJSI and CDP questionnaires, Sustainability Report and Climate and Natural Environment Report.	• Climate and Nature Risk Assessment - Evaluate the climate and nature physical and transition risks along the value chain, and regularly report to the Board of Directors the evaluation results, including mitigation measures and implementation status. - Integrate internal credit rating models for corporate banking of Mega Bank into climate and nature risk factors.

[Audit Committee]

In order to improve corporate governance and strengthen the functions of the Board of Directors, the Audit Committee of Mega Financial Holding consists of all independent directors and is responsible for overseeing the effective implementation of internal controls and risk management. The Audit Committee meets at least once a quarter. The Risk Management Department of Mega Financial Holding regularly reports the implementation status of annual risk monitoring metrics at the meetings to help senior management and auditors understand the achievement status of the Group's climate risk metrics.

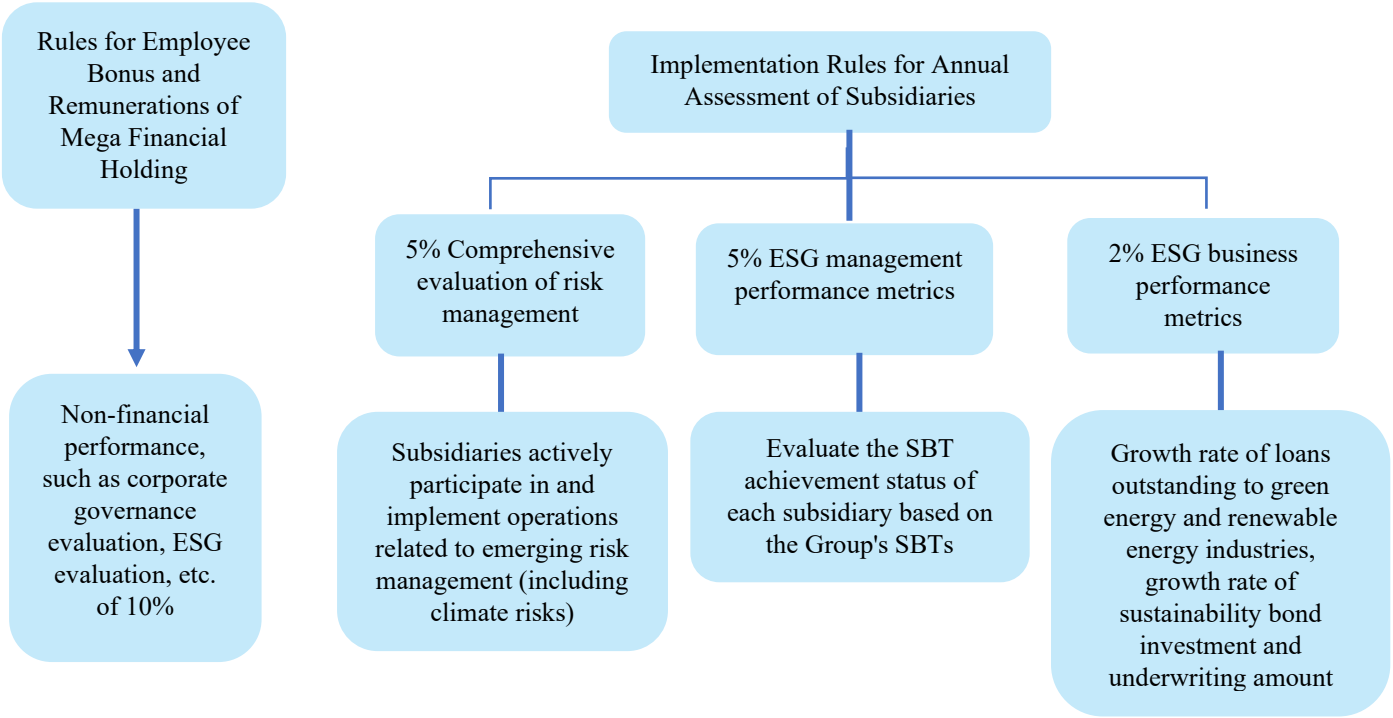
1.4 Climate and Performance Linked Policy

In accordance with the Sustainable Development Best Practice Guidance, Mega Group stipulates that the remuneration policy and employee performance evaluation system should be integrated with the Sustainable Development Policy. Each item such as sustainability report preparation, climate risk management and corporate governance will be included in the project management evaluation, and the evaluation results must be submitted to the President for approval, and the linkage with the annual performance bonus will account for 10%.

Mega Group has formulated the “Implementation Rules for Annual Assessment of Subsidiaries” and the “Risk Management Assessment Methods for Subsidiaries”, which incorporate ESG business and management performance metrics as an important basis for the bonuses and remuneration of the Chairman and President of the subsidiaries. In 2025, the proportion of climate change performance assessment is increased to 5% for ESG management performance metrics (including 1% for the implementation of Scopes 1 and 2 reduction targets, and 1.5% for the implementation of Scope 3 financial carbon emission reduction targets), 2% for ESG business performance metrics (including the growth rate of loans outstanding to green energy and renewable energy industries, growth rate of sustainability bond investment and underwriting amount), and 5% for comprehensive risk management evaluation.

Top-Level Remuneration Policy

- Mega Financial Holding pays various remuneration to its managerial officers, which are based on the Company’s Articles of Incorporation, business performance, contribution to the Company, and reference to industry standards, as well as individual performance of the managerial officers and the Company’s future risks. The remuneration includes salary, retirement pension, various bonuses, employee compensation, and business expenses such as car rental and fuel costs.
- The compensation and bonuses of managerial officers are based on the Rules for Employee Bonus and Remunerations, which have been approved by Mega Financial Holding’s Remuneration Committee and Board of Directors. The evaluation takes into account the Group’s ESG (including climate change, ethical management, and compliance) plan promotion, leading subsidiary companies to establish a sound sustainable governance framework, and non-financial performance of the current year, including ESG projects (such as ongoing verification of ISO 14064 at all global operational sites and passing third-party verification, issuing TCFD report, planning and setting SBT carbon reduction targets), ESG ratings (such as corporate governance evaluation, DJSI, CDP), and performance related to government policies. The issuance of a 10% right is based on the assessment results of the competent authority or the organizer, and is evaluated by the President and approved by the Chairman.



1.5 Nature-Related Engagement and Human Rights Policy

➤ Engagement Policy

This Engagement Policy (the “Policy”) was established by the Group in 2024 in an effort to pursue balanced economic, social, and environmental development, to fulfill commitments to the environment, society, investors, customers, and corporate operations, to continuously deepen and strengthen communication and engagement with stakeholders, to exert the influence of finance, and to provide specific actions for sustainability transformation. Mega Financial Holding and its subsidiaries are encouraged to participate in/organize activities, commence direct communication, and conduct surveys and interviews with stakeholders in order to encourage engagement targets to consider the impact of operations on ecological benefits, protect biodiversity, and promote and publicize the concept of sustainable consumption. At the same time, subsidiaries are also encouraged to leverage the influence of financial products, exercise investor powers (speaking at shareholders' meetings or investor conferences, exercising voting rights) in a timely manner, or agree improvements or environmental performance with customers through credit agreements.

➤ Human Rights-Related Policy

Own Operations

To prevent the Group's operating activities from affecting the environment and natural resources, leading to infringement of the rights of local communities or residents, and thereby creating reputation and legal risks for the Group, Mega Group refers to the social policy of the International Labour Organization (ILO) for core human rights. In the Human Rights Policy of Mega Financial Holding Company Ltd., a human rights due diligence process has been established to investigate human rights issues faced by "employees" and "key suppliers" every year, formulate relevant mitigation and compensation measures, and continue to track the effectiveness of improvements. For details, please refer to 7.4.1 Human Rights Due Diligence in the 2024 Sustainability Report of Mega Financial Holding.

Human Rights Due Diligence Process						
Plan		Do		Check		Action
Compilation of Human Rights Issues		Identification of Human Rights Risks		Verification of Identification Results		Risk Mitigation and Compensation
Reference to international trends, sustainable ratings, and industry information to collect relevant human rights issues for different investigation targets, and design investigation questionnaires.	→	Evaluate its operations, value chain, and new business relationships (such as mergers and joint ventures) annually to identify potential human rights risks.	→	Review high-risk human rights issues in its operations and re-examine suppliers’ self-assessment results. The above results will be reported to the Sustainable Development Committee.	→	Develop mitigation and compensation measures based on the risks identified, and flexibly adjust the investigation process and improvement measures while tracking the coverage and improvement rate of the measures.

Investments and Financing

In order to fulfill its commitment to corporate sustainable development, Mega Bank, a subsidiary of Mega Group, officially became a member bank of the Equator Principles Association on August 17, 2021. It fully adheres to the 10 principles of the Equator Principles and adopts the "performance standards" as stipulated by the International Finance Corporation (IFC). The Equator Principles cases are categorized into three grades based on potential environmental and social risks: A, B, and C, and different levels of environmental and social risks are assessed based on various risk levels. Cases falling into grades A and B based on the Equator Principles are examined for human rights issues in accordance with the environmental and social risk assessment form. Inspection items in relation to local communities include whether the case poses a health and safety hazard to the community, whether communication channels are set up, and whether the case triggers any disputes. Inspection items in relation to indigenous people include whether the case affects the life of indigenous people and whether the case exerts an impact on the reservations. After summarizing all risk factors, management measures will be formulated based on the risk classification results of the case to fulfill the responsibilities of engagement with relevant stakeholders such as local communities or indigenous people. For details on the distribution of Equator Principles cases at each grade in 2024, please refer to the website of Equator Principles Implementation Disclosure of Mega Bank and 3.2.1 Risk Management of Credit Decisions.

2 Climate and Nature Strategies

“Committing to Net-zero Emissions to Achieve Environmental Sustainability” - besides setting the Group-wide goal for net zero emissions by 2050, we will implement concrete action plans to counter material climate issues that are identified. For this reason, Mega actively supports the government's environmental policies (e.g., nuclear-free homeland, energy transition, and emission reduction policies) by setting different goals. Our short-term goals are to assist renewable energy companies in acquiring working capitals for their business, and to develop digital financial products and services to reduce carbon emissions in value chains. Our mid/long-term goals are to reduce the investment and financing risks of climate-sensitive industries, to increase the ESG awareness of industries, investors, and consumers, and to promote environmentally friendly specifications and measures by combining the forces of our subsidiaries.

2.1 Climate Risks and Opportunities

To control the specific impacts of climate change on Mega Group, we regularly collect climate change-related risks and opportunities with reference to the TCFD guidelines, IFRS S2 framework and industry-based implementation guidelines, the Climate Change Response Act of Taiwan and other relevant internal and external requirements, domestic and international climate change research reports, and climate risk assessment reports published by the financial industry. This allows us to better understand the types of climate-related risks and opportunities that may have an impact on the financial business. Through educational training and questionnaire surveys, Mega Financial Holding and the directors and senior executives above the level of Vice President of the risk management, investment, financing, administration, and business management departments of its seven major subsidiaries discussed the impact of climate-related issues one by one based on the characteristics of each business, and linked them to existing traditional risks to further identify climate risks and opportunities related to Mega Group, as well as identify the potential positive and negative financial impacts on Mega Group. The Group also discusses the impact of climate-related issues on the value chain of Mega Group on a case-by-case basis based on the nature of the business, confirms the affected type of business, and identifies whether the case can be reasonably assessed and managed. We compiled 11 quantitatively assessed climate-related risk factors and 7 climate-related opportunity factors, and ranked the materiality of potential financial impacts during different periods of impact.

Climate and Nature Strategy Seminar - TCFD & TNFD Meetings

Executive Units	Topics in 2024	Training Screenshot - 2024.11
The Group's Risk Management Department, Sustainability Development Department, Investment and Financing Units, middle and senior executives	• 2024.11 Education and training on PCAF investment and financing carbon inventory. • 2024.12 IFRS Sustainability Disclosure Standards S1/S2 kick-off meeting and education and training. • 2024.12 The Group's Taskforce on Nature-related Financial Disclosures (TNFD) kick-off meeting and education and training.	

Note: For the IFRS S2 guidance content corresponding to each chapter of this report, please refer to Appendix 2.

2.1.1 Climate Risks and Opportunities Identification Procedures

Climate Related Opportunities	Impact of Climate on Business Activities	Potential Financial Impact
- Resource efficiency - Energy sources - Products and Services - Market - Resilience		- Reduced operating costs - Increase production capacity and revenue - Improved reputation and increased demand for goods/services - Meet the demand for climate adaptation through new solutions to increase revenue - Improve competitive position to reflect shifts in consumer preferences and increase revenue - Enter new and emerging markets (e.g., partnering with governments, development banks) to increase income - Increase diversification of financial assets - Improve market evaluation through resilience planning - Improve the reliability of the supply chain and the ability to operate under different conditions - Increase revenue through new products and services that ensure resilience - Reward for investing in low carbon technologies - Reduce greenhouse gas emissions risks and therefore reduce sensitivity to changes in carbon trading prices

Climate-Related Risks	Impact of Climate on Economic Activities	Impact of Economic Factors	Impact Risk Factors on Economic Activities	Traditional Financial Sector Risks	Impact of Risk Factors on Mega Asset Management	Impact on Products/Services
Transition Risks - Policy and Regulations - Technology - Market - Reputation	Physical Risks - Immediate - Long-term	Enterprises - Increases in operating cost / decrease in profitability - Changes in economic growth momentum - Asset repricing - Increase in stranded assets		Market risks: Repricing of marketable securities Credit risks: Collateral impairment or personal/corporate credit defaults Insurance risks: Increase in insurance claims Operational risks: Interruption of operations Other risks: Damage to reputation, liquidity, capital adequacy ratio		Financing - Corporate/individual lending - Bills Investment - Equity investments - Bonds investments Chung Kuo Insurance - Property insurance products Own Operations
		Individuals - Real estate value loss - Increase in insurance commodity claims losses - Population migration				



To further align with national policies, Mega Group refers to the “TCFD Guidelines for the Banking Industry and Insurance Industry” issued by the Financial Supervisory Commission to identify risks and opportunities that may cause significant financial impacts. The identification process has been adjusted^{Note} in the current year as follows:

Step	Process	Participating Unit	Description
1	Collection of Climate Issues	Mega Financial Holding Risk Management Units	The TCFD guidelines, domestic and international climate change research reports, and climate risk assessment reports published by the financial industry are used to collect climate-related risk and opportunity issues on a regular basis.
2	Identification of the List of Risks/Opportunities	Mega Financial Holding and Subsidiaries Business Units	Based on the TCFD guidelines, IFRS S2 framework and industry-based implementation guidelines, requirements of government agencies, and Mega Group’s public commitments, we have collected climate issues and identified a list of risks and opportunities that we prioritize. Gather all subsidiaries and business units to discuss the impact of climate-related issues on the value chain of Mega Group according to the nature of their business and link them to the traditional risks to confirm the business type that has been affected.
3	Quantitative Assessment Management Feasibility	Mega Financial Holding and Subsidiaries Business Units	The feasibility of quantitative assessment shall be confirmed by the relevant units of Mega Financial Holding, and consensus shall be reached by all subsidiaries.

Step	Process	Participating Unit	Description
4	Material Topics Identification	Questionnaire survey of senior management of Mega Financial Holding and their subsidiaries	In different impact periods (short, medium, and long term), we survey the opinions of the Chairman, President, senior executives and department heads above the Vice President of Mega Financial Holding and its subsidiaries to identify the potential financial impacts arising from climate risks and opportunities.
5	Materiality Ranking and Response	Mega Financial Holding Risk Management/Business Development Units	Based on the results of the materiality ranking, we collect quantitative financial impacts and response strategies for the most relevant risk and opportunity factors in the short and medium term, qualitatively evaluate the financial impact of long-term factors, and continuously track and manage non-material ranking factors.
6	Measure Management Costs and Set up Implementation Plans	Mega Financial Holding and Subsidiaries Business Units	The impact on Mega Group is measured based on the past operational performance of the relevant business. Based on the experience of the business units, we calculate the management costs in response to climate risks and opportunities, and set climate opportunity targets and specific implementation plans.

Note: In line with the introduction of IFRS S1/S2 of the Sustainability Disclosure Standards at the end of 2024, the targets of the climate risk and opportunity questionnaire survey are relevant department heads and senior executives above the Vice President.

In addition to taking inventory of the impact of physical and transition risks on the value chain, Mega Group also identifies the risks and opportunities of climate-related business under climate change. We assess the "level of impact"¹ (vulnerability) and "likelihood of occurrence" (hazard), and consider the scale of business impact (exposure). After comprehensively evaluating the potential financial impacts, Mega Group ranks the climate risk and opportunity factors in the short-, medium-, and long-term, considers the factors under climate scenarios (physical risk: SSP5-8.5, transition risk: Net Zero 2050 (temperature rise controlled at 1.5°C)), and assesses the financial impact on Mega Group (including balance sheet, profit and loss statement, cash flow statement, etc.) We formulate and implement an entity risk adjustment plan and net-zero transition strategy, and continue to track specific implementation plans,

¹ Level of financial impact: 0.1% to 10% in the financial statements of Mega Financial Holding and subsidiaries in the previous year are used as the basis for determining the materiality of financial impacts.

Level of financial impact	Minor	<0.1%
	Moderate	0.1% ~1%
	High	1%~5%
	Significant	5%~10%
	Extreme	>10%

action plans and target achievement every year. (e.g., carbon neutrality strategy, decarbonization strategy, SBTi project, etc.)

Climate Risk and Opportunity Factors

No.	Category	Model	Item	Current and Potential Impacts	Risk Link	Value Chain (Upstream, Midstream, Downstream)
AR1	Physical risks	Immediate	Extreme weather events - operational sites	Loss of assets or disruption of operations at our <u>operational sites</u> due to an immediate single weather event.	Operational risks	Midstream - own operations
AR2	Physical risks	Immediate	Extreme weather events - real estate collateral	Loss of Mega Group's collateral value due to an immediate single weather event, indirectly resulting in financial loss to Mega Group.	Credit risks	Downstream - customers (investment and financing)
AR3	Physical risks	Immediate	Extreme weather events - insurance claims	Loss of Mega Group's insured assets or customers due to an immediate single weather event, indirectly resulting in losses of Mega Group's <u>insurance claims</u> .	Insurance risks	Downstream - customers (insurance)
AR4	Physical risks	Immediate	Extreme weather events - investment and financing	Loss of Mega Group's investment and financing customers due to an immediate single weather event, indirectly resulting in financial losses to Mega Group.	Credit risks Market risks Operational risks	Downstream - customers (investment and financing)
AR5	Physical risks	Long-term	Average temperature rising	Long-term <u>increase in average temperature</u> may result in loss of assets in Mega Group's value chain, disruption of operations, and decline in revenue, indirectly resulting in financial losses to Mega Group.	Credit risks Market risks Operational risks	Upstream - suppliers Midstream - own operations Downstream - customers (investment and financing)
AR6	Physical risks	Long-term	Rise in sea levels	Long-term <u>rising sea levels</u> may cause loss of assets or disruption of operations in the value chain of Mega Group and a decline in revenue.	Credit risks Market risks Operational risks	Upstream - suppliers Midstream - own operations Downstream - customers (investment and financing)
AR7	Transition risks	Market	Increased raw material costs - food, animal husbandry, and catering industries	Increase in raw material costs due to climate change will impact relevant industries, indirectly affecting financial losses of Mega Group.	Credit risks Market risks	Downstream - customers (investment and financing)
AR8	Transition risks	Market	Increased raw material costs - construction industry	Increase in raw material costs due to climate change will impact relevant industries, indirectly affecting financial losses of Mega Group.	Credit risks Market risks	Downstream - customers (investment and financing)
AR9	Transition risks	Technology	Increase of low-carbon transition costs - transportation sector	<u>Transportation</u> investment/financing customers' efforts in low-carbon transition may result in higher costs or lower profits, indirectly affecting financial losses of Mega Group.	Credit risks Market risks	Downstream - customers (investment and financing)
AR10	Transition risks	Policies and regulations	Increase in greenhouse gas emissions costs - major carbon emitters	Tightening of climate-related regulations or policies by government authorities (e.g., Regulations Governing the Collection of Carbon Fees promulgated in August 2024 impose a carbon fee on major carbon emitters) will indirectly affect the profitability of Mega Group due to the increase in operating costs of investment and financing customers.	Credit risks Market risks	Downstream - customers (investment and financing)
AR11	Transition risks	Policies and regulations	Increased risk of investment and financing of high-carbon emission assets	<u>High-carbon emission</u> investment/financing customers' operating profits will decrease due to the ineffectiveness of low-carbon transition, indirectly affecting financial losses of Mega Group.	Credit risks Market risks	Downstream - customers (investment and financing)

2024 Climate and Natural Environment Report

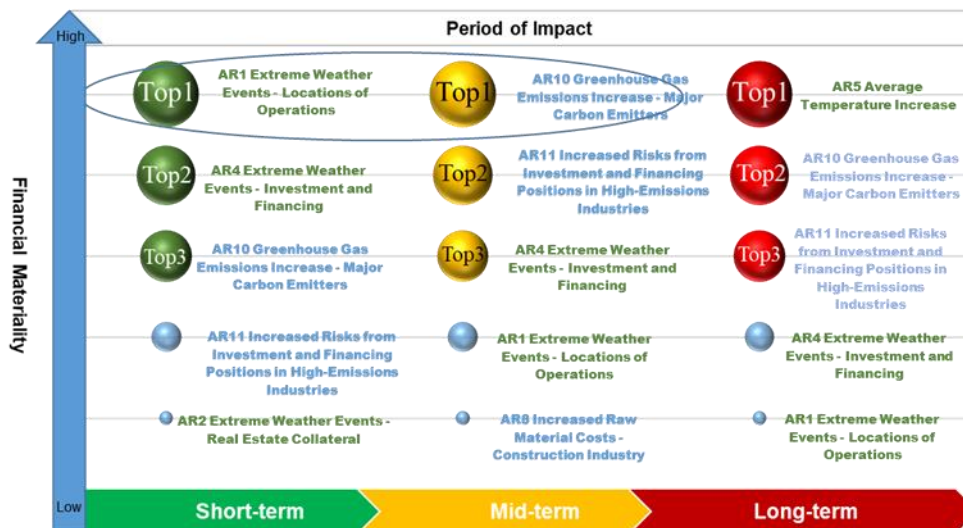
No.	Category	Model	Item	Current and Potential Impacts	Business Link	Value Chain
O1	Opportunities	Market	Green Investments/Financing	In response to the low-carbon transition (such as the SBT carbon reduction targets), Mega Group has increased green investment and financing businesses such as green bonds and green loans to achieve diversified operations and increase profits.	Corporate banking, consumer banking, investment	Downstream - customers
O2	Opportunities	Resilience	Sustainable actions	Mega Group has implemented carbon reduction measures (such as SBTs) in response to climate change, actively managed climate risks and seized opportunities to develop green products such as sustainability-linked loans and sustainability bonds to enhance the Group's climate resilience.	Corporate banking, consumer banking, investment	Upstream - suppliers Midstream - own operations Downstream - customers
O3	Opportunities	Products and services	Responsible credit and investments	Mega Group strengthens responsible credit and investments, integrates the ESG spirit into credit/investment assessment processes and risk management, and increases customer transformation opportunities.	Corporate banking, consumer banking, investment	Downstream - customers
O4	Opportunities	Products and services	Green product R&D	Mega Group develops low-carbon/green products and services (such as green bonds, sustainability-linked loans, and policy products or mutual funds) to increase revenue.	Corporate banking, consumer banking, deposits and transfers, underwriting, trust, entrustment, insurance	Downstream - customers
O5	Opportunities	Products and services	Digital services	Mega Group provides digital financial services, such as online banking, mobile payment, online ordering/insurance transactions, electronic forms, etc., to reduce carbon emissions and attract new customer groups.	Corporate banking, consumer banking, deposits and transfers, underwriting, trust, entrustment, insurance	Midstream - own operations Downstream - customers
O6	Opportunities	Energy sources	Low carbon/renewable energy	Mega Group cooperates with carbon reduction measures (such as SBTs) and adopts low-carbon energy or renewable energy (such as setting up solar energy branches and purchasing renewable energy) in its business locations to reduce dependence on traditional energy and implement low-carbon transition.	-	Upstream - suppliers Midstream - own operations
O7	Opportunities	Resource usage efficiency	Green Operations	Mega Group's business locations adopt green building materials or environmentally friendly measures such as water conservation, electricity conservation, and waste reduction to reduce water, electricity, and resource consumption, improve resource utilization efficiency, and reduce operating costs.	-	Upstream - suppliers Midstream - own operations

2.1.2 Identification of Climate Risks and Opportunities

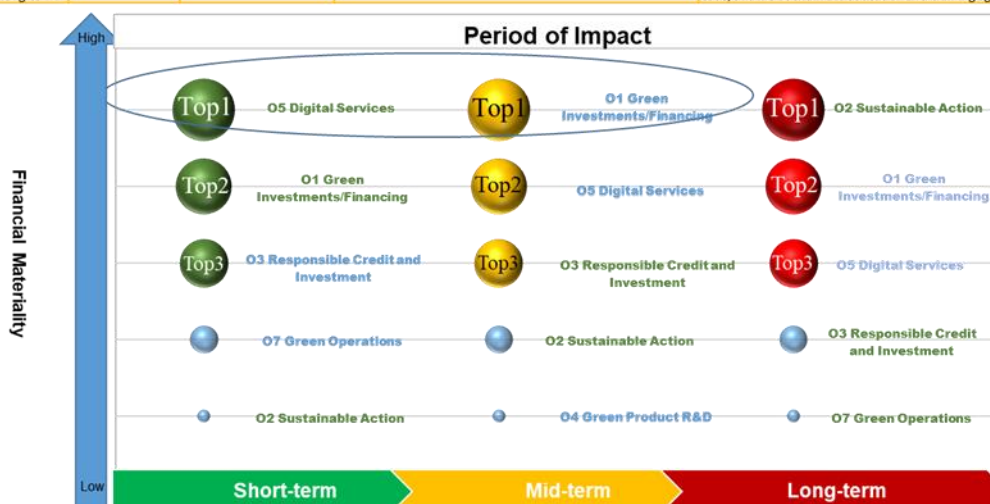
Climate Risks and Opportunities

Mega Group collected 11 climate-related risks and 7 climate-related opportunities, drew up a climate risk and opportunity matrix, selected the top two material climate risks and opportunities, identified their potential financial impact on Mega Group during the period of impact, assessed feasible climate operation strategies and investment of management costs, and adopted appropriate adaptation strategies and mitigation actions.

Period/Ranking	Ranking	Risk Sub-category	Risk Abbreviation	Adopted Plan
Short-term	Top1	Physical - Immediate	AR1 Extreme Weather Events - Locations of Operations	Prioritize the assessment of Top1 relevant <u>climate risk factors</u> in the short- and med-term, and <u>collect short-, medium-, and long-term financial impacts, action plans, and indicators/targets</u> .
Mid-term	Top1	Transition - Policies and Regulations	AR10 Greenhouse Gas Emissions Increase - Major Carbon Emitters	
Long-term	Top1	Physical - Long-term	AR5 Average Temperature Increase	Long-term financial impacts that are potentially relevant will be included in qualitative assessment tracking, while action plans will be collected to reduce the probability of long-term risks as there is no appropriate way to quantify the long-term financial impacts.
Short-, medium-, and long-term	Top2~3	Physical/Transition	AR4 Extreme Weather Events - Investment and Financing AR11 Increased Risks from Investment and Financing Positions in High-Emissions Industries	It has not yet had a significant financial impact on the Group, and the Group will continue to track and monitor the issue, and include it in the education and training agenda.



Period/Ranking	Ranking	Opportunity Sub-category	Opportunity Abbreviation	Adopted Plan
Short-term	Top1	Products and Services	O5 Digital Services	Prioritize the assessment of Top1 relevant <u>climate opportunity factors</u> in the short- and med-term, and <u>collect short-, medium-, and long-term financial benefits, costs of action plans, and indicators/targets</u> .
Mid-term	Top1	Market	O1 Green Investments/Financing	
Long-term	Top1	Resilience	O2 Sustainable Action	Long-term financial benefits that are potentially relevant will be included in qualitative assessment tracking, while action plans will be collected to increase the probability of long-term opportunities as there is no appropriate way to quantify the long-term financial impacts.
Short-, medium-, and long-term	Top3	Products and Services	O3 Responsible Credit and Investment	It has not yet had a significant financial benefit on the Group, and the Group will continue to track and monitor the issue, and include it in the education and training agenda.



2.1.3 Assessment of Climate Risks and Opportunities

The top two climate risks, financial benefits, and action plans of Mega Group in 2024 are summarized in the table as follows. For detailed climate risk financial quantification process, please refer to “3.3 Climate and Nature Scenario Analysis”.

Currency: NTD

Risks	Potential Financial Impact	Period of Impact ²	Corresponding Existing Risks ³	Adaptation and Mitigation Actions	Short-, Med- and Long-term Financial Impact/ Management Cost Assessment
Top1 (Physical risks AR1) Extreme weather events - location of operations	An immediate single weather event results in a direct or indirect financial loss to locations of operations of Mega Group.	Short-term	Operational risks	- Conduct regular disaster training and set up emergency disaster drills at a second back-up office and Disaster Recovery Drills plans to ensure business continuity when a disaster causes business disruptions. - Review and evaluate the appropriateness of disaster prevention equipment (such as waterproof gates, heightened foundations) annually, evaluate the impairment of owned assets annually, and increase capital expenditure and expense budgets when necessary. - The cost of ISO 22301 business continuity management renewal has been included in the budget planning annually, and is implemented. - Introduce external climate database and climate disaster model to understand the exposure to physical risks and risk changes, so as to assess the potential financial impact in the medium and long term.	<u>Estimated management costs:</u> Short-term investment of approximately NT\$5.94 million. - The Group's disaster prevention drill training expenses: Approximately NT\$0.67 million was invested in 2024, and the relevant budget for 2025 is approximately NT\$1 million. - Premium expenses at operating sites: Approximately NT\$1.57 million was invested in 2024, and the relevant budget for 2025 is approximately NT\$2 million. - Promotion of business continuity management system (ISO 22301): The project expenses in 2024 were approximately NT\$0.56 million, and the relevant budget for 2025 is approximately NT\$0.56 million. - Physical risk-related project expenses: NT\$2.38 million is expected to be invested for the TNFD project in 2025. <u>Estimated financial impacts:</u> The direct impact is mainly due to the maintenance cost of proprietary buildings. It is estimated to affect the current profit and loss in the short, medium and long term by approximately NT\$1 million, NT\$17 million, and NT\$19 million, respectively.
Top2 (Transition risks AR10) Increase in greenhouse gas emissions costs -	Tightening of climate-related regulations or policies by government authorities (e.g., Regulations)	Mid-term	Credit risks Market risks	To implement responsible lending and strengthen the management of sustainability risks in the industry, Mega Bank has set short-term (2025) and medium-term (2028) credit limit targets for “high-carbon emission industries” and “high environmental and social impact industries”, respectively. According to the “Mega Financial	<u>Estimated management costs:</u> Short-term investment of approximately NT\$6.79 million. Mega Bank's investment and financing of low carbon transition engagement projects: It invested NT\$0.50 million in 2024, with a budget of NT\$2.24 million for 2025 (organized SBT engagement workshops on December 17, 2024

² Definition of Periods: Periods of 1 year or less are classified as short-term, periods longer than 1 years to 4 years are classified as mid-term, and periods longer than 4 years are classified as long-term. The definitions of short, medium and long term are consistent with the “2025 Group ESG Promotion Plan and Targets” approved by the Board of Directors in December 2024.

³ The types of risks considered include policies and regulations, technology, market, reputation, immediate and long-term physical risks, and risks with higher relevance are prioritized through department interviews for identification, analysis and control.

2024 Climate and Natural Environment Report

Risks	Potential Financial Impact	Period of Impact ²	Corresponding Existing Risks ³	Adaptation and Mitigation Actions	Short-, Med- and Long-term Financial Impact/ Management Cost Assessment
major carbon emitters	Governing the Collection of Carbon Fees promulgated in August 2024 impose a carbon fee on major carbon emitters) will indirectly affect the profitability of Mega Group due to the increase in operating costs of investment/financing customers.			Holdings Group Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries”, a long-term target (full withdrawal by 2040) was set. ■ In response to the Group’s short-term SBTs, the Group has formulated the Engagement Policy to strengthen communication and engagement with stakeholders. In 2024, Mega Bank established a cross-departmental working group and hired external consultants for guidance to study the implementation and promotion of investment and financing low-carbon transition engagement. Through climate engagement questionnaires, SBT workshops, ESG series lectures, etc., it encourages companies to plan carbon reduction paths and set SBTs. ■ Starting from 2023, Mega Bank fully adopted the ESG risk rating table in the review process to manage the credit and market risks triggered by corporate transformation risks. It added ESG interest rate adjustment mechanisms such as energy conservation and emission reduction to the credit conditions to encourage the transformation of major carbon emitters. ■ In accordance with Mega Financial Holding’s signing of the SBTi commitment to achieve the Scope 3 net zero target by 2050, once the SBT financial industry net zero guidelines are finalized and announced, it will commission external consultants to plan, evaluate and submit the net zero target review and project costs as soon as possible. ■ Using climate scenarios published by international organizations, we conduct transformation risk scenario analysis on major carbon emitters with whom we have credit lines to assess potential short-, medium- and long-term financial impacts.	(attended by a total of 30 enterprises and more than 50 people), and organized the Reference Guidelines for the Recognition of Sustainable Economic Activities Workshop in April 2025, in order to implement responsible lending and promote low-carbon transition engagement. ■ Investment and financing/credit investigation system optimization (including education and training) expenses: It is expected to invest NT\$0.55 million in 2025. ■ SBTi-related project expenses: NT\$1.78 million had been invested in SBT projects (including review) in 2024, NT\$1.18 million had been invested in PCAF education and training (including database), and NT\$4 million was budgeted for net-zero transition projects in 2025. Estimated financial impacts: The indirect impact is mainly due to the increase in the estimated amount of credit losses derived. It is estimated to affect the current profit and loss in the short, medium and long term by approximately NT\$87 million, NT\$115 million, and NT\$112 million, respectively.

2024 Climate and Natural Environment Report

The top two climate opportunities, financial benefits, and action plans of Mega Group in 2024 are summarized in the table as follows. To further keep abreast of climate opportunities, Mega Group has formulated a low-carbon development strategy and set relevant climate opportunity targets based on past relevant business operating performance, as detailed in “4.5 Climate and Nature Targets”.

Currency: NTD

Opportunities	Potential Financial Impact	Period of Impact	Actions Taken	Financial Benefit Assessment/ Management Cost Investment
Top1 (Products and services) O5 Digital services	Provide digital financial services and reduce carbon emissions to attract new customer groups, increase profits, and reduce operating costs.	Short-term	- With technological capabilities as the focus of digital finance development, we actively promote the Global E-banking to increase the number of users, satisfy customers' financial needs, deepen the deployment of Mega Financial Holdings Ecosystem, and continue to promote digital development. - Reduce paper consumption from own operations and customer dealings to reduce operating costs. - Optimize the management system and expand the application system functions for the digital management platform to consolidate core competitiveness. - We continue to pay attention to cases where AI is used in the financial industry. Under the premise of no information security concerns, we plan a strategy that starts with internal and then external, and gradually introduce AI mechanisms into the Group.	<u>Financial benefits:</u> - Mega Bank expects to incur approximately NT\$2.525 million in handling fees for electronic payment-linked deposit accounts. - Related handling fee income amounted to approximately NT\$1,094.086 million. - It drove fee income from online funds, ETFs and foreign stock transactions to NT\$287.9 million. <u>Management costs:</u> The management costs are estimated to be approximately NT\$24.199 million. <u>Estimated financial benefits:</u> After online distribution of comprehensive statements, paper and postage related expenses have been saved. It is estimated to affect the current profit in the short, medium and long term by approximately NT\$144.014 million, NT\$148.378 million, and NT\$149.862 million.
Top2 (Market) O1 Green Investments/Financing	Lead the low-carbon transition of enterprises, support the green and sustainable development of industries, guide the flow of funds to low-carbon technology, energy and equipment, drive the green finance transformation and create green income.	Mid-term	- Pay attention to the development of green finance, cooperate with the government's policy objectives, increase green investment and financing business (such as green bonds, green loans, ESG funds, etc.), diversify operations to increase revenue, and implement the Sustainable Finance Policy to lead a business model where business growth and environmental protection coexist. - In line with the Group's SBT commitments, we set SBT investment and financing carbon reduction targets, continuously promote carbon reduction action plans, guide funds to low-carbon technologies, energy and equipment, drive subsidiaries to	<u>Financial benefits:</u> - Cash dividend income from green-related investments of Mega Bank was approximately NT\$388.84 million. - Interest income from green and sustainability-linked investments and loans of overseas branches and offshore banking units was approximately NT\$2,541.947 million. - Interest income related to “Renewable Electricity and Renewable Energy Industry Loan” was approximately NT\$3,819 million. - Interest income from sustainability-linked loans was approximately NT\$2,911 million. - Interest income from holding sustainability bonds: NT\$803

Opportunities	Potential Financial Impact	Period of Impact	Actions Taken	Financial Benefit Assessment/ Management Cost Investment
			transform into green finance and create green income, and supervise subsidiaries to implement carbon reduction paths. We are committed to achieving the SBTi-approved near-term targets by 2030 and planning for a net-zero carbon reduction path by 2050. ■ Set the proportion of responsible investment asset allocation, set the investment amount target for sustainability bonds, and set investment targets to achieve SBTs in line with the Group's ESG targets.	million. <u>Management costs:</u> The management costs are estimated to be approximately NT\$1.95 million. <u>Estimated financial benefits:</u> ■ It will exert an impact on dividends and interest income. It is estimated to affect the current profit in the short, medium and long term by approximately NT\$9,857.091 million, NT\$10,132.725 million, and NT\$10,617.963 million.

2.1.4 Climate Operations Strategies

The impact of climate-related risks and opportunities identified by Mega Group on business, strategy and financial planning include products and services, supply chain/value chain, R&D investment, and operational business management. Mega Group takes “Committing to Net-zero Emissions to Achieve Environmental Sustainability” as its strategic axis, with a focus on the United Nations Sustainable Development Goals (SDGs). We have adopted the two major climate actions: “mitigation” and “adaptation” to actively respond and improve our climate change response capabilities. The measures are as follows:

1. Impact on Business and Strategy

Category	Measures	Chapter	Description
Products and Services	Adaptation	2.1.3 Assessment of Climate Risks and Opportunities	1. Provide digital financial services, reduce carbon emissions, attract new customer groups, reduce operating costs and increase operational resilience. 2. To implement responsible lending and strengthen the management of industry sustainability risks, Mega Bank has set short-term (2025) and medium-term (2028) credit limit targets for “high-carbon emission industries” and “high environmental and social impact industries” respectively. According to the “Mega Financial Holdings Group Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries”, a long-term target (full withdrawal by 2040) was set. 3. The Group will eventually withdraw completely from investment in and financing for coal mining and non-traditional oil and gas industries by 2040.
	Mitigation	2.1.4.1 Green Credit Cards 2.1.4.4 Green Insurance 2.1.4.5 Green Investments/Financing	Pay attention to the development of green finance, cooperate with the government's policy objectives, increase green investment and financing business (such as green bonds, green loans, ESG funds, etc.), diversify operations to increase revenue, and implement the Sustainable Finance Policy to lead a business model where business growth and environmental protection coexist.

2024 Climate and Natural Environment Report

Category	Measures	Chapter	Description
Supply Chain Value Chain	Adaptation	2.1.5 Scenario Analysis	1. Use scenario analysis to identify the physical and transition risk exposure of Mega Group's value chain (including up-, mid-, and downstream) and take appropriate actions based on the assessment results. 2. Implement the Group's engagement policy, deepen communication and engagement on the value chain, exert financial influence, and provide sustainability-linked loans through actions to support the technology development and transformation of industries.
	Mitigation	2.1.4.2 Green Procurement 4.4 Science-based Targets	1. To reduce the negative environmental impact of the supply chain, Mega Group prioritizes green procurement, increases green procurement targets, and increases the proportion of hybrid vehicles. 2. Mega Group follows the SBTs to formulate carbon reduction action plans, promote carbon reduction transition of investment and financing customers, and set SBTs.
R&D Investment	Adaptation	There were no major R&D investment plans as of the reporting date. If relevant events occur in the future, the impact on climate physical or transition risks will be considered.	
	Mitigation		
Business Operations	Adaptation	4.1.2 Usage of Renewable Energy	Increase the ratio of green power usage year by year until it reaches 100%.
	Mitigation	2.1.4.3 Green Buildings 4.1 Green Operation - Low Carbon Transition Development Strategy	In response to climate change issues, Mega Group supports Taiwan's energy transition policy, aiming to reduce coal-fired power, increase natural gas, promote green energy, and realize a nuclear-free homeland to reduce air pollution, conserve energy, and reduce carbon emissions. In addition, Mega Group used the SBT methodology as reference to set the mid-term goal of reducing the Group's GHG emissions (Scopes 1 and 2) by 42% in 2030 as compared with that of 2022, and the long-term goal of net-zero emissions by 2050.

2. Impact on Financial Planning

Category	Lengthen	Content	Chapter
Operating Costs/Income	Level of Impact	Operating performance of green finance products over the years and assessment of the impact on the Group's business.	2.1.4 Climate Operations Strategies (including green credit cards, green procurement, green insurance, green investment and financing)
	Future Planning	Establish climate opportunity goals and action plans based on past operating performance.	4.5 Climate and Nature Targets (including climate opportunities and green operations)
Capital Expenditure/Allocation	Level of Impact	- In line with business development or carbon reduction goals, Mega Financial Holding and its subsidiaries evaluate the purchase of carbon rights (recognized as intangible assets) annually to be used to issue carbon-neutrality financial products or offset carbon emissions. - Purchase solar panels or power generation equipment at the planned locations in coordination with the Group's solar power branch establishment plan. - Mega Group and its subsidiaries support the development of green industries, formulate relevant responsible investment policies and sustainability-related investment action plans, and continue to expand capital allocation to green investments.	2.1.4.1 Green Credit Cards 4.1.2 Usage of Renewable Energy 2.1.4.5 Green Investments/Financing
	Future Planning	- In December 2023, Mega Financial Holding purchased 500 metric tons of carbon rights from the domestic carbon trading platform, and planned to use 488 metric tons in April 2025 to offset the Group's Scope 3 GHG Inventory (business trips) in 2024. - Continue to evaluate the purchase of solar panels or power generation equipment and include it in budget planning. - Evaluate and increase investments in green industries each year and continue to invest in sustainability bonds. - Review and evaluate the appropriateness of disaster prevention equipment (such as waterproof gates, heightened foundations) annually, evaluate the impairment of owned assets annually, and increase capital expenditure when necessary.	4.1 Green Operation - Low Carbon Transition Development Strategy 4.1.2 Usage of Renewable Energy 4.5 Climate and Nature Targets (including climate opportunities and green operations)

Category	Lengthen	Content	Chapter
Capital Acquisition	Level of Impact	Continue to plan the issuance of sustainability bonds to activate the source of capital for green investment and financing.	2.1.4 Climate Operations Strategies
	Future Planning		4.5 Climate and Nature Targets
Acquisitions and Asset Divisions	Level of Impact	As of the reporting date, this situation has not occurred. If acquisitions and asset divisions occur in the future, the climate risk exposure situation of the counterparty's asset portfolio will be considered, including the proportion of carbon-related assets and the physical risks of operational sites, etc.	
	Future Planning		

2.1.4.1 Green Credit Cards

In response to the global trend of sustainability and net-zero emissions, all credit cards issued starting from 2020 by Mega Bank have passed third-party verification including ISO 14067 Carbon Footprint and ISO 14046 Water Footprint certifications. They have also passed the Ministry of Environment's audit and obtained the Ministry of Environment's "Carbon Footprint Label". The product carbon footprint produced by each credit card is about 800g, and the magnetic stripe credit card is about 380g. By purchasing carbon rights, we passed the "Carbon Neutrality (PAS 2060)" certification, so that every credit card can be upgraded to become a "carbon neutrality credit card". As of the end of 2024, Mega Bank issued more than 1.335 million carbon neutrality credit cards, which are estimated to reduce carbon emissions by 143 metric tons, equivalent to the amount that about 12,000 trees can absorb annually.

The ESG credit card issued by Mega Group focuses on both environmental and social benefits. In addition to obtaining the carbon footprint and carbon neutrality certification, as well as the carbon neutrality credit card with the Carbon Reduction Label from the Ministry of Environment, Executive Yuan, we also donate to the Taiwan Black Bear Conservation Association and Society of Wilderness for ecological conservation and rehabilitation. We also provide donations to the disadvantaged through the Noordhoff Craniofacial Foundation and the CTCI Education Foundation. For example,

Name of Credit Card	Issuance Date	Credit Card Features	Environmental/Social Benefits	Number of New Cards Issued in 2024	Cumulative Number of Issued Cards by the End of 2024
e-Happy Titanium Card/MasterCard Debit Card 	July, 2017	Environmental credit card, ecological restoration (Priceless Planet Coalition Global Tree Planting Project)	A total of 7,500 trees have been planted since the issuance of PETG cards in May 2022.	14,668	296,527
Gogoro Co-branded Card 	September, 2018	Green credit cards, carbon neutrality credit cards	Approximately NT\$118 million has been given back to electric motorcycle batteries since its issuance.	1,570	123,790

2.1.4.2 Green Procurement

Mega Group focuses on green procurement when it comes to suppliers. Mega Group follows the provisions of Article 3, Paragraph 4 of the Mega Financial Holding Sustainable Development Policy: “The Group shall implement responsible procurement, evaluate the impact of procurement behaviors on the environment and society, and cooperate with suppliers to exert sustainable impact”, as well as Subparagraph 3: “Prioritize green procurement and use products with environmental protection certification”. In addition, in accordance with Article 15 of the Mega Financial Holding Sustainable Development Best Practice Principles, we give priority to purchasing eco-friendly products and making responsible purchases.

To promote and publicize the concept of sustainable consumption and reduce the impact of the Company’s operations on the natural environment and human beings, Mega Group is committed to prioritizing the procurement of products with environmental protection or energy efficiency labels, and has set the green procurement target of “green procurement amount reaching 2.5% of the total procurement amount in the current year”. The percentage of green procurement amount in 2024 was 9.82%, achieving the target. In addition, Mega Bank and CKI received the “Award for Performance Excellence in Green Procurement Among Private Enterprises and Organizations in Taipei City” from the Department of Environmental Protection, Taipei City Government for seven consecutive years and for three consecutive years, respectively.

2024 Climate and Natural Environment Report

Category	Items of Green Procurement
IT and office equipment	Products with environmental protection labels are chosen for the procurement of computer equipment (PCs).
Lighting equipment	LED lighting equipment is prioritized for the replacement of old lighting equipment.
Transportation vehicles (Company cars and motorcycles)	Company cars: Prioritize models with environmental protection certification and gradually increase the use of hybrid vehicles. Company motorcycles: Procurement of electric motorcycles with environmental protection certification has begun.
Air-conditioning and electrical appliances (e.g., refrigerators and water dispensers)	Our central air-conditioning systems use chiller models with coefficient of performance (COP) above 4 and split air-conditioners that have energy efficiency certification. The coolant may not contain controlled substances specified in the Montreal Protocol and models with energy labels are selected for water dispensers.

2.1.4.3 Green Buildings

Mega Group has formulated a three-year plan to expand the Green Building label applications. The principle is that all new buildings should obtain the Green Building label, and old buildings should obtain a Green Building label of Silver-class or above. In addition, we have introduced the adoption of the Green Building label through improvements to the facilities of new buildings or old buildings. We actively participated in urban renewal projects, paying attention to environmental friendliness and resource use in all stages from site selection, design, construction, operation, maintenance, renovation, and demolition, so as to create a corporate image of green buildings.

In 2023, Mega Group obtained 8 Silver-class or above labels. Mega Bank (Mega Chi-Lin Building and Gangdu Branch), Mega Securities (Mega Securities Building), and CKI (Mega Insurance Building and Taoyuan Branch) obtained the Diamond-class Green Building label. Mega Financial Holding (Mega Financial Building), Mega Bank (Heng-Yang Building) and Mega Bills (Kaohsiung Branch) obtained the Gold-class Green Building label. In 2024, 2 locations of Mega Bank (Yongkang Branch) and Mega Securities (Xinying Branch) were added, which obtained the Bronze-class and Qualified-class Green Building labels, respectively. It is expected that a total of 20 locations will be successfully transformed by 2030.

2.1.4.4 Green Insurance

CKI voluntarily complies with the “Principles for Sustainable Insurance (PSI)” and focuses on renewable energy and energy technology, low-carbon transportation, and pollution prevention and control. CKI is committed to providing business owners and the public with more protection through sustainable insurance products. In 2024, the total number of green insurance products underwritten by CKI was 450, with the premium income reaching NT\$266,701 thousand.

CKI Green Insurance Products in 2024				
Category	Item	Description	Number of Cases	Insurance Premium (NT\$ thousand)
Renewable Energy and Green Energy Technology	Offshore Wind Power Industry	Providing wind farm developers with insurance policies to pass through risks during project construction is beneficial to the development of green energy.	3	206,792
	Solar Energy Industry	Providing installation project insurance and comprehensive insurance for electronic equipment is beneficial to the development of green energy.	137	18,734

2024 Climate and Natural Environment Report

	Additional terms for home green energy upgrade	Providing home renewable energy insurance helps energy conservation and carbon reduction development.	263	47
Low Carbon Transportation	Public Transit Passenger Transport Liability Insurance	Providing passenger transport liability insurance for the public transit system to encourage the general public to take public transportation in order to reduce carbon emissions.	6	2,236
	Additional terms for vehicle insurance - green vehicles	The additional terms for vehicle insurance - green vehicles, provide insurance for renewable energy and environmentally friendly vehicles (such as electric vehicles and hybrid vehicles), and are paired with electronic policies to reduce paper waste and help save energy and reduce carbon emissions.	40	1,223
Pollution Prevention and Control	Pollution Liability Business Insurance	Providing necessary claims for cleanup of unexpected accidental pollution accidents during production and transportation to reduce negative environmental impacts.	1	37,669

2.1.4.5 Green Investments/Financing

As climate risks become increasingly severe, the requirements for companies on sustainability issues are becoming increasingly specific. The EU is requiring financial institutions to disclose their green asset ratio. The EU Taxonomy Regulation was formally proposed in 2021, and it is used to evaluate the extent to which each economic activity of an enterprise meets sustainability standards. The European Parliament also passed the European Green Bond Standard (EUGBS) on October 25, 2023, which is the world's first official green bond standard. It requires that the use of funds raised, such as fixed assets, capital expenditures, operating expenditures or financial assets, within three years prior to the issuance of green bonds, must comply with the EU Taxonomy Regulation.

In addition, regarding the major environmental issues involved in the industry, following GRI 11: Sector Standard for Oil and Gas, which took effect in January 2023, the Global Reporting Initiative (GRI) also continued to launch GRI 12: Sector Standard for Coal, and GRI 13: Sector Standard for Agriculture, Aquaculture, and Fishing, effective from January 1, 2024. An update to the GRI Biodiversity Standard "GRI 101: Biodiversity 2024" was released on January 25, 2024 to replace "GRI 304: Biodiversity 2016", which supports full disclosure of the most significant impacts of a company's operations and value chain on biodiversity, and will be applicable from January 2026 onwards.

To respond to the "Taiwan Sustainable Finance Classification" in advance, Mega Group actively monitors the development trends of global climate change and related industries. In response, in December 2024, the Financial Supervisory Commission and the Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of the Interior, and Ministry of Agriculture jointly announced the second version of the "Reference Guidelines for the Recognition of Sustainable Economic Activities". The statistics are based on sustainable economic activities that contribute substantially to six environmental goals and do not cause significant harm to other environmental purposes and social protection. The second version of the Guidelines expands the scope of application of sustainable economic activities to include more industry categories compared to the previous version, and recommends the financial industry to disclose the proportion of sustainable investment and financing. Mega Group will continue to help stakeholders mitigate the impact of climate change and promote sustainable development and low-carbon transition in an orderly manner to help companies gradually attain carbon reduction targets.

Mega Group also actively takes stock of the current overall green asset ratio in the Group, and will actively study and use this asset ratio as a quantitative metric for mitigating global warming in the future. In 2024, the total investment and financing balance of Mega Group to support green and sustainable development industries or targets was approximately NT\$615.242 billion (of which NT\$357.428 billion was for financing and NT\$257.814 billion was for investment). The percentages of financing and investment in green assets were 13.00% and 19.88%, respectively.

Green Investments

In response to climate policies and international investor trends, Mega Group and its subsidiaries support green industries and formulate relevant investment policies and sustainable investment actions respectively. Adhering to the Principles for Responsible Investment, Mega Securities has set a limit on investments in negotiable securities for emission-intensive industries. Mega Bank and Mega Securities have established rules for sustainable financial products to support companies that adhere to sustainable finance standards. Mega Group is encouraged to invest or issue green bonds or green products and create a sensitive or negative list for investments. Mega Bank plans to sell sustainable development bonds or green funds (including stocks, bonds, stock-bond balanced funds or ETFs) that are associated with energy conservation, environmental protection, renewable energy technology, and high expected investment return, provided that these bonds or funds are in line with the expected return of market investment.

According to statistics, the underwriting amount of Mega Group's sustainability bonds in 2024 was NT\$2.1 billion, the issuance amount was NT\$5.5 billion, the investment amount was NT\$50.279 billion, and the total investment in domestic sustainability-related industries was NT\$257.814 billion.

Sustainability Bonds Underwritten by Mega Securities in 2024		
Bond Type	Item	
Green Bonds (Bonds compliant with GBP)	Bond Name	TSMC (113-1, 113-2), Taipower (113-2, 113-6), Nanya Technology Corporation (113-1)
	Number of Cases	5 cases
	Amount (NT\$100 million)	19
Sustainability Bonds (Bonds compliant with GBP, SBP, SBG)	Bond Name	E.SUN Bank (113-1)
	Number of Cases	1 case
	Amount (NT\$100 million)	2

Sustainability Bond Investments by Mega Group in 2024						
Category	Item	Mega Bank	Mega Securities	Mega Bills	CKI	Total
Green Bonds (Bonds compliant with GBP)	Number of Cases	63	10	15	2	90
	Investment Balance at the End of the Year (NT\$100 million)	200.75	25.7	59.07	1.4	286.92
Social Responsibility Bonds (Bonds compliant with SBP)	Number of Cases	39	4	-	-	43
	Investment Balance at the End of the Year (NT\$100 million)	107.71	3.3	-	-	111.01
Sustainability Bonds (Bonds compliant with GBP, SBP, SBG)	Number of Cases	31	11	2	-	44
	Investment Balance at the End of the Year (NT\$100 million)	65.41	18.54	12.78	-	96.73
	Number of Cases	5	1	1	-	7

2024 Climate and Natural Environment Report

Sustainability-Linked Bonds (Bonds compliant with SLB)	Investment Balance at the End of the Year (NT\$100 million)	5.43	2.2	0.5	-	8.13
Note: The International Capital Market Association (ICMA) has established a set of definitions and norms for the financial market, covering Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and Sustainability-Linked Bond Principles (SLBP).						

Sustainable Development Investments by Mega Group in 2024			
Industry	Description	Number of Companies	Investment Balance at the End of the Year (NT\$100 million)
Renewable Energy	Solar, wind, geothermal, hydroelectric, and ocean energy industries.	13	50.19
Energy Technology	Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	8	8.36
Low Carbon Transportation	Electric, hydrogen and other alternative fossil fuel transportation, passenger and freight transportation system conversion and efficiency improvement, public transportation, and other transportation industries.	8	61.39
Water Resource Utilization	Water monitoring smart network and early warning system, water storage, water recycling treatment, flood control and water conservation, and other hydraulic infrastructures.	4	1.74
Sustainable Architecture	Green buildings, building energy-saving systems or products in the construction industry.	0	0
GHG Reduction	Energy efficiency, non-energy generated greenhouse gas reduction, clean production and other industries.	3	9.48
Circular Economy	Waste cleaning and recycling, pollution control and carbon sequestration.	10	9.84
Smart Information and Communication Technology	Fiber optic broadband, data center and smart grid information and communication technology.	0	0
Sustainable Agriculture, Forestry, Fishery, and Animal Husbandry	Sustainable and verifiable carbon reduction related agriculture, forestry, fishery and aquaculture measures.	0	0
Companies with Outstanding Sustainability Performances	MSCI AA-rated or above, selected for DJSI, ranked in the top 20% of corporate governance ratings, and meeting Taiwan's sustainability classification criteria.	436	1,962.36
Other activities that contribute to reducing carbon emissions, promoting circular economy, and enhancing ESG business or activities.	Medical, education, sports and fitness, road construction, and other social work services.	133	474.79

Green Financing

To promote the implementation of green finance and practice the spirit of sustainable finance, Mega Group has strengthened the ESG risk management of loan business. In particular, we manage the climate risks through sustainable (green) loan management, to inventory and keep abreast of the high-risk industries risk exposure. At the same time, to help enterprises cope with the impact of climate risks, green financing projects are used to support the development of low-carbon economic industries such as renewable energy, energy technology, low-carbon transportation, and water resource utilization.

In accordance with the internal “Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries,” Mega Group has identified 11 sustainable development industry categories and supports sustainable development enterprises to assist industries in sustainable transformation. By the end of 2024, there were 1,632 cases in the sustainable development industry from Mega Group, with a credit balance of approximately NT\$357.428 billion (the above data excludes double-counting).

Distribution of Sustainable Development Loans by Mega Group in 2024			
Industry	Description	Number of Companies	Loans Outstanding at the End of the Year (NT\$100 million)
Renewable Energy	Solar, wind, geothermal, hydroelectric, and ocean energy industries, with a total installed capacity of 3,550MW in 2024.	242	380.18
Energy Technology	Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	14	13.04
Low Carbon Transportation	Electric, hydrogen and other alternative fossil fuel transportation, passenger and freight transportation system conversion and efficiency improvement, public transportation, and other transportation industries.	137	584.38
Water Resource Utilization	Water monitoring smart network and early warning system, water storage, water recycling treatment, flood control and water conservation, and other hydraulic infrastructures.	46	72.60
Sustainable Architecture	Green buildings, building energy-saving systems or products in the construction industry.	20	115.91
GHG Reduction	Energy efficiency, non-energy generated greenhouse gas reduction, clean production and other industries.	164	130.69
Circular Economy	Waste cleaning and recycling, pollution control and carbon sequestration.	186	159.48
Smart Information and Communication Technology	Fiber optic broadband, data center and smart grid information and communication technology.	28	7.64
Sustainable Agriculture, Forestry, Fishery, and Animal Husbandry	Sustainable and verifiable carbon reduction related agriculture, forestry, fishery and aquaculture measures.	15	15.82
Companies with Outstanding	MSCI AA-rated or above, selected for DJSI, ranked in the top 20% of corporate governance ratings, and	162	1,754.29

Distribution of Sustainable Development Loans by Mega Group in 2024			
Industry	Description	Number of Companies	Loans Outstanding at the End of the Year (NT\$100 million)
Sustainability Performances	meeting Taiwan's sustainability classification criteria.		
Other activities that contribute to reducing carbon emissions, promoting circular economy, and enhancing ESG business or activities.	Medical, education, sports and fitness, road construction, and other social work services.	618	340.25

[Case Sharing] Mega Bank Supports Ørsted Greater Changhua Offshore Wind Farms to Promote the Development of Taiwan's Renewable Energy Industry

Mega Bank has demonstrated its support for the government's offshore wind power policy through practical actions by participating in Cathay Wind Power's 19-year, NT\$60.25 billion syndicated loan. The syndicated loan funds will be used to support Cathay Wind Power's purchase of half of the equity of the Ørsted Greater Changhua Offshore Wind Farms and the corresponding development costs. Ørsted Greater Changhua Offshore Wind Farms and Greater Changhua Southwest Phase II Offshore Wind Farms are currently in the joint construction stage, with a total construction capacity of 920 MW (million watts), and are planned to be completed by the end of 2025. Ørsted has also signed a corporate power purchase and sales contract with TSMC, under which TSMC will purchase all the power generated by the Greater Changhua Southwest Phase II and Northwest Offshore Wind Farms for the next 20 years. In addition to being one of the co-organizing banks, Mega Bank has also joined hands with the National Credit Guarantee Administration to shape a new partnership model for the provision of offshore wind power project financing.



[Case Sharing] Mega Bank Held SBT Engagement Workshop to become a Strong Backing for Enterprises' Low-Carbon Transition

Mega Bank held an SBT engagement workshop, with a keynote speech by Deloitte & Touche Taiwan to share the net zero sustainability trend. A total of 27 investment and financing companies and more than 50 people participated in the event. The invited industries covered electronic manufacturing, shipping, cement manufacturing, transportation, and warehousing. During the workshop, the “Reference Guidelines for the Recognition of Sustainable Economic Activities” were explained to guide the participants to formulate carbon reduction transformation or improvement plans to gradually achieve the sustainability conditions stipulated in the Reference Guidelines.



● Mega Group's Transition Plan

Under the strategy of “Committing to Net-Zero Emissions to Achieve Environmental Sustainability”, Mega Group launched the SBTi project in 2023 to plan for carbon reduction and transformation, and passed the short-term carbon reduction SBTs review in June 2024. It has also committed to the SBTi net-zero target, and will pursue the validation of the net-zero target in the future.

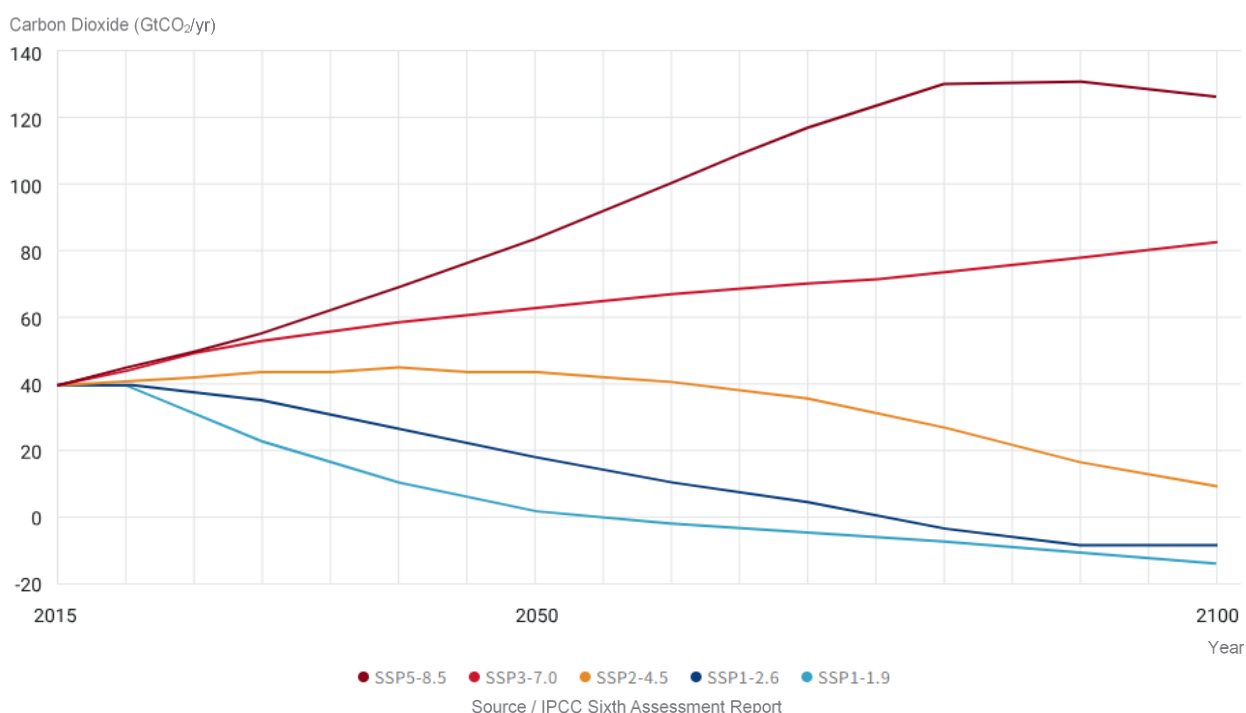
- I. Signed the Science Based Targets initiative (SBTi) commitment.
- II. Signed to join the PCAF and adopted PCAF methodology to disclose financial carbon emissions.
- III. Planning of short-term carbon reduction targets for Scope 1, 2 and 3 investment and financing based on the SBT methodology, including the methodology, base year, target year and carbon reduction pathways.
- IV. The SBTs are tracked regularly through the Sustainable Development Committee and the Risk Management Committee.
- V. Carbon Reduction Action Plan:
 1. Scope 1 and 2:
 - (1) Obtain the Green Building Label.
 - (2) Increase the use of renewable energy.
 - (3) Gradually increase the proportion of electric vehicles or hybrid vehicles procured (including leasing).
 - (4) Prioritize the procurement of products with environmental protection or energy-saving labels.
 2. Scope 3 Investment and Financing:
 - (1) Continue to strengthen sustainable (green) loan services.
 - (2) Help clients accelerate transition to low carbon and continue strengthening engagement with clients.
 - (3) Establish limits on investment and financing for high carbon emission industries and gradually reduce the investment and financing position of high-carbon emission industries.
 - (4) Committed to withdrawal from coal-related industries.
 - (5) Establish the Guidelines for Divestment from Coal and Non-Traditional Oil and Gas Industries to guide companies to engage in sustainable transformation.
 - (6) Establish the SBT investment list and include whether to join or commit to SBT in the pre-investment evaluation mechanism.
 - (7) Incorporate customers' carbon emission management into ESG risk assessment as a basis for investment and financing decisions.
 - (8) Establish an investment and financing carbon inventory system to improve the quality of carbon inventory data.

2.1.5 Scenario Analysis

The scenarios adopted by Mega Group are based on the framework and methodology of climate change stress tests published by international regulatory authorities, and the business nature and operation areas are included in the assessment (shown in table below). Different sources of climate scenarios were selected to facilitate consistent scenario analysis and evaluation across subsidiaries.

Source	Description	Adopted Path	Corresponding to Temperature Rise at the End of the Century
United Nations' Intergovernmental Panel on Climate Change (IPCC)	■ Focus on physical impacts ■ Simulation of future scenarios with different concentrations of greenhouse gases	■ Moderate Path: SSP1-2.6	~2°C
		■ Severe Path: SSP5-8.5	>4°C
Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	■ Considering transition risks, physical risks, and climate policy implementation under orderly and disorderly scenarios	■ Orderly Transition Path: 1. Net Zero 2050 2. Below2°C	1. ~1.4°C 2. ~1.8°C
		■ Delayed Transition Path: Delayed Transition	~1.7°C

Five Core Pathways Proposed in IPCC AR6



Summary of Analysis Results

In 2024, all subsidiaries of Mega Group conducted scenario analyses based on a consistent assessment methodology. Although the assessment results showed that the financial impact of both physical and transition risks on the Group was not significant, we will still use the scenario analysis results to actively develop response measures, formulate future strategic directions, and plan for carbon-reducing targets.

Currency: NTD

Risk Type	Asset Category	Financial Risks	Impact on Business	Climate Scenario	Financial Materiality	Financial Impact Caused by Climate Scenarios in 2050 (Flooding)
Physical Risks	Location of Operations	Operational risks	Own Operations	SSP1-2.6	Low	There are 0 locations in high climate-sensitive areas (Grade E), accounting for 0% of all locations. It is estimated that the asset impairments of the highly flood-sensitive locations are around NT\$0 million, and the overall asset impairment are around NT\$9 million.
				SSP5-8.5	Low	There are 3 locations in high climate-sensitive areas (Grade E), accounting for 2% of all locations. It is estimated that the asset impairments of the highly flood-sensitive locations are around NT\$2 million, and the overall asset impairment are around NT\$19 million.
	Real Estate as Collateral	Credit risks	Corporate/Individual Finance and Lending	SSP1-2.6	High	The balance of real estate collateral loans in high climate-sensitive areas (Grade E) accounts for approximately 4.88%, with an assessed asset impairment amount of NT\$7,362 million. The balance of Grade E loans accounted for approximately 4.89% of the Group's profit before tax.
				SSP5-8.5	Material	The balance of real estate collateral loans in high climate-sensitive areas (Grade E) accounts for approximately 5.96%, with an assessed asset impairment amount of NT\$9,711 million. The balance of Grade E loans accounted for approximately 5.98% of the Group's profit before tax.
	Investment Position	Market risks	Investment	SSP1-2.6	High	The impairment amount in high climate-sensitive areas (Grade E) accounts for approximately 4.82% of the investment balance
				SSP5-8.5	Material	The impairment amount in high climate-sensitive areas (Grade E) accounts for approximately 5.87% of the investment balance
	Financing Position	Credit risks	Corporate Finance and Lending	SSP1-2.6	High	The impairment amount accounts for 2.29% of the financing balance, high climate-sensitive areas (Grade E) accounts for 2.23% of the financing balance
				SSP5-8.5	High	The impairment amount accounts for 2.47% of the financing balance, high climate-sensitive areas (Grade E) accounts for 3.38% of the financing balance
	Underwriting Position	Insurance risks	Property Insurance Products	SSP1-2.6	High	The retention ratio of underwriting positions in high climate-sensitive areas (Grade E) accounts for approximately 3.82%, with an assessed asset impairment amount of NT\$1,314 million. The balance of Grade E loans accounted for approximately 3.36% of the Group's profit before tax.
				SSP5-8.5	Material	The retention ratio of underwriting positions in high climate-sensitive areas (Grade E) accounts for approximately 10.14%, with an assessed asset impairment amount of NT\$3,448 million. The balance of Grade E loans accounted for approximately 8.82% of the Group's profit before tax.
	Suppliers	Operational Risks	Own Operations	SSP1-2.6	Low	There are no suppliers in highly climate-sensitive areas and the total asset impairment is estimated to be approximately NT\$96 million.
				SSP5-8.5	Low	There are no suppliers in highly climate-sensitive areas and the total asset impairment is estimated to be approximately NT\$110 million.

Risk Type	Asset Category	Financial Risks	Impact on Business	Climate Scenario	Financial Materiality	Financial Impact Caused by Climate Scenarios in 2050
Transition Risks	Financing Position	Credit risks	Corporate Finance and Lending	Net Zero 2050	Medium	The financial impact of the derived credit risk expected losses was 0.3%.
	Suppliers	Operational Risks	Own Operations	Below 2°C	Medium	- The financial impact of passing through carbon fees is about 0.11%. - It is clearly stipulated in the Sustainable Development Policy: “Prioritize green procurement and use products with environmental protection certification”, and in the Sustainable Development Best Practice Guidance to give priority to purchasing eco-friendly products and making responsible purchases.
				Delayed Transition	Medium	The financial impact of passing through carbon fees is about 0.10%, and corresponding measures have been taken as above.
				Net Zero 2050	Medium	The financial impact of passing through carbon fees is about 0.33%, and corresponding measures have been taken as above.

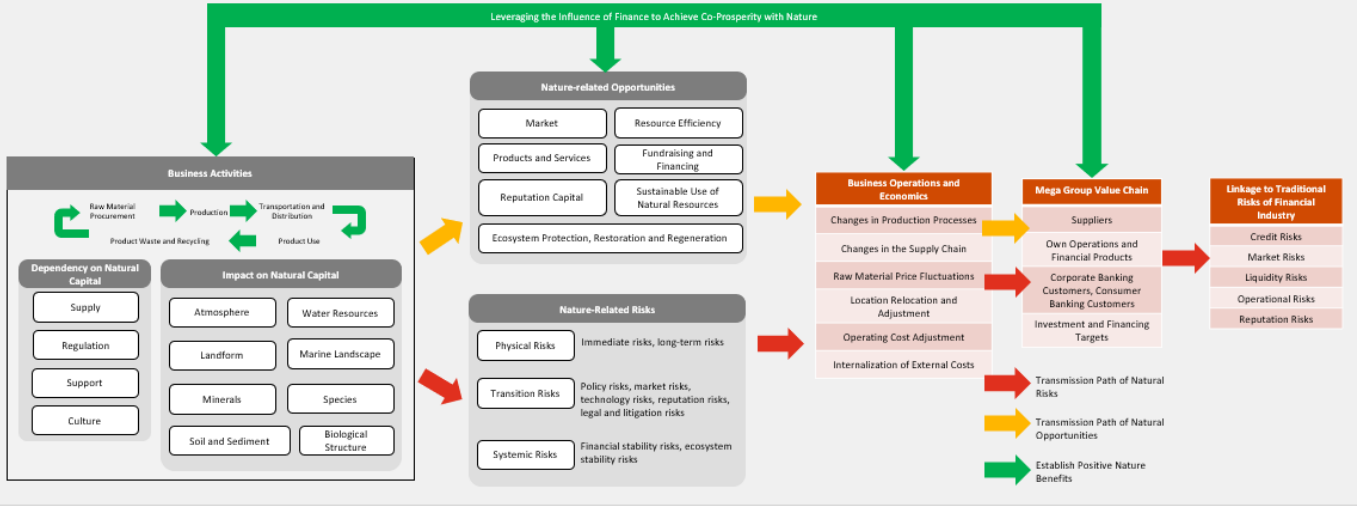
2.2 Natural Dependencies and Impacts

2.2.1 Natural Capital

Business operations and economic activities are not only highly dependent on natural capital, but their value chain also has an impact on biodiversity. Therefore, enterprises can no longer overlook the interaction between their operations and the natural ecology. Natural capital refers to various resources in nature, including oceans, land, atmosphere, animals, plants, and minerals, and biodiversity is the foundation for maintaining the sustainable operation of the ecosystem. From suppliers to own operations and financial products, to corporate and consumer banking customers, and to investment and financing targets, Mega Group's value chain is closely related to natural capital and biodiversity. Therefore, any impact on natural capital and biodiversity can exert a significant impact on the Group's operating activities and investment and financing portfolios. Taking the impact of investment and financing targets on water resources as an example, the risk of water shortage arising from improper water withdrawal in the course of operations may have an impact on the investment and financing business of Mega Group and increase the credit and market risks of Mega Group. Please refer to the table below for the interaction between Mega Group's value chain and natural capital, and how nature-related risks and opportunities affect Mega Group's value chain and traditional risks in the financial industry.

The main dependencies and impacts of financial institutions on the natural ecosystem comes from the indirect impact arising from the investment and financing targets. In an event that the investment and financing targets are affected by natural risks or exert an impact on the natural environment, it will bring potential risks to the financial institutions. Therefore, financial institutions should actively understand the impact of the investment and financing targets on the natural ecosystem, and formulate a natural risk management plan in a timely manner to identify high-nature risk industries and ecologically sensitive hotspots, as well as actively develop innovative nature-related financial products and services to capture nature-related opportunities.

Mega Group is well aware of the interaction between corporate operations and natural resources, and is committed to integrating nature risk management related actions and actively managing the nature risk of its own operations. In addition, Mega Group is also exerting its financial influence as appropriate to mitigate the impacts on natural capital depletion and biodiversity loss. In the future, we will continue to keep abreast with international natural risk management standards and strengthen actions related to nature conservation.



2.2.2 Introduction to LEAP Methodology

The Taskforce on Nature-related Financial Disclosures (TNFD) introduced the LEAP (Leading Practices for Impact-Driven Natural Capital Management) methodology to assist enterprises and financial institutions in systematically identifying, assessing, and managing nature-related risks and opportunities. It guides enterprises and financial institutions to gradually think about how to improve their sustainability and operational resilience through the four stages of Locate, Evaluate, Assess, and Prepare. To comprehensively examine the correlation between business operations and various business activities and natural capital, Mega Group follows the LEAP methodology in the nature analysis process this year, fully introduces the risk and opportunity assessment process, and formulates response strategies regarding natural risks and opportunities.

Mega Group first identifies industries in its value chain and operations that have a moderate to high dependencies on natural capital as well as production sites in ecologically sensitive hotspots through Locate. Next, it recognizes how the impacts on natural capital of the investment and financing targets will drive natural risks and opportunities through Evaluate, and then identifies natural risks and opportunities and formulates mitigation strategies in the process of Assess. Finally, based on the above evaluation results, Mega Group effectively tracks the effectiveness of its strategies through the establishment of nature-related metrics and targets in the Prepare phase, ensuring that the ecosystem is protected during the development of financial services, while achieving positive growth in both nature and operational performance.

LEAP Four Steps	Evaluation Targets	Implementation Method of Mega Financial Holding
Locate	- Identify industries that may have moderate or high dependencies and impacts in the value chain and its own operations. - Identify which production activities are located in ecologically sensitive locations in the value chain and in our own operations that are moderate or highly dependent on nature and affect industries.	- Own Operations This year, ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) has been newly adopted to analyze the industry dependencies and impacts of the subsidiaries of Mega Group. We have conducted overlay analysis with a biodiversity map with reference to the summarized results of nature issues. - Upstream: Key suppliers We have adopted ENCORE to analyze the nature dependencies and impacts of key suppliers with an annual procurement amount of NT\$1.5 million (inclusive) and above, identify the types of suppliers with high nature risks, and conduct overlay analysis with a biodiversity map with reference to the summarized results of nature issues. - Downstream: Investment and financing targets We have adopted ENCORE to analyze the dependencies and impacts of the industries of the investment and financing targets in 2024, and included the top 20 industries in the investment and financing balance into the matrix diagram

LEAP Four Steps	Evaluation Targets	Implementation Method of Mega Financial Holding
		analysis to identify investment and financing targets in high-nature risk industries this year. We have also conducted overlay analysis with a biodiversity map with reference to the summarized results of nature issues.
Evaluate	Describe how the dependencies and impacts of investment and financing targets on natural capital drive nature risks and opportunities	Identify nature risks and opportunities of investment and financing targets in the power supply industry This year, we prioritized the identification of nature risks and opportunities for investment and financing targets in the power supply industry, which is a high nature risk industry. We also adopted the Additional sector guidance: Electric utilities and power generators_version 1.0 to analyze the financial impact of nature risks and opportunities of various types of power generation on Mega Group.
Access	Identify nature risks and opportunities	Scenario analysis of nature risks of investment and financing targets in the power supply industry Under the SSP5-8.5 scenario, we analyzed the water shortage (degree of hazard) at locations of operations of investment and financing targets in the domestic power supply industry, as well as the water demand (degree of vulnerability) of each type of power generation in the power supply industry for different time periods in the future.
	Describe the processes and related strategies for risk mitigation and risk and opportunity management	- Nature Risk Governance Policy To promote sustainable development, Mega Group has incorporated ecological impact and biodiversity protection into the Sustainable Development Best Practice Guidance, and established the Sustainable Finance Policy, Engagement Policy, and Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries to guide subsidiaries to consider biodiversity. - Nature risk management procedures Mega Group has incorporated nature and biodiversity into the financing review process to reduce the mutual impact between business and nature. In addition, we have screened for industries with nature risks when making, renewing or changing credits, and conducted biodiversity assessments for specific industries. - Nature-related green finance products By promoting nature-related green finance products and services to maintain the sustainable development of the natural ecosystem, including corporate loans, investments, and underwriting of green bonds for water resource utilization, Mega Group has also successively launched a variety of nature conservation-related green products and services. - Nature-related initiatives and actions Through natural analysis, Mega Group has identified nature-related factors that have a critical impact on corporate operations, formulated ecological conservation plans, and participated in nature-related initiatives. This year, Mega

LEAP Four Steps	Evaluation Targets	Implementation Method of Mega Financial Holding
		Group's primary goals for ecological conservation were habitat conservation and species restoration.
Prepare	Establish a nature and climate risk governance framework based on the nature dependencies, impacts, risks, and opportunities assessed in the first three stages, launch strategic actions, and establish nature metrics and targets to track the progress of strategic actions and adjust strategic directions.	• Nature governance framework Mega Group has established a sound nature governance framework, with the Group's Board of Directors as the highest governance unit for nature-related issues. The Risk Management Committee and Sustainable Development Committee are responsible for managing nature risks and opportunities and tracking the implementation status. • Nature-Related Engagement and Human Rights Policy Mega Group has formulated engagement policy and human rights policy to promote sustainable development, strengthen communication with stakeholders, protect biodiversity, and establish human rights due diligence procedures to mitigate the impact on the environment and the community. • Nature-related metrics and targets of own operations Mega Group complies with a number of international standards and has established a nature management framework and targets. In addition to incorporating green buildings, water consumption, and waste into environmental metrics, waste reduction has also been included in performance evaluations starting from 2025. • Supplementary metrics for TNFD financial industry investment and financing portfolio We track the average water consumption per NT\$1 million revenue of investment and financing targets in the power supply industry and the number of companies with high water stress and without water resource management.

2.2.3 Analysis of Nature Dependencies, Impacts, and Ecologically Sensitive Areas

According to the TNFD LEAP methodology guidelines published in October 2023, business operations are dependent on the ecosystem services provided by nature and may have positive or negative impacts on nature in the course of operations. Therefore, the more an enterprise relies on and influences nature, the higher the risk and impact it faces. Mega Group refers to the LEAP methodology to properly manage nature-related risks. First of all, by the end of 2024, Mega Group has comprehensively collected information on the own operations of its subsidiaries and sub-subsidiaries, locations of operations of its upstream suppliers, and production sites of its downstream investment and financing targets. It has adopted the ENCORE database to analyze the nature dependencies and impacts of various industries, and drawn a matrix to identify industries that are highly dependent on nature and exert an impact.

Changes in the natural environment involve a wide range of issues. In order to identify which natural issues are more relevant to the dependencies and impacts factors of Mega Group's value chain industries, it is necessary to summarize the key natural issues in each industry by examining the correlation between the dependence factors, stress factors and ecosystem components, which also enables Mega Group to better identify its priority strategies for natural risk management in the future. The results of the analysis (please refer to Step 3 of the analysis of nature dependencies, impacts and ecologically sensitive locations of its own operations, key suppliers, and investment and financing targets) indicate that Mega Group needs to further conduct overlay analysis on biologically sensitive hotspots to examine the potential impacts of its operational activities on ecologically sensitive areas.

Through a comprehensive analysis process, Mega Group has formulated a nature risk management strategy more efficiently. Identifying nature risk hotspots that are highly dependent on natural resources or have a significant impact on the natural environment in corporate operations through Locate not only helps Mega Group to plan for the future conservation of the ecosystem, but also improves its resilience in response to nature risks.

Process for Analyzing Nature Dependencies, Impacts, and Ecologically Sensitive Locations of Mega Financial Holding	
Step 1 Data Collection	• Own operations Businesses, products, and addresses of domestic operational sites of Mega Group's subsidiaries and sub-subsidiaries at the end of 2024. • Upstream: Key suppliers Collect the industry codes under the Department of Budget, Accounting and Statistics, procurement amount, and addresses of operational sites of suppliers whose procurement amount reached the threshold as stipulated in the Mega Group Supplier CSR Statement (annual procurement amount of NT\$1.5 million or more) in 2024. • Downstream: Investment and financing targets⁴ Collect the industry codes under the Department of Budget, Accounting and Statistics, taxpayer ID Nos., addresses of operational sites, and balance of investment and financing positions of the investment and financing targets.
Step 2 Analyze nature dependencies and impacts factors of each industry	• Obtain ENCORE industry-based dependencies and impacts Obtain the ISIC industry codes for each industry of the investment and financing targets and suppliers, as well as the nature dependencies and impacts data of each industry through the ENCORE database recommended by the LEAP methodology. • Matching of industry codes Convert the ISIC industry codes to 4-digit industry codes under the Department of Budget, Accounting and Statistics generally used in Taiwan according to the industry code table provided by the National Statistics, R.O.C. • Calculate the materiality of nature dependencies and impacts Convert the degree of nature dependencies and impacts into scores, and sum up the dependencies and impacts scores of each industry based on the 4-digit industry codes under the Department of Budget, Accounting and Statistics. • Identify high nature dependencies and high impacts industries For investment and financing targets and suppliers, the data obtained in the steps above are compiled to create a matrix to identify industries that are highly dependent on and impact nature among investment and financing targets and suppliers.
Step 3 Linkage of dependencies and impacts factors to nature issues	Analyze the relationship between dependence factors, stress factors, and the composition of ecosystems based on the ENCORE official website, and summarize the nature issues related to dependencies and impacts factors of each industry.
Step 4 Overlay analysis of biologically	Analyze biologically sensitive areas in Mega Financial Holding's own locations of operations and the locations of upstream and downstream operators in the value chain, and review the analysis results.

⁴ With reference to the V2.0 of the TNFD Financial Industry Guidelines, the scope of investment and financing assets included in the analysis covers the following:

- Investments in listed stocks (including ordinary shares and preferred shares) and corporate bonds (including financial bonds, convertible bonds, and green bonds).
- Investments in unlisted stocks (including ordinary shares and preferred shares) and corporate bonds (including financial bonds, convertible bonds, and green bonds).
- Project investment and financing.
- General corporate loans (excluding credit-related assets such as overdrafts, guarantees, bills negotiation, and discounts, including SME loans and short-term loans).

The investment and financing targets of the above assets are mainly enterprises, and exclude investment and financing to government agencies.

based on the business types of each subsidiary. The assessment results showed that the nature dependencies and impacts scores of Mega Group's operating activities were mostly no risk, very low risk or low risk, with only the impact factor of “land use area” of financial holding reaching a medium risk level.

Step 3: Linkage of dependencies and impacts factors to nature issues

The results of analysis showed that each subsidiary of Mega Group has the strongest linkage between its own operations to natural capital dependencies and impacts and biodiversity issues, followed by ocean and water, and is least relevant to minerals. Therefore, priority will be given to own locations of operations and biologically sensitive locations for overlay analysis.

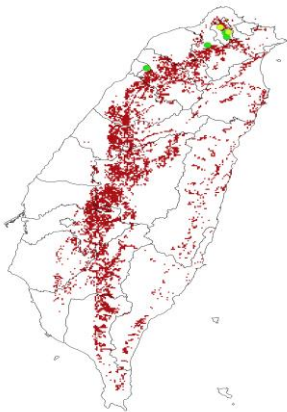
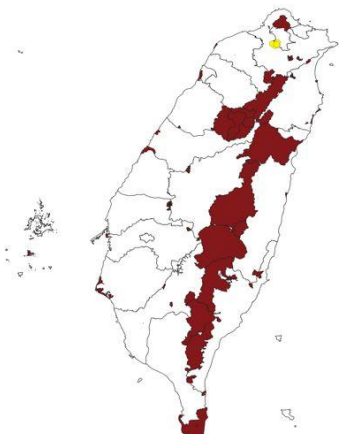
Each subsidiary's own operations have the highest degree of impact on biodiversity in terms of “biological species” and “structure and biological integrity”. We will subsequently verify whether own locations of operations may have an impact on biodiversity through overlay analysis.

Linkage to Nature Issues→ Ecosystem Composition→	Climate Change		Land and Forest				Biodiversity				Ocean and Water				Minerals	
	Atmosphere		Landscape		Soil and Sediment		Biological Species		Structure and Biological Integrity		Marine Landscape		Water			
	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure
Financial Holding	1	1	2	1	0	2	1	3	1	3	1	1	2	1	0	1
Banking	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Bills Finance	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Property Insurance	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Securities Dealers	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Futures Commission Merchants	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Trusts, Funds, and Similar Financial Entities	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Reinsurance Business	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Fund Management	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Investment Consulting	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Other Financial Services not Classified	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
Sum of Dependency and Pressure Scores of Each Nature Issue	27		47				74				54				7	
Materiality Ranking of Nature Issues	4		3				1				2				5	

Step 4: Overlay analysis of biologically sensitive locations

As of the end of 2024, Mega Group has a total of 236 domestic and overseas offices, including the offices of Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds, Mega Asset Management, Mega Venture Capital, and other sub-subsidiaries of the Group. At present, Mega Group does not have any domestic and international operating bases located in natural reserves, national parks, natural parks, or important wildlife habitats. As Taiwan is the main operation base of Mega Group, in order to identify potential natural risk locations for early response, we prioritized 196 domestic locations within 1 kilometer (Note) to conduct overlay analysis. The analysis results are as follows:

Type of Map	Biodiversity Hotspots	Key Biodiversity Areas (KBAs)
Analysis result description	9 Sites (4.6% of the total number of domestic operational sites) have a 1-kilometer radius of impact bordering a biodiversity hotspot (Grade 1 or 2 regions).	7 of its operational sites (3.6% of the total number of domestic operational sites) have a 1-kilometer radius of impact bordering a biodiversity region. At present, Mega Group does not have any locations of operations located in natural reserves, national parks, natural parks, or important habitats of wildlife. To identify sites with potential natural

Type of Map	Biodiversity Hotspots			Key Biodiversity Areas (KBAs)
				risks, Mega Group analyzes them within 1 kilometer based on risk considerations to take response measures in advance.
Percentage of Sites Located in or Adjacent to Ecologically Sensitive Areas	Grade of Biodiversity Hotspots	Number of domestic operational sites (Unit: number of companies)	Percentage of number of sites (%)	Accounting for 3.6% of the total number of domestic operational sites.
	5	0	0%	
	4	0	0%	
	3	0	0%	
	2	3	1.5%	
	1	6	3.1%	
	Total	9	4.6%	
Overlay	 Biodiversity Hotspots Grade of Biodiversity Hotspots of Locations of Operations  1  2 			 Locations of Operations Bordering KBAs by 1 Kilometer  Key Biodiversity Areas (KBAs) 
Response Measures	- Promote education and training on nature and biodiversity conservation: Design and provide biodiversity-related education courses to improve employees' understanding of the importance of nature and biodiversity conservation. Courses can include seminars, workshops, and online learning resources, and experts are invited to share experiences and insights to inspire employees' awareness of conservation. - Strengthen cooperation with environmental protection groups: Actively establish partnerships with local environmental protection groups and government agencies. Encourage employees to participate in volunteer activities during working hours to raise employees' environmental awareness and enhance the Company's image and influence. For detailed response measures, please refer to CH4 Environmental Sustainability and CH8 Social Prosperity in the Sustainability Report of Mega Financial Holding.			

2.2.3.2 Analysis of Key Suppliers

Step 1: Data Collection

Collect the industry codes under the Department of Budget, Accounting and Statistics, procurement amount, and addresses of operational sites of suppliers whose procurement amount reached the threshold as stipulated in the Mega Group Supplier CSR Statement (annual procurement amount of NT\$1.5 million or more) in 2024.

Step 2: Analyze results of nature dependencies and impacts factors of each industry

Industry 4-digit Industry Code under the Department of Budget, Accounting and Statistics	Industry Name	Percentage of Transaction Amount (%)	Extremely high High Medium Low Extremely low No Risk/No Data																					
			Dependency												Pressure									
			Supply Services			Regulation and Support Services									Cultural Services			Pressure						
			Animal Energy	Business Supply	Water Supply	Green Material	Solid Waste Management	Gas and Air-conditioning Maintenance	Water Pollution	Land and Air Pollution	Biological Resources	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services	Other Environmental Protection Services
4541	Wholesale of Computers, Computer Peripheral Equipment and Software	20.6%																						
4831	Retail of Computers, Computer Peripheral Equipment and Software	18.6%																						
4642	Wholesale of Electronics and Communications Equipment and Parts and Components	9.6%																						
8202	Computer Consultancy and Computer Facilities Management Activities	7.1%																						
4340	Building Completion and Finishing	6.3%																						
8209	Other Computer-related Services	5.5%																						
8390	Other IT Services	3.8%																						
7020	Management Consulting	3.5%																						
8000	Security and Investigation Activities	3.4%																						
8312	Data Processing, Hosting and Related Activities	2.9%																						
2699	Other Electronics Components Manufacturing not Classified	2.7%																						
7721	Renting and Leasing of Motor Vehicles	2.5%																						
4332	Plumbing, Heat and Air-conditioning Installation	2.1%																						
4644	Wholesale of Office Machinery and Equipment	2.0%																						
8201	Computer Programming Activities	1.6%																						
2110	Manufacture of Wearing Apparel	1.5%																						
2810	Power Generation, Transmission and Distribution Machinery Manufacturing	1.5%																						
2729	Other Manufacture of Communication Equipment	1.1%																						
4331	Electrical, Plumbing and Other Construction Installation Activities	0.8%																						
5601	Printing Industry	0.6%																						
6530	Property Insurance	0.5%																						
4532	Wholesale of Clothing and Clothing Accessories	0.3%																						
4749	Retail Sale of Other Household Appliances and Goods in Specialized Stores	0.3%																						
2721	Manufacture of Telephones and Cellular Phones	0.2%																						
8510	Personal Insurance	0.2%																						
9011	Motion Picture, Video and Television Programme Production Activities	0.2%																						
8110	Combined Facilities Support Activities	0.2%																						
8220	Event Catering & Other Food Service Activities	0.1%																						
4609	Wholesale of Other Machinery and Tools	0.1%																						
5612	Publishing of Journals and Periodicals	0.1%																						
7900	Travel agency, Tour Operator, Other Reservation Service and Related Activities	0.1%																						
5611	Publishing of Newspapers	0.0%																						

The analysis results of nature dependencies and impacts of key suppliers this year showed that the highest scores of dependencies and impacts were in travel and other related services, accounting for approximately 0.1% of the procurement amount. In addition, industries with a higher degree of nature dependencies and impacts that need to be observed in the future include the construction and renovation engineering industry, event catering & other food service activities, and the plumbing, heat and air-conditioning installation industry.

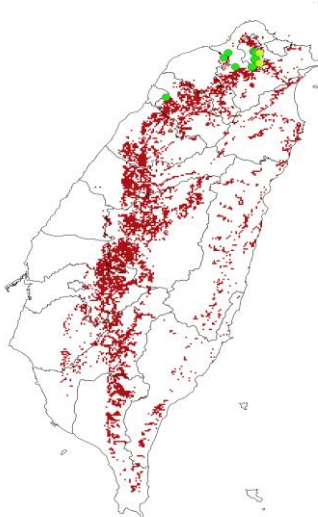
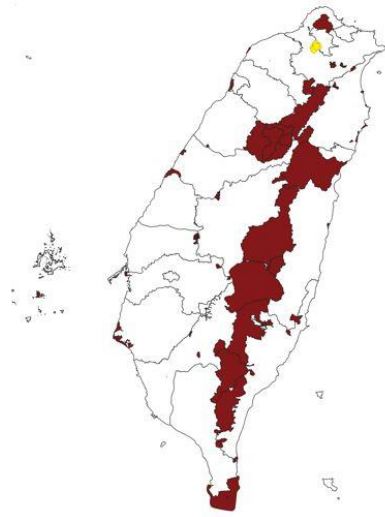
Step 3: Linkage of dependencies and impacts factors to nature issues

In terms of analysis results, suppliers' dependencies and impacts on biodiversity are higher compared to other issues, meaning that biodiversity may affect suppliers' ability to continue operations. Therefore, we will prioritize biodiversity-related maps for overlay analysis to preliminarily assess the nature risks of suppliers.

4-digit Industry Code under the Department of Budget, Accounting and Statistics	Industry Name	Linkage to Nature Issues of Ecosystem Composition		Climate Change		Land and Forest		Biodiversity				Ocean and Water				Minerals	
		Atmosphere		Landscapes		Soil and Sediment		Biological Species		Structure and Biological Integrity		Marine Landscape		Water			
		Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure
7900	Travel agency, Tour Operator, Other Reservation Service and Related Activities	5	3	6	2	3	3	12	5	11	5	5	1	8	3	1	1
4300	Building Completion and Finishing	4	3	5	2	5	4	3	7	7	6	3	2	8	3	0	2
5600	Event Catering & Other Food Service Activities	4	2	4	1	5	3	6	4	7	4	3	1	9	2	1	1
4302	Plumbing, Heat and Air-conditioning Installation	4	3	5	2	4	4	3	6	7	5	2	1	6	3	0	1
4301	Electrical, Plumbing and Other Construction Installation Activities	4	3	5	2	4	4	3	6	7	5	2	1	6	3	0	1
3200	Manufacture of Wearing Apparel	4	2	4	1	3	3	5	4	7	4	3	1	7	2	0	1
2800	Power Generation, Transmission and Distribution Machinery Manufacturing	4	2	4	1	3	2	4	4	7	3	3	1	7	2	0	1
2699	Other Electronics Components Manufacturing not Classified	4	2	4	1	3	2	4	4	6	3	3	1	7	2	0	1
2709	Other Manufacture of Communication Equipment	4	2	4	1	3	2	4	4	6	3	3	1	7	2	0	1
2701	Manufacture of Telephones and Cellular Phones	4	2	4	1	3	2	4	4	6	3	3	1	7	2	0	1
5802	Publishing of Journals and Periodicals	3	2	3	1	4	2	3	3	4	3	2	1	5	2	1	1
5801	Publishing of Newspapers	3	2	3	1	4	2	3	3	4	3	2	1	5	2	1	1
7701	Renting and Leasing of Motor Vehicles	3	2	5	1	3	2	2	3	5	3	3	1	4	2	0	1
4801	Retail of Computers, Computer Peripheral Equipment and Software	2	2	5	1	3	2	2	3	4	3	2	1	4	2	0	1
4709	Retail Sale of Other Household Appliances and Goods in Specialized Stores	2	2	5	1	3	2	2	3	4	3	2	1	4	2	0	1
5901	Movies, Picture, Video and Television Programme Production	3	1	3	1	4	2	3	3	4	3	2	1	4	1	1	1
3601	Printing Industry	2	1	5	1	2	2	1	2	4	2	2	1	5	1	0	1
4601	Wholesale of Computers, Computer Peripheral Equipment and Software	2	2	3	1	3	2	1	3	3	3	2	1	4	2	0	1
4602	Wholesale of Electronic and Communications Equipment and Parts and Components	2	2	3	1	3	2	1	3	3	3	2	1	4	2	0	1
4604	Wholesale of Office Machinery and Equipment	2	2	3	1	3	2	1	3	3	3	2	1	4	2	0	1
4502	Wholesale of Clothing and Clothing Accessories	2	2	3	1	3	2	1	3	3	3	2	1	4	2	0	1
4609	Wholesale of Other Machinery and Tools	2	2	3	1	3	2	1	3	3	3	2	1	4	2	0	1
6302	Data Processing, Hosting and Related Activities	2	1	2	1	2	2	2	3	3	3	1	1	3	2	0	1
6201	Computer Consultancy and Computer Facilities Management Activities	2	1	2	1	2	2	1	3	2	3	1	1	3	2	0	1
6209	Other Computer-related Services	2	1	2	1	2	2	1	3	2	3	1	1	3	2	0	1
6201	Computer Programming Activities	2	1	2	1	2	2	1	3	2	3	1	1	3	2	0	1
8000	Security and Investigation Activities	2	1	2	1	2	1	2	2	2	2	1	1	3	1	0	1
6300	Other IT Services	2	1	2	1	2	1	1	2	2	3	1	1	3	1	0	1
7000	Management Consulting	1	1	2	1	2	1	1	2	2	2	1	1	2	1	0	1
8100	Technical Facilities Support Activities	1	1	2	1	2	1	1	2	2	3	1	1	3	1	0	1
6500	Property Insurance	1	1	2	1	2	1	1	2	1	2	1	1	2	1	0	1
6300	Personal Insurance	1	1	2	1	2	1	1	2	1	2	1	1	2	1	0	1
Sum of Dependency and Pressure Scores of Each Nature Issue		135		305		433				294				32		5	
Materiality Ranking of Nature Issue		4		2		1				3							

Step 4: Overlay analysis of biologically sensitive locations

Mega Group has a total of 154 key supplier locations with a procurement amount of more than NT\$1.5 million (inclusive) per year. The analysis results for 2024 are as follows:

Type of Map	Biodiversity Hotspots			Key Biodiversity Areas (KBAs)
Analysis result description	26 Sites (16.9% of the total number of supplier sites) have a 1-kilometer radius of impact bordering areas with low biodiversity hotspots (Grade 1 or 2).			11 of operational sites (7.1% of the total number of suppliers' operational sites) have a 1-kilometer radius of impact bordering a biodiversity region.
Percentage of Sites Located in or Adjacent to Ecologically Sensitive Areas		Grade of Biodiversity Hotspots	Number of domestic operational sites (Unit: number of companies)	Percentage of number of sites (%)
		5	0	0%
		4	0	0%
		3	0	0%
		2	2	1.3%
		1	24	15.6%
		Total	26	16.9%
Overlay	Biodiversity Hotspots Grade of Biodiversity Hotspots of Suppliers 1 2 			Locations of Operations of Suppliers Bordering KBAs by 1 Kilometer Key Biodiversity Areas (KBAs) 

2.2.3.3 Analysis of Investment and Financing Targets

Step 1: Data Collection

Collect the industry codes under the Department of Budget, Accounting and Statistics, taxpayer ID Nos., addresses of operational sites, and balance of investment and financing positions of the investment and financing targets.

Step 2: Analyze results of nature dependencies and impacts factors of each industry

The assessment results show that the power supply industry, real estate development industry, maritime transport industry and short-term accommodation industry all have a high degree of dependence on ecosystem services such as water supply, soil and sediment maintenance, and flood prevention. Among them, the power supply industry is the most dependent on water-related ecosystem services. In addition, the operating activities of the aforementioned industries also have a higher degree of impact on factors such as disturbance, greenhouse gas emissions and discharge of toxic pollutants into water and soil.

			Dependency										Impact									
			Supply Services		Regulation and Infrastructure Services						Cultural Services		Pressure									
Industry (High Industry Code under the Department of Budget, Accounting and Statistics)	Industry Name	No. of percentage of investment/lending balance (%)	Water Supply	Other Supply	Coastal Habitat	Soil and Sediment Maintenance	Water Pollution	Soil Quality Degradation	Biological Resources	Air Pollution	Forest Degradation	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem	Disruption of Ecosystem
030	Real Estate Development Activities	10.89%																				
041	Real Estate Leasing	0.00%																				
042	Real Estate Leasing	0.00%																				
043	Real Estate Leasing	0.00%																				
044	Real Estate Leasing	0.00%																				
045	Real Estate Leasing	0.00%																				
046	Real Estate Leasing	0.00%																				
047	Real Estate Leasing	0.00%																				
048	Real Estate Leasing	0.00%																				
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100	Real Estate Leasing	0.00%																				

Max - Dependency and Pressure Scores of Investment and Financing Positions (not weighted based on the percentage of investment/lending balance)

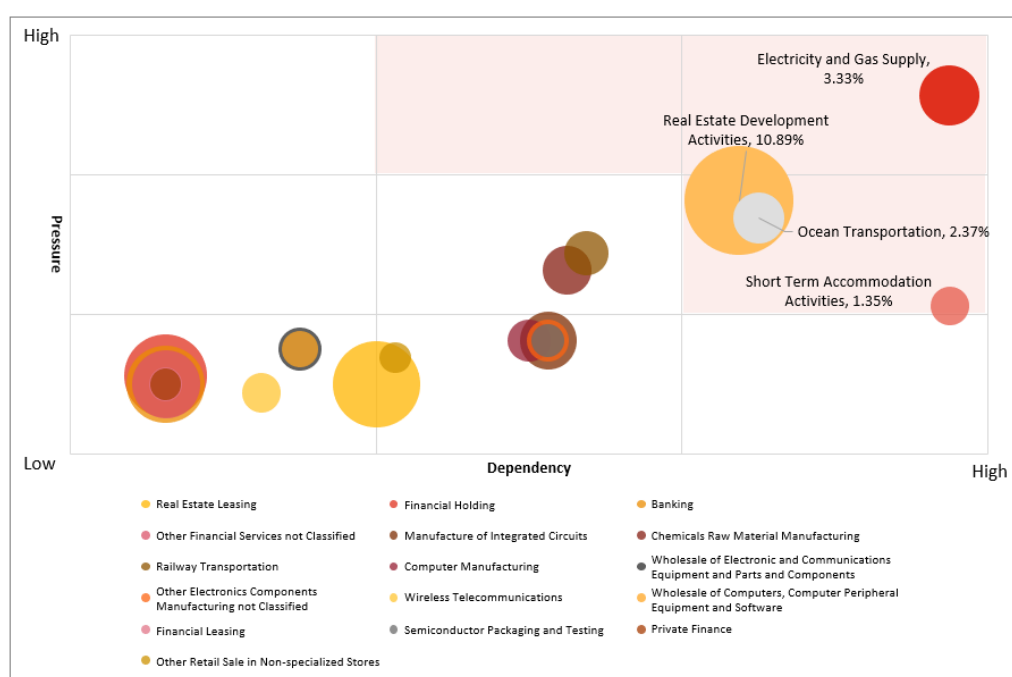


Chart Used in the Mega Financial Holding TNFD Report

The industries included in the matrix analysis for the year are the top 20 industries in terms of investment and financing balances, accounting for approximately 60% of the total investment and financing balances. The balances of any single industry in the remaining positions are all less than 1%, which will be analyzed successively. Among them, the industry with the highest dependencies and impacts score (upper right corner of the matrix) is the power supply industry, which accounts for about 3.33% of the total position and is a high natural risk industry. Industries that require continued monitoring in the future include real estate development, maritime transport, and short-term accommodation.

Step 3: Linkage of dependencies and impacts factors to nature issues

The overall assessment results show that the dependencies and impacts factors of the investment and financing sectors are most relevant to the issue of biodiversity. However, after investigating the dependencies and impacts of the investment and financing targets on the services of each ecosystem, it has been found that the investment and financing targets are most dependent on water resources. Therefore, we will then prioritize the use of biodiversity hotspot map for investment and financing targets in the electricity supply industry to conduct overlay analysis, and further carry out scenario analysis of water shortage issues to comprehensively assess the natural risks that the investment and financing targets may face.

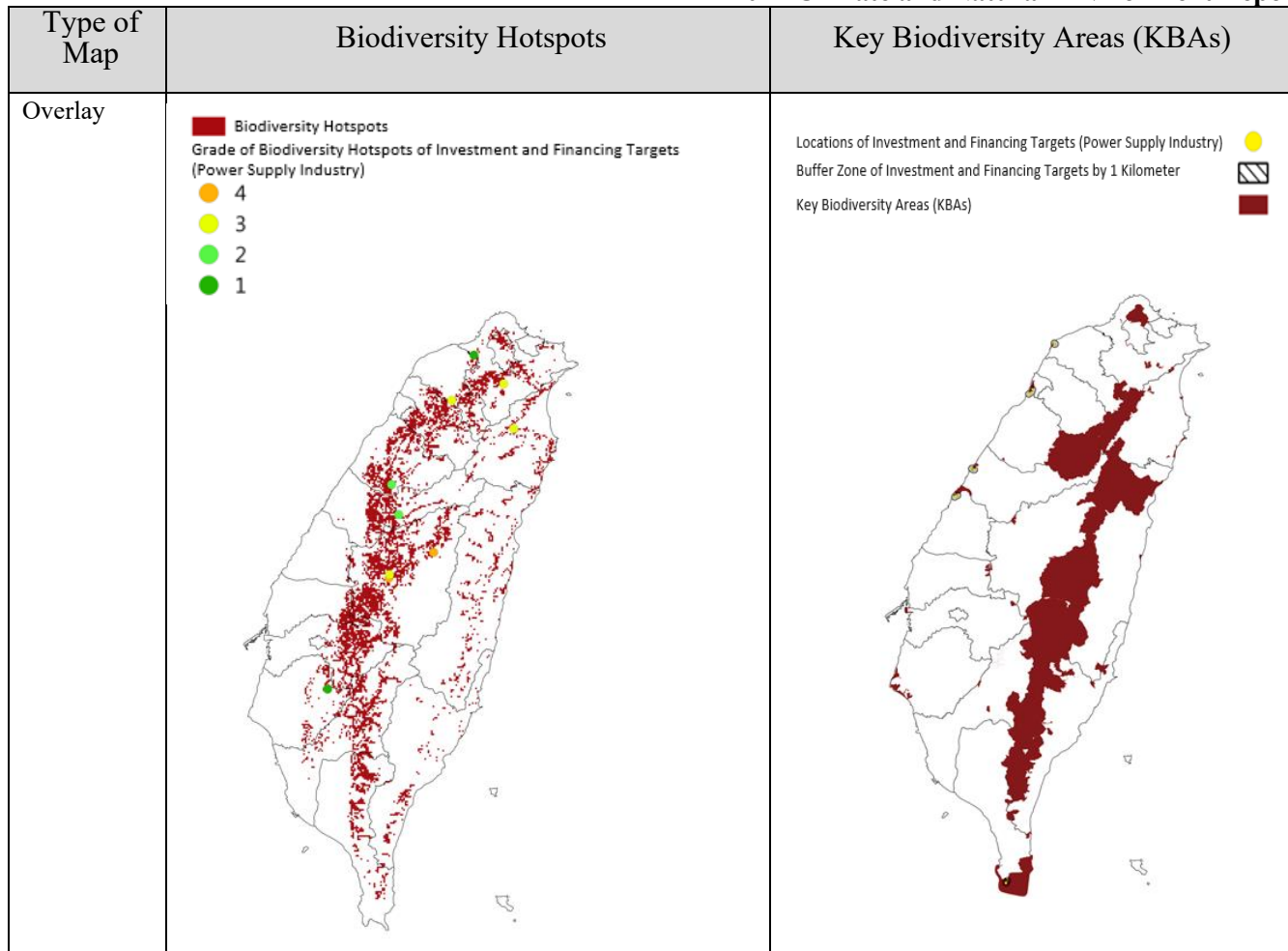
Linkage to Nature Issues— Ecosystem Composition		Climate Change		Land and Forest				Biodiversity				Ocean and Water				Minerals	
Industry 4-digit Industry Code under the Department of Budget, Accounting and Statistics	Industry Name	Atmosphere		Landscape		Soil and Sediment		Biological Species		Structure and Biological Integrity		Marine Landscape		Water			
		Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure	Dependency	Pressure
3510	Electricity and Gas Supply	6	5	7	3	2	7	8	10	12	9	3	3	11	5	0	2
6700	Real Estate Development Activities	5	3	6	2	1	5	5	8	9	7	4	2	9	4	0	2
5010	Ocean Transportation	9	3	7	2	2	4	5	8	8	6	5	2	8	4	1	2
6811	Real Estate Leasing	7	1	3	1	2	2	3	2	4	2	2	1	3	1	1	1
6421	Financial Holding	1	1	2	1	0	2	1	3	1	3	1	1	2	1	0	1
6412	Banking	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
6499	Other Financial Services not Classified	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
2611	Manufacture of Integrated Circuits	4	2	4	1	1	2	4	4	6	3	3	1	7	2	0	1
1810	Chemicals Raw Material Manufacturing	4	2	5	2	1	4	4	6	6	5	3	1	7	3	0	1
4910	Railway Transportation	9	3	5	2	2	4	3	6	7	6	4	1	5	3	1	1
2711	Computer Manufacturing	4	2	4	1	1	2	4	4	6	3	3	1	6	2	0	1
4642	Wholesale of Electronic and Communications Equipment and Parts and Components	2	2	3	1	1	2	1	3	3	3	2	1	4	2	0	1
2699	Other Electronics Components Manufacturing not Classified	4	2	4	1	1	2	4	4	6	3	3	1	7	2	0	1
6102	Wireless Telecommunications	2	1	3	1	1	1	1	2	2	2	2	1	3	1	0	1
5510	Short Term Accommodation Activities	9	2	6	1	3	3	10	5	11	4	4	1	9	2	1	1
4641	Wholesale of Computers, Computer Peripheral Equipment and Software	2	2	3	1	1	2	1	3	3	3	2	1	4	2	0	1
6491	Financial Leasing	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
2613	Semiconductor Packaging and Testing	4	2	4	1	1	2	4	4	6	3	3	1	7	2	0	1
6496	Private Finance	1	1	2	1	0	1	1	2	1	2	1	1	2	1	0	1
4719	Other Retail Sale in Non-specialized Stores	2	2	5	1	1	2	2	3	4	3	2	1	4	2	0	1
Sum of Dependency and Pressure Scores of Each Nature Issue		115		175				322				21				24	
Materiality Ranking of Nature Issues		4		3				1								5	
Ecosystem Dependency and Pressure Scores		77	38	78	26	20	51	64	89	99	78	45	20	102	44	3	21
Ecosystem Dependency and Pressure Rankings		6	11	4	12	15	8	7	3	2	5	9	14	1	10	16	13

Step 4: Overlay analysis of biologically sensitive locations

An overlay analysis has been conducted on the electricity supply industry with the highest scores in dependencies and impacts analysis in stock and bond investments, project investment and financing, and corporate loan positions of Mega Group at the end of 2024. In particular, there were a total of 243

plants (including power plants, onshore wind turbines, and offshore wind turbines) with the analysis results as follows:

Type of Map	Biodiversity Hotspots				Key Biodiversity Areas (KBAs)
Analysis result description	11 sites (4.5% of the total number of domestic investment and financing power supply industry sites) have a 1-kilometer radius of impact bordering a biodiversity hotspot (Grade 1 to grade 4 regions).				81 sites (33.3% of the total number of domestic investment and financing power supply industry sites) have a 1-kilometer radius of impact bordering a biodiversity region.
Percentage of Sites Located in or Adjacent to Ecologically Sensitive Areas	Grade of biodiversity hotspots	Number of domestic investment and financing target sites	Percentage of number of sites (%)	Percentage of investment and financing balance of domestic investment and financing targets ^{Note} (%)	Accounting for 33.3% of the total number of domestic investment and financing power supply industry sites.
	5	0	0%	30.21%	
	4	2	0.8%		
	3	5	2.1%		
	2	2	0.8%		
	1	2	0.8%		
	Total	11	4.5%		
	Note: As the investment and financing targets usually have multiple sites, the percentage of balance of all investment and financing targets adjacent to biodiversity hotspots is calculated.				



2.2.4 Identification of Nature Risks and Opportunities

The natural risk of the financial industry originates from the over-dependence on and impact on natural resources and ecosystem services of its own operations and investment and financing targets, and affects the society and economy through physical risks (types include immediate and long-term risks), transition risks (types include policy risks, market risks, technology risks, reputation risks, and legal and litigation risks), and systemic risks. The natural opportunities in the financial industry (including markets, resource efficiency, products and services, fundraising and financing, reputation capital, sustainable use of natural resources, ecosystem protection, restoration and regeneration) refer to the process of actively reversing the loss of natural resources through business models, products and services with positive benefits based on nature, and guiding companies to support natural resource protection through financial influence.

2.2.4.1 Analysis of Own Operations

To strengthen the operational resilience of the Group's value chain, Mega Group assesses the overall operating activities and nature-related opportunity factors, and summarizes the following risks and opportunities.

Risk Type	Risk Factor	Likelihood of Risk Occurrence	Expected Lengthen of Impact	Description of Risks	Possible Financial Impact on Mega Group
Physical risks	Water shortage	Low	Long-term	Locations that are more dependent on water resources will be more affected by water shortage, resulting in higher water purchase costs.	Operating expenses↑ Net profit↓

Opportunity Factor	Likelihood of Opportunity Occurrence	Expected Lengthen of Impact	Description of Opportunities	Possible Financial Impact on Mega Group
Reputation capital	Low	Long-term	Active participation in nature conservation programs will increase the positive impact of biodiversity, enhance the corporate image of Mega Group, improve domestic and overseas sustainability ratings, and attract domestic and overseas capital investment.	Cash and cash equivalents↑ Share capital↑ Capital surplus↑

2.2.4.2 Investment and Financing Targets_Analysis of Electricity Supply Industry

The electricity supply industry encompasses a variety of power generation types, each relying on and impacting different natural resources. In the case of thermal power generation and nuclear power plants, for example, the power generation process requires water cooling to ensure efficiency and stability of power supply, and therefore relies on a stable supply of water resources. Hydroelectric power generation also relies on a stable supply of water resources to ensure that there is sufficient water to generate electricity and to prevent interruptions in operations. The offshore wind industry requires a stable global climate regulation mechanism to prevent extreme weather events from damaging power generation equipment and infrastructure.

In addition, the electricity generation process in the power generation industry will also have an impact on the ecosystem. For example, thermal power generation emits a large amount of carbon dioxide and air pollutants, which not only causes climate change but also affects the natural environment. In addition to water pollution, nuclear power plants may also cause the sea water temperature within 3 kilometers around the discharge point to rise by 2°C, affecting the surrounding natural ecosystems. The noise from wind power generation may disturb the habitats of surrounding fish, sea turtles, and migratory birds.

2024 Climate and Natural Environment Report

Based on the results of the dependencies and impacts analysis of the investment and financing portfolios, Mega Group prioritizes the natural risks and opportunities of the investment and financing targets in the power supply sector and analyzes the financial impacts of nature risks and opportunities of various types of power generation investment and financing targets in the power supply industry on Mega Group by applying the TNFD Additional sector guidance: Electric utilities and power generators_ version 1.0. version 1.0).

Physical Risks			
Power Generation Type	Related Ecosystem Services	Risk Description of Investment and Financing Targets	Possible Financial Impact on Mega Group
Thermal power generation	Supply services	The reduced water supply reduces the amount of water available for cooling the power plant, resulting in higher operating and purchasing costs for the power plant.	Fair value of financial assets ↓ Investment income↓ Impairment loss on discounts and loans↓ Expected credit loss↑ Interest income↓
Hydropower		Drought can severely affect the amount of water available to hydroelectric plants, leading to reduced revenue.	Fair value of financial assets ↓ Investment income↓ Impairment loss on discounts and loans↓ Expected credit loss↑ Interest income↓
Nuclear power generation		The water supply required for the cooling process of the nuclear power plant is interrupted.	Fair value of financial assets ↓ Investment income↓ Impairment loss on discounts and loans↓ Expected credit loss↑ Interest income↓ Claims expenses↑
Offshore wind farm	Regulation and maintenance services	The increase in severe typhoons and other extreme weather events has led to increased capital expenditure for infrastructure damage and repairs.	Fair value of financial assets ↓ Investment income↓ Impairment loss on discounts and loans↓ Expected credit loss↑ Interest income↓ Claims expenses↑
Land-based wind power			
Solar power generation			

2024 Climate and Natural Environment Report

Transition Risks			
Transition Risks Type	Power Generation Type	Risk Description of Investment and Financing Targets	Possible Financial Impact on Mega Group
Reputation risks	Thermal power generation	Coal-fired power plants emit large amounts of greenhouse gases, air pollution, and water contamination, which can lead to reputational damage or environmental lawsuits.	Fair value of financial assets ↓ Investment income ↓ Provision for litigation liabilities ↑ Litigation costs ↑
	Nuclear power generation	Nuclear power generation affects the surrounding natural environment, leading to reputational damage or environmental litigation.	
	Land-based wind power	Wind farms generate noise and light pollution, which have been protested by surrounding residents and led to fines, shutdowns, and even lawsuits.	
Policy and regulatory risks	Solar power generation	Regulatory changes have resulted in increased compliance costs for developers and operators of renewable energy plants.	Fair value of financial assets ↓ Investment income ↓ Impairment loss on discounts and loans ↓ Expected credit loss ↑ Interest income ↓
	Land-based wind power		

Natural Opportunity Categories	Power Generation Type	Opportunity Description of Investment and Financing Targets	Possible Financial Impact on Mega Group
Resource efficiency	Hydropower	Maintaining environmental flows in rivers near hydroelectric power plants through conservation measures can also help maintain stable operations of power plants by ensuring that water levels are sufficient to support local species and maintain the functioning of natural ecosystems.	Fair value of financial assets ↑ Investment income ↑ Interest income ↑ Operating income ↑
	Solar power generation	In addition to generating electricity, solar panels may also be able to maintain local biodiversity through specific installation methods targeting insects or plants.	
Ecosystem protection, restoration and regeneration	Offshore wind farm	Offshore wind farms may restrict the entry of trawlers, making the surrounding ecological environment more stable, helping to stabilize the operation of offshore wind farms, and reducing the costs caused by emergencies.	
Reputation capital	Offshore wind farm	Offshore wind power can promote the formation of new coral reefs, and fixed turbines may increase food around them, improving the biodiversity of the surrounding ecosystem and enhancing the reputation of power generation companies.	
	Solar power generation	The ecological symbiotic business model that combines agriculture and solar photovoltaic power stations may enhance the reputation of power generation companies.	

2024 Climate and Natural Environment Report

Products and Services	All power generation industries	Introduce funds through ESG investment and financing to support the development of nature and ecology, or develop nature-related solutions and more efficient and nature-friendly products and services.	Fair value of financial assets↑ Investment income↑ Interest income↑ Operating income↑
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For details on nature-related initiatives and actions, please refer to CH4 Environmental Sustainability in the Sustainability Report of Mega Financial Holding. For other nature-related green finance products, please refer to CH5 Sustainable Finance.

3 Climate and Nature Risk Management

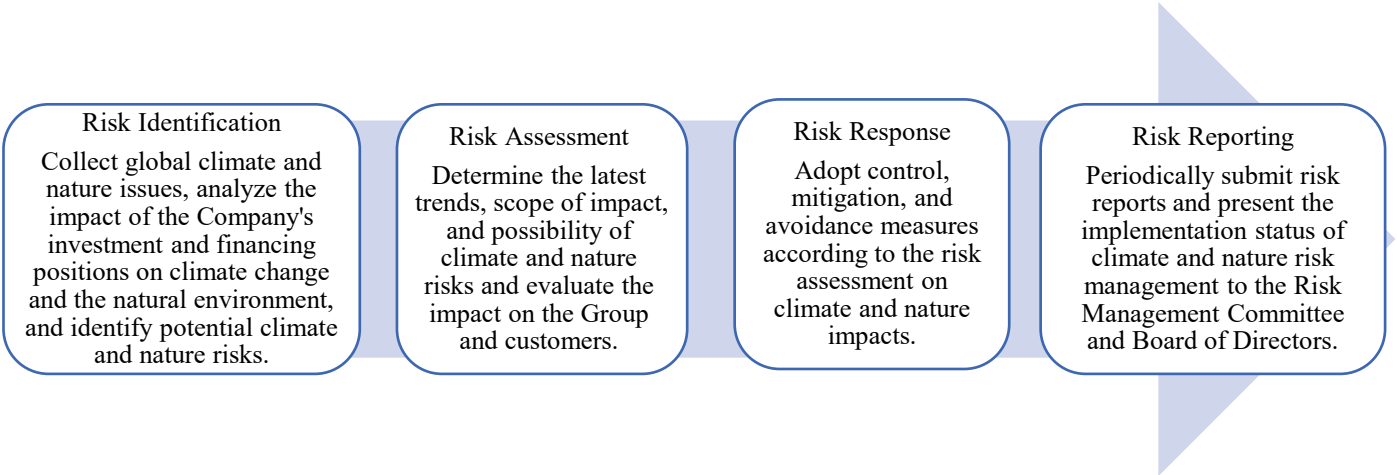
To achieve the UN SDGs and the Paris Agreement goals, Mega Group's climate and nature risk management mechanism is based on the latest laws and regulations, including the international TCFD guidelines, IFRS S2 climate-related disclosures and Taskforce on Nature-related Financial Disclosures (TNFD) frameworks, Taiwan's "Green and Transition Finance Action Plan" and "Climate Change Response Act", the UN's IPCC AR6, SBTi, and the national net-zero emissions target, etc.

In order to understand the impact of climate change and the natural environment on the Company, various departments of Mega Financial Holding and its subsidiaries were convened to identify climate risks and opportunities, as well as develop actions plans in response to nature dependencies and impacts according to their business, strategies, and financial planning. We consider business, value chain, R&D investment, and business operations, and take stock of existing measures and implementation results. Please refer to "2.1 Climate Risks and Opportunities" for the detailed results of the identification of climate risks and opportunities for the year, and "2.2 Nature Dependencies and Impacts" for the details of nature dependencies and impacts.

3.1 Climate and Nature Risk Management Framework

Mega Group actively responds to issues related to climate change and the natural environment, which are incorporated into the Group's long-term development strategy. Among them, the identification and management of relevant financial risks are the key core of response.

To supervise the effectiveness of the risk control mechanism of Mega Financial Holding and its subsidiaries, we conduct risk management internally, identify the types of climate change and natural environment-related risks, the time dimension, the degree of impact, and the businesses involved, and evaluate the risk response capability of each financial business based on physical risks and transition risks of climate risks, and the dependencies and impacts of natural risks. The risk management unit of each subsidiary establishes risk management goals, monitoring metrics, risk limits, and implementation guidelines based on the nature of their business. These are then submitted to business units for adoption. The risk management unit reviews business and asset/liability risks, and regularly reports the status of risk management to the Risk Management Committee and Board of Directors. There is no significant difference in the monitoring process for the current period from that of the previous period.

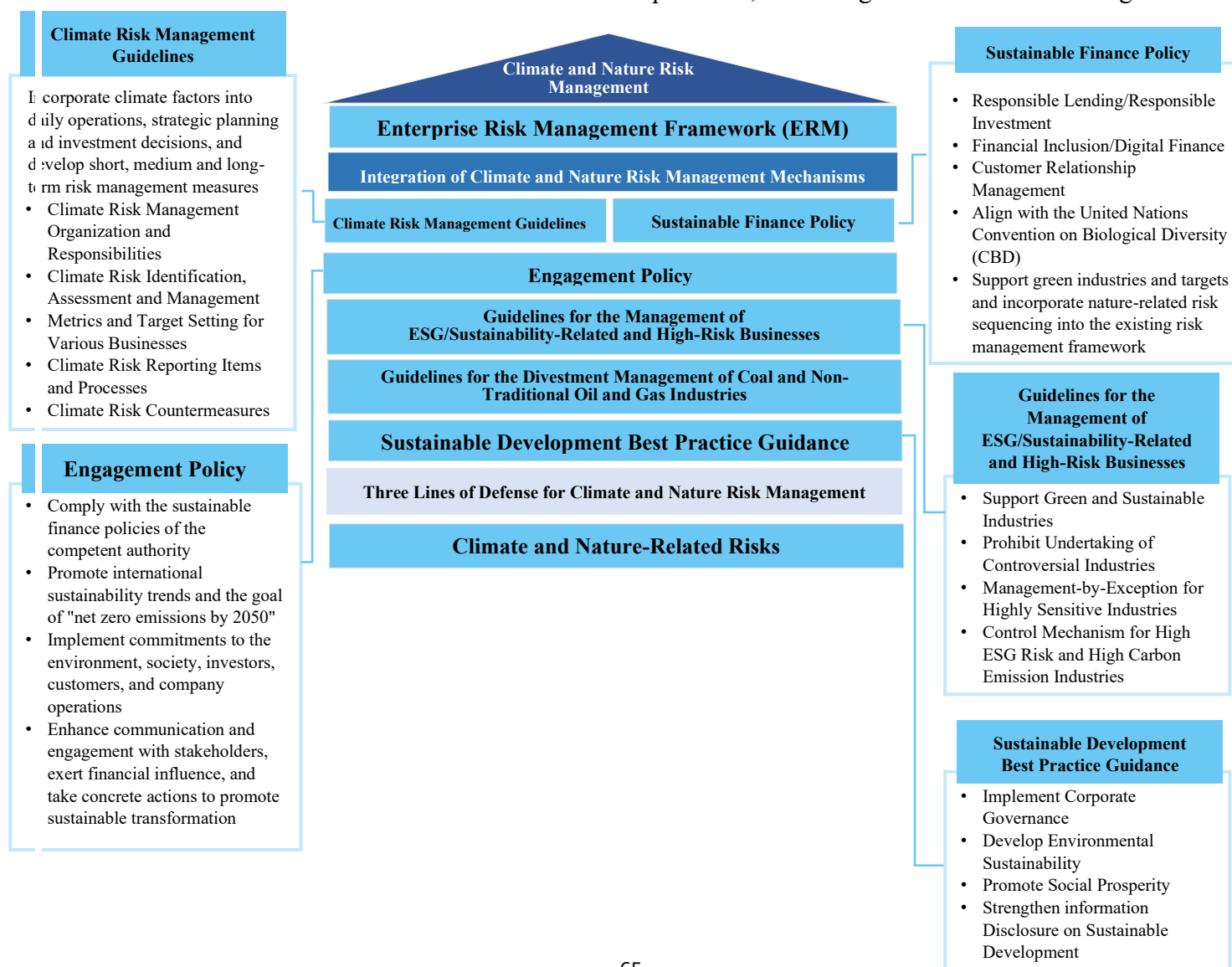


The results of risk identification and impact assessment will serve as the basis for future business decisions. This year, we incorporated climate and nature-related factors into the investment and financing process in order to mitigate financial risks related to climate change and natural environment.

3.1.1 Climate and Nature-Related Policies

The Company's Board of Directors has approved the Risk Management Policies and Guidelines and other risk management rules for Mega Group. These rules stipulate that effective mechanisms for risk identification, measurement, monitoring and control, reporting, and response shall be established, risk management targets shall be set, and a follow-up of the implementation status shall be regularly conducted. The Company has also established management principles for market risks, credit risks, operational risks, liquidity risks, emerging risks and capital adequacy for management and control. The Group has established management standards for each subsidiary to incorporate these principles into its policies and goals of risk management and related internal control regulations to build a complete risk management system for the Group.

Mega Group has revised its Climate Risk Management Guidelines, Sustainable Finance Policy, Engagement Policy, Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries, Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries, and Sustainable Development Best Practice Guidance, which further explain the mutual impact of traditional financial risk and climate and nature-related risks, incorporate climate and nature risk factors into consideration of core business and operations, and strengthen relevant risk management.



2024 Climate and Natural Environment Report

Mega Group has established an Enterprise Risk Management (ERM) framework and established risk management policy and guidelines. For credit, operational, market and liquidity risks, capital adequacy, and emerging risks (climate and nature), Mega Group's statutory capital requirements are mainly based on those of Mega Bank, and risk materiality is ranked according to the proportion of various weighted risk assets. Among them, credit risk (accounting for 94%) is the highest, followed by operational risk (accounting for 5%). Management of related risks in investment, credit and operation are summarized as follows:

Item	Description
Credit risks	1. Climate risks have been included in the review and management process of investment and financing, and investment and financing targets are managed differently based on credit risk and ESG risk. 2. Decarbonization policies and industrial policies have been formulated, and those that are "prohibited industries/targets" will not be contracted. High-risk industries/targets will be gradually divested or restricted, or post-loan management or risk reduction measures will be strengthened.
Market risks	1. Incorporate ESG and climate risks into pre-transaction investment assessment and post-investment management mechanisms, and continuously monitor the impact of climate risks on existing market risk positions and future investments. 2. Investment limits related to ESG high-carbon-emission industries have been set and included in annual risk management goals. The investment limits are regularly reviewed and gradually lowered.
Operational risks	1. Considering the possible impact of climate risk events on daily operations, physical risks have been included in the disaster (crisis) response management process. 2. We conduct regular disaster preparedness training, set up emergency disaster drills at a second back-up office, and formulate Disaster Recovery Drills plans to ensure business continuity when a disaster causes business disruptions.
Emerging risks	1. Mega Group not only incorporates existing risk assessments but also includes emerging risks in the scope of risk management. The Group issues questionnaires to various units to evaluate significant emerging risks and makes it an important part of the Group's risk management. 2. After risk identification and assessment, the top two emerging risks in the next 3 to 5 years have been screened out, namely "threats of deep-counterfeiting technology" and "threats of surveillance and detection, and relevant response measures have been formulated. (See 2024 Sustainability Report for details)

Nature-Related Policies and Commitments

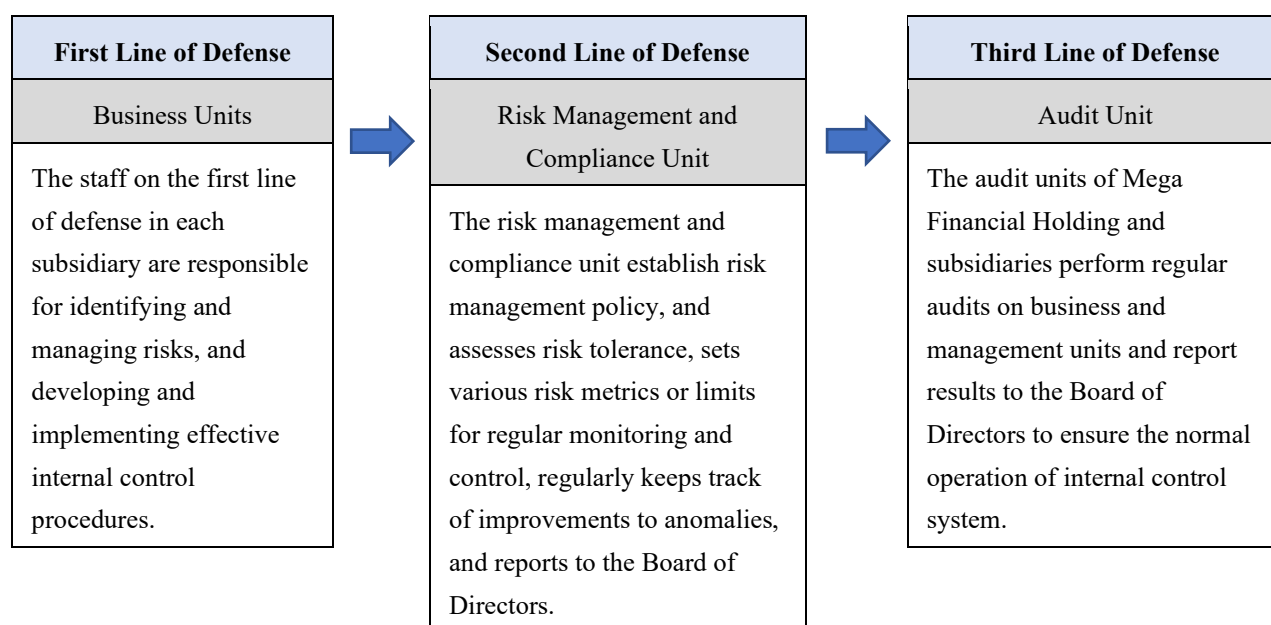
Group Policy	Subsidiaries	Related Policies or Measures	Description of Implementation
Sustainable Finance Policy	Mega Bank	• Notes on the Application of the Equator Principles in Loan Cases	• Comply with the United Nations "Convention on Biological Diversity" (CBD) • Support green and sustainable development industries or targets • Integrate nature risks into the risk management framework • Provide sustainable products/services • Respond and participate in international initiatives
	Mega Securities	• Sustainable Finance Policy	
	Mega Bills	• Sustainable Finance Policy	
	Chung Kuo Insurance	• Sustainable Finance Policy	

Group Policy	Subsidiaries	Related Policies or Measures	Description of Implementation
			Establish policies that take ESG/SDGs into consideration based on business characteristics
Engagement Policy	Mega Bank	Engagement Questionnaires	- Survey companies' management status and measures on climate and nature issues through questionnaires. - A new question group on "Biodiversity and Natural Resources" has been added to the questionnaire to understand whether the investment target's operational sites and industrial operations will have an impact on the natural environment, whether there are natural resource management policies, etc.
Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries	Mega Bank	- ESG Risk Rating Management Rules for Equity Investments Guidelines on ESG Risk Rating for Corporate Lending	- Define industries or subjects that are prohibited, highly sensitive, or support green and sustainable development. - Set differentiated ESG risk metrics based on different industries and production activities, and conduct biodiversity assessments on industries such as metal products, mining and quarrying, wildlife leather and fur treatment, fur trading, pesticide and environmental medicine manufacturing, and implement graded management based on ESG risk rating results.
		Notes on the Application of the Equator Principles in Loan Cases	- Conduct case classification and review in accordance with the Equator Principles 4.0. - In accordance with IFC Performance Standard "PS6 - Biodiversity", all Equator Principles lending cases are reviewed. When preparing the environmental and social risk review report, the opinion statement of the independent third-party assessment organization on the project's assessment of climate change risks and countermeasures will be reviewed, such as the

Group Policy	Subsidiaries	Related Policies or Measures	Description of Implementation
			protection and conservation of biodiversity and the legally protected areas.
	Mega Securities	Measures for Promoting Sustainable Finance Development	- Support green and sustainable development industries or targets. - In principle, we will not establish proprietary or underwriting positions for industries that harm the environment, biodiversity, pollute water resources and the ocean, or for those that fail to improve after being fined.
	Mega Bills	ESG Risk Assessment Operating Guidelines	Specific industries that are prone to biodiversity loss, including mining and quarrying, wildlife leather and fur treatment, fur trading, pesticide and environmental medicine manufacturing, are included in the assessment of biodiversity impact, such as waste and toxic substance management and water resource management. Hierarchical management is carried out based on ESG risk rating results.
	Chung Kuo Insurance	Guidelines for Sustainable Investment Management	- Investments should be prohibited for those engaged in matters that harm environmental sustainability, endanger human health, or fail to fulfill social responsibilities. - When investing in highly sensitive industries, exception management and risk management measures should be implemented. - Formulate an ESG risk assessment table for investees for grading management.
	Venture Capital	Responsible Investment Guidelines	- Support green and sustainable development industries or targets. - Establish management mechanisms for companies engaged in matters that harm environmental sustainability, endanger human health, or fail to fulfill social responsibilities. - Assess ESG risks of investee companies and conduct ESG risk ratings.

3.1.2 Three Lines of Defense for Climate and Nature Risk Management

To effectively implement risk management, the Group adopts Three Lines of Defense for risk management. The first line of defense is the operational unit, which identifies, assesses, and controls climate related business risks by following internal control procedures relating to authorization and operating regulations in the course of its business. The second line of defense is the risk management and compliance unit, which is responsible for monitoring and controlling the climate-related risks of the first line of defense. It establishes risk management regulations, regularly examines and monitors the overall risks of the financial institution, conducts scenario analysis and stress testing, adopts measures against anomalies, and reports to superiors. The third line of defense is the audit unit, which ensures that risk management regulations and procedures for controlling internal operations are complete and effectively implemented.



Physical Risk Adaptation Plan	Description
A. Disaster Emergency Response Measures/Teams	- In accordance with the Regulations on Response Measures for Disaster Emergencies, Mega Financial Holding and subsidiaries have set up an Emergency Response Team. In the event of a disaster, the team activates a backup mechanism to protect the interest of customers and minimize the Company's financial losses. - Mega Bank has formulated key points for disaster (crisis) response and prevention operations so that when a disaster occurs, active and effective response and rescue actions can be carried out to prevent the expansion of damage, eliminate disaster crises and resume normal operations.

Physical Risk Adaptation Plan	Description
B. Disaster Preparedness Training	- We conduct regular disaster preparedness training, set up emergency disaster drills at a second back-up office, and formulate Disaster Recovery Drills plans to ensure business continuity when a disaster causes business disruptions. - A total of 25 events were held at the Group's main bases, involving 1,431 people. The cost of disaster prevention drills in 2024 was approximately NT\$0.67 million, and the base coverage rate reached 100%. - Mega Bank set up a second backup office. The general affairs office includes the 18F of Mega Financial Building (75 seats). The Information Center has a second backup office in the Linkou server room, Taiwan Development Financial Building and Heng-Yang Building. - Prepare an annual budget for disaster prevention drill training expenses and plan and implement it (approximately NT\$1 million).
C. Business Impact Analysis (BIA)	- We have implemented Business Impact Analysis (BIA) to improve crisis awareness and strengthen the Company's ability to handle disasters and accidents, and reduce operational impacts. (Mega Financial Holding identifies the maximum tolerable interruption downtime of the three key system software, with remote backup set up, and the remote recovery time target is within 4HR). - Statistics on the actual impact of natural disasters in the past five years showed that the Company incurred approximately NT\$0.30 million (including maintenance costs) in 2024. - Mega Bank introduced the ISO22301 Business Continuity Management System, with a renewal cost of NT\$0.56 million, and a budget of NT\$0.56 million in 2025.
D. Own Assets Insured	The Group insures its own assets to mitigate the risk of extreme weather events that may cause losses to the Company, and adopts the purchase insurance to pass through costs or cover losses. (Group premium investment in 2024: NT\$1.57 million).
E. Operating Sites - Site Selection and Consolidation	Consider the impact of extreme weather when adding or selecting major business locations to mitigate the losses that may be caused to the Company due to extreme weather anomalies (3 cases of relocation of Mega Bank by site survey, and photographs were taken and kept; 1 case of relocation of Mega Securities by site survey, which was confirmed that it was not located in an area with high sensitivity to physical risks in 2024).
F. Supply Chain Management	- Establish a Supply Chain Management Mechanism. (e.g., Supplier Sustainability Management Guidelines of Mega Financial Holding, Supplier Sustainability Management Guidelines of Mega Bank). - Mega Financial Holding has budgeted to hold a Group supplier seminar to promote suppliers' response to climate change and support net-zero transition. (The cost was included in the ESG program costs in an amount of approximately NT\$1.4 million). Mega Financial Holding also continues to conduct supplier ESG self-assessment questionnaire surveys, requiring suppliers to sign a Supplier Sustainability Statement, commit to fulfilling their social responsibilities, comply with labor health and occupational safety and health-related laws and regulations, and improve employees' ability to respond to disasters and emergencies through appropriate training and preventive measures.

Physical Risk Adaptation Plan	Description
G. Real Estate as Collateral - Loss Mitigation	In addition to providing price information for homogeneous objects in the area where the collateral is located, Mega Bank's collateral valuation operation also discloses information such as the flooding potential of the location of the collateral. If the collateral is located in a flood potential area, it will be reflected in the valuation. Factors related to the geographic environment of the buildings, such as the terrain, the slope, and the records of natural disasters (flooding, soft soil) in the region, are also included in the valuation assessment for the purpose of lending review and risk assessment. (A total of 50 bank valuation reports were issued in 2024, and the collateral was located in the area with the highest flooding potential).
H. Risks of the Insurance Targets - Loss Mitigation	- Insurance targets are evaluated to mitigate the risk of extreme weather events which may cause a significant amount of claims, or to adopt insurance to pass through costs or cover losses. Arranged fire and engineering insurance catastrophic excess loss contracts (reinsurance premium of approximately NT\$93 million). - Specific Measures: If the target's property is insured against typhoons and floods, the Fire Insurance Department will use public information provided online by the government to inquire about the flooding potential of the location of the target property or arrange on-site inspections to understand the risks or use reinsurance points to reduce risks and mitigate losses. (In 2024, there were 655 cases of typhoon and flood insurance underwritten by commercial fire insurance, with a premium of approximately NT\$399 million and a loss rate of 33.9%). - The subsidiary CKI has set a limit for losses from claims settlement for a single natural disaster event. In 2024, the cumulative limit of natural disaster losses per peril was $\leq$ NT\$300 million, with an actual value of approximately NT\$8 million in 2024. It is monitored quarterly by the Risk Management Committee and reported to the Board of Directors of Mega Financial Holding, to ensure that catastrophe risk reinsurance strategies are effectively implemented and to reduce the risk of claim settlement.
Note 1: The Group coverage of relevant physical risk adaptation plans was 100%.	
Note 2: The plan is reviewed and adjusted on a rolling basis every year.	

Risk Type	Classification	Response Taken	Chapter
Transition	Policies and regulations	- Identify emerging regulations and respond in advance to possible impacts of carbon fees. - Plan low-carbon transition development strategies and respond to environmental/energy regulations in advance.	2.1.3 Assessment of Climate Risks and Opportunities 3.2 Climate and Nature Risk Management of Investment and Financing 4.1 Green Operation - Low Carbon Transition Development Strategy

2024 Climate and Natural Environment Report

	Technology	- Actively promote the transformation of digital finance, and adjust traditional business models to promote paperless and online financial services. - In line with government policies, launch various project loans to provide funds for enterprises to transform into low-carbon technologies.	2.1.3 Assessment of Climate Risks and Opportunities 2.1.4 Climate Operations Strategies
	Market	Formulate sustainable finance standards, develop green finance products, and guide capital flows to green industries.	2.1.3 Assessment of Climate Risks and Opportunities 2.1.4 Climate Operations Strategies
	Reputation	- Actively participate in sustainability-related evaluations, including CDP, DJSI, TCSA, etc. - Cooperate with government policies and actively promote green finance products. - Set SBTs for carbon emissions reduction. ✓ Adopt SBTi-required asset categories to reduce emissions and follow its recommended methods (e.g., Sectoral Decarbonization Approach (SDA)), planning carbon reduction paths and goals. ✓ Integrate investment and financing operations into daily management business processes.	2.1.3 Assessment of Climate Risks and Opportunities 2.1.4 Climate Operations Strategies
Physical	Immediate	Citing the climate risk database and formulating relevant policies to incorporate physical risk considerations into the investment and financing process.	3.3.3.1 Physical risks
	Long-term		3.2 Climate and Nature Risk Management of Investment and Financing

3.1.3 Business Continuity Plan

In accordance with the relevant regulations on response measures for disaster emergencies, Mega Financial Holding and subsidiaries have set up an Emergency Response Team. In the event of a disaster, the team activates a backup mechanism to protect the interest of customers and minimize the Company's financial losses. We conduct regular disaster preparedness training, set up emergency disaster drills at a second back-up office, and formulate Disaster Recovery Drills plans to ensure business continuity when a disaster causes business disruptions.

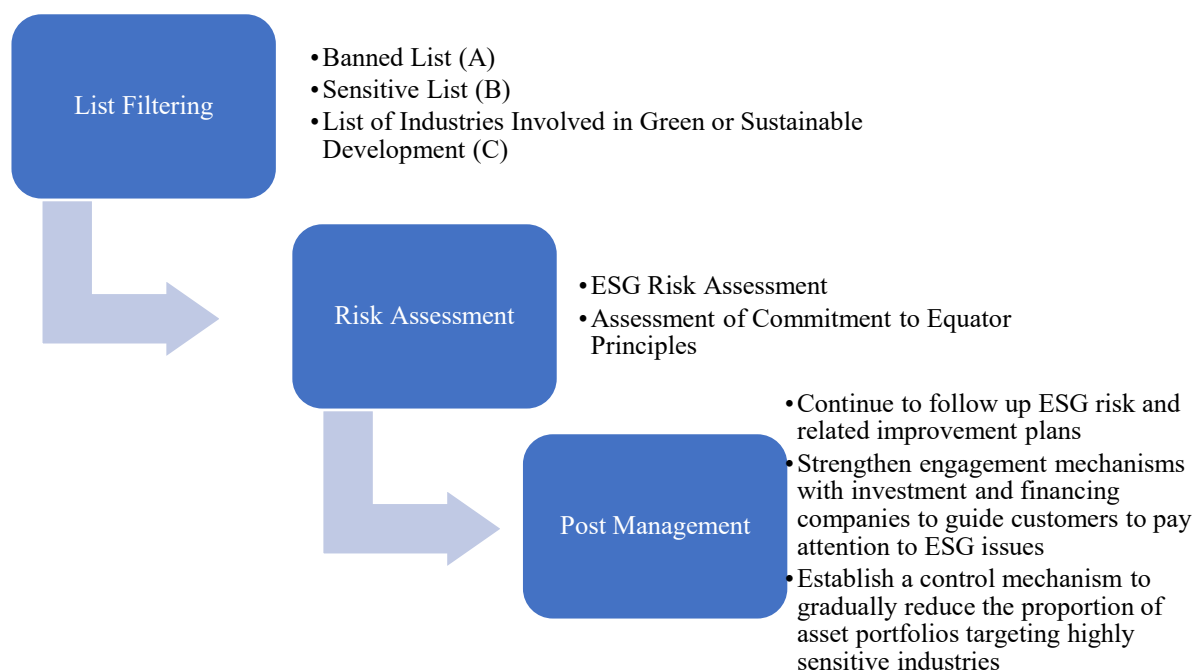
Mega Group encourages building management personnel and emergency response team windows to subscribe to the real-time warning service of the National Science and Technology Center for Disaster Reduction (NCDR), which can provide 24HR real-time observation of the latest natural disasters and affected area maps, including a variety of natural disasters such as typhoons, tsunamis, and rainfall, high and low temperatures, and drought. It prevents possible disaster losses in advance and initiate contingency plans immediately to strengthen the Group's operational resilience.

Subsidiaries	Drill	Inputs
Mega Bank	(1) The Mega Chi-Lin Building Headquarters completed the employee self-defense firefighting training for the first and second half of 2024 on April 19 and November 15, 2024 respectively, with 87 and 72 participants respectively. (2) Mega Financial Holding Building completed employee self-defense firefighting training for the first and second half of 2024 organized by Liang Fu Security Corp. on April 26 and December 4, 2024. The number of participants was 68 and 59 respectively. (3) All 108 branches completed employee self-defense firefighting training in the first and second half of 2024 before June and December 2024 in accordance with regulations. (4) The Information Office conducts disaster prevention education training twice a year, each time lasting four hours. On 2024.02.22, the number of participants was 31/venue, with a total of 248 people. On 2024.08.14, the number of participants was 31/venue, with a total of 248 people. (5) The General Affairs Office has a second backup office area on the 18F of Mega Financial Building (75 seats). The Information Center has a second backup office in the Linkou server room, Taiwan Development Financial Building and Heng-Yang Building.	Approx. NT\$0.67 million
Mega Bills	In 2024, a total of 10 disaster prevention trainings were held at the head office and branch offices, involving 260 people, with the coverage rate reaching 100%. We set up a second backup office (Banqiao Branch) and established a Disaster Business Continuity Planning (BCP).	
Mega Securities	(1) Building completed the self-defense firefighting training for employees in the first half of 2024 on April 19, 2024, with 23 participants. It also completed the self-defense firefighting training for employees in the second half of 2024 on September 13, 2024, with 23 participants. (2) The Company conducts disaster prevention education training once a year, four hours each time. On 2024.10.25, the number of participants was 24/venue, with a total of 485 people.	
Chung Kuo Insurance	(1) Business Continuity Planning (BCP) operating principles. There were two sessions of fire safety training and drill for a total of 82 people at a cost of approximately NT\$0.06 million, with the drill lasting 8 hours. (2) The overtime pay for 86 off-site drill preparation personnel (including 17 people from the Electronic Data Processing Department) was about NT\$0.1 million, and the personnel from the head office and branches who registered participated in 4 hours of drill time. The Electronic Data Processing Department's drill implementation staff carried out the drill for 8 hours.	

3.2 Climate and Nature Risk Management of Investment and Financing

3.2.1 Risk Management of Credit Decisions

In accordance with the “Principles for Responsible Banking (PRB)” and the “Equator Principles (EP)”, Mega Group incorporates climate and nature-related factors into its existing investment and lending decision-making processes to reduce the negative impacts of business and nature to effectively manage related risks. It strengthens ESG risk management of underwriting subjects through banned lists and highly sensitive industry lists, and supports underwriting subjects engaged in sustainable development industries.



Step 1: List Filtering		
(A) Banned List	(B) Sensitive List	(C) List of Industries Involved in Green or Sustainable Development
• Products or activities that violate local laws, regulations, international conventions and agreements. • Products or activities restricted by domestic or international sanctions. • Sanctioned individuals or entities under the Money Laundering Control Act and the Counter-Terrorism Financing Act. • Activities that involve harmful human and	• Activities involving harmful or exploitative labor that have been fined by regulatory authorities and have not been improved. • Industries with a highly negative impact on biodiversity, such as those that have been penalized by the competent authorities for environmental pollution, endangering biodiversity, and the sustainability of water and marine resources but without making improvements. • Activities that violate the principle of ethical management that have	• Renewable Energy • Energy Technology • Low Carbon Transportation • Water Resource Utilization • Sustainable Architecture • GHG Reduction • Circular Economy • Smart Information and Communication Technology • Sustainable Agriculture, Forestry, Fishery, and Animal Husbandry • Companies with Outstanding Sustainability Performances • Other activities that contribute to reducing carbon emissions,

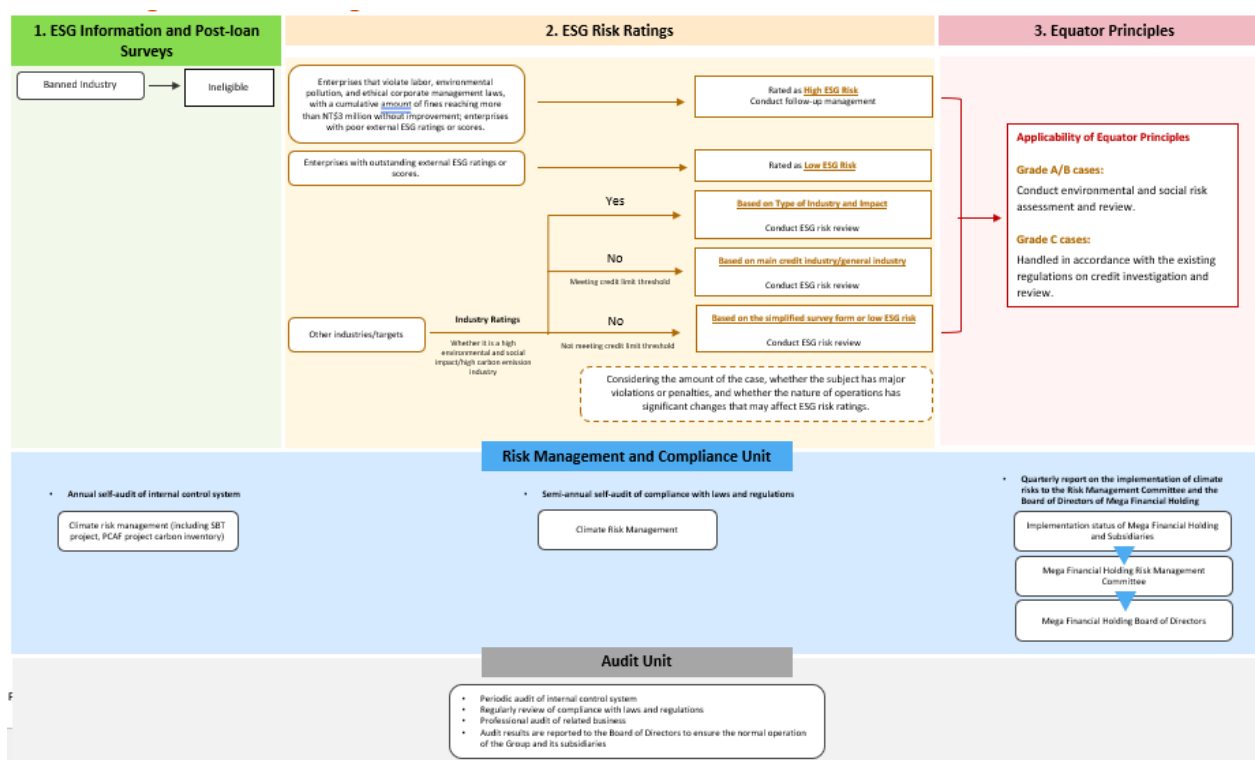
ecological practices, such as the production or sale of drugs, controversial weapons (such as nuclear weapons), illegal weapons and ammunition, illegal gambling (including underground and online), pornography, the use of gillnetting with a gillnet length of 2.5 kilometer or longer, and commercial logging of primary rainforests.	been fined by regulatory authorities and have not been improved. • Mining and quarrying industries. • Wildlife leather and fur processing, fur trading. • Dyeing and finishing industries. • Non-medical or harmful genetic engineering for human development. • Manufacture of pesticides and environmental chemicals. • Chemical products containing harmful heavy metals such as cadmium, mercury, lead, arsenic, and nickel that are harmful to human health. • High carbon emission industries (excluding renewable energy).	promoting circular economy, and enhancing ESG business or activities.
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Step 2: ESG risk assessment and Equator Principles assessment

When making, renewing or changing credit cases, conducting periodic post-loan reviews, and changing review due to major events, we review the nature risks and biodiversity factors in three aspects:

- Based on the ESG Data and Post-loan Investigation Form, we review the types of customers' industries, as well as preliminarily screen industries that are not undertaken due to natural risks/hazards to strengthen KYC and due diligence.
- We have established the Guidelines on ESG Risk Rating for Corporate Lending to review third-party ESG ratings and major penalties for environmental pollution. In addition, we set differentiated key ESG risk metrics based on different industries and production activities, and conduct biodiversity assessments on industries such as metal products, mining and quarrying, wildlife leather and fur treatment, fur trading, pesticide and environmental medicine manufacturing.
- If the "Equator Principles 4.0" are applicable to the rated cases, all Equator Principles lending cases will be reviewed in accordance with IFC Performance Standard "PS6 - Biodiversity". When preparing the environmental and social risk review report, the opinion statement of the independent third-party assessment organization on the project's assessment of climate change risks and countermeasures will be reviewed, such as the protection and conservation (including endangered species and sensitive ecosystems in altered habitats, natural habitats and critical habitats) of biodiversity and the legally protected areas.

Among the corporate credit applications in 2024, there were a total of 5 cases in which the grantees were involved in environmental risk factors (e.g., environmental pollution) and were not approved upon review based on the ESG principles. Of which, there were no cases directly related to natural and biodiversity metrics (e.g., water resources).

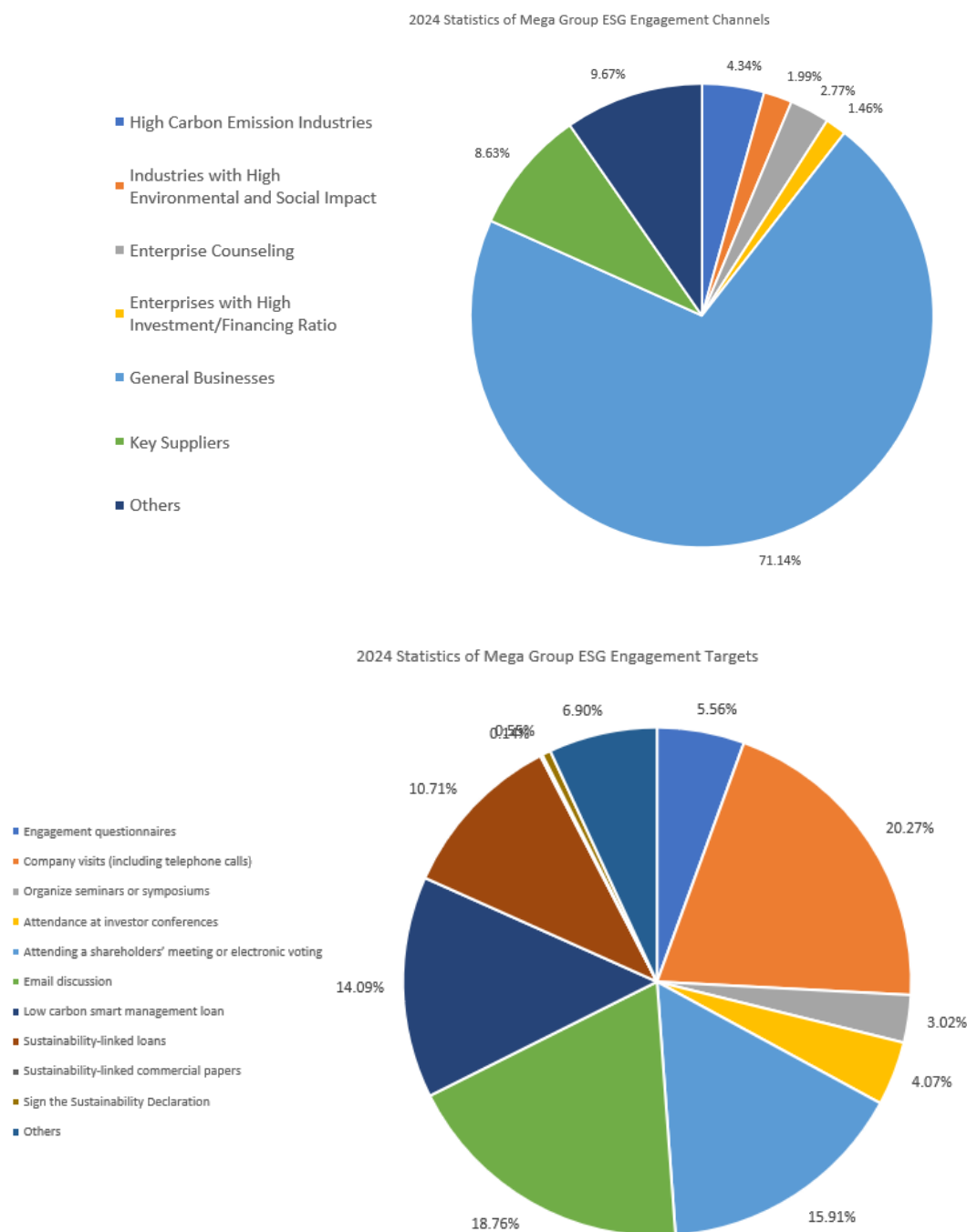


Step 3: Post Management

To leverage financial influence, respond to the government’s “2050 Net Zero Emissions” target, promote the achievement of the Group’s SBTi, and implement the “Coalition of Movers and Shakers on Sustainable Finance” commitments, the Group completed engagement with 52 high-carbon emission companies through holding ESG engagement meetings, attending investee companies’ shareholders’ meetings and distributing Engagement Questionnaires in 2024. Of these, 23 have set medium- and long-term carbon reduction targets by 2050. For details, please refer to Chapter CH5 Sustainable Finance in the Sustainability Report of Mega Financial Holding.

3.2.2 Statistics on Engagement

In line with the global net-zero emissions targets, Mega Group is actively engaging with its customers. Statistics of the Group's engagements in 2024 are shown in the table below, which includes the engagement channels, targets⁵, and topics.



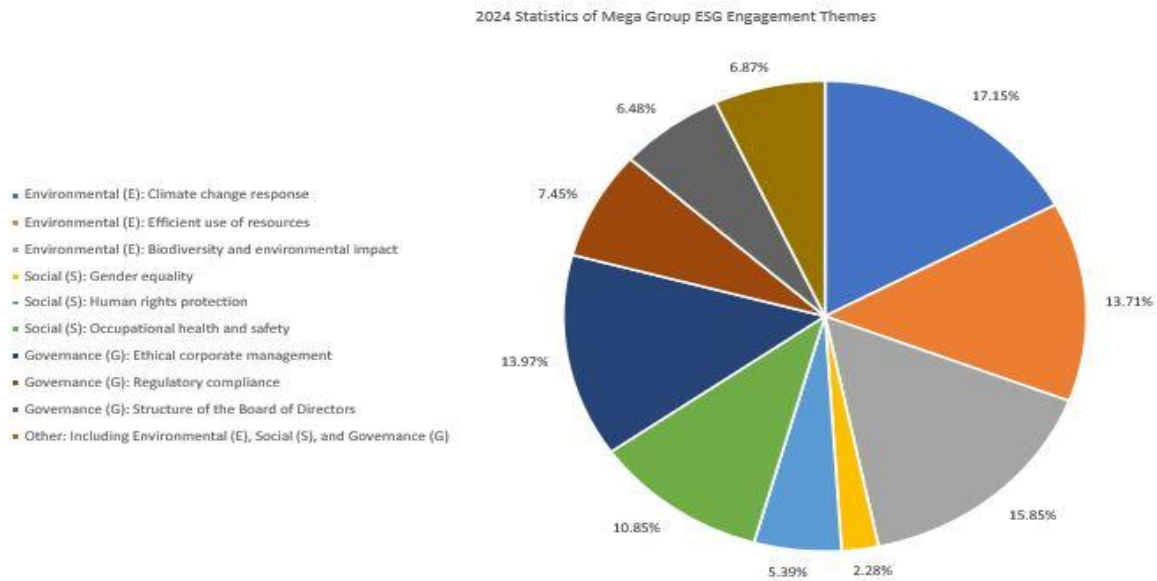
⁵1. Emission-Intensive enterprises are industries or targets stipulated in Article 8 (Highly sensitive industries or targets), Paragraph 1, Subparagraph 2 of the Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries.

2. High environmental and social impact enterprises are industries or targets stipulated in Article 8 (Highly sensitive industries or targets), Paragraph 1, Subparagraph 1 of the Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries.

3. Guidance enterprises are the enterprises of IPO and SPO guidance carried out by the securities subsidiary.

4. High investment/financing ratio enterprises refer to the top 20 customers with high investment/financing balance.

5. Key suppliers refer to the Group's suppliers who have a single or cumulative transaction amount of more than NT\$1.5 million in the previous year.



Mega Bank Engagement Workshop was held on December 17, 2024.

Purpose	Assist enterprises in understanding the guidelines, standards, and submission procedures for SBTs, guide customers to familiarize themselves with the SBTs internationally recognized methodology for quantifying emission reduction pathways, and develop their own low-carbon transition strategies to work with the Bank towards net-zero emissions.
Content of engagement workshop	1. Executive Vice President Li Chieh-Wen of Deloitte & Touche Risk Management Advisory Co., Ltd. presented the domestic and international net-zero trends, and continued to introduce the enterprises' responses to the SBTi and the criteria to be followed in setting the target for the application. He also explained the notices in the pre-, mid-, and post-submission periods, and finally introduced Taiwan's preferential rate for carbon fees. If the SBT is not adopted, the alternative approach is the "Reference Guidelines for the Recognition of Sustainable Economic Activities" related to the reduction rate of the technology benchmark. 2. Seven industry experts from Deloitte led corporate representatives by industry group and accompanying AOs to explain the special requirements for setting industry targets for those that have clear SBT guidelines (such as air transport, marine transport, and land transport). Drills were carried out for enterprises in the general industry in filling out application forms and formulating carbon reduction action plans from Scope 1 to Scope 3 GHG emissions.
Results	1. We invited 30 enterprises from the electronic manufacturing industry, automobile industry, transportation industry, marine water transportation industry, warehousing industry, equipment manufacturing industry, and cement manufacturing industry to participate in the workshop. A total of 31 representatives from 27 enterprises participated in the workshop, of which, 30 representatives from 26 enterprises filled out the feedback questionnaire after workshop, stating (very) high satisfaction with the workshop organized by the Bank, with no ordinary or unsatisfactory feedback. In addition, almost all of the participating

enterprises indicated that the content was (very) responsive to their expectations, and provided feedback on the topics for future workshops, focusing on three issues, including low-carbon transition of industries, corporate sustainability governance, and internal control system of sustainability information.

2. Although only 30 companies were invited to participate in the workshop this time, 23 of them were the Bank's investment and financing targets for Scope 3 Category 15 carbon emissions at the time of the Bank's first 2022 TCFD report. The total carbon emissions accounted for 2.21% of the carbon emissions of the Group's investment and financing in 2022 (the base year of Mega Group's SBT), and 22 of them were industries for which Mega Group has set legal targets for medium- and long-term loan engagement.
3. In addition to the participation of 27 enterprises, AOs from 11 domestic business units of the Bank and employees from related units, such as the investment and corporate banking business of the Head Office, have also participated in the workshop to enhance their own sustainability concepts and engagement skills.

Photos



3.2.3 LEAP Methodology Evaluation Process of Offshore Wind Power

Natural Risk Management Achievements in Offshore Wind Power Project Financing Cases		
Locate	Project Site Introduction	Mega Bank's offshore wind power financing project is located 11 to 17 kilometers off the coast of Changhua County, Taiwan, and include the construction of an offshore wind farm with 31 wind turbines. The project site is nearby the Dadu Estuary Wildlife Refuge and the habitat of the Indo-Pacific humpbacked dolphin, which means the site has a significant impact on the protection of coastal ecosystems and habitats. If the ecological impact is not effectively assessed, there may be negative impacts such as water pollution, large-scale land reclamation projects, underwater sound pollution and a reduction in underwater species.
Evaluate	Understand the importance of natural resources and ecosystem services to this project by analyzing the dependencies and impacts of offshore wind turbines on the natural environment	Dependence: Ecosystem support can facilitate the operation of offshore wind turbines, where the seabed and sediments provide the foundation for the structure of the turbine, a sound ecological environment helps to minimize the impacts of flooding and extreme weather on the turbine, and a good water system maintains the balance of the marine ecosystem. Climate regulation capabilities are crucial to maintaining stable wind speed and direction, which can improve the power generation efficiency and stability of wind turbines. Impact: The noise, waste and water pollution generated by offshore wind turbines may have negative impacts on the environment and stakeholders. Noise can interfere with the communication and activities of marine life, and wind turbine installation and maintenance may also cause water and waste pollution risks. The livelihoods of local residents and fishermen may also be affected. Therefore, planning of wind power plants requires an assessment of positive and negative impacts of its operation on the environment.
Access	Assess the risks and opportunities of offshore wind power project financing to understand the impact on Mega Group	Risks: Offshore wind farm facilities are affected by extreme weather and floods, which may cause equipment damage and increase maintenance costs, resulting in reduced repayment capacity of borrowers, thereby affecting the profitability of Mega Group's loans. Opportunities: The operation of offshore wind farms restricts the entry of trawlers, thereby stabilizing the surrounding ecological environment, promoting the formation of new coral reefs, and improving ecological diversity. These opportunity benefits will not only help to reduce the cost of emergencies and increase public sentiment towards power generators, but also enhance the brand name of Mega Group in light of the role of renewable energy in the global energy transition.
Prepare	Develop risk management measures	- For effective tracking of post-loan risks, financing recipients are required to submit semi-annual "Environmental and Social Semi-Annual Reports" during the construction period, describing the project's management measures for biodiversity, fisheries, environment, and stakeholders, and quarterly reports on operations every 3 months during the operation period, with environmental and social issues being reviewed by Mega Bank's environmental and social consultant. - Environmental management strategy: The financing recipients use turbidity curtains and barriers to reduce the impact of water pollution, conduct habitat assessments for the Indo-Pacific humpbacked dolphin and other marine life, and monitor the migration routes of migratory birds to reduce the ecological impact of wind turbine operations. - Social management strategy: The financing recipients will develop livelihood plans for fishermen to help affected fishermen, protect workers' working conditions through contractor management plans, and avoid adverse impacts of wind farm operations on workers and local communities.

3.3 Climate and Nature Scenario Analysis

3.3.1 Climate Scenario Analysis

3.3.1.1 Physical risks

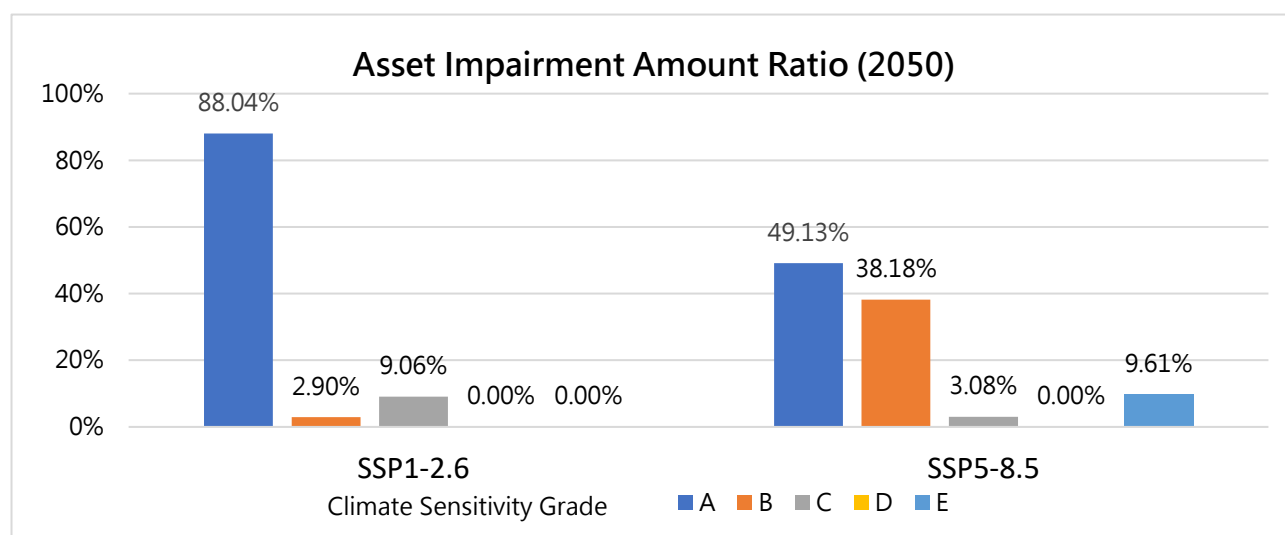
To understand the exposure of various businesses to physical risk areas, we conduct scenario analysis for each of the Group's businesses, including business locations, supply chains, facility sites and other factors to assess their flooding potential physical risk. To improve the type, scale and hazard accuracy of climate risk analysis to truly understand the physical risk exposure situation, since 2023, Mega Group has cited the "Financial Industry Climate Physical Risk Information Integrated Platform Database" of the Joint Credit Information Center (JCIC). The two climate scenarios SSP1-2.6 and SSP5-8.5 imported from the database and loss data were used to assess the physical risks of the value chain from 2021 to 2040 (2030) and 2041 to 2060 (2050).

According to research by the environmental group Germanwatch and statistics on domestic natural disasters in the past, Taiwan needs to pay special attention to disasters such as typhoons and floods/heavy rains in the future. In addition, analysis by the National Science and Technology Center for Disaster Reduction found that towns in western and central-southern Taiwan have the highest risk of flooding. Mega Group assesses flooding hazards for various businesses, as explained below.

3.3.1.1.1 Self-Owned Operating Sites

Background

To assess the impact of climate disasters on each subsidiary's own operating sites, including financial losses such as asset repair and equipment replacement, the Group assessed the probability of flooding for 191 operating sites in Taiwan based on the 24-hour 650mm rainfall scenario of the Water Resources Agency. Assuming that the flooding depth is evaluated under the <0.3M and >3M scenarios respectively, and the climate sensitivity is divided into five levels from A to E (low, medium-low, medium, medium-high, and high).



Note 1: The amount of asset impairment is calculated by [the area of the self-owned operating base (number of square meters) × the probability of flooding in 24-hour 650MM (times/year) × the replacement cost caused by flooding (NT\$10,000/square meter)].

Note 2: The Group has 234 locations worldwide. This analysis mainly cooperates with the JCIC's Financial Industry Climate Physical Risk Information Integrated Platform to carry out the physical risk assessment of 191 business locations in Taiwan.

Assessment Results

- According to the climate sensitivity analysis results, the assessment result under the SSP5-8.5 scenario is the most serious. The total number of bases located in Grade E highly climate sensitive areas is 3, occupying 2% of the Group's sites; the assessed asset impairment amounted to NT\$2 million (impairment amount accounting for 9.61%), the overall impairment amount is estimated to be NT\$19 million, with the overall financial impact level being low (0.095%). For the assessment results in 2050 under the SSP1-2.6 scenario, there were no bases located in Grade E highly climate sensitive areas. The overall impairment amount is estimated to be NT\$9 million, with the overall financial impact level being low (0.04%).
- The Group is committed to ensuring that all domestic and overseas "business locations" will not be located in nature reserves/conservation areas, national parks and national nature parks, wildlife sanctuaries, and critical wildlife habitats established by their countries. We are committed to ensuring all new or relocated business locations will comply with Mega Group's principles of Biodiversity Conservation and Zero Deforestation.

Climate Risk Integration - Actions Taken

Mega Group actively plans to obtain the Green Building label for its own operating sites, and increases the climate resilience of its operating sites through the following physical risk prevention measures:

- Before selecting an operating site, we consider the potential impact of climate-related risk factors on assets, regularly review and strengthen disaster prevention measures, and add insurance if necessary. In 2024, the Group's premium investment cost was approximately NT\$1.57 million.
- Promote the construction and maintenance service project of the operations continuity management system (ISO 22301) and obtain certification (the price is approximately NT\$0.56 million), and prepare a budget of NT\$0.56 million. Continue to promote green building strategies every year to enhance the operational resilience of Mega Group (see 2.1.4.3 Green Buildings for details).
- A "disaster emergency response team" is established according to various disaster emergency response measures. In 2024, a total of 25 events were held at the Group's main locations, involving

1,431 people. The cost of disaster prevention drills was approximately NT\$0.67 million, and the coverage rate of the locations reached 100%. See 3.1.3 Business Continuity Planning for details.

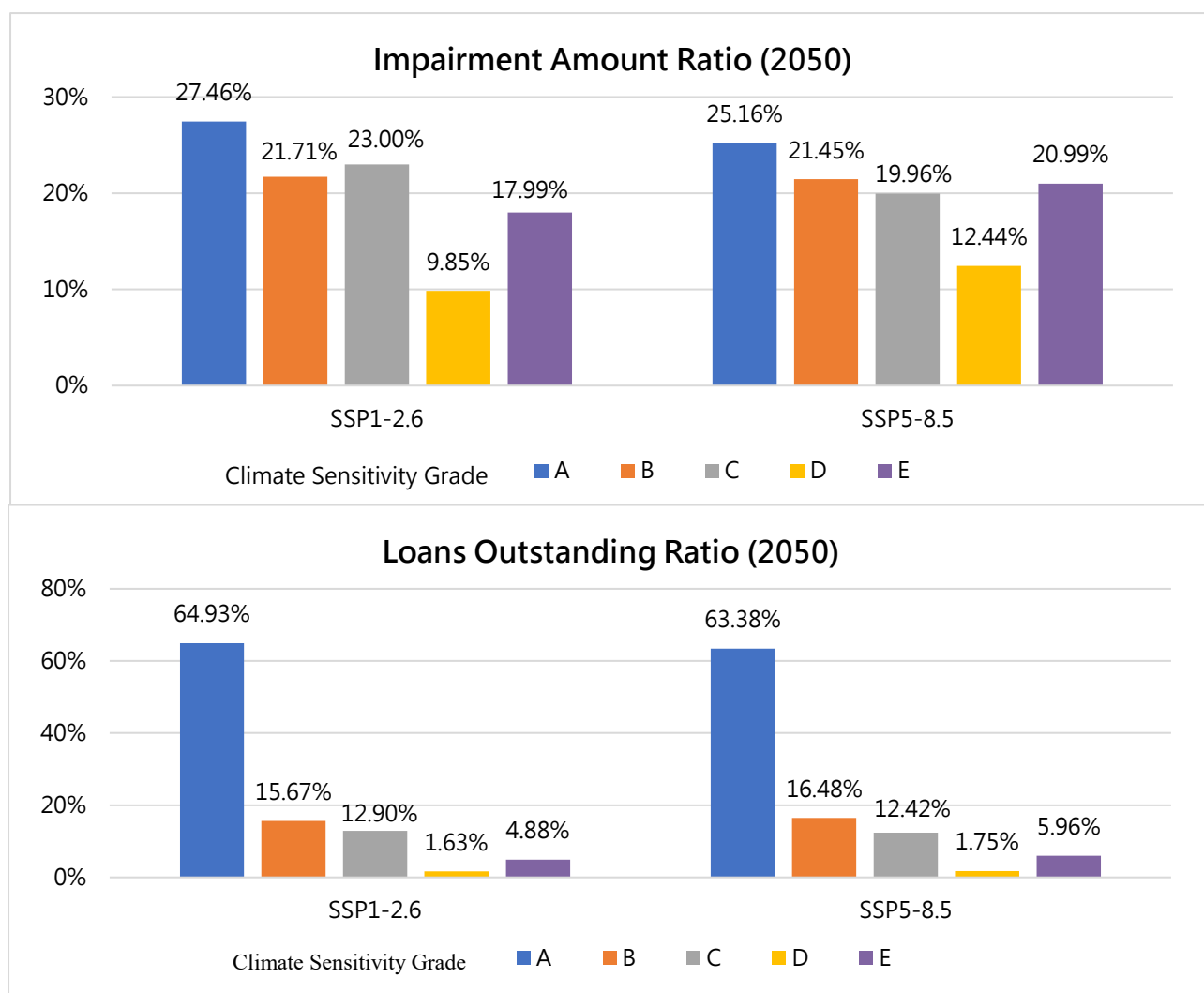
3.3.1.1.2 Real Estate as Collateral

Background

Mega Group's loan customers mostly use real estate as collateral, so they pay special attention to the impact of climate on the market price of collateral. For the Group's domestic real estate collateral, we evaluated the impairment of collateral value in 2050 under two scenarios: SSP1-2.6 and SSP5-8.5, and divided the climate sensitivity into five grades from A to E (low, medium-low, medium, medium-high, high).

Assessment Results

In 2050, the SSP5-8.5 scenario is the most severe, with the proportion of real estate guaranteed loans located in Grade E highly climate sensitive areas, accounting for 5.96%, and impairment amount accounting for 20.99%. Under the SSP1-2.6 scenario in 2050, the proportion of real estate guaranteed loans located in Grade E highly climate sensitive areas is 4.88%, and impairment amount accounting for 17.99%.



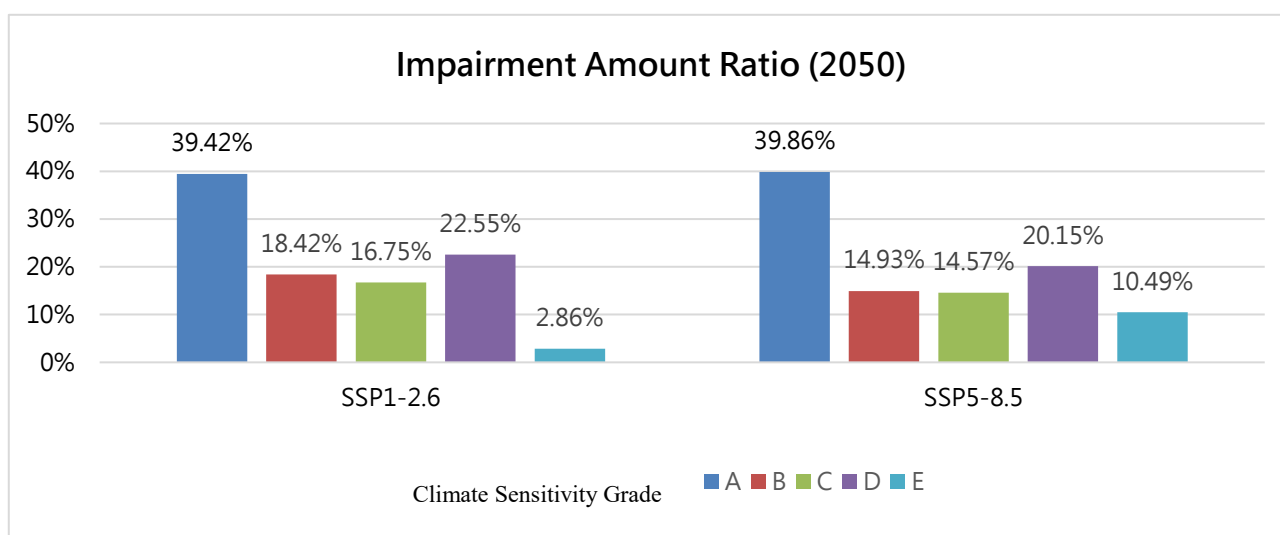
Climate Risk Integration - Actions Taken

- The subsidiaries formulated related management measures such as collateral appraisal and review, and the value of real estate and other important risk factors are evaluated in accordance with regulations as the basis for loans. In addition, regulations related to climate risks have been formulated and incorporated the identification, assessment and management of climate risks into the overall system. Mega Bank's collateral valuation operation process allows users to query relevant information such as geologically sensitive areas and flood potential areas where the collateral is located at the same time. The results are simultaneously displayed in Mega Bank's real estate valuation report, providing loan approval and risk assessment. The maintenance cost of the system (including graphics) is NT\$0.921 million, and the expanded budget is NT\$2.438 million.

3.3.1.1.3 Investment/Financing/Underwriting Position

Investment Position

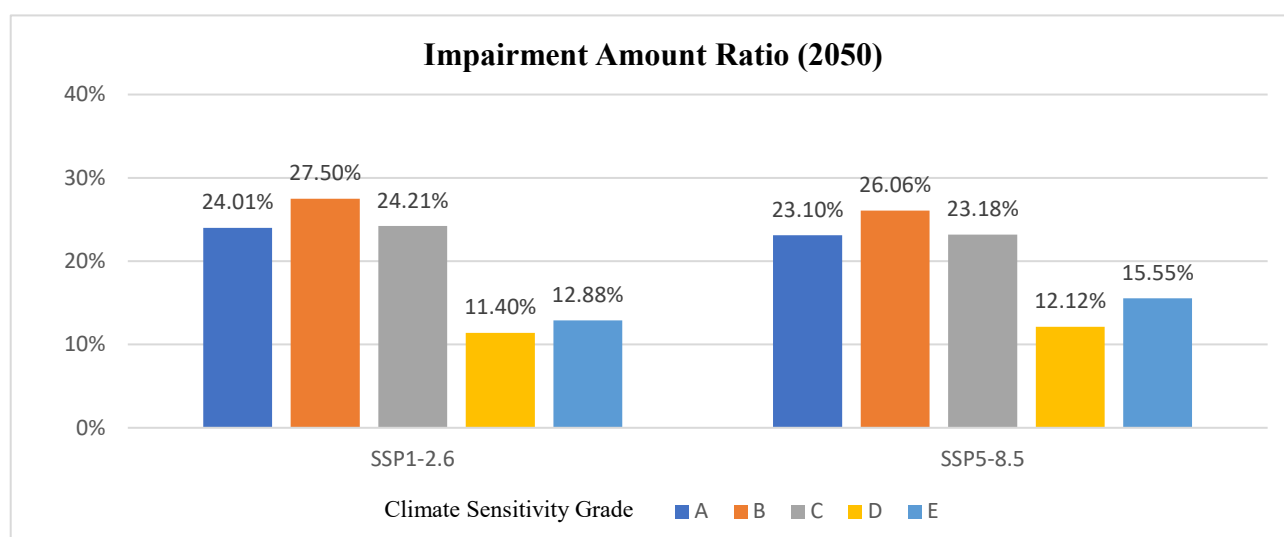
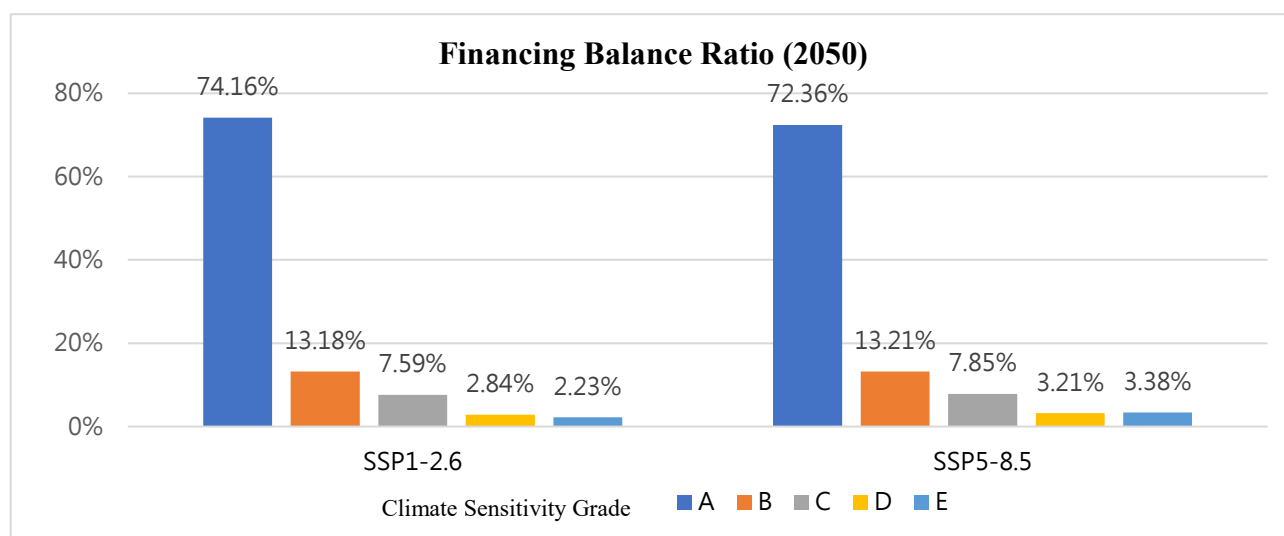
For the assessment of physical risk impairment of domestic investment positions, under the SSP5-8.5 scenario in 2050, there are 31 customers with high climate sensitivity Grade E, and the impairment amount accounts for 10.49%. Under the SSP1-2.6 scenario in 2050, there are 16 customers with high climate sensitivity Grade E, and the impairment amount accounts for 2.86%.



Financing Position

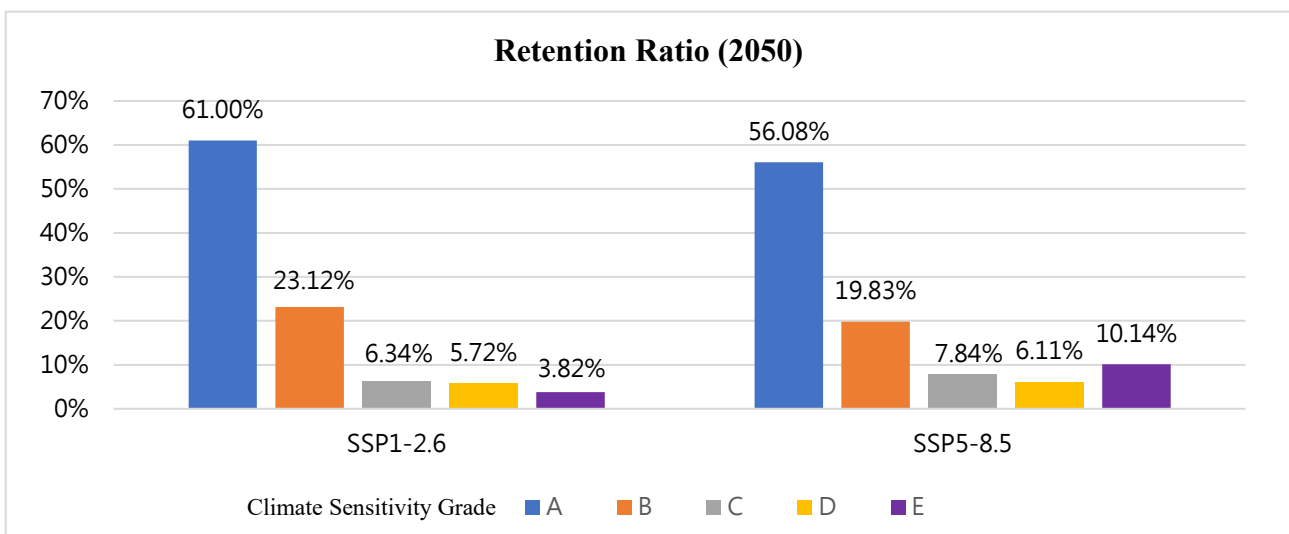
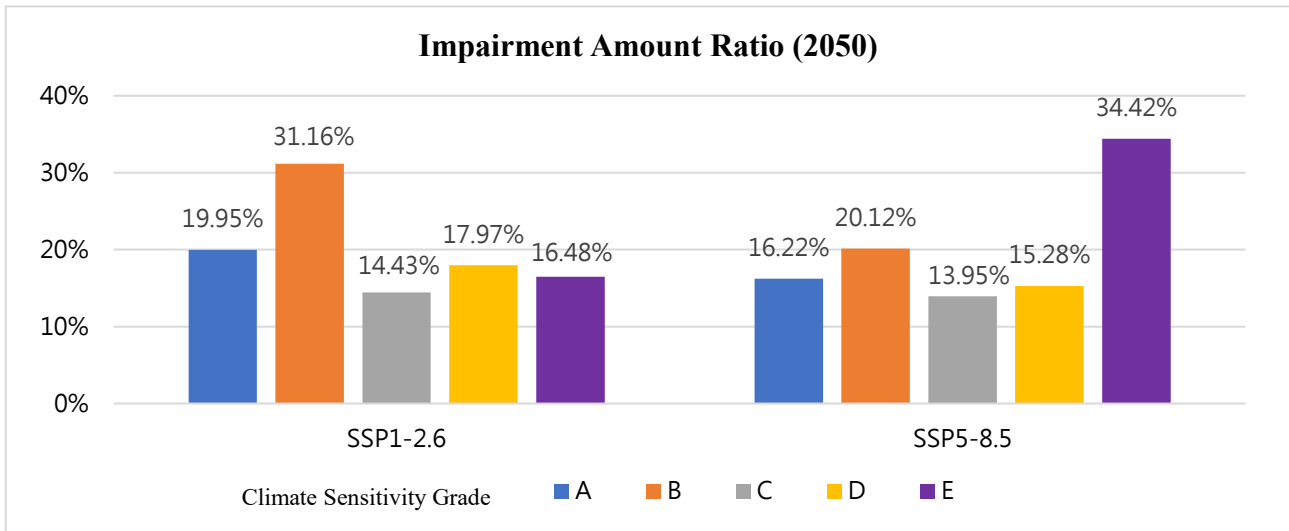
We conducted physical risk assessment (flooding) of the business locations for a total of 852 customers with moderate or higher exposure (0.1% or more of net worth) to domestic corporate finance risk. The analysis showed that the 2050 SSP5-8.5 scenario was the most severe, with an impairment amount to financing balance ratio of 2.47%, and the number of customers with high climate sensitivity

Grade E totaled 46, with a financing balance ratio of 3.38%. In addition, under the SSP1-2.6 scenario in 2050, the impairment amount accounts for 2.29% of the financing balance. There are 30 customers with high climate sensitivity Grade E, and the financing balance accounts for 2.23%.



Underwriting Position

In an inventory of the top 50 risk positions of the subsidiary CKI's effective policies, typhoon or flood insurance underwriting positions totaled 32 policies, with the climate sensitivity grading conducted based on the insured address. The analysis results showed that the ratio of impairment amounts located in highly climate-sensitive areas (Grade E) under the SSP1-2.6 and SSP5-8.5 scenarios in 2050 is 16.48% and 34.42% respectively; the retention ratio of underwriting positions are 3.82% and 10.14% respectively.

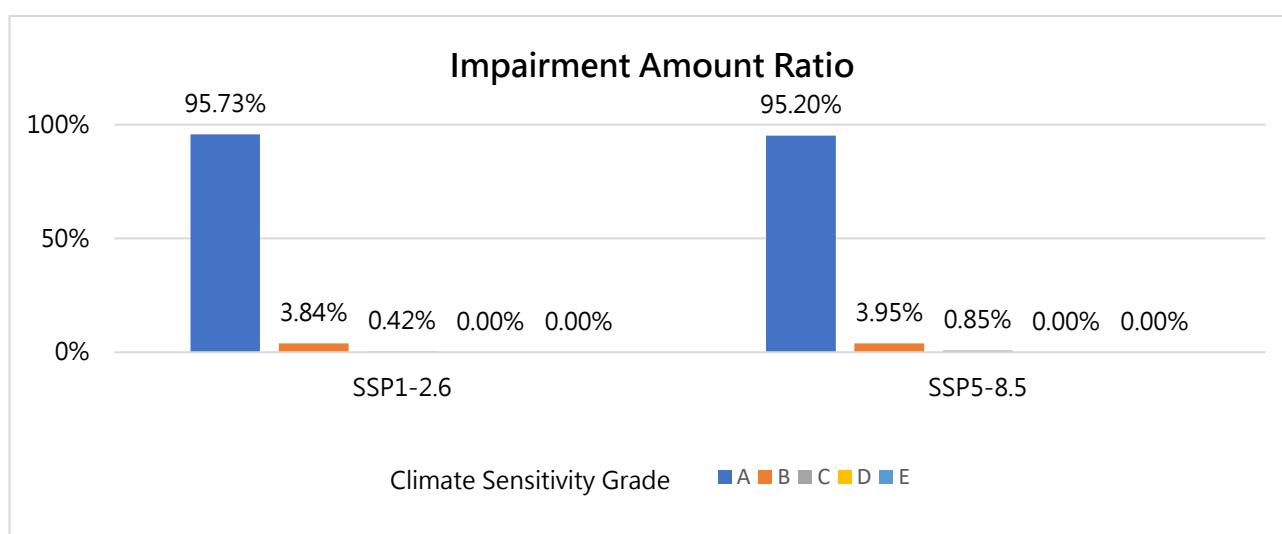
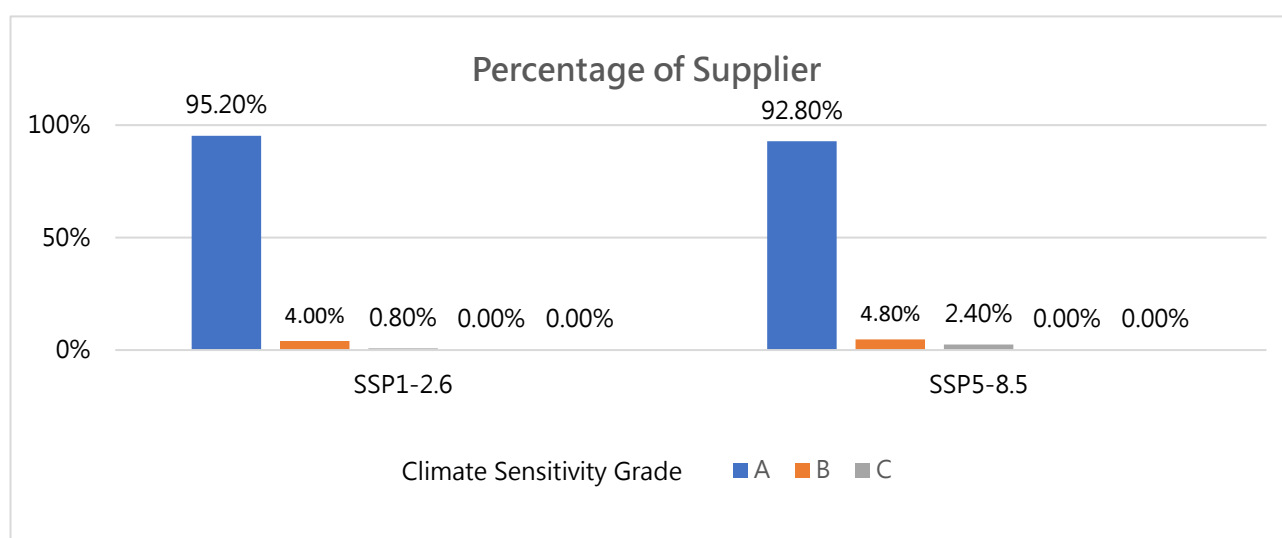


Climate Risk Integration - Actions Taken

- **Investment and Financing Position:** To strengthen climate risk management, the subsidiaries have formulated the Climate Risk Management Guidelines to standardize the proportion of investment and financing limits, details can be found in 4.5 Climate and Nature Targets and 4.6 Climate and Nature Metrics.
- **Underwriting Position:** CKI uses catastrophic disaster risk assessment models to conduct quantitative assessments, and arranges catastrophic disaster excess compensation contracts based on the model assessment results to reduce claims risks. CKI has set a cumulative limit of catastrophic losses per peril of $\leq$ NT\$300 million, with an actual value of approximately NT\$8 million in 2024.

3.3.1.1.4 Major Suppliers

To evaluate the impact that major suppliers will have on Mega Group due to the impact of physical climate risks under climate change, 125 suppliers' main business locations were evaluated in 2024, based on the probability of flooding, the percentage of impairment of the real estate of suppliers' business locations caused by flooding, and the amount of purchase contracts. We proposed corresponding sustainable supply chain management strategies to assist suppliers in coping with physical risks. The results of the analysis showed that suppliers were mainly concentrated in Grade A low climate-sensitive areas (95.20% under the SSP1-2.6 scenario; 92.80% under the SSP5-8.5 scenario). In 2050, under the SSP1-2.6 scenario, the impairment amount of suppliers in Grade A low climate-sensitive areas accounted for approximately 95.73%; under the SSP5-8.5 scenario, the impairment amount of suppliers in Grade A low climate-sensitive areas accounted for approximately 95.20%. There are no Grade D or E suppliers in the above scenario (not located in the medium-high and high climate-sensitive areas).



Note 1: Major suppliers: The procurement contract amount exceeds NT\$1.5 million.

Note 2: Impairment amount = supplier's purchase contract amount × probability of flooding (times/year) × the percentage of impairment in value of the real estate in the supplier's business location caused by flooding.

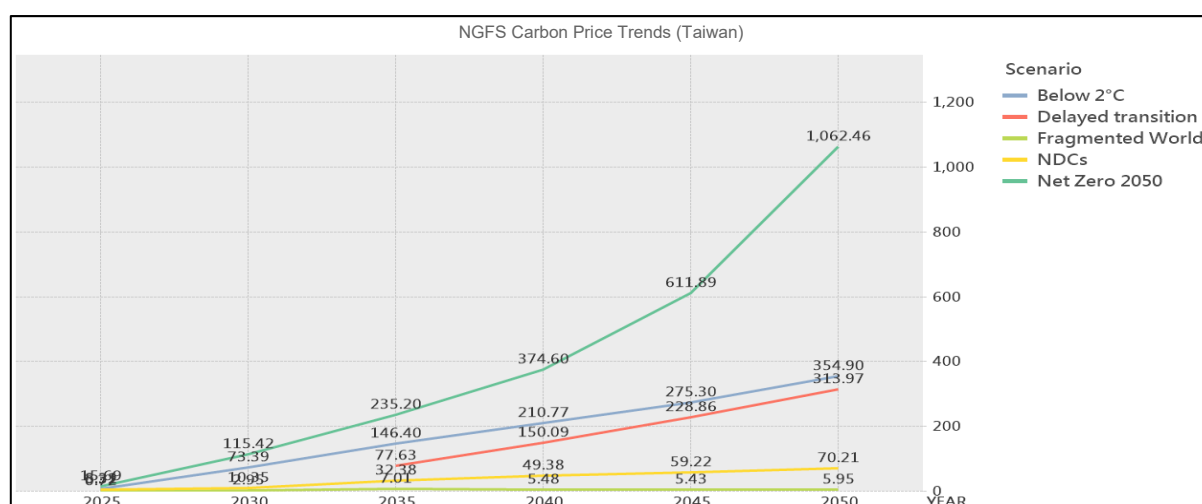
Note 3: It is assumed that the loss of real estate value from suppliers is passed on to Mega Group, resulting in an increase in the Group's purchasing costs.

Climate Risk Integration - Actions Taken

- Using the more severe scenario SSP5-8.5, the losses suffered by suppliers from flooding weather disasters are assessed, and the impact on Mega Group's operations is minimal. We have already set up the relevant regulations for suppliers, and will continue to evaluate the impact of climate risks on each supplier. Currently, for suppliers in Grade A to Grade D climate-sensitive areas, the response is to review the stability of the products or services they provide and, depending on their importance, discuss replacement plans in advance if necessary.

3.3.1.2 Transition Risks

Using the comprehensive assessment model of NGFS (GCAM6.0_NGFS) to analyze Taiwan's carbon price trends (table below)



The scenario and carbon price are explained as follows:

Scenario A	Scenario B	Scenario C
Carbon Price: US\$15.69/metric ton Description: Carbon Price under NGFS Net Zero 2025 Scenario	Carbon Price: US\$115.42/metric ton Description: Carbon Price under NGFS Net Zero 2030 Scenario	Carbon Price: US\$1,062.46/metric ton Description: Carbon Price under NGFS Net Zero 2050 Scenario
Note: Carbon Prices in 2025, 2030 and 2050 using NGFS Net Zero Scenarios.		

3.3.1.2.1 Major Carbon Emitter

High-carbon-emitting enterprises are the main targets for future carbon price collection, which will have a significant impact on their operations. A total of 168 large carbon-emitters subject to the regulations of Taiwan's Ministry of Environment were inventoried at the end of 2024. The estimated carbon price and carbon emissions under the NGFS scenario were included in the internal credit rating models, to understand the impact of carbon pricing on their ratings and finances.

The analysis results show that Scenario B is the most serious. The changes in the ratings of large carbon emitters under each scenario are summarized as follows. Under Scenarios A to C, the financial impact of the derived credit risk expected losses due to transformation risk were 0.222%, 0.294%, 0.287%, respectively.

Unit: Number of customers				
Company	Rating Changes	Scenario A	Scenario B	Scenario C
Mega Bank	Downgrade by one level	12	21	18
	Downgrade by two levels	0	3	3
Mega Bills	Downgrade by one level	2	2	2
	Downgrade by two levels	1	1	1
Level of financial impact		0.222%	0.294%	0.287%

3.3.1.2.2 Suppliers

Mega Group uses the carbon prices of three scenarios including NGFS's Below 2°C, Delayed Transition and Net Zero 2050 to evaluate the indirect impact of suppliers' carbon fee costs on the Group's operations. Mega Group's supplier procurement contracts in 2024 totaled NT\$3,015 million, which is equivalent to emitting approximately 34,338 tCO_{2e}. The analysis results show that among various scenarios, the Net Zero scenario has the highest financial impact of approximately 0.33% in passing on carbon fees in 2050.

Supplier procurement contract amount (NT\$ million)	Supplier procurement contract carbon emissions (tCO ₂ e)	Scenario		Financial impact of passing through carbon fees (%)	
				2030	2050
2024					
3,015	34,338	Scenario 1	Below 2°C	0.02%	0.11%
		Scenario 2	Delayed Transition	0.00%	0.10%
		Scenario 3	Net Zero 2050	0.04%	0.33%

Note 1: Supplier procurement contract carbon emissions = Supplier procurement contract amount × CO₂e intensity.

Note 2: The CO₂e intensity of the Energy Administration of the Ministry of Economic Affairs was 0.01139 kg/NTD in 2023.

Note 3: The supplier procurement contract amount in the above table excludes water, electricity and fuel costs.

Note 4: Scenarios 1, 2 and 3 use the NGFS database, which falls under the carbon fee in Taiwan.

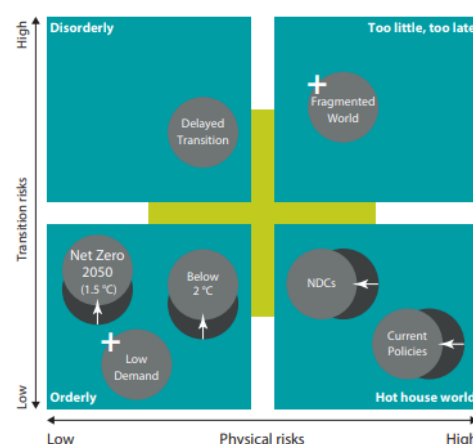
Climate Risk Integration - Actions Taken

- Mega Group clearly stipulated in the Sustainable Development Policy: “Prioritize green procurement and use products with environmental protection certification”, and in the Sustainable Development Best Practice Guidance to give priority to purchasing eco-friendly products and making responsible purchases. In addition, it can be seen from the above scenarios that the carbon fee passed through to suppliers will increase the financial impact over time. In the future, the Group will continue to pay attention to carbon fee-related issues to effectively identify climate risks and opportunities, achieve carbon cost management, reduce transformation risks, enhance the Group’s climate resilience, and achieve a sustainable supply chain.

3.3.2 Climate Stress Test

Investment and Financing Position

Based on the Network for Greening the Financial System (NGFS) established by central banks and financial supervisory authorities around the world and the United Nations Intergovernmental Panel on Climate Change (IPCC) in the “Operating Plans on Climate Change Scenario Analysis of Domestic Banks” of the Financial Supervisory Commission, an orderly net zero, disorderly transition, and passive transition are set to analyze the impact of climate change in different periods (2030 and 2050).



We refer to the NGFS scenario, consider transition and physical risks, and evaluate the expected losses of investment and financing positions in 2030 and 2050 under scenarios such as “Orderly”, “Disorderly”, and “Too-little-too-late”, so as to adjust the credit strategy planning in a timely manner. The estimated losses of major subsidiaries affected by climate change are as follows:

Subsidiaries	Expected Losses from Climate Change	Scenario					
		Orderly		Disorderly		Too-little-too-late	
		2030	2050	2030	2050	2030	2050
Mega Bank	Net Worth Ratio	6.58%	8.04%	8.24%	9.04%	7.61%	11.34%
	Profit and Loss Ratio before Tax	68.17%	83.31%	85.29%	93.60%	78.79%	117.41%
Mega Bills	Net Worth Ratio	0.24%	0.29%	0.33%	0.31%	0.29%	0.38%
	Profit and Loss Ratio before Tax	3.63%	4.39%	5.02%	4.76%	4.40%	5.76%
Chung Kuo Insurance	Net Worth Ratio	0.23%	0.25%	0.28%	0.27%	0.28%	0.31%
	Profit and Loss Ratio before Tax	4.92%	5.37%	6.01%	5.66%	5.90%	6.51%
Note 1: The expected loss from climate change of Mega Bills for the year includes investment and credit positions. Note 2: Transition risk scenarios for “Orderly”, “Disorderly” and “Too-little-too-late” for the year are NGFS “Net Zero 2050”, NGFS “Delay Transition”, and NGFS “Fragmented World”. Note 3: Physical risk scenarios for “Orderly”, “Disorderly” and “Too-little-too-late” for the year are IPCC “SSP1-1.9”, IPCC “SSP1-2.6”, and IPCC “SSP2-4.5”.							

Climate Risk Integration - Actions Taken

- Guide industries in sustainable transformation, actively promote renewable energy technology, circular economy-related loans, and sustainable performance-linked loans. In terms of investment, we will continue to invest in sustainable bonds, green bonds, and renewable energy technology and other related industries. Please refer to “2.1.4.5 Green Investment/Financing”.

2024 Climate and Natural Environment Report

- In accordance with the “Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries” and relevant investment and financing regulations, we will strengthen the identification and assessment of climate risks in the investment and financing process, adopt differentiated risk management measures, and promote customer engagement mechanisms to assist customers in their restructuring. Please refer to “3.2 Climate and Nature Risk Management in Investment and Financing”.
- In June 2024, we passed the SBTi review and established carbon reduction paths, carbon reduction strategies, and carbon reduction targets for our own operations and investment and financing customers. Please refer to "4.4 Science-Based Targets" for details.
- Please refer to “4.5 Climate and Nature Targets” and “4.6 Climate and Nature Metrics” for details of regular tracking of the implementation of climate metrics and targets.

3.3.3 Nature Scenario Analysis

According to 2.2 Natural Dependencies and Impacts that thermal power generation and hydroelectric power generation in the power supply industry are highly dependent on water resources. According to the latest power generation overview (2023) announced by the Energy Administration, Ministry of Economic Affairs, approximately 83.1% of Taiwan's power generation comes from thermal and conventional hydroelectric power generation. In an event that Taiwan faces droughts, it may have a significant impact on the daily operations and financial stability of investment and financing targets in the power supply industry, which in turn could exert a financial impact on Mega Group. By assessing the drought risk of power suppliers in the most severe scenario, Mega Group can identify investment and financing risks in advance to adopt corresponding risk management strategies.

3.3.3.1 Drought Risk Scenario Analysis

Analysis Process

To analyze the dependence of investment and financing targets in the power supply industry on water resources, as well as the level of drought risk that may be faced in the event of serious deterioration of the natural environment in the future, Mega Group adopts the drought map of the "Financial Industry Climate Physical Risk Information Integrated Platform" of Financial Supervisory Commission to analyze water shortage (degree of hazard) at locations of operations of investment and financing targets in the domestic power supply industry, the water demand (degree of vulnerability) of each type of power generation in the power supply industry, and the distribution of drought risks at locations of operations of domestic power suppliers in 2030, 2050, and 2090 under the SSP5-8.5 scenario.

Targets

All locations of operations of investment and financing targets of the domestic power supply industry include thermal power plants, hydroelectric power plants, nuclear power plants, onshore wind farms, and solar power plant sites that can be collected from public information sources.

Scenario Analysis

The Financial Industry Climate Physical Risk Information Integrated Platform uses the UN's IPCC AR6 scenarios to estimate the droughts of various water supply zones under the SSP5-8.5 scenario for the amount of precipitation in Taiwan.

Time Frame

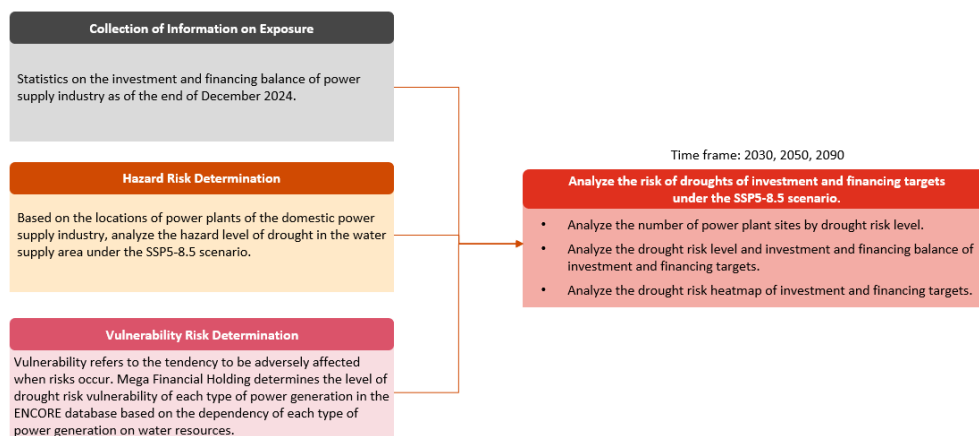
2030, 2050, 2090.

Analysis Method

After comprehensively assessing the degree of hazard and degree of vulnerability of the drought risk at the site, the comprehensive risk level is divided from low to high into levels 1 to 5 to analyze the

percentage

of



distribution of each risk level of the site, the investment and financing balance ratio in the power supply industry, and the investment and financing balance ratio in the overall industry.

Results of Drought Risk Scenario Analysis

Under the SSP5-8.5 scenario, the investment and financing balance ratio in the power supply industry of the risk level 5 will be approximately 3.0% by 2030, and increase to 5.4% by 2050 and 2090. In 2030, the investment and financing balance ratio in the power supply industry with moderate risk level (risk level 3) will be approximately 30.3% by 2030, increase to 30.4% by 2050, and increase to 30.8% by 2090. Over time, assuming that the existing portfolio remains unchanged, the investment and financing targets with low drought risk will gradually face moderate to high drought risk, which is in line with the SSP5-8.5 assumption that changes in the natural environment will be more severe over time.

Drought risk level in 2030	Investment and financing balance ratio in the power supply industry	Drought risk level in 2050	Investment and financing balance ratio in the power supply industry	Drought risk level in 2090	Investment and financing balance ratio in the power supply industry
5	3.0%	5	5.4%	5	5.4%
4	2.5%	4	-	4	-
3	30.3%	3	30.4%	3	30.8%
2	0.4%	2	0.4%	2	-
1	-	1	-	1	-
Total	36.2%	Total	36.2%	Total	36.2%

Drought risk level of power plants (Hazard X Vulnerability)	2030		2050		2090	
	Number of plants	Percentage of number of plants	Number of plants	Percentage of number of plants	Number of plants	Percentage of number of plants
5	9	5%	10	5%	10	5%
4	10	5%	8	4%	8	4%
3	97	50%	98	51%	167	86%
2	71	37%	71	37%	2	1%
1	7	4%	7	4%	7	4%
Total	194	100%	194	100%	194	100%

3.3.3.2 Drought Risk Heatmap Analysis

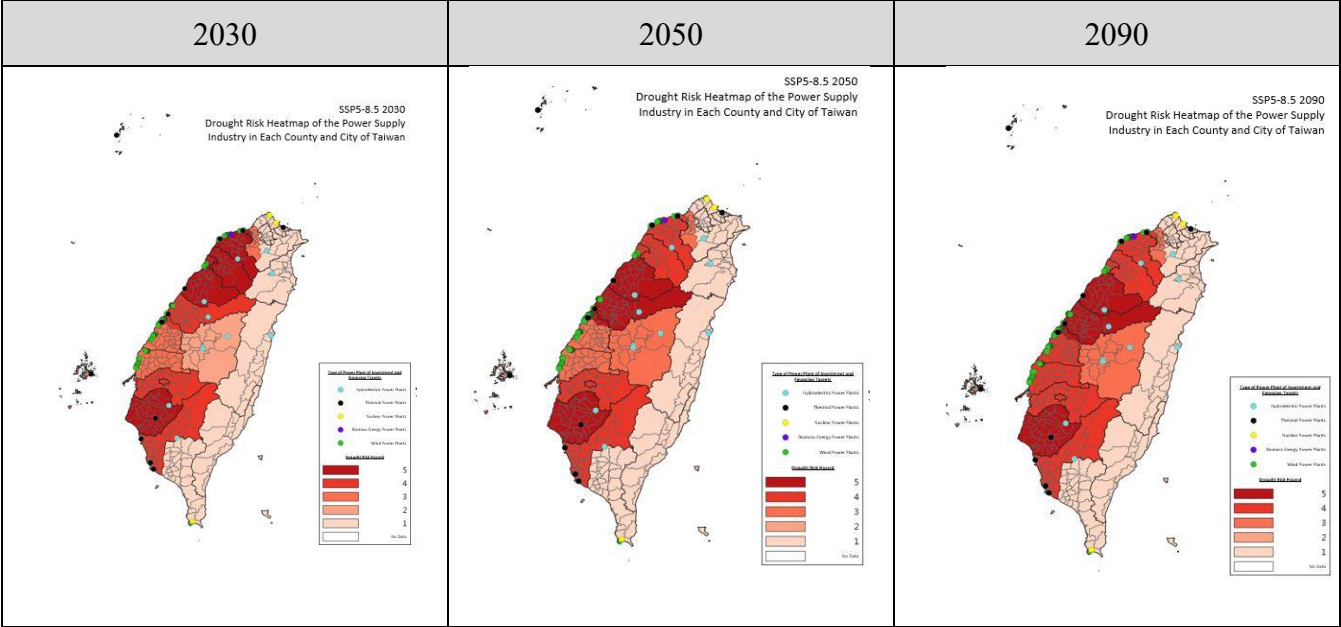
Analysis Process

In order to analyze the risk of droughts in 2030, 2050, and 2090 at power plants in each county and city of the investment and financing targets in the power supply industry, we have organized the expected drought occurrence values of each county and city in Taiwan based on the "Financial Industry Climate Physical Risk Information Integrated Platform" of the Financial Supervisory Commission and drawn the drought risk heatmap for 2030, 2050, and 2090 under the corresponding water supply area information of the respective towns and cities under the SSP5-8.5 scenario. The comprehensive risk level is divided into 5 levels from 1 to 5, with the higher level representing the higher drought hazard and the darker the color.

Analysis Results

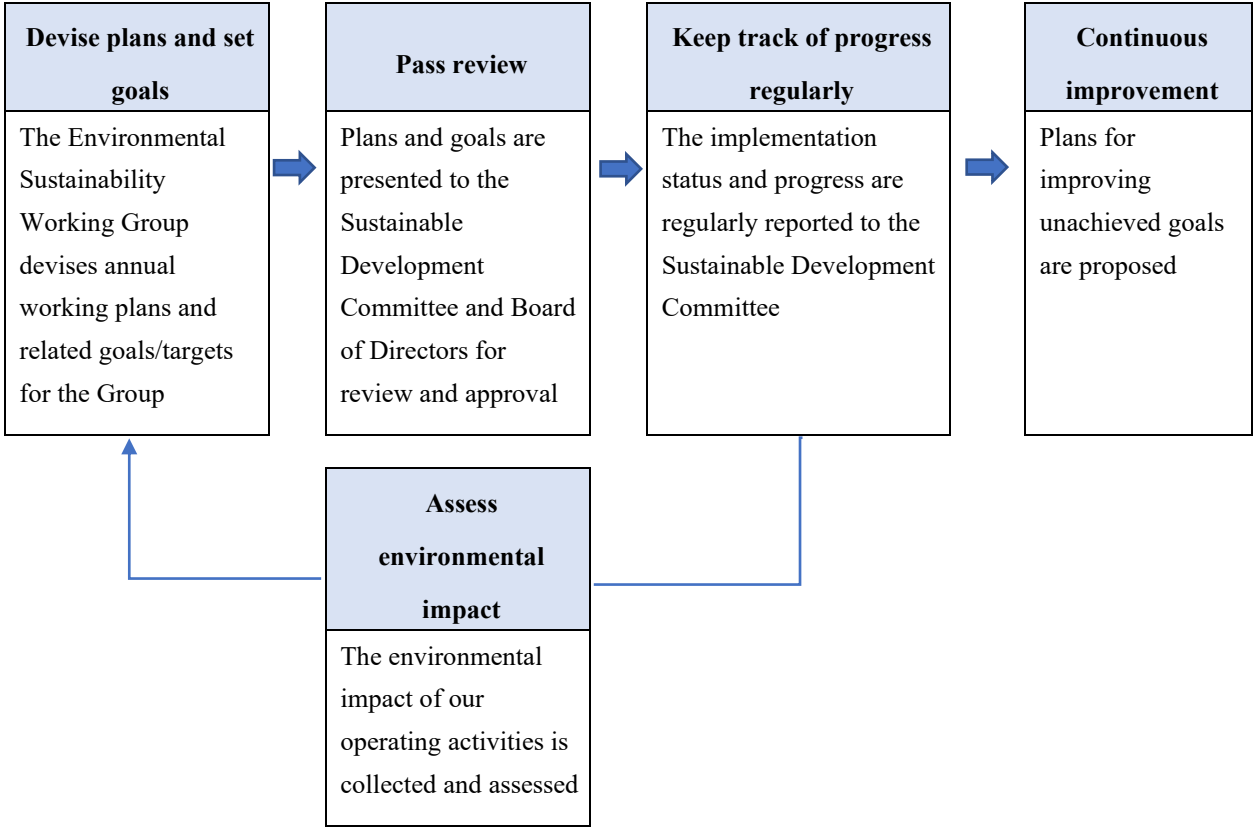
- Over time, the drought risk level in some towns and cities in Changhua County will increase in 2090 compared to 2030 and 2050.
- The degree of dependence of each type of power generation in the power supply industry on water resources ranging from high to low is as follows: Hydropower, thermal power generation, nuclear power generation, nuclear power generation, and wind power generation.
- According to the results of the drought risk heatmap analysis, the drought risk level of the hydroelectric power plants in Taichung City is 4 in 2030; however, the drought risk level will increase to 5 in 2050 and 2090. The drought risk level of the hydroelectric power plants in Nantou County is 2 in 2030; however, the drought risk level will increase to 3 in 2050 and 2090. The drought risk tends to increase over time.
- Thermal power plants are second only to hydroelectric power generation in terms of water dependence. According to the results of the drought risk heatmap analysis, most of the investment and financing targets of thermal power plants are located in a high drought risk level (risk levels 4 and 5). In the future, it is necessary to prioritize the collection of metrics of the water intensity of the investment and financing targets with thermal power plants to serve as the basis for the nature risk management of investment and financing portfolios.

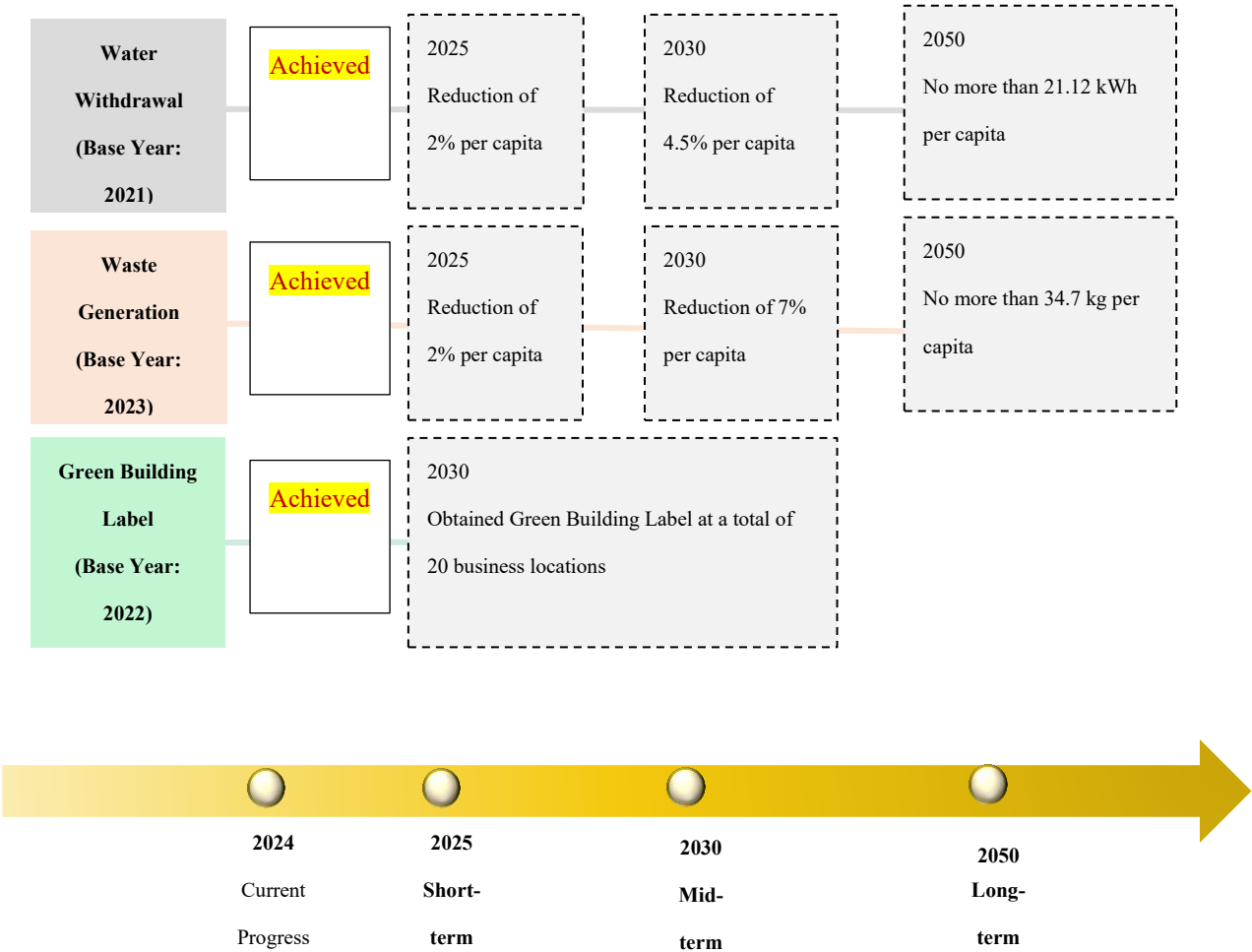
- Nuclear power plants are also a type of power generation that is highly dependent on water. However, according to the results of the drought risk heatmap analysis, most of the nuclear power plants of investment and financing targets are located in areas with low drought risk. Wind power generation and biomass power generation have lower demand for water. Although the power plants are located in areas with high drought risk, they may be less affected by droughts in the future.



4 Climate and Nature Metrics and Targets

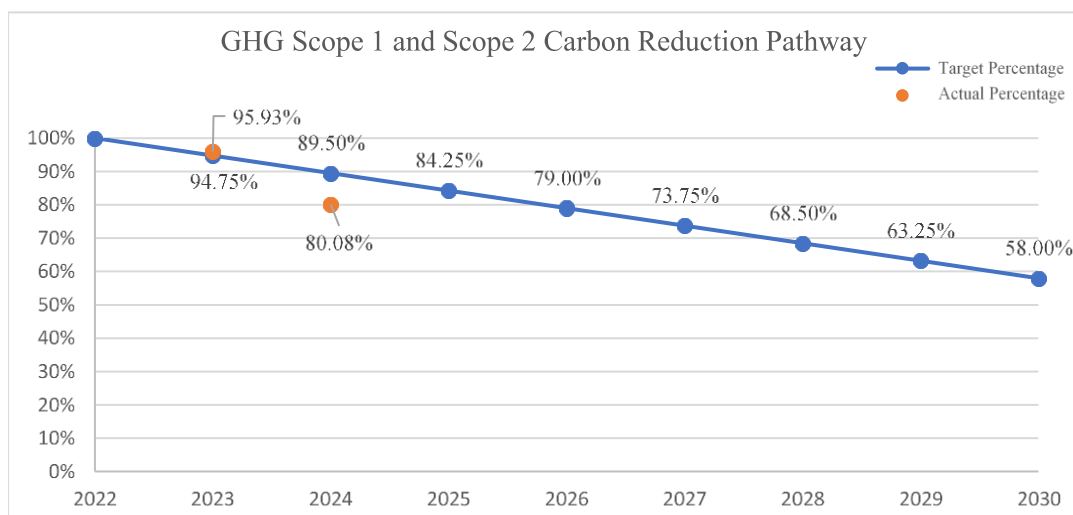
By “Committing to Net-zero Emissions to Achieve Environmental Sustainability” to further control the progress of climate and nature management, through the Environmental Sustainability Working Group under the Sustainable Development Committee, Mega Group complies with the Sustainable Development Policy, the Sustainable Development Best Practice Guidance, and United Nations Convention on Biological Diversity (CBD), and makes reference to the Principles for Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative and the GRI guidelines and criteria on environmental topics (e.g., water, waste, etc.) for the industry. We regularly collect and assess the environmental impact of our operating activities, and then develop working plans and goals for the Group for the year, including natural environment, climate change, green operations, responsible procurement, and supply chain management. The progress of our goal achievements is regularly reviewed by the Sustainable Development Committee to implement the Group's climate and nature risk management. In addition, since 2021, the Group has adopted green buildings, water consumption, and waste as metrics for the operating environment, setting short-, medium-, and long-term targets, and incorporating them into the Group’s annual ESG target tracking items. Starting in 2025, the achievement status of Scopes 1 and 2 (carbon emissions from power consumption), Scope 3 investment and financing, and waste reduction has been added to the annual performance evaluation items, thereby linking climate and nature targets to performance.





4.1 Green Operation - Low Carbon Transition Development Strategy

In response to climate change issues, Mega Group supports Taiwan’s energy transition policy, aiming to reduce coal-fired power, increase natural gas, promote green energy, and realize a nuclear-free homeland to reduce air pollution, conserve energy, and reduce carbon emissions. In addition, Mega Group used the SBT methodology as reference to set the mid-term goal of reducing the Group’s GHG emissions (Scopes 1 and 2) by 42% in 2030 as compared with that of 2022, and the long-term goal of net-zero emissions by 2050, which was approved by the Board of Directors in December 2023. As shown in the chart below, the carbon reduction pathway target (80.08% < 89.5%) was achieved in 2024, and Mega Group will continue to promote carbon reduction actions to attain carbon reduction goals.



- “4.1.1 Greenhouse Gas Emissions Management” explains Mega Group’s greenhouse gas emissions status and management plan. At present, the Group’s 234 business locations (including overseas) have implemented ISO 14064-1 greenhouse gas inventory and passed third-party verification, and have set a three-year plan to expand the coverage of ISO 14001, ISO50001 and green building labels.
- “4.1.2 Usage of Renewable Energy” explains how Mega Group achieves the Group’ mid- and long-term climate goals through renewable energy and carbon rights procurement. In 2024, Mega Group used a total of 9,381,000 kWh of renewable electricity, which is expected to reduce 4,634.21 tCO₂e.
- “4.1.3 Energy Conservation and Carbon Reduction Measures” shows that Mega Group has actively carried out carbon reduction actions internally. In 2024, by replacing old equipment, it is estimated to reduce 3,837.23 tCO₂e.
- “4.1.4 Water Consumption and Waste Management” shows that Mega Group also pays attention to issues related to water consumption and waste.
- “4.1.5 Internal Carbon Pricing” explains how Mega Group has introduced internal carbon pricing to channel procurement funds to environmentally friendly and low-carbon efficient equipment and investment/financing customers, thereby effectively reducing the Group’s carbon emissions.

As of the end of 2024, through the above-mentioned specific carbon reduction actions, Mega Group reduced carbon emissions by 19.92% compared to the base year of 2022. In addition to continuing to implement carbon reduction measures in the future, we will also set short, medium and long-term climate goals in line with government policies such as a nuclear-free homeland, energy transition, and emission reduction, so as to respond early to the “Sustainable Development Roadmap” and “Net-Zero Carbon Emissions Roadmap” implemented by the government of Taiwan.

Item	Description
ISO14001:2015 Environmental Management System	Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 14001 Environmental Management System in 2017 and gradually completed verifications between 2018 and 2020. This management system was introduced to the headquarters of each subsidiary in 2022. The implementation and verification process was completed in 2023 (including renewal of certification) of all 101 operational sites in northern Taiwan, and the rollout to all 191 operational sites in Taiwan and 1 operational site in Guam is planned to be completed by 2024. Mega Financial Holding obtained the ISO 14001 certification on September 5, 2022, with the validity period from September 5, 2022 to September 4, 2025. It is expected that the renewal process will be completed in the third quarter of 2025 (valid for three years).
ISO50001:2018 Energy Management System	Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 50001 Energy Management System in 2021. It was then adopted by the five headquarters buildings of Mega Group and verification was obtained in 2022. The review process was completed in 2023 and 2024 to maintain the validity of the certification. Mega Financial Holding obtained the ISO 50001 certification on September 20, 2022, with the validity period from September 20 2022 to September 20, 2025. It is expected that the renewal process will be completed in the third quarter of 2025 (valid for three years).

4.1.1 Greenhouse Gas Emissions Management

In response to climate change issues, Mega Group has strengthened energy and greenhouse gas management and set greenhouse gas emission targets. We regularly disclose GHG emissions every year. Since 2016, five office buildings of the Group have obtained ISO 14064-1 GHG inventory certification statements, with the scope of inventory expanding each year. In 2019, 139 locations in northern and central Taiwan have completed verification, with a coverage rate of 72% of the domestic sites. In 2020, 192 operational sites (including 1 site in Guam) were inventoried, with a coverage rate of 100% of the domestic sites. In 2021, we began calculating the Scopes 1 and 2 emissions from our overseas locations and completed the GHG inventory of all overseas offices in 2022, achieving 100% Group coverage rate. The disclosure boundary of the Company's Scopes 1, 2 and 3 investment and financing GHG inventory has included all consolidated entities in the financial statements. In 2024, there was a 23.06% reduction from the domestic sites and a 19.92% reduction from global sites in Scopes 1 and 2 emissions compared to the base year, achieving the short-term goal of reducing 10.5% compared with the base year.

2024 Climate and Natural Environment Report

GHG emissions of domestic business locations in the past 4 years (verified by a third party)				
Unit: Metric tons CO ₂ e				
Item / Year	2021	2022	2023	2024
Direct GHG Emissions (Scope 1)	3,011.15	2,333.18	1,940.07	2,401.68
Direct GHG Emissions (Scope 1) Company Car	998.56	917.73	726.53	660.18
Energy Indirect GHG Emissions (Scope 2)	17,178.03	17,851.20	16,948.54	13,127.46
Scopes 1 and 2 Emissions	20,189.18	20,184.38	18,888.61	15,529.14
Scopes 1 and 2 Emission Intensity (Metric tons of CO ₂ e/NT\$ thousand in net revenue)	0.00034	0.00036	0.00024	0.00019
Other Indirect GHG Emissions (Scope 3)	415,840.08	992,666.95	8,947,787.52	9,052,152.01
Other Indirect GHG Emissions (Scope 3) Business Trips	141.72	115.96	290.24	427.44
Other Indirect GHG Emissions (Scope 3) Investments and Financing	412,222.75	989,175.34	8,943,847.17	9,006,084.67
Number of Domestic Locations Verified by the Third-party (Note 3)	192	192	192	192
Third-party Verification Coverage Rate in Domestic Locations (%)	100%	100%	100%	100%
Note 1: Mega Group registered and declared a total of 9,381 certificates (33,772 GJ) at the National Renewable Energy Certification Center in 2024. The total emission of Scopes 1 and 2 measured by market base was 15,529.14 tCO₂e. The global warming potential (GWP) is based on the global warming potential values of various greenhouse gases in the 2021 IPCC AR6. Note 2: In 2021, Mega Group's inventory of Scope 3 emissions was conducted on Mega Financial Holding and all subsidiaries; the category of emission was "externally purchased electricity upstream", "business travel" and "investments" in other indirect GHG emissions. In 2022, the scope and categories of the Scope 3 emissions inventory was the same as the previous year, except that the category of "investment" was expanded to include "equity investment" and "corporate financing". The inventory in 2023 was the same as the previous year, with the addition of "waste generated during operations" to the emissions category and the expansion of the "investments" category to include "corporate bonds", "real estate investment trusts (REITs)", "sovereign bonds", "commercial property loans", "real estate guaranteed loans", "project financing", and "transportation vehicle loans". The inventory scope and emission categories in 2024 are the same as those in 2023. Note 3: In 2021 and 2022, third-party verification was conducted by SGS Taiwan. In 2023 and 2024, it was conducted by DNV GL Business Assurance (DNV). Note 4: The types of greenhouse gas calculated is CO₂, CH₄, N₂O, and HFCs.				

2024 Total GHG Emissions and Intensity of Domestic and Overseas Operational Sites			
Unit: ton CO ₂ e			
Item	Domestic Operational Sites (Including Guam)	Mega Bank Overseas Locations	Total Number of Business Locations of the Group
Number of business locations (excluding sites with the same address)	192	39	231*
Third-party verification coverage rate (%)	100%	100%	100%
Direct GHG Emissions (Scope 1)	2,401.68	237.18	2,638.86
Scope 1 emission intensity (Metric tons of CO ₂ e/NT\$ thousand in net revenue)	0.00002877	0.00000284	0.00003161
Energy Indirect GHG Emissions (Scope 2)	13,127.46	1,801.26	14,928.72

2024 Climate and Natural Environment Report

Scope 2 emission intensity (Metric tons of CO ₂ e/NT\$ thousand in net revenue)	0.00015724	0.00002158	0.00017882
Note 1: The external verifying unit of the domestic operational sites (including 1 in Guam for CKI) for 2024 was DNV GL Business Assurance Co., Ltd. The external verifying unit of Mega Bank's overseas locations for 2024 was ARES International Certification. Note 2: Taking into account the industrial characteristics of the financial sector, the denominator of the emission intensity is calculated using the overall net income of the Group. Note 3: The number of business locations of the Group is 234, with * indicating the actual inventory of locations exclude the same address.			

Currently, Scope 1 emissions are dominated by oil used by company cars; scope 2 emissions are mainly from purchased electricity. In 2020, all operational sites in Taiwan underwent the Scope 3 verification, covering “waste generated during operations”, “business travel”, and “investment”. In 2021, a new category of emission was added to the range of Scope 3 emissions inventory: “externally purchased electricity upstream”. Based on the data results of the inventory, we dynamically formulate carbon reduction implementation plans, such as using hybrid vehicles or electric scooters with environmental labels for company car rentals and introducing the PCAF methodology to calculate the carbon emissions of investment portfolios.

Scope	Analysis of Greenhouse Gas Emission Trends Over the Years
1	Scope 1 greenhouse gas emissions have gradually increased over the past four years to the highest point in 2021. This is mainly due to the gradual expansion of the scope of the inventory, which now cover all operating sites in Taiwan. In addition, due to the impact of the COVID-19 pandemic in recent years, personnel in the Group have reduced the frequency of use of company cars, so energy intensity is slowing in growth.
2	Scope 2 greenhouse gas emissions gradually decreased over the past four years. In addition to the decline in the national electricity emission coefficient, the Group has also gradually replaced old lighting fixtures and air-conditioning equipment to reduce carbon emissions generated by electricity consumption.
3	In 2019, the Group started to introduce the inventory of GHG emissions in Scope 3, expanding the scope and categories in the inventory year by year. We have already introduced international methodologies (e.g., PCAF) to compile statistics on carbon emissions generated by the Group's investment/financing.

4.1.2 Usage of Renewable Energy

Mega Group belongs to the financial services sector and its main energy use comes from electricity consumption in office buildings. Therefore, its Scope 1 emissions are low. For example, we voluntarily adopt various energy conservation and carbon reduction measures, such as purchasing T-RECs, using environmentally friendly cars, hybrid cars, and electric cars as company cars, replacing old and energy-consuming machines and equipment.

In 2019, Mega Group completed the T-RECs transaction for the first time. Through the online platform of the National Renewable Energy Certification Center, we purchased T-RECs from the Hakka Affairs Council, Kaohsiung City Animal Protection Office, and National Penghu University of Science and Technology. By 2022, we accumulated the purchase of 1,176 certificates. However, considering that the supply of T-RECs is unstable and prices are soaring year by year, to achieve the Group's SBTs, we will gradually increase the proportion of renewable electricity for Mega Financial Holding and subsidiary headquarters from 2023.

In 2024, Mega Group used a total of 9,381,000 kWh of renewable electricity, a reduction of 4,634.21 metric tons of CO₂e. In 2024, more than 60% of green power is expected to be utilized in the main headquarters building of Mega Group. The goal is to use 100% renewable energy in our own domestic operations by 2030 and 100% renewable energy in our global operations by 2050.

In addition, in conjunction with the official launch of the carbon rights trading platform by Taiwan Carbon Solution Exchange on December 22, 2023, Mega Group actively responded and became the first batch of international carbon rights buyers. It will subsequently be used to offset ISO 14064 greenhouse gas inventory business travel emissions. We will fully support the government to move towards the carbon pricing era.

Item / Year	Year	Carbon Reduction Performance (Metric tons of CO ₂ e)	Compared to the Previous Year (%)	Input Cost (NTD)	Description of Emission Reduction Practices
Use of Low Carbon Energy	2021	190.76 (380 T-RECs)	6.47%	700,457	In 2022, 298 T-RECs were purchased from the National Penghu University of Science and Technology. In 2023 and 2024, renewable electricity was purchased from Tatung Forever Energy and the power generation types were all solar energy.
	2022	151.68 (298 T-RECs)	-20.49%	655,898	
	2023	1,061.78	600.01%	11,658,254	
	2024	4,634.21	336.46%	52,719,820	

4.1.3 Energy Conservation and Carbon Reduction Measures

Mega Group's carbon reduction measures for Scope 1 and 2, such as the rental of hybrid vehicles in 2024, amounting to 80% of the total number of buses purchased (including rental) in the current year, with a total investment of approximately NT\$46,591,600, is expected to reduce carbon emissions by 71.13 metric tons of CO₂e.

Mega Group replaced the old air conditioners in the building and selected high efficiency air-conditioning equipment with energy saving label and R410A environmentally friendly refrigerant to save energy and utilize the existing refrigerant pipeline. In the same year, we also completed the replacement of air conditioners and lighting equipment at our main business locations, with a total investment of approximately NT\$26,428,445, which is expected to reduce carbon emissions by 3,837.23 metric tons of CO₂e and expected to save electricity costs by approximately NT\$38,839,020.

In addition, Mega Group replaced all VFD split air-conditioners with environmentally friendly refrigerants in 2024; implemented a one-hour lights out during lunch break; adopted an electronic document system to implement paperless meetings and online operations to save electricity and paper waste on printers.

Emission Reduction Practices in the Past 3 Years					
Type of Activity	Year	Estimated Carbon Reduction Performance (Metric tons of CO ₂ e)	Compared to the Previous Year (%)	Input Cost (NTD)	Description of Emission Reduction Practices
Reduce Scope 1 emissions: Reduce gasoline consumption	2022	60.81	235.24%	29,210,984	The gasoline consumption was mainly from company cars. The action plan was as follows: ● Video conferences were launched to replace business trips. For necessary business trips, mass transportation was encouraged to avoid the use of gasoline. ● Eco-labeled cars, hybrid cars, and electric motorcycles were rented as company cars to increase fuel efficiency. ● In 2024, the number of hybrid vehicles purchased (including rental) reached 80% of the total number of official vehicles purchased in that year, and it is planned to reach 100% of the total number of official vehicles purchased (including rental) in a year by 2026.
	2023	195.29	221.14%	41,166,400	
	2024	71.13	-63.58%	46,591,600	

2024 Climate and Natural Environment Report

Reduce Scope 2 emissions: Reduce electricity consumption	2022	746.91	198.63%	40,059,928	Electricity was mainly consumed by office equipment. Thus, energy-consumption equipment is managed by controlling the use of air conditioning facilities, elevators, lights, computers, and printers to effectively reduce electricity consumption. The action plan was as follows: ● Replaced air conditioners and chiller models of Mega Financial Building, Mega Heng-Yang Building, and branches of Mega Bank and Mega Securities. ● Introduced natural lighting and reduced the number of lamps in staircases; installed infrared sensors to automatically switch lights on and off in areas with less usage. ● Controlled electricity consumption according to the power conservation plan implemented by Taiwan Power Company. ● Implemented training courses on energy conservation and post energy conservation slogans to save electricity of air conditioning, elevators, computers, and water dispensers. ● Mega Bank organized internal energy-saving competitions to guide all units to implement energy conservation and carbon reduction.
	2023	856.12	14.62%	26,247,200	
	2024	3,837.23	348.21%	26,428,445	

Note 1: Estimated reduction of Scope 1 emissions was calculated using the “GHG Emission Factor Management Table Version 6.0.4” published by the Ministry of Environment.

Note 2: Estimated reduction of Scope 2 emissions was calculated using the “Electricity Carbon Emission Factor for Electricity Retailing Utility Enterprise” published by the Energy Administration, Ministry of Economic Affairs.

4.1.4 Water Consumption and Waste Management

Water Resources

Mega belongs to the financial service sector. Our operating activities consume mainly general domestic water, which poses minimal impact on the environment. However, as Taiwan is located in a water-stressed region, the Sustainable Development Committee resolved to renew the targets in 2024, setting 2021 as the base year for water consumption per capita, with a short-term target of a 1.5% reduction in 2024 compared to the base year, a mid-term target of a 4.5% reduction in 2030 compared to the base year, and a long-term target of no more than 21.12 cubic meters of water consumption per capita at the Group's domestic operational sites. We have promoted the importance of cherishing water resources to our employees at each of our business locations through a variety of channels. We have also prioritized the purchase of equipment with water-saving labels (e.g., sensor-type faucets and two-stage flushing equipment) to implement operational water resource management. In 2024, the Group's water consumption per capita achieved a reduction by approximately 5.9% compared to that in 2021.

Total Water Withdrawal in the Past 4 Years					
Unit: Million Liter					
Item	Source	2021	2022	2023	2024
Water Withdrawal	Third-party water (Taiwan Water Corporation)	187.920	183.047	194.491	195.970
Water Consumption per Capita		0.02212	0.02084	0.02142	0.02082
Note 1: The scope of water consumption data is based on actual months of water consumption and covers the 192 business locations in Taiwan (excluding the same address). Water was mainly supplied for air conditioning and to employees for daily use. Note 2: Water sources were from municipal water supplies, which are fresh water (≤1,000 mg/L total dissolved solids), without the use of groundwater or otherwise. Used wastewater was discharged into sewers. Note 3: Using the water resource risk assessment tool of the World Resources Institute (WRI), it is revealed that the Group’s business locations in Taiwan are all situated in areas with low-medium water stress level.					

Waste Management

Due to the characteristics of its industry, Mega Group does not produce physical products and does not generate toxic waste during its operations. In 2024, the Sustainable Development Committee decided to update its goals, setting the per capita general waste volume in 2023 as the base year. The short-term goal was to reduce waste by 1% from the base year in 2024, the mid-term goal was to reduce waste by 7% from the base year in 2030,

2024 Climate and Natural Environment Report

and the long-term goal was to reduce general waste per capita to no more than 34.7 kilograms at the Group's domestic operation sites. It also actively promotes resource recycling, waste separation and recovery. The Group has commissioned qualified cleaning companies to dispose of general waste. Recyclable waste is delivered to qualified recycling plants while general waste is mainly disposed by incineration. In 2024, the Group's general waste per capita decreased by approximately 23.8% compared to that in 2023.

Waste Output in the Past 4 Years					
					Unit: Metric ton
Year		2021	2022	2023	2024
Type/Scope		5 Self-owned Office Buildings	All Domestic Locations	All Domestic Locations	All Domestic Locations
Disposed of Directly	General domestic waste (Non-recyclable)	125.756	314.532	338.771	262.706
	Kitchen waste	18.751	49.713	43.470	34.179
	Total	144.507	364.245	382.242	296.885
Recycled Resources (Reused)	Paper containers and waste paper	48.634	175.533	191.405	166.838
	Iron and aluminum cans	0.861	2.946	2.535	2.257
	Plastics	2.157	12.527	13.076	12.824
	Glass	0.027	1.822	1.493	1.083
	Batteries	0.180	0.222	0.128	0.081
	Light tubes/bulbs	0.454	0.546	0.551	0.078
	Total	52.313	193.596	209.188	183.161
Total output		196.820	557.841	591.430	480.046
General waste per capita (metric tons/person)		-	-	0.03731	0.02830
Note 1: The scope of data on wastes before 2021 included Mega Group's five main office buildings (Mega Financial Building, Mega Chi-Lin Building, Mega Securities Building, Mega Insurance Building, and Mega Heng-Yang Building). Since 2022, it has been expanded to statistics on waste from all domestic bases. Note 2: Mega Holdings Group's main operating activities are carried out in an office environment and, therefore, do not produce any hazardous waste. Note 3: All waste is treated off-site. General waste is mainly incinerated, and kitchen waste is incinerated or disposed of as animal feeds and composting.					

4.1.5 Internal Carbon Pricing (ICP)

With reference to the Net Zero scenario of NGFS, where the estimated carbon value in 2030 is approximately US\$115.42 (approximately NT\$3,783.47)/metric ton, Mega Group has piloted the introduction of "Internal Carbon Pricing (ICP)" using the shadow price in order to achieve carbon reduction/electricity saving targets, and the main business is described as follows:

- Scope 3 GHG emissions from investment and financing, large carbon emitters listed by the Ministry of Environment - financing business management

Encourage consideration of climate-related issues in decision-making process and risk assessment (business decision-making process): The credit targets are a total of 168 large carbon-emitters subject to the regulations of Taiwan's Ministry of Environment. The estimated ICP was put into the internal credit rating model of subsidiaries and the expected loss of credit risk due to transition risk was calculated based on the change of internal credit rating. As a result of the analysis, a total of 4 emitters were downgraded by two levels and 23 emitters were downgraded by one level. This will be used as a reference for the financing business decision-making.

- Scopes 1 and 2 GHG emissions

Cost-benefit analysis: With 2022 as the base year, the cumulative reduction by the end of 2024 was approximately 4,368 metric tons of CO₂e, with an estimated savings of NT\$0.15 million through internal carbon pricing. We will continue to promote energy conservation and carbon reduction measures in our operational processes to effectively reduce carbon emissions.

- In the future, Mega Group will further expand the implementation of internal carbon pricing to guide businesses to transition to a low-carbon economy. At the same time, Mega Group will continue to review the global carbon pricing trends to ensure that the internal carbon pricing accurately reflects external carbon costs.

4.2 Carbon Asset Exposure Risk

To effectively control climate risks, the Group refers to the list of companies in the “Mandatory Greenhouse Gas Reporting System” of the Ministry of Environment, Executive Yuan, as the basis for defining the “high carbon emission industry list”. This is regulated under the Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries. Each subsidiary conducts evaluation and classification based on these guidelines during the investment and credit granting process, and establishes a control mechanism to set credit granting and investment limits for high-carbon emission industries.

In 2024, the financing balance for high-carbon emission industries accounted for 6.46%, with the chemical raw material manufacturing industry accounting for the highest share (1.76%). In addition, the investment balance accounted for 15.51%, with the power supply industry accounting for the highest share (6.79%). The financial carbon emissions of the investment and financing balance of high-carbon emission industries were approximately 1,269,000 metric tons of carbon dioxide equivalent (tCO₂e). Please refer to “4.3 GHG Emissions of Investment / Lending Portfolio” for detailed calculation of financial carbon emissions. (The carbon emission intensity of all assets in 2024 was 3.35 tCO₂e/NT\$ million).

High carbon emission industries	Lending balance (NT\$100 million)				Investment balance (NT\$100 million)			
	Financing percentage (%)				Investment percentage (%)			
	2023		2024		2023		2024	
(I) Extraction of crude petroleum and natural gas	54	0.21%	51	0.19%	54	0.59%	50	0.39%
(II) Pulp, paper and paper product manufacturing	166	0.65%	169	0.61%	70	0.77%	50	0.38%
(III) Petroleum and coal product manufacturing industry	384	1.50%	150	0.55%	479	5.28%	628	4.85%
(IV) Chemical raw materials manufacturing	505	1.97%	483	1.76%	200	2.20%	177	1.37%
(V) Plastic raw material manufacturing	55	0.21%	132	0.48%	36	0.39%	45	0.35%
(VI) Cement manufacturing	86	0.34%	82	0.30%	120	1.33%	116	0.90%
(VII) Steel manufacturing	334	1.30%	373	1.36%	75	0.83%	63	0.49%
(VIII) Aluminum manufacturing	65	0.26%	91	0.33%	3	0.04%	0	0.00%
(IX) Electricity supply (excluding renewable energy)	199	0.78%	246	0.89%	809	8.91%	880	6.79%
Subtotal of high carbon emission industries	1,848	7.21%	1,777	6.46%	1,847	20.34%	2,011	15.51%
All industries	25,616	100.00%	27,502	100.00%	9,082	100.00%	12,966	100.00%

4.3 GHG Emissions of Investment and Financing Portfolio / Insurance

The financial carbon emissions of the Scope 3 investment and financing portfolio in 2024 were 9.0061 million tCO₂e, the economic carbon emission intensity was 3.35 (tCO₂e /NT\$ million), and the overall data quality was 2.98. Mega Group has formulated a specific carbon reduction action plan in accordance with the SBT carbon reduction targets and adjusted its carbon reduction strategy on a rolling basis in accordance with its annual financial carbon emissions, in order to gradually reduce the carbon emissions of high-carbon emitting industries. In addition, the GHG emissions of insurance for the year have also been disclosed. In 2024, the GHG emissions of insurance were 11,779 tCO₂e for commercial fire insurance and 30,808 tCO₂e for personal vehicle insurance.

Asset Category	2022	2023	2024
Investment and Financing Portfolio Carbon Emissions (tCO ₂ e)	5,383,460.85	8,943,847.17	9,006,084.67
Economic Carbon Emission Intensity (tCO ₂ e/NT\$ million)	3.77	3.59	3.35
Inventory Coverage (Note 1)	42.29%	70.58%	71.24%
Data Quality (Note 2)	3.59	3.02	2.98

Note 1: Inventory coverage = inventoried investment position balance (sum of FVPL, FVOCI, AC, loans, and excluding discounted items).

Note 2: The data quality score is calculated according to the PCAF methodology (1 is the best, 5 is the worst).

Note 3: The increase in inventory coverage in 2023 compared to 2022 was mainly due to the inclusion of SMEs, short-term corporate loans, sovereign bonds, and other asset items.

Insurance Category	2024			
	Carbon Emissions (tCO ₂ e)	Emission Intensity (tCO ₂ e/NT\$ Million Premium Income)	Data Quality	Coverage
Commercial fire insurance	11,779	15.76	3.05	80.55%
Personal vehicle insurance	30,808	23.96	3.23	100%

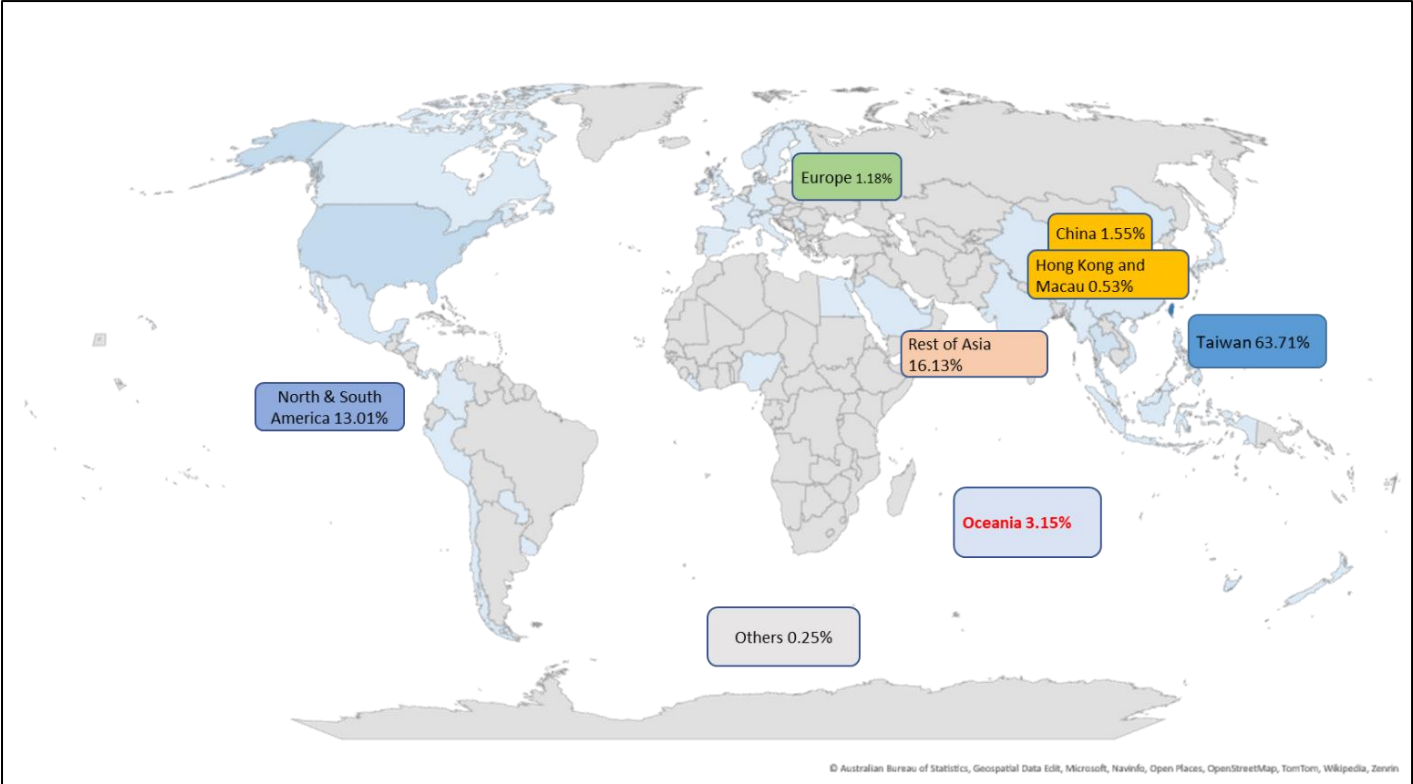
Note: The data quality score is calculated according to the PCAF methodology (1 is the best, 5 is the worst).

The results of the inventory of financial carbon emissions of the investment and financing portfolio in 2024 are summarized by asset, region, industry, and carbon emissions from emission-intensive industries in the table below:

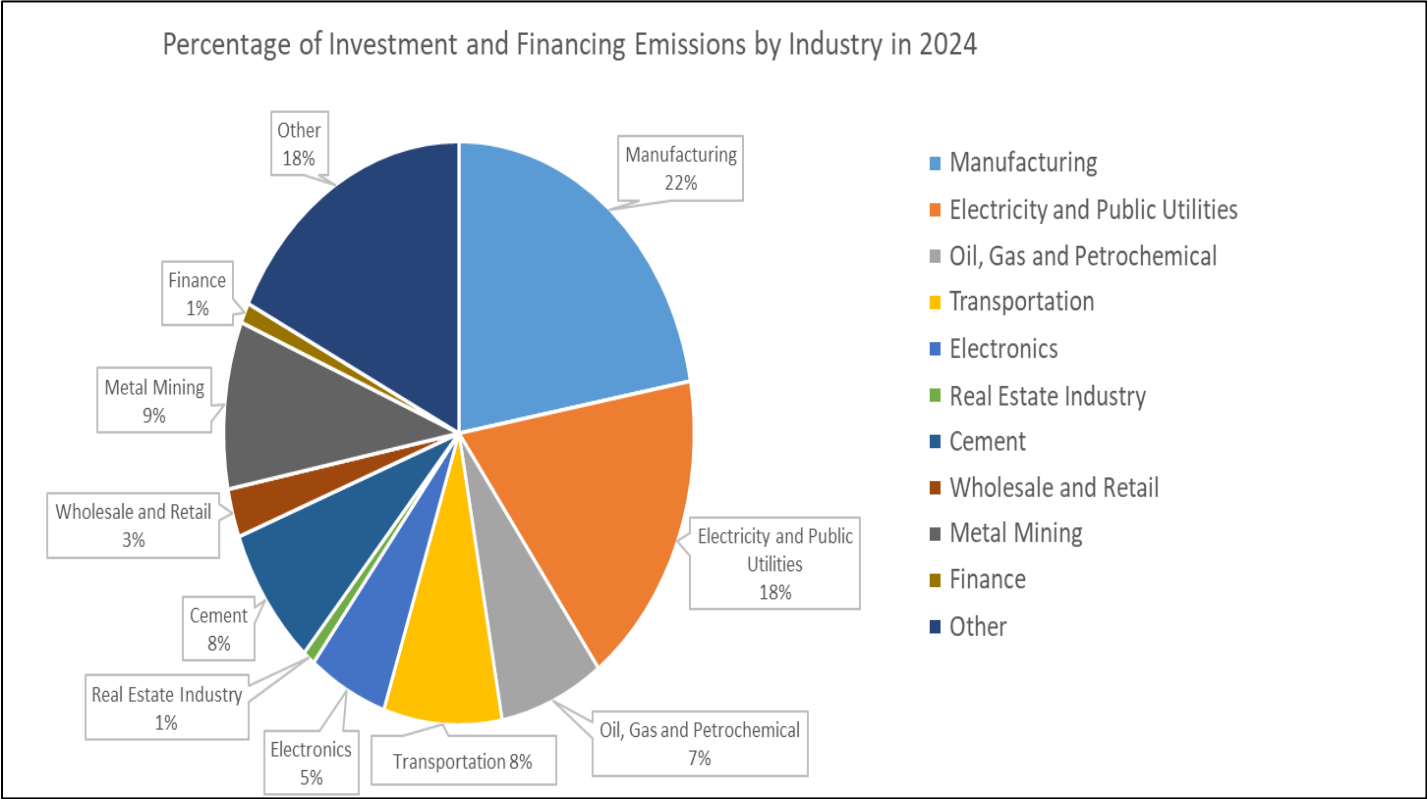
2024 Climate and Natural Environment Report

Asset Category	Mega Group Recognized Emissions (tCO ₂ e)	Economic Carbon Emission Intensity (tCO ₂ e/NT\$ million)	Percentage of Emissions	Data Quality
Stocks/Corporate Bonds	2,179,433.43	4.95	24.20%	1.28
REITs	860.03	1.64	0.01%	4
Sovereign Bond	966,803.08	6.80	10.73%	2.24
Power Generation Project Financing	0	0	0.00%	3
Commercial Property Loans	376,209.77	1.94	4.18%	3.99
Power Generation Related Loans	4773.46	1.15	0.05%	3
Company Loans	5,261,701.51	3.53	58.43%	3.14
Mortgage Loans	85,276.55	0.23	0.95%	4
General Project Financing	130,020.82	4.45	1.44%	4
Transportation Vehicle Loans	1,006.02	11.35	0.01%	4
Total Assets	9,006,084.67	3.35	100%	2.98

Carbon Emission Regions



Carbon Emission Industries



Carbon Emissions from Emission-Intensive Industries

Mega Group referred to the Guideline for Financial Institutions on Scope 3 Financial Emissions Calculation to reveal the total carbon emissions and industry sectors of the top 60% of emission-intensive operators in major domestic investment and financing positions in Taiwan, to understand the distribution of emission-intensive operators by industry. In 2024, the total carbon emissions of emission-intensive operators in major domestic investment and financing positions in Taiwan were 3,027,105 tCO₂e, in which the top three industries were electricity and public utilities, cement, and transportation.

Industry	Total Emissions (tCO ₂ e)	
	2023	2024
Manufacturing	333,211.52	334,787.25
Electricity and Public Utilities	1,946,438.92	1,117,470.95
Oil, Gas and Petrochemical	370,153.04	200,554.89
Transportation	210,734.62	344,885.96
Electronics	423,386.83	103,483.10
Real Estate	64,864.60	N/A
Cement	720,167.38	563,812.25
Wholesale and Retail	32,466.91	N/A
Metal Mining	515,083.97	311,233.20
Finance	N/A	50,876.98
Other	19,278.13	N/A
Total	4,635,785.92	3,027,104.59

Note: Emission-intensive industries refer to companies in major investment and financing positions in Taiwan, and their carbon emissions account for more than 60% of domestic carbon emissions.

4.4 Science-based Targets

Mega Group passed the SBT target review in June 2024. SBTs, strategies and planning actions are described in the table below:

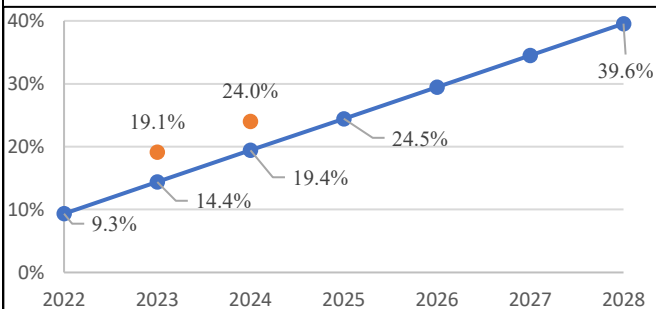
Category	Methodology	Carbon Reduction Goal	Action Planning
Scopes 1 and 2	Absolute Reduction Approach	Reduce the Group's GHG emissions by 42% in the target year (2030) compared to the base year (2022).	1. Obtain the Green Building Label. 2. Increase the use of renewable energy. 3. Gradually increase the proportion of electric vehicles or hybrid vehicles procured (including leasing). 4. Prioritize the purchase of products with environmental protection or energy-saving labels.
Scope 3 Investment	SBT Engagement	The percentage of SBTs set for investment positions has increased to 39.6% in the target year (2028) compared to the base year (2022).	1. Continue to strengthen sustainable (green) loan services. 2. Help clients accelerate transition to low carbon and continue strengthening engagement with clients.
Scope 3 Financing	Sectoral Decarbonization Approach (SDA)	1. Power generation project financing: Financing will only be provided to renewable energy generation projects until 2030. 2. Power generation related loans: Emission intensity (tCO₂e/MWh) decreased gradually from 2023, with a 40.7% reduction by 2030 compared to the base year (2022). 3. Commercial property loans: Emission intensity (tCO₂e/ m2) decreased gradually from 2023, with a 50% reduction by 2030 compared to the base year (2022). 4. Long-term corporate loans - service / commercial construction industry: Emission intensity (tCO₂e/ m2) decreased gradually from 2023, with a 50% reduction by 2030 compared to the base year (2022).	3. Establish limits on investment and financing for high carbon emission industries and gradually reduce the investment and financing position of high-carbon emission industries. 4. Commitment to withdrawal from coal-related industries: (1) Stop undertaking investment in and financing for coal mining and non-traditional oil and gas industries. (2) Stop undertaking investment in power plants that generate > 50% of electricity from coal. (3) Stop financing projects that involve coal-fired power generation plants. (4) Achieve complete divestment from coal-fired power plants by 2040 at the latest. 5. Establish the Guidelines for Divestment from Coal and Non-Traditional Oil and Gas Industries to guide companies to engage in sustainable transformation.
	SBT Engagement	Long-term corporate loan portfolio (including oil & gas petrochemicals, electronics manufacturing, automotive, transportation): The percentage of SBTs set for borrowers has increased to 35% in the target year (2028) compared to the base year (2022).	6. Establish the SBT investment list and include whether to join or commit to SBT in the pre-investment evaluation mechanism. 7. Incorporate customers' carbon emission management into ESG risk assessment as a basis for investment and financing decisions. 8. Establish an investment and financing carbon inventory system to effectively improve the quality of carbon inventory data.

Mega Group discloses the achievement of investment and financing SBTs in 2024 as shown in the table below. The actual value of commercial property loans was 109.9% > target value of 86.2%, mainly because

we could only refer to the energy use intensity (EUI) coefficient for average calculation, resulting in a difference between calculation results and targets this year. However, the Group has continued to encourage customers to obtain green building labels and building energy efficiency labels through the sustainability-linked loans mechanism, giving priority to commercial property loans with green building labels or better energy performance. In addition, in order to continuously optimize the data quality of assets, we have begun collecting the actual carbon emissions or electricity consumption of buildings to gradually replace the EUI coefficient calculation method.

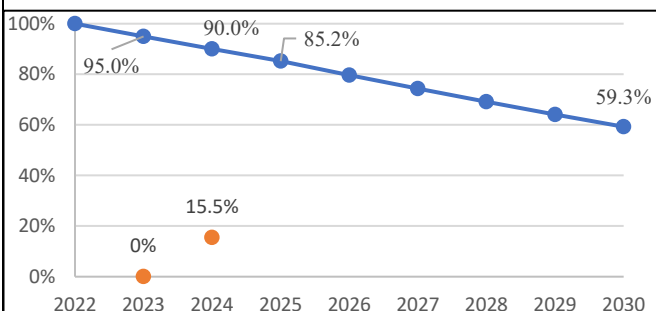
Achievement of Investment and Financing SBTs

1. Investment Position

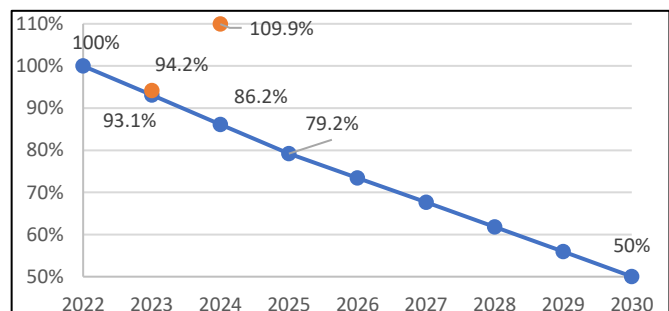


2. Power generation project financing: Only renewable energy project financing was undertaken from 2023 to 2024.

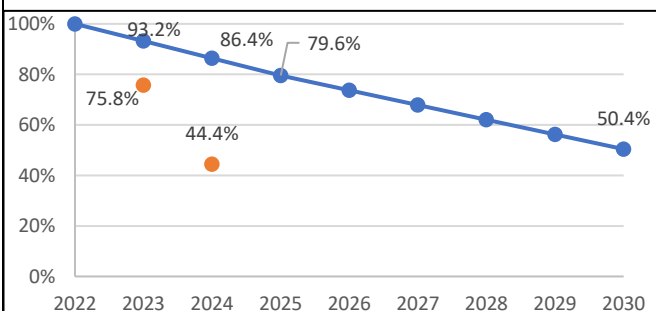
3. Power Generation Related Loans



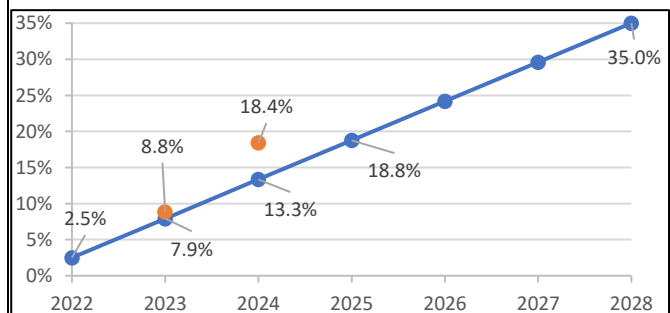
4. Commercial Property Loans

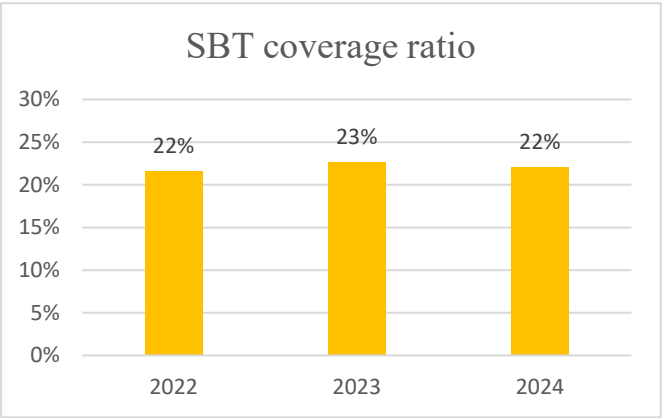


5. Long-Term Corporate Loans - Service / Commercial Construction Industry



6. Long-term Corporate Loan Portfolio





Note: SBT coverage ratio = SBT asset position /Total assets excluding fixed and other assets.

4.5 Climate and Nature Targets

Mega Group has set short-, medium- and long-term targets for various projects, which are summarized in the table below.

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Long-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
Climate Governance	Compensation	Account for 5% of the subsidiary's appraisal weighting in 2025	Account for 5% of the subsidiary's appraisal weighting in 2026	Y Accounted for 5% of the subsidiary's appraisal weighting in 2024	Mega Financial Holding has integrated renewable electricity and renewable energy industry lending, sustainable bond investment, greenhouse gas emission reduction results and other projects to be included as important factors in the annual assessment of subsidiaries.
Green Operations	GHG Emissions	Sets 2022 as the base year for Scopes 1 and 2			1. Passed the SBTs review in June 2024. 2. Regularly track the achievement of goals and continuously improve management policies and measures. 3. Procurement of T-RECs is difficult due to higher bidding prices. Currently, T-RECs are mainly for off-grid green electricity.
		15.75% reduction by 2025	36.75% reduction by 2029 42% reduction by 2030 net zero emissions by 2050	Y Actual reduction of 19.92% in 2024 > target of 10.5%	
	Water Resources	With 2021 as base year (water consumption per capita in domestic operational sites)			Prioritize the purchase of equipment with water-saving labels (e.g., sensor-type faucets and two-stage flushing equipment) to implement operational water resource
		2% reduction by 2025 (equivalent to a reduction of 0.0004 million liters/person)	3.5% reduction by 2028 and 4.5% reduction by 2030 (equivalent to a reduction of 0.0008 and 0.001 million liters/person)	N Actual reduction of water consumption per capita of 5.9% in 2024 > target of 1.5%	

2024 Climate and Natural Environment Report

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Long-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
					management and promote correct water consumption concepts.
	Waste	With 2023 as the base year (general waste per capita in domestic operating bases)			1. Measures include prohibiting disposable melamine tableware and no longer placing personal trash cans in the office. 2. Through various environmental protection, education training and activities, we promote waste reduction management measures.
		2% reduction by 2025	5% reduction by 2028 7% reduction by 2030	Y Actual waste reduction of 23.8% in 2024 > target of 1%	
	Renewable Energy	[Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, and CKI] Use more than 60% of renewable electricity at the headquarters by the fourth quarter of 2025.	Use more than 60% of renewable electricity at each subsidiary's headquarters by 2028 and continue to increase the use of green electricity by more than 10% per year at locations other than the Bank's headquarters. By 2030, 100% of domestic self-owned operating sites will use renewable energy. By 2050, 100% of global operating sites will use renewable energy sources.	Y [Mega Financial Holding, Mega Bank, Mega Bills, Mega Securities, and CKI] Headquarters and operational sites have used more than 60% of renewable electricity before the fourth quarter of 2024.	The target of renewable electricity utilization at the headquarters has been raised to 60% for the year. A 3-year renewable electricity procurement contract for the Group has been signed.
	Green Procurement	Green procurement amount reaching 2.7% of the total procurement amount by 2025.	Annual green procurement reaching 3.3% of the total procurement by 2028.	Y Green procurement amount of 9.82% in 2024 > target of 2.5%	Implement the Group's Sustainable Development Policy and responsible procurement, prioritize the use of government-approved products and

2024 Climate and Natural Environment Report

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Long-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
					supplies with energy-saving labels, environmental labels and green building materials, and incorporate recycled procurement that promotes the recycling of products and resources into the green procurement process.
Climate Opportunities	Loans for Electricity Generation from Renewable Energy	[Mega Bank] Achieve NT\$25.9 billion in credit balance of renewable energy power generation by 2025.	[Mega Bank] Achieve NT\$36.1 billion in credit balance of renewable energy technology industries by 2028.	Y [Mega Bank] The loan balance of renewable energy power generation in 2024 was NT\$24.6 billion > target of NT\$20.9 billion	We will continue to pay attention to the development of global green finance, strengthen sustainable credit business, cooperate with
	Sustainability-linked Loans	[Mega Bank] Achieve NT\$229.9 billion in credit balance of sustainability-linked loans by 2025.	[Mega Bank] Achieve NT\$233.4 billion in credit balance of sustainability-linked loans by 2028.	Y [Mega Bank] The credit balance of sustainability-linked loans in 2024 was NT\$265.7 billion > target of NT\$113.7 billion	government policy objectives, actively negotiate with customers, and fulfill the social responsibilities of the financial industry.
	Sustainability Bonds - Investment, Issuance, and Underwriting	[Mega Group] The Group's investment achieving NT\$15.2 billion by 2025.	[Mega Group] The Group's investment achieving NT\$16.5 billion by 2028.	Y [Mega Group] The Group invested NT\$18.6 billion in 2024 > target of NT\$12.4 billion.	In line with the Group's 2025 ESG promotion plan and objectives, schedule the issuing and underwriting of sustainable development bonds and assist domestic enterprises in acquiring working capital for sustainable development.
	Climate-related Insurance Products	[Chung Kuo Insurance] Generate NT\$1.05 million in premium income from agricultural insurance by 2025.	[Chung Kuo Insurance] Generate NT\$1.1 million in premium income from agricultural insurance by 2028.	Y [Chung Kuo Insurance] The actual premium income from agricultural insurance in 2024 was NT\$1.19	Actively cooperate with government policies to plan insurance products suitable for Taiwan's agricultural sector and provide farmers with

2024 Climate and Natural Environment Report

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Long-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
				million > target of NT\$1 million.	options to pass through natural disaster risks.
Physical Risks	Catastrophe Loss Limit	[Chung Kuo Insurance] The cumulative limit of catastrophic losses per peril by 2025 ≤ NT\$330 million.	[Chung Kuo Insurance] The cumulative limit of catastrophic losses per peril by 2026 ≤ NT\$330 million.	Y [Chung Kuo Insurance] The cumulative limit of catastrophic losses per peril in 2024 was ≤ NT\$300 million.	Use catastrophe risk assessment models to conduct quantitative assessments and arrange catastrophe excess compensation contracts based on the model assessment results to reduce claims risks.
Transition Risks	Proportion of Investment/Financing in High-carbon Emission Industries	[Mega Bank] The credit limit and investment limit for high carbon emission industries are 11.5% of the total credit balance and 25% of the total investment balance respectively. [Mega Bills] The credit limit and investment limit for high carbon emission industries are 12% of the total credit balance and 25% of the total investment balance respectively. [Mega Securities] High-carbon emission industry securities (self-operated and underwritten) shall not exceed 26% of the total amount. [Chung Kuo Insurance] The investment limit for high carbon emission industries is 10% of the total investment balance.	[Mega Bank] The credit limit for high carbon emission industries in 2028 is 11% of the total credit balance. [Mega Bills] The credit limit for high carbon emission industries in 2028 is 11.7% of the total credit balance.	Y [Mega Bank] The credit percentage of high carbon emission industries was 6.59% < target of 12%. [Mega Bills] The credit percentage of high carbon emission industries was 4.75% < target of 12%; the investment percentage in high carbon emission industries was 16.13% < target of 30%. [Mega Securities] The percentage of positions in high-carbon emission industry securities (self-operated and underwritten) was 8.33% < target of 27%. [Chung Kuo Insurance] The investment percentage in high carbon emission industries or targets was 5.11% < target of 10%. [Venture Capital] The investment percentage	Implement responsible investment, responsible credit granting, follow the Stewardship Principles for Institutional Investors, and promote the implementation of sustainable development strategy by participating in the Board of Directors and shareholders' meetings of the invested companies or occasionally visiting and communicating with the management of the invested companies.

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Lone-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
		[Venture Capital] The upper limit for highly ESG sensitive industries is 20% of the total investment amount.		in highly ESG sensitive industries was 0% < target of 25%.	
	Decarbonization (Investment and financing portfolio)	Formulate the Mega Financial Holdings Group Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries, expand the coverage of decarbonization policies to the value chain of the coal and non-traditional oil and gas industry, no longer undertake investment and financing targets where more than 5% of the revenue comes from the extraction of coal and non-traditional oil and gas, power (using coal for power generation and heating), production processes and infrastructure.	Achieve the Group's goal of completely withdrawing from investment in and financing for coal mining and non-traditional oil and gas industries by 2040.	Y - Stop undertaking investment in and financing for coal mining and non-traditional oil and gas industries. - Stop undertaking investment in power plants that generate > 50% of electricity from coal. - Stop financing projects that involve coal-fired power generation plant.	In May 2023, the Board of Directors adopted the Group's decarbonization strategy. In April 2024, the Mega Financial Holdings Group Guidelines for the Divestment Management of Coal and Non-Traditional Oil and Gas Industries was formulated, and the Group's gradual divestment plan (Phase-out Plan) was formulated.
	Science-based targets (SBTs)	100% of power generation project financing comes from renewable energy. [Mega Group] The percentage of investees that have set SBTs will reach 24.45%.	2030 100% of power generation project financing comes from renewable energy. Emission intensity of power generation related loans will decrease by 40.7% compared to the base year (2022). Emission intensity of commercial property loans will decrease by 50.0% compared to the base year (2022).	Y 100% of power generation project financing comes from renewable energy. [Mega Group] The percentage of investees that have set SBTs has reached 24.03% > target of 19.42%.	Continue to promote and optimize carbon reduction action plans: (1) Establish an investment and financing carbon inventory system to improve the quality of carbon inventory data. (2) Collect actual emission data of commercial real estate and replace the average coefficient calculation to

2024 Climate and Natural Environment Report

Category	Plans to be Implemented	Short-Term Goal (~2025)	Medium/Long-Term Goals (2026~)	Implementation Status in 2024 (Reached Goal: Y/N)	Action Plan and Description
			Emission intensity related to long-term corporate loans - service / commercial building sector will decrease by 50.00% compared to the base year (2022). 2028 35% of credit customers with long-term loans in specific industries will complete the setting of SBTs by 2028.		improve data quality. Regularly disclose the implementation status of the annual SBTs.

4.6 Climate and Nature Metrics

By “Committing to Net-zero Emissions to Achieve Environmental Sustainability” and following the spirit of “IFRS S2 Climate-related Disclosures”, Mega Group discloses the relevant industry metrics, which are summarized in the table below.

Category	Metric Item	Unit	2022	2023	2024	Growth (2024 vs. 2023)
Climate Governance (Remuneration)	Climate performance-linked pay ratio for senior management (ESG management performance metric)	%	3	3	5	+67%
Green Operations	Percentage of green procurement amount	%	9.3	3.84	9.82	+156%
	Water resources	Million Liter	183.05	194.49	195.97	+0.8%
	Renewable Energy Certificates (T-RECs)	(T-RECs)	298	2,145	302	-86%
	Off-grid green electricity	Thousand kWh	N/A	N/A	9,079	N/A
GHG Emissions	Scopes 1 and 2 (domestic)	tCO ₂ e	20,184.38	18,888.21	15,529.14	-18%
	Scope 3 GHG emissions from investment and financing	ktCO ₂ e	5,383.46	8,943.85	9,006.08	+0.7%
Internal Carbon Pricing (ICP)	Internal Carbon Pricing (ICP)	NTD /tCO ₂ e	4,324	4,363	3,783	-13%
Capital Allocation	Sustainability bonds Total investment, issuance and underwriting amount	NT\$100 million	262.2	418.41	578.79	+38%
Climate Opportunities	Green related corporate project financing	NT\$100 million	1,027.46	1,228	1,289.30	+5%
	Green related individual project financing	NT\$100 million	189.77	270.15	354.92	+31%
	Climate related insurance products - agriculture	NT\$10,000	122.93	153.4	119.13	-22.34%
	Carbon neutrality credit cards	Ten thousand cards	19.9	29.8	49.1	+50%
Physical risks	Cumulative losses from claims settlement for a single catastrophe event	NT\$100 million	0.04	0.98	2.33	+138%
Transition risks	Investment and financing carbon footprint *	tCO ₂ e/ NT\$ million	3.77	3.59	3.35	-7%
	High carbon emission asset exposure Financing position *	%	4.60	5.98	6.46	+8%

2024 Climate and Natural Environment Report

Category	Metric Item	Unit	2022	2023	2024	Growth (2024 vs. 2023)
	High carbon emission asset exposure Investment position *	%	22.23	19.03	15.51	-18%
Resource Usage	Average water consumption per NT\$1 million of revenue of investment and financing targets in the power supply industry	Cubic meter (m3)/NT\$ million	NA	NA	1.44	NA
	Percentage of the balance of investment and financing targets of the electricity supply industry that are located in high water stress areas and do not have water management policies	%	NA	NA	2.29	NA

5 Future Prospects

Climate change and increasing natural environmental risks, including extreme weather, insufficient climate actions, man-made environmental damage and loss of biodiversity, have exerted a profound impact on the global economy and financial system. Mega Financial Holding actively identifies and responds to various risks, strives to minimize the negative impacts of its operations on the environment, and continues to deepen its climate and nature-related risk management system to achieve its long-term goal of sustainable operations.

With respect to climate and nature risk management, Mega Group has introduced IFRS S2 climate-related disclosures, which systematically identifies and discloses the potential impacts of climate change and natural environmental risks on operations and finances from the four perspectives of governance, strategy, risk management, and metrics and targets. The Group continues to build tools for quantitative risk assessment and climate and nature scenario analysis to strengthen risk resilience and the basis for decision-making.

In response to the increasing emphasis on natural capital and biodiversity risks, Mega Group also makes reference to the Taskforce on Nature-related Financial Disclosures (TNFD) framework, and gradually establishes a process for identifying, measuring, and managing nature-related risks and opportunities, so as to enhance the transparency of the reliance on and impact of natural resources, and to integrate them into the overall sustainability risk governance.

In terms of carbon management, Mega Group adopts the PCAF methodology to calculate the carbon emissions of Scope 3 investment and financing portfolios, and plans carbon reduction paths according to the Science-based targets (SBTs) for carbon emissions reduction. Through the implementation of responsible investment and financing and climate risk strategies, we actively assist corporate customers in accelerating low-carbon transition. With the core philosophy of “Net Zero Transformation Together with Mega”, we exert the positive influence of the financial industry in achieving the global net-zero goal.

With the vision of becoming the “Sustainability Paradigm of the Financial Industry in Asia Pacific”, Mega Group upholds its mission of “Spreading Positive Influence and Leading the Way to Sustainable Development”, striving to incorporate the concept of sustainability into financial services. In the face of the challenges posed by global climate change and the depletion of natural resources, we will actively promote green finance, support low-carbon transition and natural capital conservation, strengthen climate and nature risk management mechanisms, and direct funds to environmentally beneficial industries and projects, so as to join hands with customers to build a resilient, low-carbon and inclusive future, and jointly achieve sustainable development goals.

External Verification Statement

Compliance and Maturity Modeling of the TCFD Report

Appendix 1 Comparison Table of TCFD Metrics

Aspect	General Industry Metrics	Corresponding Chapter
Governance	Describes the Board of Directors' oversight of climate-related risks and opportunities.	1.1 Climate and Nature Governance Framework 1.2 Responsibilities of Board of Directors
	Describes management's role in assessing and managing climate-related risks and opportunities.	1.3 Managerial Responsibilities
Strategies	Describes the short, medium and long-term climate related risks and opportunities identified by the organization.	2.1 Climate Risks and Opportunities
	Describes the climate-related risks and opportunities on the organization's business, strategy, and financial planning.	2.1 Climate Risks and Opportunities
	Describes the resilience of the organization's strategies, taking into consideration different climate-related scenarios (including 2°C or more severe scenarios).	2.1 Climate Risks and Opportunities 3.3 Climate and Nature Scenario Analysis
Risk Management	Describes the organization's identification and assessment process for climate-related risks.	2.1 Climate Risks and Opportunities
	Describes the organization's processes for managing climate-related risks.	3.1 Climate and Nature Risk Management Framework 3.2 Climate and Nature Risk Management of Investment and Financing
	Describes how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3.1 Climate and Nature Risk Management Framework 3.2 Climate and Nature Risk Management of Investment and Financing
Indexes and Goals	Describes the metrics used by the organization to assess climate-related risks and opportunities according to the strategy and risk management process.	4.1 Green Operations 4.6 Climate and Nature Metrics
	Disclose Scope 1, 2, and 3 greenhouse gas (GHG) emissions, and the related risks	4.1 Green Operations

2024 Climate and Natural Environment Report

	Describes the organization's management goals for climate-related risks and opportunities, and performance in achieving the goals.	4.5 Climate and Nature Targets
Aspect	Additional Metrics of the Banking Industry	Corresponding Chapter
Strategies	Describe the concentrations of credit exposure for carbon-related assets.	4.2 Carbon Asset Exposure Risk
Risk Management	Consider disclosing the linkages between climate-related risks and traditional banking risks (such as credit risk, market risk, liquidity risk, and operational risk).	2.1 Climate Risks and Opportunities
Indexes and Goals	Provide metrics used in assessing short, medium, and long-term climate related risks (transitional and physical) or having an effect on loans and the business activities of other financial brokers.	4.6 Climate and Nature Metrics
	Disclose greenhouse gas emissions from financing and other financial intermediation activities.	4.3 GHG Emissions of Investment and Financing Portfolio / Insurance

Appendix 2 Notes on IFRS S2 Metrics

Aspect	Disclosure Items Recommended by IFRS S2	Corresponding Chapter
Purpose	Article 1 - Article 2	Applicable to the entire report
Scope	Article 3	Applicable to the entire report
Governance	Article 4 - Article 6	1.1 Climate and Nature Governance Framework 1.2 Responsibilities of Board of Directors 1.3 Managerial Responsibilities 1.4 Climate and Performance Linked Policy
Strategies	Article 7 - Article 8	2.1 Climate Risks and Opportunities
	Article 9 - Article 12	2.1 Climate Risks and Opportunities
	Article 13	2.1 Climate Risks and Opportunities
	Article 14	2.1 Climate Risks and Opportunities
	Article 15	2.1 Climate Risks and Opportunities 3.3 Climate and Nature Scenario Analysis
Risk Management	Article 16 - Article 18	2.1 Climate Risks and Opportunities 3.1 Climate and Nature Risk Management Framework 3.2 Climate and Nature Risk Management of Investment and Financing
Metrics and Targets	Article 19 - Article 20	4.1 Green Operation - Low Carbon Transition Development Strategy
	Article 21 - Article 22	1.4 Climate and Performance Linked Policy 4.1 Green Operation - Low Carbon Transition Development Strategy 4.2 Carbon Asset Exposure Risk 4.3 GHG Emissions of Investment and Financing Portfolio / Insurance
	Article 23 - Article 24	4.5 Climate and Nature Targets 4.6 Climate and Nature Metrics

Appendix 3 Notes on TNFD Guidelines

Aspect	TCFD Recommended Disclosures	Corresponding Chapter
Governance	A. Describe the Board of Directors' oversight of nature-related dependencies, impacts, risks, and opportunities.	1 Climate and Nature Governance 1.1 Climate and Nature Governance Framework
	B. Describe the role of management in assessing and managing nature-related dependencies, impacts, risks, and opportunities.	1.2 Responsibilities of Board of Directors 1.3 Managerial Responsibilities
	C. Describe the organization's human rights policy and engagement activities, as well as the Board of Directors and management's oversight of respecting indigenous people, local communities, affected parties, and other stakeholders, assessing and responding to nature-related dependencies, impacts, risks, and opportunities.	1.5 Nature-Related Engagement and Human Rights Policy
Strategies	A. Describe the nature-related dependencies, impacts, risks, and opportunities identified by the organization over the short, medium, and long term.	2.2 Natural Dependencies and Impacts
	B. Describe nature-related dependencies and impacts; the impact of risks and opportunities on the organization's business models, value chains, strategies, and financial planning, and any transition plan or analysis.	
	C. Describe the resilience of the organization's strategy to respond to nature-related risks and opportunities in different scenarios.	3.3 Climate and Nature Scenario Analysis
	D. Disclose assets and/or locations of activities that meet the criteria of priority location in the organization's direct operations, and upstream and downstream of the value chains (if possible).	2.2 Natural Dependencies and Impacts
Risk Management	A(i). Describe the organization's process for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its direct operation sites.	2.2 Natural Dependencies and Impacts
	A(ii) Describe the organization's process for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chains.	2.2 Natural Dependencies and Impacts
	B. Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities.	Under continuous planning
	C. Describe how the processes for identifying, assessing, prioritizing, and managing nature-related risks are integrated into the overall risk management of the organization.	3.1 Climate and Nature Risk Management Framework
Metrics and Targets	A. Disclose the metrics used by the organization to assess and manage major nature-related risks and opportunities in accordance with its strategies and risk management processes.	4.5 Climate and Nature Targets 4.6 Climate and Nature Metrics
	B. Disclose the metrics used by the organization to assess and manage its dependencies and impacts on nature.	
	C. Describe the organization's targets for managing nature-related dependencies, impacts, risks, and opportunities, and the organization's performance in response to the targets.	

Appendix 4 Notes on LEAP Guidelines

Four Major Steps of LEAP		Sub-steps	Corresponding Chapter
Locate	L1	Business model and value chain footprint	2.2 Natural Dependencies and Impacts
	L2	Dependencies and Impacts assessment	
	L3	Nature interface	
	L4	Interface with sensitive locations	
Evaluate	E1	Identify environmental assets and ecosystem services and drivers	2.2 Natural Dependencies and Impacts
	E2	Identify dependencies and impacts	
	E3	Measurement of dependencies and impacts	
	E4	Assessment of materiality of impacts	
Assess	A1	Identify risks and opportunities	2.2 Natural Dependencies and Impacts
	A2	Existing risk mitigation and risk and opportunity management	
	A3	Risk and opportunity measurement and priority	
	A4	Assessment of materiality of risks and opportunities	
Prepare	P1	Strategy and resource allocation plan	2.1 Climate Risks and Opportunities 2.2 Natural Dependencies and Impacts
	P2	Goal setting and performance management	4.5 Climate and Nature Targets 4.6 Climate and Nature Metrics
	P3	Reporting	Since 2023, Mega Group has disclosed information on nature-related financial risks. In the future, we will continue to improve disclosures in accordance with the update of international database.

Appendix 5 Financial Impact Calculations for Climate-Related Risks and Opportunities

Currency: NTD

Top 2 Climate Related Risks				
Risk Event	Future Financial Impact		Management Cost Investment	Calculation Description
Physical risk - Extreme weather event financial losses (operating sites)	Short-term	NT\$1 million	NT\$5.18 million	- Financial Impact - Statistics about historical disaster losses are based on the actual impact of approximately NT\$0.50 million (including maintenance costs). Assuming that the annual increase in disaster losses is 100%, the short-term direct financial impact is estimated to be approximately NT\$1 million. - The mid-term and long-term financial impacts of the two climate scenarios of SSP1-2.6 and SSP5-8.5 based on the JCIC database and loss data are estimated at NT\$17 million and NT\$19 million, respectively. - Management Costs - The Group invested approximately NT\$0.67 million in disaster prevention drills and training in 2024, and approximately NT\$1.57 million in insurance premiums for its own assets in 2024, which are estimated to be equivalent to the costs in 2025. - The cost of promoting the renewal of the business continuity management system (ISO 22301) was NT\$0.56 million. The budget for 2025 is NT\$0.56 million. - Physical risk database or methodology introduction: TNFD project expenses are estimated to be NT\$2.38 million in 2025.
	Mid-term	NT\$17 million		
	Long-term	NT\$19 million		
Transition risk - Increase in greenhouse gas emissions costs - major carbon emitters	Short-term	NT\$87 million	NT\$6.79 million	- Estimated financial impacts: The indirect impact is mainly due to the increase in the estimated amount of credit losses derived. It is estimated to affect the current profit and loss in the short, medium and long term by approximately NT\$87 million, NT\$115 million, and NT\$112 million, respectively. <u>Estimated management costs:</u> Short-term investment of approximately NT\$6.79 million. - Mega Bank's investment and financing of low carbon transition engagement projects:
	Mid-term	NT\$115 million		

2024 Climate and Natural Environment Report

Top 2 Climate Related Risks			
Risk Event	Future Financial Impact		Management Cost Investment
	Long-term	NT\$112 million	
			Invested NT\$0.50 million in 2024 and budgeted NT\$2.24 million in 2025. 2. Investment and financing/credit investigation system optimization (including education and training) expenses: It is expected to invest NT\$0.55 million in 2025. 3. SBTi-related project expenses: NT\$1.78 million had been invested in SBT projects (including review) in 2024, NT\$1.18 million had been invested in PCAF education and training (including database), and NT\$4 million was budgeted for net-zero transition projects in 2025.

Top 2 Climate Related Opportunities			
Opportunity Event	Future Financial Impact	Management Cost Investment	Calculation Description
Digital services	NT\$1,384.511 million	NT\$24.199 million	Financial Impact (including environmental benefits) 1. Handling fees for electronic payment-linked deposit accounts: Approximately NT\$2.525 million 2. Handling fee income (Global E-banking, online banking, mobile banking, online ATMs, national fee and tax payments, entrusted electronic collection (including physical ATMs + online ATMs + online banking + convenience store transactions), entrusted convenience store collection, blockchain confirmation, and Mega EZ go): NT\$1,094.086 million 3. Fee income from online funds, ETFs and foreign stock transactions: NT\$287.9 million Management Costs 1. System development fee for the development and promotion of Taiwan Mobile Payment's "Digital Coupon" and "TWQR Ride Code" in line with the government policy, as well as settings fee of iPASS Card: NT\$1.56 million (active scanning function was launched for Digital Coupon in September 2024, with a system development fee of approximately NT\$1.56 million). 2. Total cost of promoting credit card e-billing/auto debit activities: Approximately NT\$0.15 million. 3. System construction fee for single installment digital channel and back-end filing system: Approximately NT\$0.659 million.

2024 Climate and Natural Environment Report

			4. Maintenance, system construction, and promotion fees for Taiwan Pay: NT\$17.1 million 5. Handling fee cost for Apple Pay: Estimated to be approximately NT\$4.38 million/year. 6. Construction fee for adding information on Japanese stocks/ETFs on the official website: NT\$0.35 million
Green Investments/Financing	NT\$10,463.787 million	NT\$1.95 million	Financial Impact 1. Cash dividend income: NT\$388.84 million 2. Interest income: NT\$10,074.947 million - Interest income from investment in green bonds by overseas branches: NT\$136.873 million - Interest income from investment in sustainability-linked bonds by overseas branches: NT\$6.244 million - Interest income from green loans undertaken by overseas branches and offshore banking units: NT\$1,075.799 million - Interest income from sustainability-linked bonds undertaken by overseas branches and offshore banking units: NT\$1,323.031 million - Interest income from loans to green power and renewable energy industries: Approximately NT\$3,819 million - Interest income from sustainability-linked loans: Approximately NT\$2,911 million - Interest income from holding sustainability bonds: NT\$803 million Management costs: 1. Cost of organizing ESG-related seminars (including product marketing and employee training): Approximately NT\$0.75 million 2. Cost of incentive measures (promoting green and financial transition): NT\$0.9 million 3. Consultant fees for the issuance of sustainability bonds: NT\$0.3 million.