2023

Sustainability Report

兆豐金控
Mega Holdings

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兆豐金控
Mega Holdings

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Message from the Chairman

Mega Financial Holding has long focused on sustainability issues. To strengthen the Group's ESG governance structure, the Sustainability Development Department was established in September 2023 to assist the Sustainable Development Committee in formulating the Group's ESG strategy blueprint and implementing top-down management. The Group's values are based on "Respect and Inclusion", "Professionalism and Reliability", and "Integrity and Accountability". We adhere to the following guiding principles: "Committing to Net-zero Emissions to Achieve Environmental Sustainability", "Improving Digital Technology to Promote Sustainable Finance", "Strengthening Talent Development to Implement Employee Care", "Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society", and "Adhering to Ethical Standards to Practice Corporate Governance". All of which have enabled the Group to create a business model that ensures both economic growth and environmental protection. We have also adopted the Sustainable Development Goals (SDGs) of the United Nations as our own goals for achieving sustainable operation to maximize financial impact. The outstanding ESG performance of Mega Financial Holding in recent years is evident to all. At the end of 2023, we were invited by the Financial Supervisory Commission (FSC) to join the "Coalition of Movers and Shakers on Sustainable Finance", and cooperate with the coalition members to help guide the flow of financial industry funds to sustainable economic activities. We hope to become a bridge of communication among the public sector, industries and peers, creating transformational momentum for the 2050 Net-zero Emissions Goal.

Committing to Net-zero Emissions to Achieve Environmental Sustainability

Mega Financial Holding emphasizes the importance of global climate change and net-zero transition, and has submitted its Science-based Target (SBT) commitment at the end of 2023. The SBT methodology is followed to set up a carbon reduction pathway, with the aim of achieving net-zero emission goal by 2050. Mega Group promotes systematic carbon reduction measures, including the introduction of various international ISO Standards and green building programs. In 2023, the scope of Mega Group's ISO 14001 Environmental Management System and ISO 50001 Energy Management System continued to be expanded, the use of green power in Mega Group's five self-owned headquarters office buildings was promoted, carbon rights were purchased to become the first batch of overseas carbon rights buyers, and its subsidiaries were encouraged to set up solar energy branches. All of these measures will enhance the environmental and energy management efficiency of its own operations. In addition, the 2023 TCFD reports issued by Mega Financial Holding and Mega Bank were both given the highest rating of "Level 5+: Excellence" by the British Standards Institute (BSI) a third-party certifying agency. In the near future, we will continue to plan a forward-looking environmental strategy under the guidelines of the TNFD framework to move towards the goal of being Nature Positive.

Improving Digital Technology to Promote Sustainable Finance

Mega Financial Holding created an integrated Fintech digital experience, with a focus on "Accelerating the Implementation of Branch Digitalization", "Enhancing the Digital Financial Service Experience", and "Strengthening Digital Technology Capabilities", which allows financial services to be more closely integrated with our lives, as well as more secure and convenient. In addition, we also emphasize the rights of middle-aged and elderly customers with dementia, and each bank branch is staffed with at least two dementia-friendly personnel to create a financially inclusive and tolerant service space for the elderly. The Mega Group takes ESG factors into account when it comes to our investment and financing decisions. We have formulated a Sustainable Finance Policy based on the Equator Principles (EPs), Principles for Responsible Banking (PRB) and other international standards for sustainable finance, in order to maximize the positive impact of our core financial business. At the same time, we continue to introduce various sustainable financial products and services. With the implementation goal of "Achieving Net-Zero Transition Together with Mega Group", we bring sustainable momentum to enterprises and assist them in responding to the risks and opportunities of climate change. In 2023, Mega Group's credit balance of sustainable development industries at the end of the year was approximately NT$329.9 billion, and the investment balance of the six core strategic industries at the end of the year was approximately NT$279.8 billion, making Mega Bank the best financial partner for the low-carbon transition of enterprises.

Strengthening Talent Development to Implement Employee Care

In 2023, Mega Financial Holding was once again selected as the constituent stock of "Taiwan Employment Creation 99 Index" and "Taiwan High Compensation 100 Index", which highlights how much we value talent. We hope that our employees are not only professional, but also happy with their job. In terms of employee professional development, we offer an array of training courses and offer subsidies for employees to obtain professional certification to motivate employees' continuous development. In 2023, we invested over NT$60 million and a total of 622,000 training hours on employee training, and subsidized finance certifications or professional qualification tests, totaling approximately NT$1.67 million. When it comes to employees' "Happiness with Their Job", we continue to cultivate a "People-oriented" workplace environment. Our subsidiaries, Mega Bank and Mega Securities, have each introduced the ISO 45001 OHS Management System, which has been verified by a third-party organization. Mega Group has invested resources to provide a wide range of benefits and high salaries, including a 4.5% salary increase starting in 2023, which exceeds the salary increase standard for civil servants. The employee stock ownership trusts were also expanded to Mega Group's subsidiaries and there was an increase in the amount of maternity subsidies, with a maximum of NT$450,000 for employees who have given birth to three children, which our staff found particularly heartwarming. Employees are partners in the growth of Mega Group. Through employee engagement surveys, human rights due diligence surveys, labor-management meetings, etc., we work together to create a happy enterprise for both the labor and management side.

Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

Mega Group has always been concerned about social issues and has been involved in the community in the spirit of "What is Taken from the Community is Used in the Community". In 2023, Mega Bank C&E Foundation promoted the "Mega Brings Light to Remote Areas" project, combining financial functions to improve the lack of resources in remote communities. It provides bilingual teaching experience programs for ATMs and banking equipment in remote communities, which simulate real financial transactions and promote the revitalization of financial assets and equipment. Through the resources and power of Mega Charity Foundation, Mega Bank C&E Foundation, and each subsidiary, we hope to provide more care and tangible support to education, sports, arts and culture, and disadvantaged groups by focusing on the four main pillars of development to enhance financial inclusiveness: "Achieve Equality to Realize the Value of Inclusion", "Serve with Care to Make Life more Enriching", "Leave a Legacy and Commit to Sports", "Sustain Prosperity to Safeguard the Ecology". In 2023, Mega Group invested more than NT$140 million in various public welfare activities, with the participation of 579 volunteers and 2,820 hours of volunteer service, spreading love and care to every corner.

Adhering to Ethical Standards to Practice Corporate Governance

Mega Group adheres to the spirit of implementing and improving corporate governance, focusing particularly on ethical management, compliance, anti-money laundering, and risk management. We also utilize the professionalism, diversity, and independence of board directors to ensure effective operations and open, transparent governance. In 2023, Mega Financial Holding was selected as a constituent stock of both the "DJSI Emerging Markets Index" and "DJSI World Index", and the FTSE4Good "TIP Taiwan ESG Index", as well as received "AA level on MSCI ESG Rating", and rated as a top 5% listed company in the TWSE Corporate Governance. These achievements show that the world recognizes Mega Group's efforts in corporate governance. We will look back on the deficiencies of the past and move with hope towards the future by implementing our business philosophies of "Integrity, Transparency, and Accountability". Unpredictability has become the new normal in the world. Together with its subsidiaries, Mega Financial Holding envisions becoming the "Sustainability Paradigm of the Financial Industry in Asia Pacific", assume the role of a sustainable finance hub, and pursue the positive effects of the SDGs to bring about changes in the environment and the society, and to demonstrate Mega Group's sustainable value.

Chairman of
Mega Financial Holding Co., Ltd.

Paul C.D. Lei

Performance in Key Sustainability Issues

Committing to Net-zero Emissions to Achieve Environmental Sustainability

- Received **A- Leadership level** in **CDP** Climate Change Questionnaires
- Completed **ISO 14064-1** GHG Inventory on all business locations worldwide and obtained third-party independent verification
- 7 subsidiaries were double-certified for adopting **ISO 14001** Environmental Management and **ISO 50001** Energy Management Systems
- Used **2,145,000kWh of green power** and reduced **1,061.78 metric tons of CO_2e**
- Green procurement amounted to a total of **NT$123 million** or **3.84%** of total procurement
- **100%** of our suppliers signed the **Supplier Sustainability Statement**
- Co-organized, with the Forestry Bureau, a nationwide awareness campaign on bitter vine prevention and control and completed the removal of **274 kg** of bitter vine

Improving Digital Technology to Promote Sustainable Finance

- **11 EP**-conforming financing projects undertaken by Mega Bank in 2023
- Credit cards issued by Mega Bank received the **ISO 14067** Carbon Footprint and **ISO 14046** Water Footprint certifications and obtained **PAS 2060** Carbon Neutrality certification, making us the first private issuer of **Zero-carbon Credit Cards** with a cumulative total of **840,000 cards** issued, offsetting approximately **850 metric tons of CO_2e**
- Mega Bank began offering **sustainable deposits**, amounting to **NT$12.469 billion**
- Mega Bank underwrote **259 sustainability-linked loans**, totaling over **NT$120 billion**
- Mega Bank and CKI have respectively completed the introduction of the **BS 10012** Personal Information Management System and **ISO 27701** Privacy Information Management System and third-party verification renewal
- A total of **138 invention patents** and **641 new patents** have been approved, with a total of 779, ranking first in the industry
- Over **55,000** employees have completed training on **Treating Customers Fairly**, totaling nearly **70,000 hours** of training

Strengthening Talent Development to Implement Employee Care

- Mega Bank and Mega Securities completed the **ISO 45001** Occupational Safety and Health Management System verification
- Continued to be included in the **Taiwan Employment Creation 99** Index and **Taiwan High Compensation 100** Index
- Employee training totaled **632,000 hours** with each person receiving **65.4 hours** of training on average, which is an increase of **28.2%** and **25%**, respectively
- Subsidized finance certifications or professional qualification tests for **1,096 people**, totaling nearly **NT$1.67 million**
- Nearly **67,000 person-time participated in human rights training** for a total of **103,000 hours**
- Provided over **NT$4.14 million** in **marriage subsidy** and **NT$16.72 million** in **childbirth subsidy**
- Provided **maternity/paternity leave superior to statutory requirements**

Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

- **Invested NT$140 million** in social inclusion strategies
- **Financial literacy** promotion interaction/attendance reached **70,660 person-time**
- More than **579 employees volunteered** in charitable activities, spending over **2,820 hours** on **volunteering services**
- Supported government policies on industry–academic cooperation programs by providing internship opportunities to **210 students**

Adhering to Ethical Standards to Practice Corporate Governance

- Selected as a constituent stock of the **DJSI Emerging Markets Index** and **DJSI World Index**
- Ranked in the **Top 5%** in the **Corporate Governance Evaluation**
- **MSCI ESG Index** rated **AA level**
- **100%** of our senior management signed the **Statement on Compliance with Ethical Standards**
- Mega Bank blocked **261 cases** of fraud, equivalent to an amount of **NT$200 million**

Awards and Accolades

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Selected as a constituent stock of the **DJSI Emerging Markets Index** and **DJSI World Index** in 2023

CDP DRIVING SUSTAINABLE ECONOMIES

Received **A- Leadership Level** in **CDP** Climate Change Questionnaires for 2 consecutive years

MSCI

Received **MSCI ESG Index** rating of **AA level** for 2 consecutive years

FTSE4Good TIP Taiwan ESG Index

Selected as a constituent stock of the FTSE4Good "**TIP Taiwan ESG Index**" for 6 consecutive years

TCSA

Mega Financial Holding
won the "Sustainability Report Platinum Award" and the "Sustainability Overall Performance Award - Taiwan's Top 100 Exemplary Enterprises for Sustainability" at the Taiwan Corporate Sustainability Awards (TCSA) for 2 consecutive years

Mega Bank
won the "Information Security Leadership Award" under the "Sustainability Individual Performance Award"

Mega Securities and Mega Funds
won the "Gender Equality Leadership Award"

Mega Bills and CKI
won the "Social Inclusion Leadership Award"

Corporate Governance

Taiwan Stock Exchange (TWSE)	• Mega Financial Holding was ranked in the Top 5% in the "Corporate Governance Evaluation" for the 4th time • Mega Securities was included in the "Best List of Institutional Investors' Due Diligence Governance Information Disclosure" (domestic group) for 3 consecutive years; and the TWSE "Excellent Securities Firms and Institutional Investors for Disclosure of Due Diligence and Governance", and "Outstanding Brokerage Firm for Disclosure of Due Diligence and Governance" • Mega Bank was included in the "Best List of Institutional Investors' Due Diligence Governance Information Disclosure"
Securities and Futures Bureau, Financial Supervisory Commission (FSC)	• President Wu Ming-Tsung of Mega Securities won the "Outstanding Corporate Leadership Award" at the Golden Goblet Award
National Enterprise Competitiveness Development Association	• Mega Securities won the "National Brand Yushan Award" (Outstanding Enterprise Category) for 2 consecutive years
Excellence Magazine Bank Rankings	• Mega Bank won the "Best Fair Customer Treatment", "Best Forex", and "Best Advisory Team" awards

Employee Care

RMI Educational Foundation	• Mega Financial Holding and CKI won the "Excellence Award in the Best Financial Holding Companies for Finance Graduates" and "Special Award in the Best Insurance Companies for Finance Graduates" for 12 consecutive years
Taiwan Stock Exchange Corporation	• Mega Financial Holding was selected as a constituent stock of the "Taiwan High Compensation 100 Index" for 9 consecutive years; Selected as a constituent stock of "Taiwan Employment Creation 99 Index" for 7 consecutive years
Ministry of Labor	• Mega Financial Holding was awarded the "Healthy Labor Sustainability Leadership Enterprise - Outstanding Enterprise" by the Occupational Safety and Health Administration • Mega Bank was awarded the "National Occupational Safety and Health Award" and "Labor Health Special Award"
Taipei City Government	• Mega Securities and Mega Futures received the "Middle-aged and Elderly Friendly Enterprise Certification"
1111 Job Bank	• Mega Securities received the Gold Award for Financial Management Consulting Business in 1111 Job Bank's "Happy Enterprise Award"

Mutual Prosperity in Society

Ministry of Culture	• Mega Bank C&E Foundation won the Gold Award at the "Arts and Business Award"
Ministry of Education	• Mega Bank C&E Foundation won the Sponsorship Gold Award and Long-Term Sponsorship Award at the "Sports Contribution Award"
RMI Educational Foundation	• Mega Bank C&E Foundation received the Excellence Award for the "Best Social Responsibility Award at the Faith, Hope & Love Awards of Insurance" and the Excellence Award for the "Best Insurance Professional Award" • Mega Bank Received the "Best Insurance Professional Award" under the brokerage category, "Best Social Responsibility Award", and 1st place for the "Popularity King Award" at the Faith, Hope & Love Awards of Insurance • CKI won many corporate and individual awards such as the "Insurance Trust, Hope and Love Award", "Best Professional Consultant Award" and "Best Communications Office Award"
Taiwan Insurance Institute	• CKI and Mega Bank received the Silver Award and Gold Award for "Excellence in Public Welfare Project Planning" respectively at the "Taiwan Insurance Excellence Award"

Sustainable Environment

Ministry of Environment	• Mega Bank received the Certificate of Appreciation at the "2022 Private Enterprise and Organization Green Procurement Award"

Sustainable Finance

Financial Supervisory Commission (FSC)	• Mega Bank won 1st place for the "Trust Industry Innovation Award" at the Trust 2.0 Program Evaluation • Mega Bank received the accolades of "Outstanding Bank in Loans to SMEs", "Outstanding Bank in Domestic Distribution of Sustainable Development Loans for the Six Core Strategic Industries", "Special Award for Taiwan's Precision Health Industry", "Special Award for Participation in the National Financing Guarantee Mechanism", and "Special Award for Loans to SMEs". • Mega Securities rated one of the Top 25% of excellent financial institutions in "Fair Customer Treatment"
Taiwan Insurance Institute	• Mega Bank won the "Taiwan Insurance Excellence Award" • CKI won the "Policy Holder Service Projects Excellence Award"
Joint Credit Information Center	• Mega Bank won the "Special Contribution Award - Sustainable Finance" at the Golden Security Award and the Golden Quality Award/Golden Excellence Award for outstanding institutions and personnel
Overseas Credit Guarantee Fund	• Mega Bank was recognized as an excellent financial institution and received the "Excellence Award for Total Credit Guaranteed", "Special Award for Total Credit Guaranteed for COVID-19 Programs"; and Bangkok, Ban Pong District, and Bangna branches (subsidiaries) in Thailand received the "Excellence Award for Total Insurance and Margin Fund Guaranteed"
Small and Medium Enterprise Credit Guarantee Fund (SMEG)	• Mega Bank won the Gold Quality Award for "Outstanding Financial Institution" and "Outstanding Credit Manager"
Trust Association of the Republic of China	• Mega Bank received the "Senior Financial Planning Consultant and Family Trust Planning Consultant Award and Certification", "Senior Financial Planning Consultant Award for Rapid Advancement", and "Family Trust Planning Consultant Vitality Award"
National Enterprise Competitiveness Development Association	• Mega Securities and Mega Futures won the "National Brand Yushan Award" (Outstanding Enterprise category and the Best Product Award for 2 consecutive years
Global Banking & Finance Review	• Mega Bank won the "Excellence in Innovation - Digital Credit Loan Taiwan" and "Excellence in Innovation - Loan Service Taiwan"
Asian Banking & Finance	• Mega Bank won the "Retail Banking Award" and "Consumer Finance Product of the Year - Taiwan"
Excellence Magazine Bank Rankings	• Mega Securities received "Financial Holding Company - Best Service Quality Award"
Business Today	• Mega Bank won 1st place in the "Best Premium Customer Service Award", 2nd place in the "Best Risk Control Award", and 3rd place in the "Best Marketing Innovation Award"
Commercial Times	• Mega Bank won the "Digital Information Security Award - Excellence Award" • Mega Bank won the "Best Innovation in Trust Product Integration", Recommendation Award for Cross-Industry Collaboration", "Gold Award for Best Innovation in Real Estate Management Trust", and "Best Innovation in Sustainable Trust" at the Trust Award
Financial Information Co., Ltd.	• Mega Bank won the "Inter-bank Service Innovation Award" (Financial FIDO, Financial Blockchain Post-release Duty Payment, and TWQR Pioneer Organization Awards)
SGS Taiwan	• CKI won the "Information Governance Excellence Award - Privacy and Personal Information Management Excellence Award"

Note: For more information on the awards won by Mega Group, please refer to the Latest News section on the official website of Mega Financial Holding (https://www.megaholdings.com.tw/tc/AwardRecord.aspx).

Business Performance

Taiwan Stock Exchange (TWSE)	• Mega Securities won two awards during TWSE's Qualified Investor Securities Promotion and Innovation Competition: Taoyuan Branch won the "Unrelenting Securities Broker Award"; Kaohsiung Branch won the "Outstanding Contribution Award for Securities Brokerage Personnel"
Taipei Exchange	• Mega Securities won 2nd place for the "Recommendation and Assistance of Listing on the OTC Stock Market Performance Award" at the Intermediary Agency Recommendation and Assistance of Listing on the OTC, Emerging, and Start-up Stock Market Performance Awards
National Enterprise Competitiveness Development Association	• Mega Securities won the National Brand Yushan Award for the "Best Product Award" (MegaGo)
Commercial Times	• Mega Securities won the "Best Brokerage Firm Wealth Management Trust Innovation Award" and "Best Marketable Securities Trust Innovation Award" at the Trust Awards
Economic Daily News	• Mega Securities won the 13th "Top Warrant Market Maker" in the Warrant Millionaire Special Award; Banqiao Branch won 1st place and Zhongxiao Branch won 2nd place in the "Promotion Excellence Award"; Zhongxiao Branch won 1st place and Laifu Branch won 2nd place in the "Progress Excellence Award"

CH 1
About Mega

1.1 Background Information

1.2 Economic Performance

Material Topics of GRI Standards

GRI 201

Corresponding Material Topics

Economic Performance

Targeted Stakeholders

All Stakeholders

Founded in 2002, Mega Financial Holding was listed on TWSE on the same year. The Group sets the vision as becoming the "Sustainability Paradigm of the Financial Industry in Asia Pacific" and integrates the business philosophy of "Respect and Inclusion, Professionalism and Reliability, and Integrity and Accountability". We persist in creating value and profits for employees, customers, shareholders, and other stakeholders. As a longstanding supporter of the Government's New Southbound Policy, Mega Group seizes opportunities for economic development in the Asia Pacific, develops wealth management services, supports technology-driven innovations in financial services, and promotes the digital transformation of financial services. In 2023, Mega Financial Holding continued delivering outstanding performance with a consolidated net profit after tax of NT$33.246 billion and EPS of NT$2.37.

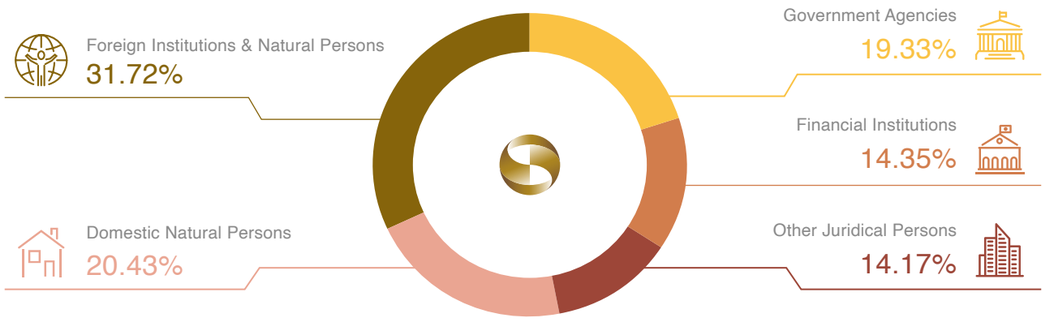
1.1 Background Information

Company Name	Mega Financial Holding Co., Ltd.	Date ofIncorporation	February 4, 2002
Headquarters Address	14-17F, 20-21F, No. 123, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)		
Chairman	Paul C.D. Lei	President	Yu-Mei Hsiao
Stock Code	2886	Capital	NT$140.513 billion
Total Number of Employees	9,659 (Full-time employees)	Total Assets	NT$4,394.765 billion
Scope of Business	Mainly investment and management of investee companies; for subsidiaries, the scope of business includes a variety of financial services.		

Organization Structure

Members of the Mega Group include seven directly-held subsidiaries, namely, Mega Bank, Mega Securities, Mega Bills, Chung Kuo Insurance (CKI), Mega International Investment Trust (Mega Funds), Mega Asset Management (MAM), and Mega Venture Capital (MVC). In 2023, the Group's overall profits mainly come from return on investments by Mega Bank, Mega Securities and Mega Bills. Our subsidiaries offer comprehensive range of financial products and services including banking, securities, bills, insurance, and investment trust. With the concerted efforts of our subsidiaries, we will continue to expand the business operations of each subsidiary, and use cross selling and other methods to help subsidiaries expand their businesses, thereby creating profit-powering engines to maximize synergy.

Ownership and Distribution of Shares



Note: Data as of April 23, 2024

Location of Global Operations

Mega Group is headquartered in Taiwan, with overseas operations mainly in Asian countries. The Group is focused on developing emerging markets and countries in Southeast Asia. As of the end of 2023, Mega Group operates 234 business locations around the world, 194 of which are located in Taiwan. Mega Bank has 108 branches in Taiwan; and 40 overseas operations in 17 countries. Among the 40 overseas locations, 31 are overseas branches and sub-branches, 3 are overseas representative offices and business offices (Haiphong Representative Office in Vietnam was incorporated in 2022), and 5 are subsidiaries and branches in Thailand. CKI also has one Representative Office in Guam.

Introduction of Each Subsidiary

Mega Bank

Service Description	The scope of business mainly includes commercial banking, corporate finance, international finance, trust, consumer finance, wealth management, investment, and agency businesses. Mega Bank is the only USD clearing bank in Taiwan's foreign currency settlement platform. As the earliest international bank in Taiwan, Mega Bank ranks the first among domestic banks in terms of import/export businesses.
Business Performance	In 2023, Mega Bank's unaudited net profit after tax was NT$31.016 billion, ranking No.2 among domestic banks in Taiwan. The Bank's EPS was NT$3.63, leading most of our competitors.

Mega Securities

Service Description	The scope of business mainly includes underwriting of securities, brokerage and proprietary trading of securities, stock agency, margin trading of securities, issuance of stock warrants, brokerage of overseas securities, futures introducing brokerage, and trust related business.
Business Performance	Mega Securities' net profit after tax was NT$2.003 billion (unaudited) in 2023, with a market share of 2.75%, ranking No.10 in the brokerage services. Its average market share in margin trading was 5.84%, ranked No.5 in the industry.

Mega Bills

Service Description	The scope of business mainly includes proprietary trading, brokerage and underwriting of short-term notes and bills and financial bonds, provision of guarantees for short-term notes and bills, and proprietary trading of government bonds and corporate bonds.
Business Performance	Mega Bills' market share ranked No.1 in the industry in terms of corporate bonds, bills trading, bills guarantee, and underwriting; its financial performance and asset quality were considered outstanding. Mega Bills reported an after-tax EPS of NT$1.46 in 2023, ranking first among the top three bills finance companies.

Chung Kuo Insurance (CKI)

Service Description	The scope of business mainly includes property insurance and regulator-approved accident insurance and health insurance.
Business Performance	In 2023, CKI reported an increase of 7.19% (market share was 3.59%) in domestic premium revenues compared to the previous year, ranking No.10 among 19 other insurance peers, remaining in the same spot. Specifically, CKI was ranked No.1 in the marine hull insurance market (market share was 19.36%), up one spot compared to the same period of previous year, and No.3 in the aviation insurance market (market share was 11.63%), while ranked No.3 in the residential fire insurance market (market share of 10.26%), which is one place ahead of the same period last year, and the commercial fire insurance market ranked No.4 (market share of 9.93%), which is one place ahead of the same period last year.

Mega International Investment Trust (Mega Funds)

Service Description	The main business activities include securities investment trust and discretionary investments, as well as other related businesses approved by the FSC.
Business Performance	In December of 2023, the scale of public fund assets managed by Mega Funds reached NT$91.554 billion, ranking No.15 among 38 investment trust companies in Taiwan. Mega Funds managed NT$6.709 billion in private funds, ranking 2nd among 19 investment trust companies in the market.

Mega Asset Management (MAM)

Service Description	The scope of business mainly includes purchases and selling of financial institutions' loan assets, and obligations consolidation and advanced payments for urban renewal and renovation of old buildings according to government regulations.
Business Performance	MAM's main business originally included the purchase of bad debts. It supports government policies by transforming its business to serve the interests of the public, such as providing obligations consolidation and advanced payments for urban renewal and renovation of old buildings. As of December 31, 2023, the balance of MAM's underwriting business was NT$8.6 billion.

Mega Venture Capital (MVC)

Service Description	The scope of business mainly focuses on directly providing funding to investees and providing operational, managerial and consulting services to investees.
Business Performance	In 2023, 10 new investments and NT$207 million in investment were added. As of the end of the year, the total investment of MVC was NT$848 million.

Participation in Associations

Mega Group has actively participated in activities and committees of trade associations in the banking, securities, bills, property insurance, and investment trust businesses to promote the development of the domestic finance industry. The Chairmen of Mega Financial Holding and Mega Bank also serve as the Chairperson of the Bankers Association of the Republic of China and the Advisor of the Bankers Association of Taipei. The Chairman of Mega Securities and Mega Futures also serves as the Chairman of the Chinese National Futures Association. The Group has actively participated in projects or committees of trade associations to share information and its practical experience in business and corporate sustainability. We also propose recommendations for government policies through the trade associations to promote the healthy development of the overall finance industry. As of the end of 2023, Mega Group has participated in nearly 45 associations at the organization level, with 17 senior executives serving a concurrent position in these associations.

Participation in Associations or Organizations	Concurrent Positions Served by Senior Executives of Mega Group
The Bankers Association of the Republic of China	Chairperson, Supervisor, Committee Member
Insurance Society of the Republic of China	Director
Chinese Insurance Service Association	Director
Life Insurance Management Institute of the Republic of China	Director
Nuclear Energy Insurance Pool of the Republic of China	Chairperson, President
Trust Association of R.O.C.	Managing Director, Committee Member
R.O.C. Bills Finance Association	Managing Director, Committee Member
The Non-Life Insurance Association of the Republic of China	Managing Director, Committee Member, Supervisor
Chinese National Futures Association	Chairperson
Taiwan Securities Association	Member Representative, Managing Director
Securities Analysts Association, Chinese Taipei	Supervisor
The Securities Investment Trust and Consulting Association - Sustainable Development Committee	Committee Member
The Bankers Association of Taipei	Advisor
Taiwan Financial Services Coalition	Vice Chairperson
Asian Bankers Association (ABA)	Director
CR Classification Society	Supervisor
Engineering Insurance Association (EIA)	Supervisor

1.2 Economic Performance

The Generated and Distributed Economic Value of Mega Group in Past Four Years

Unit: thousand NTD

Item / Year		2020	2021	2022	2023
Direct Economic Value Generated (A)	Net Interest Revenue (C)	31,550,874	32,468,345	37,683,094	36,061,577
	Non-interest Net Revenue (D)	29,259,048	27,762,501	18,366,559	41,260,343
	Net Revenue (C+D) = Subtotal of Direct Economic Value Generated	**60,809,922**	**60,230,846**	**56,049,653**	**77,321,920**
Distribution of Economic Value (B)	Operating Costs	-9,282,236	-9,360,021	-10,084,126	-11,586,587
	Employee Salary and Benefits	-19,736,020	-20,146,203	-9,970,514	-21,787,288
	Donations	-82,300	-99,255	-113,612	-124,333
	Share Dividend Distributed to Shareholders	-21,487,722	-22,439,710	-18,400,562	-25,922,409
	Income Tax Expenses	-4,312,670	-2,925,343	-2,809,343	-3,800,988
	Subtotal of Economic Value Distributed	**-54,900,948**	**-54,970,532**	**-50,880,855**	**-63,221,605**
Economic Value Retained	**Subtotal of Economic Value Retained (A-IBI)**	**5,908,974**	**5,260,314**	**5,168,798**	**14,100,315**

Note: In 2023, donations were mainly made to educational, cultural, public-interest, charity institutions or associations and charitable trusts. No political donations or other improper donations were made.

The Financial Performance of Mega Group in Past Four Years

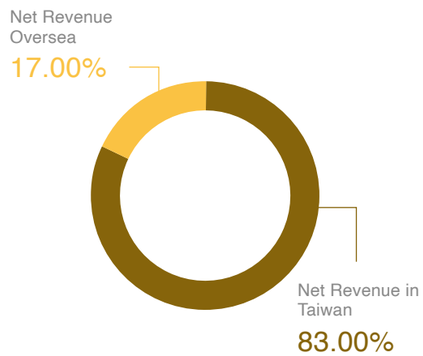
Unit: thousand NTD

Item / Year	2020	2021	2022	2023
Total Assets	3,856,376,532	4,168,264,859	4,060,987,347	4,394,765,193
Total Liabilities	3,529,787,572	3,839,865,976	3,761,177,894	4,058,954,105
Total Equity	326,588,960	328,398,883	299,809,453	335,811,088
Net Revenue	60,809,922	60,230,846	56,049,653	77,321,920
Net Profit After Tax	25,017,968	25,731,070	18,334,958	33,246,977
Return on Assets (%)	0.66%	0.64%	0.45%	0.79%
Return on Equity (%)	7.69%	7.86%	5.84%	10.46%
EPS (NT$)	1.84	1.89	1.32	2.37

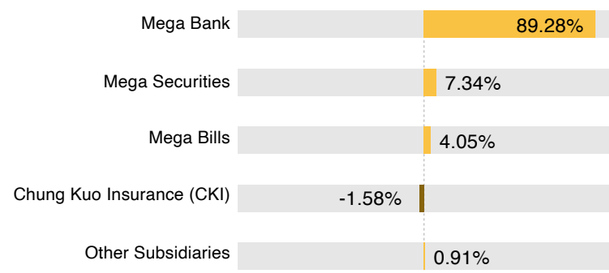
Note: Please refer to the Company's Annual Report, website, or the Market Observation Post System for information on the financial statements.

Revenue Structure

Net Revenue by Location



Net Revenue by Business



The Financial Performance of Mega Group's Subsidiaries for 2023

Unit: thousand NTD

Company Name	Total Assets	Net Revenue	Net Profit after Tax	EPS (NT$)
Mega Bank *	3,962,959,838	68,762,531	31,024,594	3.63
Mega Securities *	88,338,281	5,585,392	2,002,610	1.73
Mega Bills *	283,747,568	3,116,609	1,920,230	1.46
Chung Kuo Insurance (CKI) *	23,440,470	6,225,241	-1,466,874	-2.90
Mega Funds*	959,491	405,581	93,146	1.77
Mega Asset Management	9,534,015	418,166	192,417	0.96
Mega Venture Capital	1,345,002	293,387	219,074	2.09

Note: * Please refer to the Market Observation Post System for information on the financial statements (https://mops.twse.com.tw).

CH 2
Sustainability Strategies

2.1 Sustainable Governance Framework

2.2 A Vision and Strategy for Sustainability

2.3 Sustainable Impact

Targeted Stakeholders

All Stakeholders

2.1 Sustainable Governance Framework

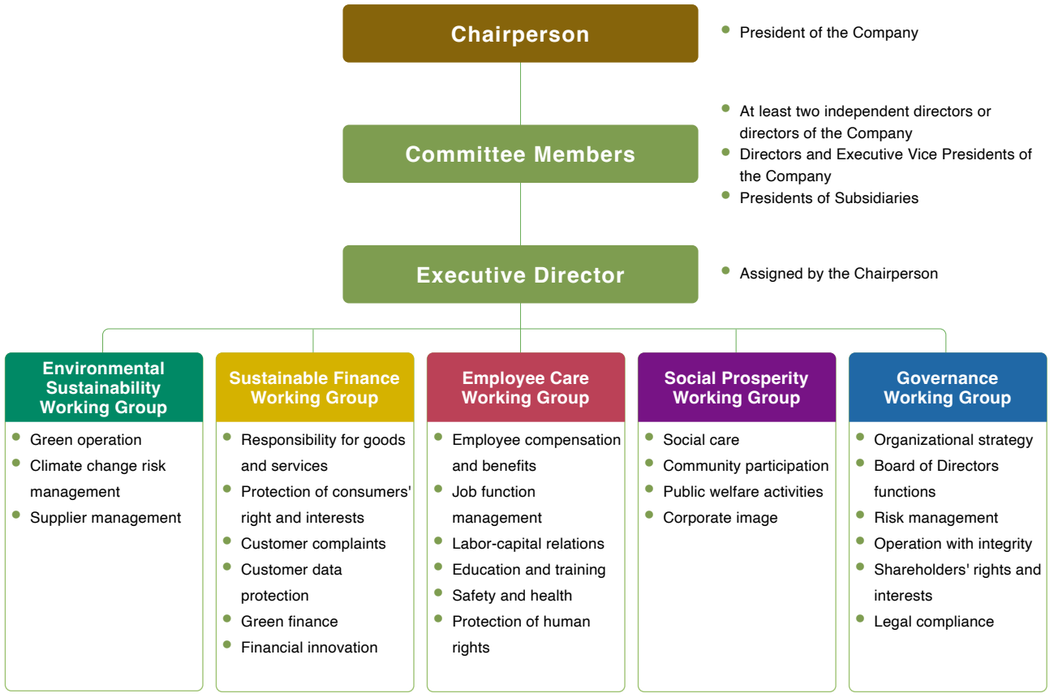
Mega Financial Holding officially established the Sustainability Development Department in September 2023, which is a dedicated unit responsible for promoting the Group's ESG affairs. Through the Sustainable Development Committee, internal standards such as the "Sustainable Development Best Practice Guidance" and "Sustainable Development Policy" have been formulated. In addition, the Group has established a sustainable governance structure and regularly reports to the Board of Directors on the implementation of relevant ESG plans and goals.

2.1.1 Sustainable Development Committee

Mega Financial Holding established a Corporate Social Responsibility Committee at the end of 2013. In January 2021, the Committee was renamed Sustainability Committee and in May of the same year, the title of the Company's "Guidelines for the Establishment of the CSR Committee" was revised to the "Guidelines for the Establishment of the Sustainable Committee".In February 2022, following TWSE's amendments to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", the Company's Sustainability Committee was renamed Sustainable Development Committee, and relevant regulations were revised accordingly.

Our Sustainable Development Committee consists of five working groups: Environmental Sustainability, Sustainable Finance, Employee Care, Social Prosperity, and Corporate Governance. The Committee is chaired by the President of Mega Financial Holding, with the Executive Vice President as Executive Director. Members include two directors and the Executive Vice Presidents of Mega Financial Holding, and the President of each subsidiary. This composition is aimed at strengthening the supervisory roles of the committee members and facilitating the collective participation in making decisions on the sustainable management of Mega Group. In principle, the Committee meets once every two months, and shall submit meeting minutes to the Board of Directors after each meeting to ensure top-down management.

The Organizational Structure of the Sustainable Development Committee



ESG Working Groups and Task Force

Because the business activities of each subsidiary involve ESG factors, Mega Group appointed Mega Financial Holding and four TWSE-listed subsidiaries (Mega Bank, Mega Securities, Mega Bills, and Chung Kuo Insurance) to be responsible for managing the Working Groups of the Sustainable Development Committee. The subsidiary's Executive Vice President or a higher position will be the convener of each working group, and a unit supervisor or a higher position will be the group leader. Depending on the scale of the working groups, an ESG execution team or responsible person is established to monitor and assign the Group's ESG plans/tasks and, together, implement the Group's ESG and sustainability practices.

The Operating Model of the Sustainable Development Committee

Board of Director

Review the Group's ESG-related policies, annual ESG plans and goals, and monitor the implementation results of the Group's various ESG projects, etc.

Sustainable Development Committee

Staff Unit
Sustainability Development Department of the Company

- **Responsibilities of Staff Unit**
  Prepare committee meeting related matters, engage in planning of group-level ESG operations and segregation of duties, and regularly report the progress of annual plans to the Committee.

Execution Unit
Relevant units of the Company

Convener	Convener	Convener	Convener	Convener
Executive Vice President or above of Mega Bills	Executive Vice President or above of Mega Bank	Executive Vice President or above of Mega Securities	Executive Vice President or above of CKI	Executive Vice President or above of Mega Holdings
Environmental Sustainability Working Group	Sustainable Finance Working Group	Employee Care Working Group	Social Prosperity Working Group	Corporate Governance Working
Group Leader	**Group Leader**	**Group Leader**	**Group Leader**	**Group Leader**
Manager or above of Mega Bills	Manager or above of Mega Bank	Manager or above of Mega Securities	Manager or above of CKI	Manager or above of Mega Holdings

Convener President of Mega Bills — **Mega Bills ESG** execution team

Convener President of Mega Bank — **Mega Bank ESG** execution team

Convener President of Mega Securities — **Mega Securities ESG** execution team

Convener President of CKI — **CKI ESG** execution team

Mega Funds responsible person or execution team

AMC responsible person or execution team

Venture Capital responsible person or execution team

- **Responsibilities of Execution Unit**
  Execute ESG tasks assigned by the staff unit, and work with relevant working groups to develop ESG policies and implementation plans.
- **Responsibilities of Convener**
  Assign the group leader and supervise the annual plan implement progress of each working group.
- **Responsibilities of Working Group Leader**
  Be responsible for setting annual objectives and regularly reporting the implementation progress of the plan to the convener and the execution units of the Company.
- **Responsibilities of Execution Team or Responsible Person**
  Responsible for ESG related affairs.

History of the Sustainable Development Committee

2013 - 2014

- Mega Financial Holding established the Corporate Social Responsibility (CSR) Committee and five working groups.
- Mega Financial Holding published the 2013 CSR Report and obtained third-party verification.
- Mega Financial Holding established the Corporate Social Responsibility Policy and Guidelines for Corporate Social Responsibility.

2015 - 2016

- Mega Financial Holding placed the CSR Committee under the jurisdiction of the Board of Directors.
- Mega Financial Holding adopted ISO 14064-1 Greenhouse Gas Inventory and passed third-party verification.
- Mega Bank adopted ISO 27001 Information Security Management System and passed third-party verification.

2017 - 2018

- Mega Financial Holding published first English version of CSR Report.
- Mega Financial Holding established the Human Rights Policy.
- Mega Bank adopted ISO 14001 Environmental Management System and passed third-party verification.

2019 - 2020

- Mega Financial Holding signed the Task Force on Climate-Related Financial Disclosures (TCFD).
- Mega Financial Holding increased the hierarchy of CSR Committee members and increased the size of the committee to 11 members.
- Mega Financial Holding established the "Supplier Corporate Social Responsibility Management Guidelines".

2021

- Mega Financial Holding renamed CSR Committee to Sustainability Committee, and relevant internal regulations were revised.
- Mega Financial Holding renamed CSR Report to Sustainability Report, and SASB Standards were adopted.
- Mega Financial Holding established the Sustainable Finance Policy and Climate Risk Management Guidelines.
- Mega Bank signed the Equator Principles (EPs).

2022

- Mega Financial Holding renamed Sustainability Committee to Sustainable Development Committee.
- Mega Financial Holding approved the Group's Sustainable Development Strategy Blueprint and Environmental Sustainability Pathway.
- Mega Financial Holding established the "Operating Procedures for Sustainability Report Preparation and Verification" and "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries".
- The Sustainability Report of Mega Financial Holding was partially assured by the Sustainability Accounting Standards Board in accordance with ISAE 3000.
- Mega Financial Holding issued TCFD Report, for the first time to be verified by a third-party certifying unit as Level 5: Excellence, the highest rating.
- Mega Financial Holding adopted ISO 27001 Information Security Management System, CKI adopted ISO 27701 Privacy Information Management System and passed third-party verification.
- Mega Financial Holding hosted the "Joint Supplier Conference of Public Financial Institutions" with the theme "Challenges of Sustainable Transition to a Net-Zero Future".
- Mega Group double-certified 7 subsidiaries by adopting ISO 14001 Environmental Management and ISO 50001 Energy Management Systems.
- Mega Bank adopted ISO 45001 Safety and Health Management System and passed third-party verification.

2023

- Mega Financial Holding established the Sustainability Development Department, a dedicated unit to drive the Group's ESG operations.
- Mega Financial Holding established the Group's GHG Inventory System and expanded the GHG inventory of overseas locations.
- Mega Financial Holding revised "Anti-Discrimination and Anti-Sexual Harassment Policy" with reference to the ILO Convention.
- Mega Financial Holding revised the "Sustainable Finance Policy" with reference to the "Convention on Biological Diversity (CBD)" and the "Taskforce on Nature-related Financial Disclosures (TNFD)".
- Mega Financial Holding is committed to the "Science-based targets (SBT)" and "Partnership for Carbon Accounting Financials (PCAF) Standard".
- Mega Financial Holding issued TCFD Report, for the first time to be verified by a third-party certifying unit as "Level 5+: Excellence", the highest rating.
- Mega Bank introduced "Taiwan Intellectual Property Management Standards (TIPS)" and was recognized by "Level A Verification".
- Mega Bank Gangdu Branch completed the installation of solar modules and became the Group's first solar branch.

2024

- Mega Financial Holding joined the "Coalition of Movers and Shakers on Sustainable Finance" by the Financial Supervisory Commission.
- Mega Financial Holding participated in the Net Zero City Expo co-organized by the National Development Council and the Taipei Computer Association.
- Mega Financial Holding's Sustainability Report incorporates the "International Sustainability Disclosure Standards (IFRS)" and "Nature-related Financial Disclosure (TNFD)" frameworks.
- Mega Financial Holding signed to support Taiwan Magazine's "Taiwan Talent Sustainability Action Alliance" in response to the global spirit of "Diversity, Equality and Inclusion (DEI)".
- Mega Group expanded its main headquarters building to use more than 60% green power, and actively responded to become the first batch of international carbon rights buyers.
- Mega Bank has introduced the ISO 20400 Sustainable Procurement Guideline and verified it through a third party.

2.2 A Vision and Strategy for Sustainability

Mega Group sets the vision as 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". We uphold the values of "Respect and Inclusion, Professionalism and Reliability, Integrity and Accountability" when carrying out the business activities of the Group, and abide by the commitment we make to the environment, society, investors, customers, and company businesses, shaping a corporate culture of sustainability where employees are deeply aware of the importance of ESG practices. By establishing three ESG strategies of "Developing Environmental Sustainability", "Promoting Social Prosperity", and "Implementing Responsible Governance", we will exert concerted efforts to achieving the Sustainable Development Goals (SDGs) that were proposed by the United Nations in 2015.

By evaluating our own competitive advantages in business with a focus on eight SDGs, we developed the axes of our ESG strategies to identify corresponding sustainability issues under the guidance of the five guiding principles. Specific promotional plans and key performance indicators are then planned by the Working Groups of the Sustainable Development Committee, and to facilitate the development of short-term and mid to long-term sustainability goals for the Group.

Material Topics, and Short-, Mid-, and Long-Term Goals

Guiding Principles of the Strategic Axes	Corres-ponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (Up to 2024)	Medium/Long-Term Goals (Up to 2029)
Committing to Net-zero Emissions to Achieve Environmental Sustainability	7, 12, 13	Climate Action	Improve employees' knowledge of climate change issues	• Group to organize at least one training course each year.	• Group to organize at least one training course each year and expand the invitation to value chain partners.
			Continue to achieve the Group's GHG reduction targets (reduce 10.5% or more of total Scope 1+2 emissions from the 2022 level)	• Group SBT carbon reduction target (Scope 1+2) passed SBTi review.	• Group's GHG reduction targets (Scope 1+2) to reach 36.75% by 2029, 42% by 2030, and net zero by 2050. • Set internal carbon price mechanism.
				• Financial Holding, Bank, Securities, Bills, and CKI headquarters to use more than 60% of green power.	• Subsidiaries' headquarters to utilize more than 60% of green power by 2026, 100% of domestic operations to utilize green power by 2030, and 100% of global operations to utilize green power by 2050.
				• Bank's Yongkang Branch and Securities' Xinying Branch obtained the Green Building Label.	• Achieve Green Building Label for 20 business locations by 2030.
				• Group to replace 80% of company vehicles with electric or hybrid vehicles.	• Group to replace 100% of company vehicles with electric or hybrid vehicles by 2026.
				• Bank completed 1 solar powered branch.	• Set up solar-powered branches at 8 business locations by 2029.
Improving Digital Technology to Promote Sustainable Finance	1, 3, 5, 7, 8, 9, 12, 13	Sustainable Finance	Implement responsible lending and strengthen the management of industry-specific sustainable risks	• Mega Bank sets ESG screening criteria for personal finance. • Mega Banks and Mega Bills set a goal of "credit limits for high-carbon-emission industries" not exceeding 12% of the total credit balance.	• Reduce the credit limits for high-carbon emission industries and high-environmental and social impact industries on a yearly basis, while expanding the scope of application for subsidiaries.
			Implement sustainable investments and increase the investment portfolios in sustainable development bonds (including green bonds, social responsibility bonds and sustainable development bonds)	• The investment of Mega Bank, Securities, Bills, and CKI in sustainable development bonds amounted to NT$12.44 billion.	• Continue to develop sustainable finance-related business and gradually increase the proportion of this business.
			Continue to strengthen sustainable (green) loan services	• The lending balance of Mega Bank's domestic renewable energy reached NT$20.9 billion, and the lending balance of the sustainable performance-linked loan reached NT$113.7 billion. • Mega Bank's loans outstanding of green building mortgage and personal loans to green enterprise employees reached NT$1.69 billion. • Achieve NT$3.5 billion in bills made to renewable energy technology industries.	
			Expand carbon footprint verification for sustainable financial products	• Mega Bank to issue 1.09 million carbon-neutral credit cards.	• CKI to obtain the ISO 14067 Carbon Footprint verification, Product Carbon Footprint Label Certificate, and Product Carbon Footprint Reduction Label Certificate by 2025.

Guiding Principles of the Strategic Axes	Corres-ponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (Up to 2024)	Medium/Long-Term Goals (Up to 2029)
Improving Digital Technology to Promote Sustainable Finance	1, 3, 5, 7, 8, 9, 12, 13	Sustainable Finance	Establish decarbonization strategies and goals	• Establish the "Mega Holdings Group Guidelines for Divestment Management in the Coal and Unconventional Oil and Gas Industries" and put forward the Group's gradual divestment plan. • Mega Bank sets up system fields to mark carbon reduction targets and keep abreast of the actual activity data of borrowers. • Mega Bank, Securities, Bills, and CKI takes note to record the SBT status of the investors and creates a list of SBT targets.	• Completely withdraw from investment in and financing for coal mining and non-traditional oil and gas industries.
		Financial Inclusion	Strengthen the SME loans	• Mega Bank approved loans amounting to NT$37.5 billion under the "SMEs Hundred Billion Revitalization" financing program.	• Mega Bank to obtain an average target achievement rate of 103% with respect to SME loans outstanding and total number of SMEs at the end of each month compared to the same period of 2028.
			Promote agricultural insurance and microinsurance	• Generate NT$1 million and NT$900,000 in premium income from the persimmon insurance and microinsurance products of CKI.	• CKI to continue promoting various agricultural insurance and microinsurance policies.
			Strengthen efforts to promoting urban renewal and the reconstruction of old and dangerous buildings	• Mega Bank and Mega Asset Management to approve a cumulative total of NT$115 billion and NT$6 billion in loans, respectively.	• Continue promoting and developing different financial inclusion products, and promote green loans/micro loans across overseas branches. • Mega Bank to approve a cumulative total of NT$165 billion in loans for urban renewal and old building reconstruction.
			Continue to support loan reduction for young adults who are not homeowners	• Mega Bank to drawl NT$128.8 billion in amount.	
			Strengthen the promotion of retirement trust services	• Mega Bank to introduce an additional NT$360 million in scale of property.	
			Enhance inclusive financing services	• All branches of Mega Bank have an in-branch ATM with voice-activated features for the visually impaired. • Mega Bank to set up to 20 bilingual branches.	• Mega Bank to install 108 visual impairment-friendly ATMs in its domestic branches. • Transform all bank branches in Taiwan into bilingual branches.
		Information Security	Strengthen information security, and personal information protection system and response procedural mechanisms	• Carry out social engineering rehearsal at least twice a year and ensure employee coverage rate of 100%. • Organize at least two cybersecurity awareness training for all employees and achieve 100% training completion rate.	• Aim to achieve zero data breach incidents. • 100% of employees to complete cybersecurity awareness training. • Continue to maintain and adopt information security management system standards.
		Digital Innovation	Improve smart digital customer services functions	• Mega Bank's cumulative number of users reached 650,000, with a response rate of over 95%. • CKI launched a smart customer service involving online services and handled up to 3,500 calls.	• Streamline internal operating procedures (e.g., by adopting RPA or digital service experience) and improve customer service efficiency.
			Increases online service usage rate and paperless promotion	• Mega Bank to process 83% of fund purchases and personal loan applications online; and receive 64% online credit card applications. • Mega Securities to complete 80% of transactions electronically, and Mega Funds to process 70% of transactions electronically.	• Continue to promote and encourage clients to opt for paperless services. • CKI's e-policies account for 50% of the total (data from automobile insurance and health damage insurance only).

Guiding Principles of the Strategic Axes	Corres-ponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (Up to 2024)	Medium/Long-Term Goals (Up to 2029)
Improving Digital Technology to Promote Sustainable Finance	1, 3, 5, 7, 8, 9, 12, 13	Digital Innovation		• Mega Securities to complete 80% of transactions electronically, and Mega Funds to process 70% of transactions electronically. • CKI's e-policies account for 40% of the total (data from automobile insurance and health damage insurance only).	
			Continue to strengthen various FinTech services and apply for relevant patents	• Mega Bank to accumulate more than 827 utility and invention patents.	• Continue to encourage employees to develop digital banking patents.
		Customer Relationship	Conduct Surveys of Customer Satisfaction to strengthen service quality	• Mega Bank, Mega Securities, CKI, and Mega Funds to conduct at least one Customer Satisfaction Survey and achieve an overall satisfaction score of 86%.	• Continue to organize Customer Satisfaction Survey and increase satisfaction scores annually.
			Increase hours of training on customer relationship	• Mega Bank and CKI organized training on "Financial Consumer Protection Act and Principles of Fair Customer Treatment in the Financial Industry" and "Financial Friendly Service", reaching 100% training completion rate.	• Continue to strengthen Know Your Product (KYP) and Know Your Customer (KYC) and implement principles for responsible marketing.
			Improve the implementation status of Principles for Fair Treatment of Customers in the Financial Service Sector	• Mega Bank, Mega Securities. and CKI selected as top 25% in the Treating Customers Fairly Evaluation.	• Improve the implementation status of Principles for Fair Treatment of Customers in the Financial Service Sector and achieve top 25% ranking.
Strengthening Talent Development to Implement Employee Care	3, 5, 7	Happy Workplace	Acquire ISO 45001 Occupational Safety and Health Management System certificate	• Mega Bank and Mega Securities to continues to ensure verification validity.	• Continue to ensure the validity of ISO 45001.
			Manage the Group's absentee rate to ensure stable manpower, and keep track of employee attendance	• Keep absentee rate (including overseas locations) under 0.56%.	• Continue providing Employee Assistance Programs (EAP) and take the initiative to care for employees' attendance and absenteeism.
			Organize health and safety seminars or training and health promotion activities regularly	• Mega Bank, Mega Securities, Mega Bills, and CKI to organize at least 2 sessions of health promotion or on-site consultation activities. • Mega Bills to organize workplace environmental monitoring at least 2 times and occupational safety training 1 time each year.	• Organize at least 14 sessions of health talks or health promotion activities Provide longer maternity leave and paternity leave that what is required by law. • Continue to provide employees with various subsidy plans, including subsidies for health examinations, marriage, and childbirth.
Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society	1, 8, 13	Social Commitment	Sponsor or organize concerts, and different arts and cultural activities	• Mega Group to organize 3 music concerts and multicultural arts and cultural activities or provide NT$3 million in funding for these events.	• Support local arts and cultural activities, with a cumulative total of 60 events or funding of NT$10 million.
			Supporting Sports and Green Sporting Events	• Sponsor 5 sports events, including 3 green sports events.	• Continue to train grassroots sports talent, with a total of 12 sports-related events and 18 green sports competitions, in order to realize the impact of carbon and plastic reduction.

Guiding Principles of the Strategic Axes	Corres-ponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (Up to 2024)	Medium/Long-Term Goals (Up to 2029)
Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION	Social Commitment	Volunteer Activities	• Organize 10 sessions of volunteer activities.	• Promote group volunteer services to expand employee participation in the community, accumulating 60 volunteer service activities.
			Promote eco-sustainability and care for the disadvantaged by providing grants or resource donations	• Organize group donations or provide grants or resource donations to 20 units (including 1 domestic conservation organization) and 30 disadvantaged children.	• Focus on the needs of disadvantaged organizations or social welfare groups, totaling 48 units, 180 disadvantaged children.
			Provide microinsurance coverage	• Provide microinsurance coverage to 2,000 people.	• Continue to expand microinsurance coverage to more targets.
Adhering to Ethical Standards to Practice Corporate Governance	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	Ethical Management	Review ethical management policies and report implementation status to the Board of Directors regularly	• Convene at least 1 Ethical Management Committee meeting, and report implementation status to the Board of Directors.	• Report implementation status of ethical management to the Board of Directors at least 2 times each year, and incorporate performance in ethical management into annual performance evaluation.
			Conduct training on ethicalmanagement to raise employees' ethical awareness of honesty and integrity regularly	• Mega Group to organize at least 1 training and achieve a training completion rate of 95%.	• 100% of employees have completed annual ethical management training.
			Establish a culture of ethical management from top to bottom in which the concept, value and behavior of ethical management and fair customer treatment are honored	• Request all Mega Group directors and individuals in managerial level or above to sign the Statement on Compliance with Ethical Standards.	• Continue to request all Mega Group directors and individuals in managerial level or above to sign the Statement on Compliance with Ethical Standards.
		Regulatory Compliance	Educate and train employees on compliance to improve their compliance knowledge	• Mega Group to ensure that compliance officers complete the training hours exceeding statutory requirement; Mega Financial Holding to have employees complete compliance training once and achieve a training completion rate of 95%.	• Mega Group to ensure that individuals in charge of compliance complete longer hours of training than what is required by law.
			Establish a compliance culture from top to bottom and supervisor the Group's compliance implementation status	• Mega Financial Holding to convene at least 4 meetings with the Group's compliance officers and disciplinary action and deficiency improvement task force. • Mega Financial Holding to give a presentation, during monthly business management meetings, government penalties imposed on financial institution peers.	• Mega Financial Holding to continue convening regular meetings with the Group's compliance officers. • Mega Financial Holding to convene quarterly meetings with the Group's disciplinary action and deficiency improvement task force and to establish improvement tracking mechanism.
			Strengthen the effectiveness of the whistleblowing system	• Subsidiaries to compile a report every six months on the number and type of complaints received from external and internal whistleblowing channels.	• Present compliance implementation status to the Audit Committee and Board of Directors every six months, and each year, introduce 2 additional issues concerning legal compliance for presentation at meetings with the Audit Committee and Board of Directors.

Guiding Principles of the Strategic Axes	Corres-ponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (Up to 2024)	Medium/Long-Term Goals (Up to 2029)
Adhering to Ethical Standards to Practice Corporate Governance	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	Corporate Governance	Directors and executives of corporate governance continue to follow international trends in corporate governance and understand the latest changes in domestic legislation	• At least 12 hours of continuing education for new Mega Group directors and 6 hours of continuing education for re-appointed directors (including at least 3 hours of ESG related courses). • At least 18 hours of corporate governance related courses for Mega Group's executives of corporate governance.	• Continuously promote the planning of corporate governance-related education for senior management such as directors and corporate governance executives.
			Implement the promotion of gender equality, increase women's participation in decision-making and improve the board structure	• Conduct evaluation to ensure that the number of Independent Directors is more than 1/3 of the Board and increase the gender ratio of the Board to 40%-50%.	• Conduct evaluation to ensure that the number of Independent Directors is more than 1/2 of the Board and increase the gender ratio of the Board to 40%-50%.
			Continue to organize the performance evaluation of the Board of Directors and functional committees	• Mega Financial Holding to complete the performance evaluation of the Board of Directors and functional committees and obtain target achievement rate of 85%.	• Mega Financial Holding and major subsidiaries to organize, each year, the performance evaluation of the Board of Directors and functional committees, and to report the results during board meetings.
		Risk Management	Continue to analyze and apply information regarding risks and asset/liability management to enhance the Group's risk management performance	• Mega Financial Holding to optimize the automation of various risk procedures and TCFD framework (i.e., obtain third-party verification).	• Evaluate the physical and transition risks related to climate change in upstream activities, and regularly report to the Board of Directors the evaluation results, including mitigation measures and implementation status.
			Strengthen the disclosure of climate change risks in TCFD Report	• Mega Financial Holding to complete transition risk assessment and scenario analysis (including stress testing) on emission-intensive industries and disclosure the emission of its investment/financing portfolios in accordance with the PCAF methodology.	• Mega Bank to initiate the integration of internal credit rating models for corporate banking and take into consideration climate risks.
		Economic Performance	Effectively management the generation and distribution of economic value	• Mega Group to ensure stable revenue growth, regular review of financial positions, and reporting of financial performance. • Mega Bank to ensure its status as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan.	• Mega Group to transparently disclose the economic values we generate and distribute, and to maintain stable revenue growth.
		Combating Crime	Conduct Group-level training on AML/CFT to improve knowledge and skills relating to AML/CFT	• Mega Group to ensure that individuals in charge of AML complete longer hours of training than what is required by law. • Mega Group employees to receive at least 1 AML/CFT and achieve a training completion rate of 95%.	• Mega Group to ensure that officers and individuals in charge of AML complete longer hours of training each year than what is required by law.
			Oversee the implementation of and carry out the Group's anti-money laundering works	• Mega Financial Holding to convene at least 4 AML/CFT meetings, and organize compliance inspection on subsidiaries according to annual inspection plans. • Mega Financial Holding to discuss and present cases of government sanctions at the Group's AML/CFT meeting, which is held every six months.	• Mega Financial Holding to regularly convene AML/CFT meetings, oversee subsidiaries' implementation status, and continue organizing yearly compliance inspections.

2.3 Sustainable Impact

Under the supervision of the Sustainable Development Committee, Mega Group actively invests in six types of capitals (financial, manufactured, human, intellectual, social and relationship, and natural), and allocates resources appropriately based on the Group's business strategies. Through the five Working Groups of the Sustainable Development Committee, we translated Mega Group's input into outputs that effectively respond to the expectations of our stakeholders and expand the effects of sustainable investments.

The Six Sustainability Capitals

Financial Capital
The key to normal operations and providing products and services is maintained through investments and operations.

Manufactured Capital
The service locations of Mega Bank, Mega Securities, Mega Bills, CKI, and Mega Investment Trust provide satisfactory service experience.

Intellectual Capital
Intellectual properties relating to financial services include patents, license, R&D capability, and cooperation/negotiation, etc.

Human Capital
The Company helps talented employees develop professional knowledge and capability, and gain more experiences through learning bydoing or by learning from others. Comprehensive benefits and a safe work environment are provided so that employees identify with the governance culture of the Group.

Social and Relationship Capital
The relationship with value chain partners and stakeholders is maintained and managed to improve mutual benefits.

Natural Capital
The use of natural energy and resources includes electricity consumed in business operations.

Inputs

- Manages NT$4,394.765 billion of assets in total.
- NT$140.513 billion of paid-in capital in total.
- Spent NT$33.498 billion on operating expenses.
- Issued and invested NT$41.192 billion of domestic sustainable development bonds.

- Deployed 113 smart teller machines (STM).
- Operates 194 business locations in Taiwan and 40 overseas locations.

- As at the end of 2023, 113 STMs were deployed, serving 228,035 people. In total, 261,380 people opened an account using STM.
- NT$7,134 thousand in R&D expenditure
- Optimized and expanded Internet and mobile banking services.
- Issued carbon-neutral credit cards, with 300,000 cards issued annually.
- Adoption of BS 10012: Spent over NT$3 million to adopt BS 10012:2017 Personal Information Management System and ISO 27701 Privacy Information Management System.

- Invested NT$2.96 million in recruiting and hiring new employees.
- Spent NT$73.66 million in total on employee training.
- Provided NT$1.67 million in subsidy for professional licenses and certifications.
- Spent NT$21.787 billion on employee benefits expenses.
- Achieved approximately 103,000 hours of training on human rights.

- Invested a total of NT$140 million in social investment and charitable activities (including cash donation, volunteering personnel expenses, donation of supplies).
- 579 employees volunteered their services for a total of 2,820 hours.
- Microinsurance donations amounted to NT$11 million.

- Spent NT$26.25 million in total on replacing air conditioner units and lighting equipment at business locations.
- Green procurement totaled NT$90.76 million
- 80 senior executives and employees participated in beach clean-up activities.
- Encourage everyone to reduce their use of disposable food containers and to use environmentally friendly containers instead.
- Green procurement totaling NT$123 million.

The Six Sustainability Capitals

Guidelines for the Sustainable Development Working Groups

Environmental Sustainability WG
Committing to Net-zero Emissions to Achieve Environmental Sustainability

Sustainable Finance WG
Improving Digital Technology to Promote Sustainable Finance

Material Topics: Information Security | Combat Crime | Corporate Governance | Business Ethics | Economic Performance | Regulatory Compliance | Sustainable Finance

Outputs

- NT$33.247 billion consolidated net profit after tax.
- NT$2.37 earnings per share.
- NT$1.5 cash dividend; NT$0.3 stock dividend.
- NT$564.5 billion market value.

- STMs served approximately 230,000 users; 260,000 customers opened an account, which reduced 9.15 million sheets of paper usage.
- 81% overall customer satisfaction.

- As at the end of 2023, STM served 228,035 people. In total, 261,380 people opened an account.
- MegaBee eMortgage Service was browsed 69,668 times and used 38,152 times.
- In 2023, 138 invention patents were approved, in total, 779 patents have been approved, including 641 utility patents.
- Gogoro Co-branded card has returned approximately NT$99,480,000 to electric scooter batteries so far.
- CKI obtained the ISO 27701 Privacy Information Management System certification.

The Six Sustainability Capitals

Employee Care Working Group
Strengthening Talent Development to Implement Employee Care

Social Prosperity WG
Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

Corporate Governance Working Group
Adhering to Ethical Standards to Practice Corporate Governance

Material Topics: Risk Management | Customer Relationship | Digital Innovation | Climate Action | Financial Inclusion | Happy Workplace | Social Commitment

Outputs

- Hired 885 (9.16%) new employees.
- Employees completed 631,000 hours of learning in total.
- 1,096 people were given subsidies for licenses and certifications.
- Employee engagement scored 3.78 points.
- A total of 67,247 people underwent human rights training.

- Over 70,000 people participated in financial education activities.
- 190,000 people benefited from charity programs.
- 207 university students had interned/worked part-time at the company.
- A total of 7,595 microinsurance beneficiaries.

- Replacement of air conditioner units and lighting equipment is projected to reduce 856.12 metric tons of CO_2e.
- Reduced annual GHG emissions at domestic sites by 6.42%.
- Cleaned up 100 kg of trash on the beach.
- Reduced of disposable food container usage by 1,015 kg in 2023.

CH 3
Sustainable Environment

3.1 Climate Action

3.2 Green Operation

3.3 Sustainable Procurement

3.4 Natural Ecosystems

Material Topics of GRI Standards

GRI 201：Economic Performance

GRI 203：Indirect Economic Impacts

GRI 305：Emissions

Targeted Stakeholders

Suppliers, Government and Regulatory Authorities, Shareholders/Investors, Employee/Corporate Union, Communities/Academic Institutions and Non-profit Organizations

Corresponding Material Topics

Climate Action, Corporate Governance

In the face of the increasingly severe challenge of climate change risks, Mega Group signed the Science-Based Target Reduction Initiative (SBTi) in response to the Paris Agreement in April 2023, committing to achieve net-zero carbon emissions by 2050. Mega Group formally joined the Partnership for Carbon Accounting Financials (PCAF) to introduce ISO14064 GHG Inventory to all of the Group's business locations and to follow the PCAF methodology for Scope 3 carbon inventory for investment and financing. We actively planned the SBT carbon reduction pathway and adopted systematic carbon reduction measures, including the introduction of international ISO standards and green building solutions, to enhance the environmental and energy management efficiency of its operations. We hope to pool our efforts to make the earth a better place.

3.1 Climate Action

Mega Group has set the goal of reducing the Group's greenhouse gas emissions by 42% by 2030 and achieve net-zero emissions by 2050, with reference to the Science-Based Target Reduction Initiative (SBTi). The Group has also developed an environmental sustainability roadmap and adopted systematic carbon reduction measures, including the introduction of international ISO standards, promoting the Green Building Label, and purchasing renewable electricity solutions, to enhance the environmental and energy management efficiency of its operations. In addition, the 2023 Task Force on Climate-Related Financial Disclosures (TCFD) reports issued by Mega Financial Holding and Mega Bank were both given the highest rating of Level 5+: Excellence by BSI Taiwan, a third-party certifying agency, demonstrating the commitment and efforts to support the TCFD framework.

3.1.1 Climate Governance

Mega Group signed to be a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020, and follows the TCFD framework to disclose climate-related information. The Board of Directors of Mega Financial Holding is the highest climate governing body of the Group. It is responsible for supervising and reviewing climate-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 change risks and opportunities.

Board of Directors | The Highest Climate-related Governing Body of the Group	
It is responsible for supervising and reviewing the Group's climate-related risk policies, management systems, and capital expenditure plans, and making climate-related issues an important topic for regular annual discussion. Besides, it has ultimate responsibility for ensuring that an appropriate and effective system of internal controls is established and maintained.	
• Major climate change proposals in 2023: 1. Formulate a plan for the Group's decarbonization strategy and commit to complete divestment from coal-fired power plants by 2040. 2. Submission of the Group's SBT review. 3. Formulate the Group's ESG promotion plan and targets for 2024, as well as medium- and long-term targets.	
↑	↑
Sustainable Development Committee Planning Low-carbon Development Strategies to Address Climate-related Opportunities	**Risk Management Committee** Controlling and Reporting Climate-related Risks
It is responsible for the proposal and implementation of policies, systems or management guidelines and specific action plans for climate-related opportunities, including the development of green financial products and the integration of climate factors into the investment and financing process, etc.	It is responsible for formulating climate risk management policies and monitoring indicators and regularly reviewing the implementation results. Based on this management mechanism, responding measures are taken under different scenarios, and the management results of climate-related risks is regularly reported to the Board of Directors.
• Major climate change proposals in 2023: 1. Present the 2024 Coalition of Movers and Shakers on Sustainable Finance commitments and planning for workgroup initiatives. 2. Formulate a plan for the Group's decarbonization strategy. 3. Formulate the Group's GHG emissions (Scopes 3) reduction target. 4. Formulate the Group's SBT decarbonization targets and submit the SBTi review. 5. Formulate the Group's ESG promotion plan and targets for 2024, as well as medium- and long-term targets.	• Major climate change proposals in 2023: 1. Report on the risk management profile of Mega Financial Holding and the subsidiaries, including the progress and highlights of climate risk management. 2. Report on the Group's stress test and climate change risk assessment under a standardized scenario. 3. Risk management assessment results of each subsidiary, including active participation in emerging risk (including climate risk) management and implementation. 4. Annual risk management objectives of each subsidiary, including the ESG high-carbon emission investment limit.

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

The Sustainable Development Committee is chaired by the President of Mega Financial Holding. The Committee is responsible for controlling the use of energy in the Group and GHG emissions, formulating sustainable finance policies, and developing low-carbon products and services, among others. Meeting minutes of these activities are regularly presented to the Board of Directors. The Committee's Environmental Sustainability Working Group is responsible for the Group's green operations activities and environmental performance management, while the Sustainable Finance Working Group is responsible for the Group's green financing services and low-carbon development strategies.

All climate-related capital expenditures of Mega 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 purchasing of IT equipment, company vehicles, 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. Mega Group's main action plans and budget for 2023 include low-carbon energy and carbon procurement, introduction of ISO environment-related systems, application for the Green Buildings label, and TCFD third-party certification fees.

Linking Compensation to Climate Performance

In the "Sustainable Development Best Practice Guidance", Mega Group specifies 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%. The scope of the assessment linked to climate change performance was expanded in 2023; in addition to the continuation of the original project assessment items, the "Implementation Rules for Annual Assessment of Subsidiaries" and the "Risk Management Assessment Methods for Subsidiaries" were revised and approved to include ESG business and management performance indicators as an important basis for the adjustment of the bonuses and remuneration of the Chairman and President of the subsidiaries. It will have an impact of 5% of the total assessment score, divided into 3% for management performance and 2% for business performance. In the future, we will continue to actively promote the linkage mechanism between the performance of senior executives and sustainable performance, and incorporate the performance of ESG dimensions into the performance evaluation index of the management.

3.1.2 Climate Strategies

Mega Group 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 promote environmentally friendly specifications and measures by combining the forces of our subsidiaries. Mega Group committed itself to exiting the coal-related industry for the first time in 2023. To enhance the Group's determination to support the low-carbon power transition, the "Mega Holdings Group Guidelines for Divestment Management in the Coal and Unconventional Oil and Gas Industries" was formulated in 2024, proposing the Group's phase-out plan. It extended the scope of the decarbonization policy to cover the supply chain of the coal and non-traditional oil and gas sectors, with the goal of complete divestment from the coal and non-traditional oil and gas sectors by 2040.

Control Subject	Coal Enterprises	Business activities include coal mining, coal-fired power (using coal for power and heat generation), and coal infrastructure (including transportation, import and export trade, storage, receiving stations, pipelines).
	Non-traditional Oil and Gas Enterprises	Business activities include non-traditional oil and gas (oil sands, shale oil and shale gas, arctic oil and gas, deep-sea oil and gas, and liquefied natural gas derived from the above non-traditional oil and gas) mining, production processes and infrastructure (such as pipelines, receiving terminals, refineries and storage facilities).
Control Scope, Principles and Objective	Loan Business	• Project financing: The Group will not undertake any new project financing for the control subject customers and will zero out the projects by the end of 2040. • General lending: The Group will avoid new general loans for the control subjects or increasing the number of loans for existing projects, and will gradually reduce the general loan portfolio to zero out the projects by the end of 2040 latest.
	Investment Business	• Equity and bond investments: The Group will avoid new general investment for the control subjects or increasing the investment for existing projects, and will gradually reduce the general investment portfolio to zero out the projects by the end of 2040 latest. • Underwriting: Avoid undertaking underwriting business for the control subjects.
	Wealth Management Business	If the issuer of bond products marketed by Mega Group is a control subject, the products should be fully labeled by the end of 2030 and the sales should cease by the end of 2040.

Note 1: The control subject refers to the enterprise whose revenue is more than 5% from the aforementioned business activities.
Note 2: The scope of application includes Mega Financial Holding and all subsidiaries.
Note 3: To support and encourage enterprises to actively transform, the control subjects may be excluded from the control perimeters if they have provided evidence and plans for sustainable transformation, or if the use of funds is for the purpose of sustainable development.

In order to further align with national policies, Mega Group refers to the "TCFD Guidelines for the Banking and Insurance Industry" issued by the Financial Supervisory Commission to identify risks and opportunities that may cause significant financial impacts.

01 Collect Climate Issues Risk Management Units of Mega Financial Holding	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.
02 Review Business Impact and Risk Linkage Business Units of Mega Group and Subsidiaries	Convene all subsidiaries and business units to discuss the impact of climate-related issues on Mega Group according to the nature of their business and link them to the traditional risks.
03 Quantitative Assessment and Adjustment of Weighting Business Units of Mega Group and Subsidiaries	Assess the degree of impact, likelihood of occurrence, and duration of impact (short-, mid-, and long-term), compile answers from related units of Mega Financial Holding and its subsidiaries, and evaluate the weighting of each company, taking into account factors such as the size of the base and business relevance.
04 Materiality Ranking and Response Risk Management Units of Mega Financial Holding	The risks and opportunities that exceed the threshold by multiplying the likelihood of occurrence and the degree of impact are further analyzed and controlled quantitatively, taking into account the business relevance and the cost effectiveness of response measures.
05 Measure Management Costs and Set up Implementation Plans Business Units of Mega Group and Subsidiaries	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 corresponding costs in response to climate risks and opportunities, and set climate opportunity targets and specific implementation plans.

Short/Mid/Long-Term Climate Risks and Opportunities

Climate Risks

Code	Category	Period	Description
R4	Physical	Medium	High-Temperature Operating Costs
R3	Physical	Medium	Underwriting & Claims
R1	Physical	Long	Extreme Climate Events
R9	Transition	Short	Tightening of existing regulations
R2	Physical	Long	Impairment of real estate collateral value
R6	Transition	Long	Clients transformation failure
R5	Transition	Medium	Changing customer preferences
R11	Transition	Long	Climate Adaptation Costs
R7	Transition	Long	International investment willingness
R10	Transition	Short	Emerging Regulatory Changes
R8	Transition	Long	Negative Reporting

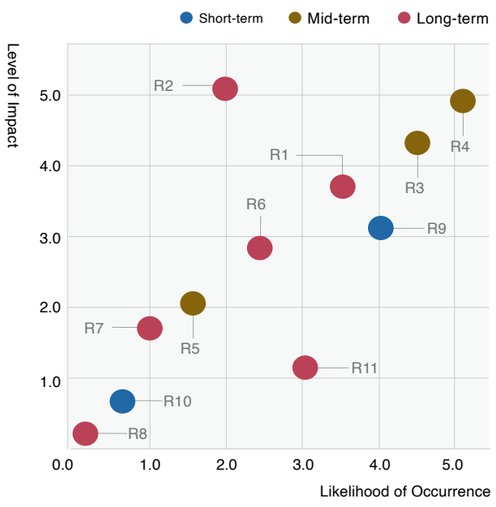
Climate Opportunities

Code	Category	Period	Description
O6	Products and Services	Short	Digital Financial Services
O9	Resilience	Medium	Low Carbon Transition Opportunities
O5	Products and Services	Long	Green Finance Products Marketing
O7	Energy	Long	Low Carbon Energy
O1	Market	Long	Increase in green investments
O4	Products and Services	Medium	Applying Equator Principles
O2	Market	Short	International Ratings
O10	Resource Efficiency	Long	Renewable Energy and Green Buildings
O3	Products and Services	Long	Customer Engagement
O8	Resilience	Medium	Green Procurement

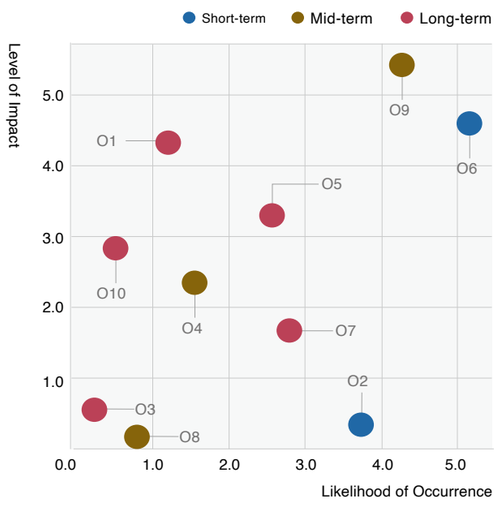
Note: The period is defined as short-term if it's within 1 year (inclusive), medium-term if it's over 1 year to 5 years (inclusive), and long-term if it's over 5 years.

Climate Risks and Opportunities Matrix

Climate Risks Matrix



Climate Opportunities Matrix



Mega Group collected 11 climate-related risks and 10 climate-related opportunities, multiplied by the dimensions of "Level of impact" and "Likelihood of Occurrence" for quantitative analysis and control of materiality. The top 3 climate risks and opportunities were selected to identify their potential financial impact on Mega Group during the period of impact, as well as their correlation with existing risks in the financial industry (e.g.: credit risks, market risks, operational risks, insurance risks, and management risks),to be used as the basis for relevant countermeasures and risk management.

List of Top 3 Climate Risks — RCP 8.5 Scenarios

Ranking	Risks	Potential Financial Impact	Duration of Impact	Corresponding Existing Risks	Adaptation and Mitigation Actions
1	R4 High-Temperature Operating Costs	Increase in direct or indirect operating costs (including adaptation costs) due to higher electricity prices or higher temperatures.	Mid-term	• Operational Risks	• Set carbon reduction targets for GHG Scopes 1 and 2, adopting a 1.5° C scenario and reducing absolute GHG emissions in Scopes 1 and 2 by 42% from the base year (2022) to 2030. • Implementation of energy saving and carbon reduction measures to lead the Group to shift to low carbon operations. • Renewable energy and green buildings are introduced to the Group's buildings to cope with the effects of climate change and rising temperature. • Implemented green financial transformation (Scope3): 1. Support green and sustainable industries and increase the ratio of green assets. 2. Reduce the proportion of the Group's investment and financing business in high-carbon emission industries. 3. Withdraw from investment in and financing for coal mining and non-traditional oil and gas industries.
2	R6 Underwriting & Claims	Domestic and foreign policyholders' property damage increase the amount of claims.	Mid-term	• Insurance Risks	• Include climate change risk assessment in underwriting processes, and consider the possibility of adjusting rate models based on the assessment results. • Develop reinsurance policies and intensify the monitoring of changes in catastrophic disaster risk changes and loss simulations.
3	R1 Extreme Event Financial Loss	Direct or indirect asset losses (including adjustment expenses) due to extreme weather events affecting domestic and foreign operations.	Long-term	• Operational Risks • Credit Risks • Market Risks	• We conduct regular disaster preparedness training and sets 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. • Strengthen disaster prevention equipment (e.g., waterproof floodgates, raised foundations) and implement business continuity management and drills. • The cost of ISO 22301 business continuity management renewal has been included in Mega Bank's budget planning for 2024, which is approximately NT$1.06 million. • Implemented external climate database and climate disaster modeling to keep abreast of the risk exposures of investment/ financing targets to mitigate indirect impacts on the value chain. • Setting up SBT carbon reduction targets and pathway planning for Scope 3 investment and financing.

List of Top 3 Climate Opportunities — Net Zero 2050

Ranking	Opportunities	Potential Financial Impac	Duration of Impact	Actions Taken
1	O6 Digital Financial Services	Provide digital financial services to reduce carbon emissions and energy consumption, attract digital age customers, increase revenue and profitability, and reduce operating costs.	Short-term	• Integrate digital transformation, actively promote electronic transactions and provide customers with various online information inquiry services. • Adjust traditional business models to promote paperless and online financial services.
2	O9 Low Carbon Transition Opportunities	Lead the low-carbon transition of enterprises and direct capital flows to low-carbon technologies, energy and equipment to increase revenue and profitability.	Short-term	• Implement the Group's sustainable finance policy by defining the scope of green industries and encouraging the Group to increase lending to green industries. • Set targets for corporate and individual loans for green businesses respectively, and track and manage them on a regular basis.
3	O5 Green Finance Products Marketing	Develop low-carbon products and services, such as green bonds, sustainability-linked loans, and policy products or mutual funds that encourage climate action, in order to increase revenue and profitability.	Short-term	• All subsidiaries continue to develop low-carbon loans, investment, insurance and other related sustainable financial products to seize green financial business opportunities, in order to maximize our financial influence, implement the Group's sustainable finance policy, and lead the Group in developing a business model that allows for both economic growth and environmental protection. Our actions comply with international sustainable finance initiatives, green finance-related policies of regulatory authorities, and the development trend of inclusive finance policies and classification principles. • We set business objectives for our green financial products business and monitor on a regular basis.

Climate Scenario Analysis

The scenarios adopted by Mega Group are based on the framework and methodology of climate change stress tests published by the regulatory authorities of each country, and the business nature and operation areas are included in the assessment. Different sources of climate change scenarios were selected to facilitate consistent scenario analysis and evaluation across subsidiaries. For details, please refer to the Mega Financial Holding 2023 TCFD Report.

Reference	Description	Adoption Path	Corresponding to Temperature Rise at the End
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 for Greening the Financial System (NGFS) of Central Banks and Supervisory Authorities	• Considering transition risks, physical risks and climate-related policy	• Orderly Transition Path: 2050 Net-Zero Emissions Scenario	~1.5°C
		• Orderly Transition Path: Below 2°C	~1.8°C
		• Delayed Implementation Path: Delayed Transition Scenario	~1.8°C

Physical Risks

To effectively measure the Group's physical risks and assess the impact of disaster losses on the Group's various businesses, including real estate collaterals, business locations, and supplier locations, Mega Group has introduced a climate risk model database to conduct a physical risk analysis. The main items are described below. Please refer to the Mega Financial Holding 2023 TCFD Report for the detailed analysis of each item.

Asset Category	Financial Risks	Impact on Business	Scenarios	Financial Materiality	Financial Impact of Climate Scenarios
Location of Operations	• Business Risks • Operational Risks	Operations	SSP1-2.6	Low	1. There are three locations in highly flood-prone areas, accounting for 2% of the total, and the estimated asset impairment of the highly flood-prone areas for the 2030S- and 2050S- periods are approximately NT$2 million and NT$1 million, respectively. 2. It is estimated that the total asset impairment amount for the period of 2030S- and 2050S- will be approximately NT$17 million and NT$9 million, respectively.
			SSP5-8.5	Low	1. There are three locations in highly flood-prone areas, accounting for 2% of the total, and the estimated asset impairment of the highly flood-prone areas for the 2030S- and 2050S- periods are approximately NT$1 million and NT$2 million. 2. It is estimated that the total asset impairment amount for the period of 2030S- and 2050S- will be approximately NT$13 million and NT$19 million, respectively.
Real Estate as Collaterals	• Credit Risks	Corporate/ Individual Lending	SSP1-2.6	High	1. The percentage of real estate loans outstanding in flood-prone and weather-sensitive areas in 2050S- is 4.31%, and the estimated asset impairment amount is approximately NT$3.476 billion. 2. The overall collateral loss for 2050S- is estimated to be approximately NT$17.09 billion.
			SSP5-8.5	High	1. The percentage of real estate loans outstanding in flood-prone and weather-sensitive areas in 2050S- is 5.19%, and the estimated asset impairment amount is approximately NT$4.19 billion. 2. The overall impairment loss for 2050S- is estimated to be approximately NT$19.051 billion.
Underwriting Position	• Insurance Risks	Property Insurance Products	SSP1-2.6	High	1. The percentage of retained liabilities for insurers in flood-prone and weather-sensitive areas in 2050S- is 2.29%, and assessed impairment amount for the insured is approximately NT$620 million. 2. It is estimated that the total impairment amount for the period of 2050S- will be approximately NT$6.062 billion.
			SSP5-8.5	Material	1. The percentage of retained liabilities for insurers in flood-prone and weather-sensitive areas in 2050S- is 9.95%, and assessed impairment amount for the insured is approximately NT$2.65 billion. 2. The overall collateral loss for 2050S- is estimated to be approximately NT$8.047 billion.
Major Suppliers	• Business Risks	Operations	SSP1-2.6	Low	1. 0% of suppliers in highly weather-sensitive regions (no loss). 2. It is estimated that the total asset impairment amount for the period of 2030S- and 2050S- will be approximately NT$72 million and NT$72 million.
			SSP5-8.5	Material	1. 0% of suppliers in highly weather-sensitive regions (no loss). 2. It is estimated that the total asset impairment amount for the period of 2030S- and 2050S- will be approximately NT$61 million and NT$78 million.

Note: The "Financial Climate Physical Risk Information Integration Platform Database" of the Joint Credit Information Center (JCIC) was cited for 2023. Through the import of the database and missing data, two climate scenarios, SSP1-2.6 and SSP5-8.5, from the latest international research results of the CMIP6 project (IPCC AR6 report) were used. We also used two sets of climate scenarios, SSP1-2.6 and SSP5-8.5, from the IPCC AR6 report, and combined them with two sets of projections, 2021-2040 (2030S-) and 2041-2060 (2050S-), to further evaluate the physical risks of the value chain.

Transition Risks

The Network for Greening the Financial System (NGFS), a global network of central banks and financial regulators, has released the latest climate change scenarios, which present different scenarios depending on the level of implementation and efficiency of the future low-carbon transition. With reference to the NGFS climate change scenario framework, Mega Group proposes a scenario analysis to assess the impact of the reduction targets on the Group's transition.

Mega Group uses a consistent assessment methodology and conducts situational analysis tests to assess the impact of climate risk on individual businesses. 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, further formulate long-term strategic directions for the future, and set specific carbon reduction targets in the future.

Asset Category	Financial Risks	Impact on Business	Scenarios	Financial Materiality	Financial Impact of Climate Scenarios
Financing Position	• Credit Risks	Corporate Lending	NGFS Net Zero 2025	Medium	Assuming a carbon price of US$19 per metric ton, 15 borrowers were downgraded to tier one if they were large carbon emitters regulated by the Environmental Protection Administration of Taiwan.
			NGFS Net Zero 2030	Medium	Assuming a carbon price of US$142 per metric ton, 33 borrowers were downgraded to tier one and 4 were downgraded to tier two if they were large carbon emitters regulated by the Environmental Protection Administration of Taiwan.
			NGFS Net Zero 2050	Medium	Assuming a carbon price of US$938 per metric ton, 20 borrowers were downgraded to tier one if they were large carbon emitters regulated by the Environmental Protection Administration of Taiwan.

Asset Category	Financial Risks	Impact on Business	Scenarios	Financial Materiality	Financial Impact of Climate Scenarios
Major Suppliers	• Business Risks	General Operations	NGFS Net Zero 2030	Low	Assuming a carbon price of US$142 per metric ton, the transfer of carbon fee costs from major suppliers totaled NT$135.64 million.
			NGFS Net Zero 2050	Medium	Assuming a carbon price of US$938 per metric ton, the transfer of carbon fee costs from major suppliers totaled NT$894.90 million.

3.1.3 Climate Risk Management

Mega Group's climate risk management mechanism is based on the latest laws and regulations, including the international TCFD recommendations, Taiwan's "Green Finance 3.0 Policy" and "Climate Change Response Act" (formerly the Greenhouse Gas Reduction and Management Act), the UN's IPCC AR6, Science-Based Targets (SBT), and the latest national plans for achieving United Nations Sustainable Development Goals (SDGs) and Paris Agreement targets.

The "Risk Management Policy and Guidelines" and other risk management rules have been established by the Board of Directors of Mega Group. These rules stipulate the establishment of effective mechanisms for the identification, measurement, monitoring and control, reporting, and responses to risks, and the establishment of risk management targets and regular follow-up of the implementation status. Mega Group has also established management principles for credit risks, market risks, operational risks, legal and compliance risks, human resources management risks, and information security management risks. Each subsidiary has incorporated 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.

Moreover, in recent years, Mega Group has revised its "Climate Risk Management Guidelines", "Sustainable Finance Policy", "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries", and "Guidelines for Divestment Management in the Coal and Unconventional Oil and Gas Industries", which further explain the mutual impact of traditional financial risk and climate-related risks, incorporate climate risk factors into consideration of core business and operations, and strengthen climate-related risk management.

Risk Management Process

Mega Financial Holding communicates policies to all subsidiaries through the risk management unit, which then serve as the basis for each subsidiary to establish risk management goals, monitoring indicators, risk limits, and implementation guidelines based on the nature of their business. These are then submitted to business units for adoption. Business units review their operations and climate-related risks, and the risk management unit regularly consolidates the execution status and reports to the Risk Management Committee and the Board of Directors.

STEP 1
Risk Identification
Collect risk report published by important institutions across the world as well as messages from personal or corporate customers to identify possible climate-related risks.

STEP 2
Risk Assessment
Determine the latest trends, scope of impact, and possibility of climate-related risks and evaluate the impact on the Group and customers.

STEP 3
Risk Response
Adopt control, mitigation, and avoidance measures according to the risk assessment on climate change impact.

STEP 4
Risk Reporting
Periodically submit risk reports and present the implementation status of climate change risk management to the Risk Management Committee and Board of Directors.

Risk Management Procedures

With the deterioration of global environmental conditions, Mega Group recognizes that the risks and opportunities brought about by climate change are gradually impacting the Group's operations. In setting annual operating objectives and business strategies, the Group integrates climate risk management into the enterprise risk management framework and takes the impact of climate-ated risks and opportunities into account in its decision-making.

Physical Risk Management

Climate Risk Impact	Management Mechanisms	Integrated Management Measures
Interruption of Operations	• Establish Business Continuity Planning (BCP)	• In accordance with the "Business Continuity Plan Operational Guidelines", 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 and sets 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. • Insurance is used to transfer risks and cover losses on own assets.
Valuing Losses on Real Estate Collaterals	• Enhance Pre-underwriting Assessment	• We conduct pre-loan assessments of real estate collaterals and investigate the price information of similar objects in the region where the collaterals are located. We include valuation and assessment items based on the geographic environment of the buildings, such as topography, slope, flooding potential, etc., for the reference of users of the valuation reports for underwriting and risk assessment, so as to minimize the loss in the valuation of collaterals due to extreme weather abnormalities. • We encourage customers to use insurance to transfer costs or subsidize losses.
Increase in Policyholder Claims	• Enhance Pre-underwriting Assessment	• For the pre-insurance assessment of the subject matter, if the subject matter is to be insured against typhoons and floods, we will inquire about the flooding potential of the subject matter or arrange for on-site inspections to understand the risks, or utilize reinsurance to reduce the risks, so as to mitigate the losses or underestimation of premiums due to extreme weather conditions, which may result in huge claims for the Company. • Use reinsurance to transfer costs or subsidize losses.
Key Supplier Disruption	• Establish a Backup Management Mechanism for Key Suppliers	• Prior to procurement, suppliers should be assessed to determine whether they have any records on environmental and social impacts, and should sign the supplier Sustainability Statement when signing contracts with Mega Group. • We have formulated the "Guidelines for Procurement, Leasing and Disposal of Property" to establish a sound procurement process and cooperate with suppliers of good standing through a multi-party price comparison process.

Transition Risk Management

Climate Risk Impact	Management Mechanisms	Integrated Management Measures
Customers are subject to regulatory supervision of financing position credit risks affected by technological transformation	• Optimize risk avoidance, mitigation, and transfer mechanisms for loan customers	• A list of investments in energy-intensive and highly-sensitive companies is controlled and assessed to avoid excess spread of exposure to high-risk customers. • When handling loans, understand the ESG impact of the loan customers and the use of loan funds as a factor for loan risk consideration. Incorporate ESG impact solutions into the terms and conditions of loan underwriting or commitments in a timely manner in order to minimize the related risks. • Yearly reviews are performed to examine whether the climate risks of loan borrowers generated a financial impact to a degree that affects their solvency. Carbon-intensive companies under governmental supervision are encouraged todisclose the improvement status of their transition risks to secure a special rate. • Enterprises that have been announced or penalized by domestic or foreign competent authorities for high pollution, high carbon emissions, or major environmental violations should provide specific improvement plans and strict evaluations must be carried out before setting up loan transactions. If such transactions already exist, the Company should urge customers to make improvement, refuse incremental loans or gradually withdraw loans.

Climate Risk Impact	Management Mechanisms	Integrated Management Measures
Shifting of operating costs from key suppliers increasing the Group's operational risks	• Reinforcement of key suppliers' awareness of sustainability information	• Understand suppliers' implementation of the Supplier Sustainability Management Guidelines through joint supplier meetings, trainings, or communication seminars. • In the event that a supplier causes a significant impact on the environment and society, the contract with the supplier may be terminated or canceled at any time, and the business may be blacklisted. Encourage key suppliers to pay attention to the impact of climate risk and respond to it as soon as possible through mechanisms such as the implementation of a sustainability self-assessment questionnaire.

Internal Carbon Pricing (ICP)

Mega Group has referred to the NGFS Net Zero scenario of US$142 per metric ton in 2030 to assess and manage the carbon risk of Scope 1 and 2 and the investment and financing targets as a reference for future investment and financing decisions.

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

3.1.4 Climate Metrics and Targets

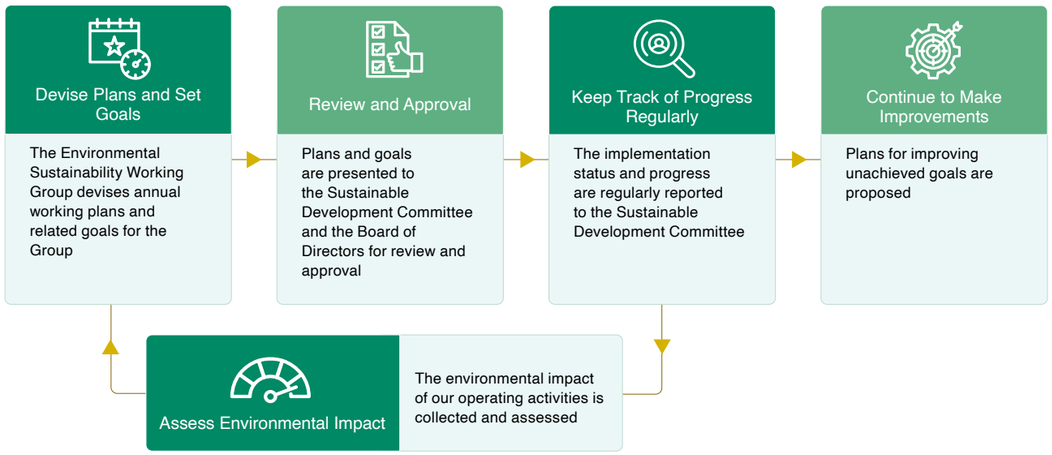
To monitor and manage the physical risks of Mega Group, we have set GHG emission targets and sustainable finance goals. Currently, we regularly disclose our GHG emissions every year, and have completed an inventory of 100% of the Group's operating sites from 2022 onwards (for details, please refer to 3.2.2 Energy and GHG Management). As a responsible investor, Mega Group actively engages with investment targets to cooperate in reducing carbon emissions, in order to comply with the global net zero emission target. In 2021, the Group voluntarily responded to the spirit of "The Partnership for Carbon Accounting Financials (PCAF)" and used the methodology developed by PCAF to calculate the total carbon emissions of its major investment/financing portfolios, and further analyze the carbon footprint of industries with high climate-related risk as a tool for managing and evaluating the climate-related risks faced by the investment portfolios. Mega Group will use the results of this analysis as a basis for reviewing high carbon contribution targets in our investment and financing portfolios, and will continue to enhance client engagement.

In response to the warming target not exceeding 1.5° C warming by the end of the century detailed in the Paris Agreement, Mega Financial Holding signed the Science Based Targets Initiative (SBTi) in April 2023. In addition to calculating the carbon emissions of Scope 3 investments and financing with reference to the PCAF methodology, the Group has also set specific carbon reduction targets and pathways in accordance with the SBT methodology, to be submitted for SBTi for review. Mega Financial Holdings formulated the "Policy Influence Declaration" in 2024, requesting all companies in the Group that participate in lobbying activities as representatives of academic/trade associations and involve lobbying policy engagements or material sustainable-related issues such as climate change, should carefully evaluate and report to the Chairman and assign corresponding internal units to participate in such issues. During the period of participating in lobbying activities as representatives of academic/trade associations, the company should commit to effectively monitoring or reviewing lobbying activities and public policy engagements are in line with the spirit of the Paris Agreement. In addition, Mega Group participated in the "Climate Change Risk Management Project" and the "New Basel Capital Accord Continuing Research Working Group Stress Test Subgroup Project" of the Bankers Association of the Republic of China. Discussions were held with the Bankers Association to formulate climate-related regulations applicable to the financial industry (including the Banking Industry Carbon Disclosure Guidelines Handbook, and the Insurance and Securities Industry Guidelines for TCFD Disclosure). Many dialogues and discussions on sustainability issues such as climate change and renewable energy were conducted with the Financial Supervisory Commission (FSC). We have also held many dialogues and discussions with the Financial Supervisory Commission (FSC) on climate change, renewable energy, and other sustainability-related issues. At the same time, it is planned that all subsidiaries will participate in the Working Group for the Promotion of Net Zero Initiatives for Financial Industries jointly established by the Bankers Association and competent authorities, in the hope that through the power of these units, we can work together to move towards the 2050 net-zero emissions target.

Policy Influence Declaration

3.2 Green Operation

Through the Environmental Sustainability Working Group under the Sustainable Development Committee, Mega Group complies with the "Sustainable Development Policy" and "Code of Corporate Sustainable Development". 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 climate action, green operations, sustainable procurement, and natural environment). The progress of our goal achievements is reviewed quarterly by the Sustainable Development Committee to implement the Group's environmental sustainability management. Mega Group did not violate any environment-related laws and regulations in 2023.



3.2.1 International Standard Certifications and Initiatives

Mega Group actively adopts international standards and participates in relevant evaluations, organizes relevant training to improve employees' understanding and professional knowledge on environmental sustainability, and reduces the environmental impact of our operating activities.

Item	Description
CDP Climate Change Questionnaire	Since 2017, Mega Group began completing the CDP climate change questionnaires of international NPOs to reflect on the environmental impact of the company's operations, identify the climate risks and opportunities we face, and formulate related response plans. In 2023, we continued to achieve an A- Leadership Level and outperformed the industry average performance of a B Management Level.
ISO 14064-1:2018 Greenhouse Gas Inventory	2016 Five office buildings of Mega Group obtained ISO 14064: 2006 GHG Inventory certification statements for the first time. The scope of the inventory has been expanded year by year and continues to be inspected annually. In 2019, 139 operating locations were verified, covering 61% of the locations. 2020 New version of ISO 14064: 2018 was introduced and expanded to all 192 operating locations in Taiwan, achieving a 100% inventory of operating locations in Taiwan and a group coverage rate of 84%. 2022 Joined the inventory of overseas locations to achieve 100% coverage of the Group, passing the verification certification and obtaining the certification statement from 2020 to 2023.
ISO 14001:2015 Environmental Management System	Mega Bank's headquarters Mega Chi-Lin Building introduced the ISO 14001 Environmental Management System in 2017, and completed the certification process from 2018 to 2020. This management system was introduced into the buildings where the headquarters of subsidiaries are located in 2022, and the review process was completed to maintain the validity of the certification in 2023. The implementation of the system is planned to be completed for all 192 operating locations in Taiwan in 2024. Mega Financial Holding has obtained the ISO 14001 certification on September 5, 2022, with the validity period from September 5, 2022, to September 4, 2025.

Item	Description
ISO 50001:2018 Energy Management System	Mega Bank's headquarters Mega Chi-Lin Building introduced the ISO 14001 Energy Management System in 2021. The system was also implemented and certified at the five headquarters buildings of Mega Group in 2022, with a review process to maintain the validity of the certification completed in 2023. Mega Financial Holding has obtained the ISO 50001 certification on September 20, 2022, with the validity period from September 20, 2022, to September 20, 2025.
Green Building Label	In 2023, Mega Group obtained Silver-class Green Building Label or higher for a total of 8 business locations. Mega Bank (Mega Chi-Lin Building and Gangdu Branch), Mega Securities, (Mega Securities Building), CKI (Mega Insurance Building and Taoyuan Branch) obtained the Diamond-class Green Building Label. Mega Financial Holding (Mega Financial Holding Building), Mega Bank (Hengyang Building), and Mega Bills (Kaohsiung Branch) obtained the Gold-class Green Building Label. In 2024, Mega Bank (Yongkang Branch) and Mega Securities (Xinying Branch) will obtain the Green Building Label, and by 2030. A total of 20 locations will successfully transition by 2030.
Solar Powered Branche	The installation of solar modules at Mega Bank's Gangdu Branch was completed in December 2023, and it is expected that by 2030, a total of 10 business locations will be equipped with solar energy.

Note: For ISO 14001, ISO 14064 and ISO 50001 certification, please refer to 8.5 Verification Statement by External-Independent Parties.

3.2.2 Energy and GHG Management

GHG Reduction Goals

To respond to the issue of climate change and to support Taiwan's energy transition policy – to develop "clean energy that uses less coal, more gas, greener, and non-nuclear" to reduce air pollution and implement energy conservation and carbon reduction, in December 2023, the Board of Directors approved to set the Group's greenhouse gas emissions (Scope 1+2) with reference to the SBTi requirements: reduce emissions by 42% by 2030 and achieve Net-zero Emissions by 2050 from a 2022 base year.

Renewable Energy and Carbon Rights Procurement

In 2019, the Mega Group completed its first T-RECs transaction and purchased T-RECs from the Hakka Affairs Council, Kaohsiung City Animal Protection Office, and National Penghu University of Science and Technology through the National Renewable Energy Certification Center's online platform. Mega Group has accumulated 1,176 certificates by 2022. However, considering that the supply of T-RECs is unstable and the price is soaring year by year, in order to realize the Group's SBT goal, the proportion of green power usage in the headquarters of the Group and its subsidiaries will be gradually increased starting from 2023.

In 2023, Mega Group used 2,145,000 kWh of green electricity and reduced 1,061.78 tons of CO2e. In 2024, over 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 International Carbon Credit Trading Platform by Taiwan Carbon Solution Exchange (TCX) on December 22, 2023, Mega Financial Holding has actively responded to become one of the first international buyers of carbon rights, which will be used to offset emissions from ISO 14064 GHG inventory for business travel, and to fully support the government's efforts to move toward the era of carbon pricing.

GHG Inventory

Mega Group has introduced ISO 14064-1 GHG inventory since 2015, with five main buildings as demonstration units in the first year, gradually expanding the boundary of the inventory. In 2019, 139 locations in northern and central Taiwan have completed verification, for a coverage rate of 72% (excluding overseas locations). In 2020, the Group expanded the scope of its inventory tonclude 192 locations throughout Taiwan for a coverage rate of 100% (excluding overseas locations). In 2021, we began calculating the Scopes 1+2 emissions from our overseas locations and completed the GHG inventory in 2022, achieving a Group coverage rate of 100%. There was 6.42% reduction in domestic Scope 1+2 emissions from the business locations compared to the base year in 2023, achieving the short-term goal of reducing 5.25% compared with the base year; however, the global locations in 2023 decreased by only 4.07% compared with the base year (did not reach the goal).

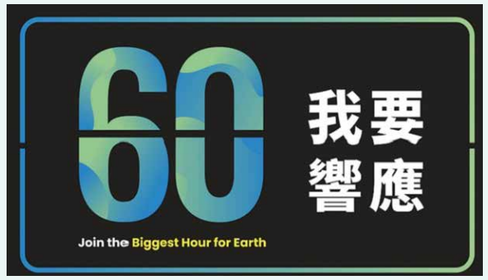
Case Study Carbon Reduction Actions – Office Electricity Saving Plan

In 2023, Mega Group replaced the old air-conditioning units of the building and selected high-efficiency air-conditioning equipment with energy-saving labels and R410A environmentally friendly refrigerant to save energy and utilize the existing refrigerant pipelines. In the same year, the Group also completed the replacement of air-conditioning units and lighting equipment at its major locations of operation, with a total investment of approximately NT$26,247,200, an expected carbon reduction of 856.12 metric tons of CO_2e, and an annual saving of approximately NT$3,316,136 in electricity costs.

In addition, Mega Group replaced all VFD split air-conditioners with environmentally friendly refrigerants in 2023; 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.

Case Study Responding to International Climate Action Initiatives

Mega Financial Holding actively participates in climate action initiatives, including the WWF's "Earth Hour" light-off event and the CommonWealth's "Tamsui River Convention" on March 25, 2023, from 20:30 to 21:30. We hope to inspire employees to focus on the issue of climate change and expand sustainable impact.



3.2.3 Water Resources Management

Mega Group belongs to the financial services industry, and water consumption in its operations mainly comes from general domestic water use, which has a minimal impact on the environment. However, since Taiwan is located in an area with water pressure, the Group has set a target of reducing water consumption by 0.5% annually, with a view to achieving the mid-term target of a 2.5% reduction by 2025 compared with 2020, and the long-term target of a 5% reduction by 2030 compared with 2020. We have promoted 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. The Group's water consumption in 2023 increased by approximately 0.2% compared to 2020. This may be due to an increase in the number of employees. We will continue to promote the concept of water conservation with our employees. For detailed information on the Group's water use, please refer to Appendix 8.3.1 Environmental Indicators.

3.2.4 Waste Management

Due to the characteristics of the industry, Mega Group does not produce physical commodities and does not generate toxic waste during the operation process. However, we set a target of 2% reduction from the base year in the short-term (2022-2023), 5% reduction from the base year in the mid-term (2022-2025), and 10% reduction from the base year in the long-term (2022-2030). We will also actively promote resource recycling,

waste separation and recovery. All of the Group's wastes are entrusted to qualified cleaning companies for transportation, and the recyclables were transferred to qualified recycling plants, while the garbage was mainly disposed of by incineration. For detailed information on the Group's waste, please refer to Appendix 8.3.1 Environmental Indicators.

Mega Group launched a waste reduction program in 2018. Office wastes are divided into general waste and recyclable waste. Mega Financial Holding and its subsidiaries have also implemented the "Zero Personal Bin" policy to reduce domestic waste produced by employees. At the same time, through various environmental protection education training and activities, we promote waste reduction management measures to our staff, building management and cleaning companies from time to time.

Case Study Mega Bills "Waste Reduction through Meals" Program

Mega Bills initiated a pandemic prevention measure in March 2020, switching single-use lunch boxes to paper-based boxes. In September of the same year, the Company switched again to stainless steel lunch boxes in response to Mega Group's waste reduction policy. Every morning, the Administration Department counts the number of people who will be having lunch that day and informs the kitchen staff. After lunch, each department will return the used boxes back to the kitchen, and the kitchen staff will do a stock-take of the returned boxes. Reduced 158 paper lunch boxes per day, 39,342 per year, and 1,015 kg of disposable food container usage in 2023.

Case Study Earth Day Ocean Education Tour, Protect the Ocean and Love the Earth

To implement the environmental protection concept of protecting the ocean and loving the earth, in April 2023, Chairman Chao-Shun Chang of Mega Group led the employees of all subsidiaries and their family members to Keelung participate in marine ecology education and carry out a beach cleanup in the Wang Hai Xiang Seaside Leisure Park. More than 100 kg of garbage were cleaned up through this beach cleaning activity, and many employees also took this opportunity to bring their children to participate in the beach cleanup, braving the hot summer heat. They are teaching their children about environmental conservation from a young age, protecting the oceans through their own efforts, and contributing to a sustainable environment.

3.3 Sustainable Procurement

Mega Group follows the Sustainable Development Policy, which states that "green procurement should be prioritized and products from environmentally friendly manufacturers should be adopted", and the Sustainable Development Best Practice Guidance, which states that "recycling-based procurement that promotes resource reduction, recycling and reuse should be taken into account", in order to implement responsible procurement management. Mega Group is advised to consider the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct operations in accordance with the following principles to reduce the impact of its business operations on the natural environment and human beings.

Mega Group's Six Principles of Sustainable Procurement

- Reduce resource and energy consumption of their products and services
- Improve recyclability and reusability of raw materials or products
- Maximize the sustainability of renewable resources
- Reduce emission of pollutants, toxins and waste, and dispose of waste properly
- Consider using energy efficiency and durable products
- Improve the efficiency of products andservices

3.3.1 Value Chain Engagement

Mega Group is a financial service sector, working mainly with contractors, distributors, and consulting service providers. Key suppliers are all located in Taiwan. The value chain of the Company is as follows:

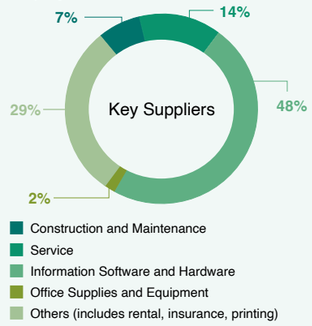
Upstream Suppliers → **Company Operations** → **Financial Products/Services and Investments/Lending**

Types of Suppliers

Service and equipment engineering suppliers.

Type of Contract

Mainly project contracts, the length of which is dependent on the content of the project.



Business Activities

Mega Group is mainly a provider of financial products and services and has seven subsidiaries, namely, Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds, MAM, and MVC.

Location of Operations

194 business locations (excluding the same address) in Taiwan and 40 overseas in 17 countries, mainly in Asian countries, including China, Japan, Singapore, Philippines, Vietnam, Malaysia, Thailand, Myanmar, Cambodia, India, and non-Asian countries such as the United States, Panama, Canada, France, United Kingdom, Netherlands, and Australia, etc.

Types of Customers

The subsidiaries of Mega Group operate different businesses and therefore, serve different types of customers. For example, Mega Bank serves individual customers/consumers (33%), SMEs (40%), large companies (or non-SMEs; 23%), and others (4%).

Type of Contract

Long-term and short-term contracts, mostly contracts and projects, depending on the nature of business involved. At the end of 2023, the number of holders of savings account and corporate account was 3,963,728 and 138,036, respectively, mostly based in Taiwan.

3.3.2 Supplier Management

Before cooperating with suppliers, Mega Group needs to check with the online inquiry systems of the competent authorities (e.g. the Ministry of Labor and the Ministry of the Environment) to find out whether the suppliers have any negative records on adverse environmental or social impact, which will be used as a reference for evaluation and selection.

01 Ex-ante Investigation
Investigate whether a supplier has records of negative impact on the environment or society.

02 Sign Statement
Have suppliers sign the "Supplier Sustainability Statement" when entering a contract with them.

03 Communication and Management
Remind suppliers about and communicate environmental sustainability and labor rights issues with them regularly.

04 Periodic Tracking
Check whether a supplier has made any violations regularly.

To implement supplier management, Mega Group revised the "Supplier Sustainability Management Guidelines" in June 2022, and requested subsidiaries to develop guidelines or comply with related regulations. The revisions also specify the regulatory requirements that existing suppliers must comply with regards to labor rights, human rights, occupational safety and health, environmental sustainability, and business ethics and integrity, etc. In addition, new suppliers must sign the "Supplier Sustainability Statement" when entering into a contract with Mega Group and take environmental and social criteria into consideration. If a supplier violates the terms of the Guidelines or conducts specified in the Statement, Mega may terminate or rescind the contract at any time and blacklist the supplier.

Supplier Sustainability Statement

In 2023, suppliers with whom Mega Group signed a contract did not violate any laws and regulations nor engage in conducts prohibited in the aforementioned Guidelines/Statement.

Supplier Sustainability Statement of Mega Group in the Past 3 Years

Items / Year		2021	2022	2023
Number of Contracts	(A)	559	658	666
Contract Amount (thousand NTD)	(B)	2,208,640	3,071,941	2,432,573
Number of suppliers who signed the Supplier Sustainability Statement	(C)	559	658	666
Contract amount of suppliers who signed the Supplier Sustainability Statement (thousand NTD)	(D)	2,208,640	3,071,941	2,432,573
Contract amount of suppliers who signed the Supplier Sustainability Statement in percentage (%)	(=D/B)	100%	100%	100%
Total Procurement Amount (thousand NTD)	(F)	2,579,808	3,475,429	3,257,666
Contract amount of suppliers who signed the Supplier Sustainability Statement as a percentage of total procurement amount (%)	(=D/F)	85.61%	88.39%	74.67%

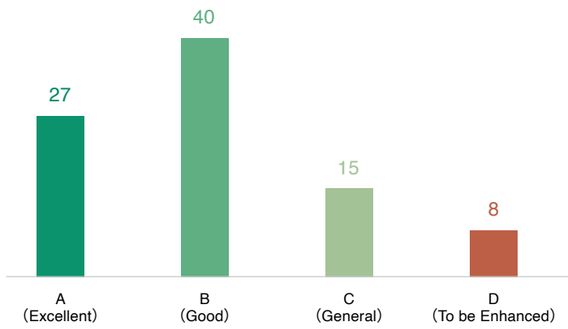
Note: The Statement is signed by key suppliers who have a procurement contract with the company.

Supplier Sustainability Self-Assessment Questionnaire and Training

To strengthen supply chain management and promote the benefits of supplier engagement, Mega Group launched a "Sustainable Development Self-Assessment Questionnaire" mechanism for key suppliers (whose single or cumulative transaction amount in the previous year is NT$1.5 million or more). The objective of the questionnaire survey is to determine the supplier's performance in "labor rights, human rights, environmental sustainability, occupational safety and health, and ethical management." Suppliers are required to perform a self-assessment of their sustainability performance in the previous year. The performance is rated from A to D. In 2023, a total of 90 questionnaires were returned, and the results were 27 companies with the A rating, 40 companies with B rating, 15 companies with C rating, and 8 companies with D rating.

Result of Self-Assessment from the Key Suppliers in 2023

Unit: number of suppliers



Analysis of the questionnaires revealed that the key suppliers were mainly SMEs, and they needed to improve aspects in relation to ESG information disclosure and transparency, and adoption of ISO environment-related management systems. To this end, Mega Group will continue to implement training and supplier communication meetings to increase the coverage of sustainability-related training between the Group and its suppliers. In addition, we intend to enhance the effectiveness of self-evaluation by strengthening the promotion of questionnaire completion, increasing the number of random checks, requiring the provision of supporting information, or conducting comprehensive surveys through external professional organizations.

Case Study Mega Group Co-organizes Supplier ESG Seminars

Continuing the spirit of the Ministry of Finance's "ESG Advocacy Platform for State-Owned Financial Enterprises", Mega Group continued to organize the "2023 Supplier ESG Seminar" series, inviting experts to share their views on supply chain risks, greenhouse gas management, and sustainable procurement, and expanding the invitation to the Group's value chain partners to respond to the seminars. A total of 50 representatives from 33 key suppliers attended the seminar, ensuring our commitment to "leverage positive impact, lead sustainable development" and achieving the goal of net-zero emissions by 2050.

3.3.3 Green Procurement

Mega Group is committed to prioritizing the purchase of products with environmental or energy-saving labels, and has set the Group's green procurement target of "the current year's green procurement amount reaching 2.2% of the total procurement amount". The green procurement amount accounted for 3.84% in fiscal year 2023, and the target achievement rate was 174.55%. In addition, Mega Bank plans to complete the introduction and certification of the ISO 20400 Sustainable Procurement Guidance by 2024. It also received the "Award for Performance Excellence in Green Procurement Among Private Enterprises and Organizations in Taipei City" from the Taipei City Government Department of Environmental Protection for six consecutive years.

Items of Green Procurement

IT and Office Equipment	Lighting Equipment	Transportation Vehicles (Company Cars and Motorcycles)	Air-conditioning and Electrical Appliances (e.g., refrigerators and water dispensers)
Products with environmental protection labels are chosen for the procurement of computer equipment (PCs).	LED lighting equipment is prioritized for the replacement of old lighting equipment.	**Company Cars:** Prioritize models with environmental protection certification and gradually increase the use of hybrid vehicles. **Company Motorcycles:** Group subsidiaries have begun procurement of electric motorcycles with environmental protection certification.	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.

Mega Group's Green Procurement in 2023

Unit: thousand NTD

Items	Amount	Amount of Green Procurement
Type 1 & 2 Environmental Protection Certification	92,579.6	123,591.1
Type 3 Environmental Protection Certification	2,600.6	
Energy Stars	16,148.6	
FSC	613.9	
PEFC	25.3	
Other (e.g. Carbon Footprint and Carbon Reduction Labels)	11,623.1	
Total Annual Procurement Amount		**3,219,592**
Percentage of Annual Green Procurement Amount (%)		**3.84%**

Note: Mega Group purchases eco-friendly products or products with energy efficiency labels, specifically those defined by the Ministry of Environment, which requested enterprises, both private and public, to declare their green procurement, including Type 1 & 2 Green Mark, and Type 3 Eco-labeled Products (which includes energy label, water conservation label, green building material label, carbon footprint label, and carbon reduction label), as well as green products that certified by other foreign eco-label organizations such as energy stars, FSC, PEFC and etc.

3.4 Natural Ecosystems

The diversity of wild animals, plants, and their habitats on Earth are highly relevant to our everyday lives. The Partnership for Biodiversity Accounting (PBAF) advocates for financial institutions to play a key role in protecting and sustainably utilizing biodiversity through providing loans and investment. While striving to address the risk of biodiversity loss, Mega Group is also actively seeking opportunities to create positive impact. We hope to manage risks through our core business functions, incorporating biodiversity-related risks and opportunities into our strategic plans, risk management, and asset allocation decisions. By doing so, we can help our clients find opportunities to develop and expand their businesses in a way that is harmonious with nature, promoting a sustainable development model where humans are able to coexist with nature while also guiding companies to focus on restoring the health and completeness of the Earth's ecosystems.

3.4.1 Nature-Related Financial Disclosure

In 2023, Mega Group continued the framework of Task Force on Climate-Related Financial Disclosures (TCFD), and analyzed the interaction of operating activities on the natural environment according to the framework of Taskforce on Nature-related Financial Disclosures (TNFD) on the topic of the natural environment. We analyzed the interaction between business activities and the natural environment, and explored the nature-related risks and opportunities caused by the dependency and impact of economic activities in accordance with the TNFD's definition of the four domains: land, sea, freshwater, and atmosphere. While Mega Group strives to address the risk of biodiversity loss, it also actively seeks opportunities to create positive impacts to promote a sustainable development model in which human beings can live in harmony with nature.

Management Approach

Board of Directors

- Highest governance body for nature-related issues.
- Responsible for overseeing and reviewing the Group's nature-related risk policy, management system and capital expenditure planning.
- Hold the final responsibility for the establishment and maintenance of an appropriate and effective internal control system.

Sustainable Development Committee

- Responsible for policies, systems, or management approaches related to natural opportunities.
- Develop and implement programs to promote positive impacts of nature.
- Incorporate the consideration of natural factors into financial products and evaluate the benefits to the environment.

Risk Management Committee

- Manage and report on natural risk related issues.
- Formulate natural risk management policies and regularly review the effectiveness of implementation.
- Regularly report to the Board of Directors on the management of nature-related risks.

Biodiversity Commitment

Level	Basis	Commitment Content
Mega Group	• Sustainable Finance Policy	• In compliance with the United Nations Convention on Biological Diversity (CBD), we support industries or entities involved in green and sustainable development: Including the construction industry involved in green buildings or energy-saving systems or products for buildings, businesses involved in waste removal and recycling, pollution control, and carbon sequestration, and businesses adopting measures for sustainable agriculture, forestry, fishery, and animal husbandry. • Risk Framework: Mega Financial Holding and its subsidiaries have included climate change and other ESG-related risk factors into the risk management framework.
	• Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries	• We have prohibited ourselves from conducting business with certain industries or entities, such as those engaging in activities that are hazardous to ecological sustainability. Examples include the use of gillnetting with a gillnet length of 2.5 km or longer, and commercial logging in tropical rain forests, etc. • List highly sensitive industries or entities: To set exception management policies for 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, as well as the mining and quarrying industries, and wildlife leather and fur processing, fur trading. • Set green and sustainable development industries or targets: Specify support for sustainable agriculture, forestry, fisheries and animal husbandry, waste removal and recycling, pollution control and carbon sequestration, water resource utilization, and other industries and economic activities that contribute to the conservation of biodiversity.
	• Resolution of the Sustainable Development Committee	• Mega Group has not set up any of its domestic and overseas business locations in protected natural areas. We are committed that all of our domestic and overseas business locations will not be located in natural reserves/protected areas, national parks and national nature parks, wildlife sanctuaries, or important habitats for wildlife set up by the local governments. Furthermore, in the areas affected by the business locations, there will not be any species listed on the IUCN Red List or the national conservation lists. • We are committed to ensure all new or relocated business locations will comply with Mega Group's principles of Biodiversity Conservation and Zero Deforestation.
Mega Bank	• Note on ESG Risk Rating for Corporate Lending • ESG Risk Rating Management Rules for Equity Investments	• We also assessed the businesses we provide credit and equity investments to, assigning each credit and equity investment target with an ESG risk rating. Each business is sorted into different industry categories, and assessed based on the different key ESG risk indicators determined for each industry and production activities. These indicators include metrics related to waste and hazardous materials management, water resources management, and biodiversity, among others, and businesses are treated differently based on what ESG risk rating they receive after assessment.
Mega Bills	• Sustainable Finance Policy	• Incorporate reference to the United Nations CBD to support green and sustainable industries or objects: Including the construction industry involved in green buildings or energy-saving systems or products for buildings, businesses involved in waste removal and recycling, pollution control, and carbon sequestration, and businesses adopting measures for sustainable agriculture, forestry, fishery, and animal husbandry. • Risk Framework: Climate change, biodiversity and other ESG-related risk factors are progressively incorporated into the risk management framework.
	• ESG Risk Assessment Guidelines	• Considering that specific industries, such as the electronic components manufacturing industry, the metal product manufacturing industry and basic metal industry, the machinery equipment manufacturing industry, and some high-environmental and social-impact industries or subjects, are prone to causing biodiversity loss, we have included factors for evaluating the impacts of specific industries on biodiversity. These include waste and hazardous materials management, water resources management, and biodiversity, among others, and businesses are treated differently based on what ESG risk rating they receive after assessment.

Assessment Process

According to the TNFD Guidance for Financial Sector published in September 2023, financial institutions can play an important role in biodiversity issues through lending and investment. The Guidance recommends 16 nature-related sensitive industries to be emphasized in terms of the distribution of risks associated with investment/financing target's dependence and impact on the natural environment. Mega Group references Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), a database of nature-related risks and opportunities. The degree of "dependence" and "impact" are categorized into five levels - very high, high, medium, low and very low according to the industry, in order to understand the relevance of these industries to ecosystems and services. The following figure analyzes the financing portfolio of the Mega Group as an example.

Extremely High | High | Medium | Low | Extremely Low

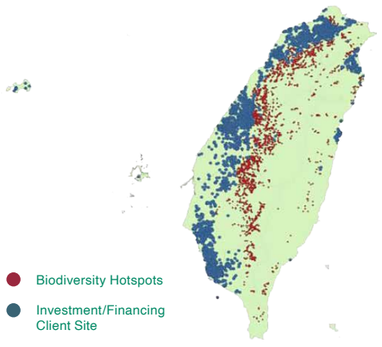
Mega Group Investment/Financing Portfolio Dependency Analysis

Nature-related Sensitive Industries	Supply Services					Adjustment and Maintenance Services										Adjustment and Maintenance Services						Mega Group Investment/Financing Portfolio Impact Analysis											
	Direct Resource Input					Required for Production Process						Mitigate Direct Impact				Environmental Damage Protection Measures																	
	Animal Energy	Fibers & Other Materials	Genetic Material	Underground Water	Surface Water	Nursery & Habitat Maintenance	Pollination	Soil Quality Adjustment	Air Quality Adjustment	Flow Adjustment	Water Quality Adjustment	Bioremediation	Dilution of Atmosphere and Ecosystems	Filtration	Sensory Modulation	Material Flow Buffering & Attenuation	Global Climate Adjustment	Floods and Storms Adjustment	Slope & Coastal Stability	Pest Control	Water Consumption	Terrestrial Ecosystem Utilization	Freshwater Ecosystem Utilization	Other Resource Utilization	Marine Ecosystem Utilization	GHG Emissions	Non-GHG Air Pollution	Water Pollutants	Soil Pollutants	Solid Waste	Sensory Interference	Total Loan Amount(%)
Nature-related Sensitive Industries																																	1.91%
Chemistry Industry																																	3.75%
Building Materials Industry																																	0.57%
Containers and Packaging Industry																																	0.15%
Metals and Mining Industry																																	3.20%
Paper and Forest Products Industry																																	0.80%
Construction Services Industry (including metal product manufacturing)																																	10.89%
Sewage Treatment, Waste Collection, Treatment and Disposal Industry																																	0.47%
Transportation and Related Services Industry (including air transportation)																																	4.40%
Automotive Industry																																	0.16%
Textile, Apparel and Luxury Goods Industry																																	1.15%
Beverage and Food Industry (including agriculture)																																	1.72%
Personal Care Products Industry																																	0.00%
Pharmaceutical Industry																																	0.24%
Semiconductors and Semiconductor Equipment Industry																																	0.80%
Utilities Industry (including power generation, natural gas, independent power plants, renewable energy and hydropower)																																	1.53%

Sum of Nature-related Sensitive Industries : 31.72%

In 2023, Mega Group will follow the Locate, Evaluate, Assess and Prepare (LEAP) methodology announced by TNFD to assess the environmental risks and opportunities through the four steps of LEAP, using the investment/financing targets and its own operating sites as the evaluation targets.

Site Analysis of Mega Group Nature-Related Sensitive Industry Investment/Financing Clients



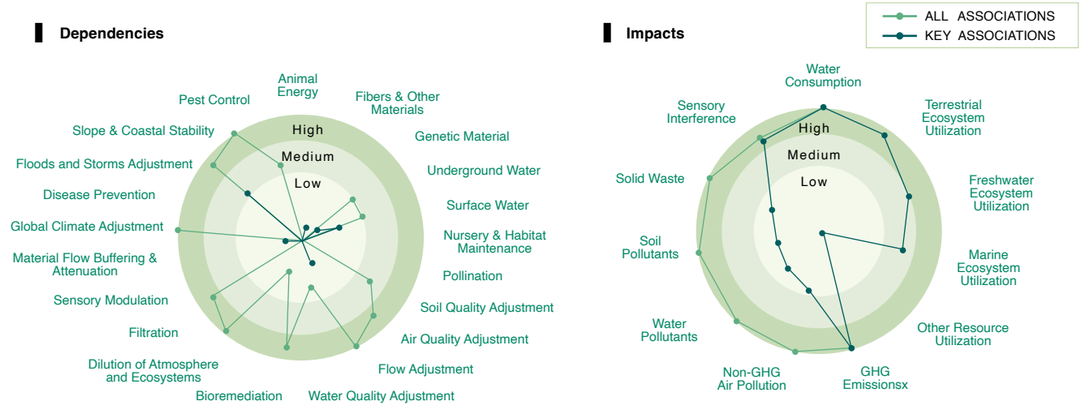
Analysis Outcome

The assessment results showed that 1.24% of our investment/financing customers in the nature-related sensitive industries are located in biodiversity hotspots.

Analysis Target	Description
Investment/Financing Client Site	Mega Group Nature-Related Sensitive Industry Site.
Biodiversity Hotspots	Biodiversity hotspots within 500 meters of Taiwan's National Ecological Network.

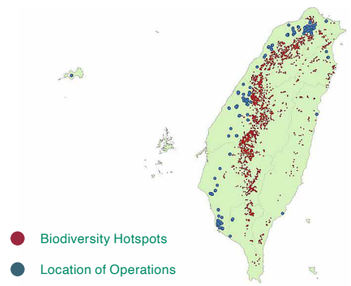
Mega Group Investment/Financing Portfolio Hotspot Map

The ENCORE database was used to assess the extent of dependence and impact on the natural environment of the investment/financing clients' in the biodiversity hotspots. "All Associations" cover all nature-sensitive industries related to the corresponding dependence and impact factors, while "Key Associations" cover nature-sensitive industries highly related to the corresponding dependence and impact factors. This information helps us to understand the interaction between Mega Group's investment/financing customers and the natural environment.



Results of the Interaction Assessment of Mega Group Investment/Financing and the Natural Environment		
Item	**Nature-Oriented Issues**	**Factors**
Significant Dependencies	Operations are dependent on the ability of ecosystems to stabilize climatic, hydrological and biological cycles	• Dependence on the ability of ecosystems to regulate floods and storms
Significant Impact	Operational activities cause changes in the state of natural capital	• Contribute to greenhouse gas emissions • Contribute to water resources depletion • Affects the stability of terrestrial ecosystems • Sensory interference to organisms

Analysis of Mega Group Operational Sites



Analysis Outcome

The results of the assessment show that Mega Group's operational sites are not located in biodiversity hotspots.

Analysis Target	Description
Location of Operations	Mega Group Operational Sites.
Biodiversity Hotspots	Biodiversity hotspots within 500 meters of Taiwan's National Ecological Network.

Nature-Related Risks and Opportunities

With reference to the aforementioned assessment results and international industry trends, and supplemented by internal discussions among relevant authorities, Mega Group conducted the following four assessments of potential financial impacts on key naturerelated risks, which will be prioritized for management consideration in the future.

Risk Categories	Risk Factor	Main Business Affected	Potential Financial Impact
Transition Risks	Policies and Regulations	• Investment and Financing	Emerging regulations and policy changes to protect and conserve natural capital may result in increased operating costs for customers, as well as increased exposure to nature-related fines or litigation.
	Technology Risks	• Investment and Financing	The use of new technologies to reduce reliance on natural capital may result in higher operating costs for clients.
	Market Risks	• Investment and Financing	Scarcity of natural resources leads to price increases, resulting in higher production costs for customers and affecting profitability
Physical Risks	Water resources scarcity	• Investment and Financing • General Operations	Locations or customers that are more dependent on water resources will be more affected by water shortage, resulting in higher water purchase costs.

Mega Group evaluated the nature-related risk factors of its operations and summarized the following three opportunities. Fulfill our responsibility to protect biodiversity and to achieve environmental benefits in the course of our business operations through utilizing the industry features of the financial services sector.

Opportunities Driver	Main Business Affected	Opportunity Description
Products and Services	• Investment and Financing	Promote environmentally friendly products or sustainability-linked loans to reward enterprises that are committed to reducing the negative impacts of nature and environment, with interest rate reductions for those who have concrete results.
Market	• Investment and Financing	In light of recent international trends and market demand, actively underwrite environmentally friendly loans to create nature-related positive benefits.
Reputation	• Operations	Actively participate in nature conservation programs to increase the positive impact of biodiversity and help enhance the corporate image of the Mega Group.

3.4.2 Biodiversity Measures

Practice Ecological Conservation

In response to the United Nations Sustainable Development Goal SDG 14 on Life Below Water and SDG 15 Life on Land, Mega Bank has launched the Green Loans program, providing loans to companies for purposes such as sustainably managing natural and land resources related to agriculture, forestry, fisheries and livestock activities, protecting terrestrial or aquatic biodiversity, sustainably managing water sources and wastewater, and constructing green buildings. It's hoped that this can raise awareness of environmental sustainability through various policies and measures. In addition, Mega Group continues to organize a number of activities related to biodiversity conservation, leading employees and customers to work together for ecological conservation.

Ecological Conservation Action	Climate Adaptation	Resource Sustainability	Species Restoration	Habitat Conservation
Guantian, Tainan: Jacana Ecological Education Park Fencing Construction			✓	✓
Keelung: Beach Cleanup and Marine Education Activities	✓	✓	✓	✓
Taichung Metropolitan Park: 2023 Protect Dadu Plateau Tree Planting Activity for Families	✓	✓	✓	✓
Taiwan Black-Faced Spoonbill Conservation Association: Habitat Restoration and Creation Program			✓	✓
e-Happy EasyCard Titanium Card: Priceless Planet Coalition Tree Planting and Afforestation Project	✓	✓	✓	✓
e-Happy EasyCard Titanium Card: Support for Wildlife Conservation Programs			✓	✓
Volunteer Activity: Removal of Invasive Species Bitter Vine			✓	✓

Note: For other ecological conservation related products, please refer to CH4 Sustainable Finance. For details of ecological conservation actions, please refer to CH6 Social Prosperity.

Case Study Get Rid of It Quick - National Day of Prevention and Control of the Bitter Vine

In September 2023, Mega Bills participated in the "Get Rid of It Quick - National Day of Prevention and Control of the Bitter Vine" campaign jointly organized by the Yilan Branch of the Forestry and Nature Conservation Agency and Formosa Biomedical Technology Corp. They worked together to eradicate the "Green Cancer" and protect the lakeside scenery of Jiaoxi. With the participation of 150 volunteers, they achieved great results with the removal of 274 kg of bitter vine, striking the source of proliferation lurking in the prevention and control blind spots.

Case Study Guantian, Tainan: Jacana Ecological Education Park Fencing Construction

In response to the SDGs and fulfill its commitment to the conservation of ecosystem and biodiversity, Mega Bank supports the Wild Bird Society of Tainan to promote the Jacana Ecological Education Park Fencing Project. We contributed to the conservation of the local ecosystem by assisting the Jacana Ecological Education Park to fence off the roadside so that the small wildlife in the park will not be harmed by speeding vehicles.

CH 4
Sustainable Finance

4.1 Sustainable Finance
4.2 Financial Inclusion
4.3 Customer Relationship
4.4 Information Security
4.5 Digital Innovation

Material Topics of GRI Standards

GRI 201:Economic Performance
GRI 203:Indirect Economic Impacts
GRI 418:Customer Privacy

Corresponding Material Topics

Information Security, Sustainable Finance, Customer Relationship, Digital Innovation, Financial Inclusion

Targeted Stakeholders

All Stakeholders

In addition to signing the Equator Principles and the SBT, Mega Financial Holding was invited by the Financial Supervisory Commission (FSC) to join the "Coalition of Movers and Shakers on Sustainable Finance" at the end of 2023. Through the planning of various sustainability-related investments, loans, and other financial products and services, we promoted the international trend of ESG sustainable development, which will allow us to fulfill our roles in bridging the gap between the financial sector, environmental protection, and economic growth. Through incorporating the core business activities of our subsidiaries such as issuing/undertaking sustainable development bonds, investments and financing in renewable energy technologies, issuing green credit cards, reinforcing SME loans, and providing microinsurance products, Mega Group strives to exert a positive influence in the financial industry and integrates finance with sustainability to fulfill financial inclusiveness. In the future, Mega Group will continue to actively engage with customers, assisting them in seizing competitive advantages and leading the development of the sustainable industry.

4.1 Sustainable Finance

4.1.1 Sustainable Finance Management

In response to the trend of sustainable finance development at home and abroad, we aim to develop a business model that integrates economic growth with environmental and social inclusion. We have formulated the "Sustainable Finance Policy" based on sustainable standards such as the "Equator Principles (EPs)", "Principles for Responsible Banking (PRB)", "Principles for Responsible Investment (PRI)", "Principles for Sustainable Insurance (PSI)", "IFC Performance Standards & EHS Guidelines", the United Nations' "Convention on Biological Diversity (CBD)", "Stewardship Principles for Institutional Investors", "Credit Lending Guidelines for Banking Associations", and the "Green Finance Action Plan". Through the five principles of sustainable finance, we leverage the power of financial flows to shape positive impact towards a sustainable society.

Sustainable Financial Products/Services	**Encourage Subsidiaries to develop low-carbon products (e.g., loans, investments, insurance, etc.) based on the concept of sustainable finance.**
International Initiatives	**Actively participate and sign on as a supporter of ESG-related international initiatives and principles.**
Operation Management	**Establish and continue to review/revise related management mechanisms, and develop and monitor strategies and goals in relation to ESG opportunities.**
Risk Management	**Include climate change and other ESG-related risk factors into risk management framework, and develop metrics and targets.**
Sustainable Value	**Actively guide employees, customers, investors, and members of the public to co-create sustainable value.**

Proportion of Each Business Income by Mega Group in 2023

Categories	Amount（thousand NTD）	Ratio (%)
Corporate Credit	35,375,718	39.3%
Personal Credit	3,336,951	3.7%
Project Finance	12,283	0.0%
Asset Management	707,146	0.8%
Investment Banking and Brokerage	4,253,388	4.7%
Insurance	6,287,535	7.0%
Others	40,046,264	44.5%

Implementation of Sustainable Finance

Mega Group has established various management policies to practice sustainable finance. Prior to providing services such as credit, investment, and underwriting, the Group strengthens its Know Your Customer (KYC) and Customer Due Diligence (CDD) processes by checking banned or sensitive lists, and ESG risk assessment checklists. Customers are classified into high, medium, and low ESG risk categories for risk-based management, and support is provided to customers who are involved in industries that contribute to sustainable development. After carrying out a business, we continue to follow up and control the ESG risks of our customers. If a customer exhibits ESG-related risks, we urge the customer to carry out an improvement plan and if a risk cannot be improved effectively, we will assess and decide whether to stop or gradually cease any business dealings with that customer. In accordance with the annual audit plan, the audit unit strengthens the inspection of the relevant standards and execution procedures of the revised sustainable finance policies of the units under review to ensure the effectiveness of the internal control system.

Management Policy

- Policies, standards, guidelines related to responsible lending.
- Policies, standards, guidelines related to responsible investment and stewardship.
- Policies, standards, guidelines related to sustainable insurance.

Applicability

- Corporate lending, personal loans
- Investment businesses
- Insurance

Degree of Application

100%

1 Step 1: List Filtering

- Banned list
- Sensitive list
- List of industries involved in sustainable development

2 Step 2: Risk Assessment

- ESG risk assessment
- Assessment of commitment to Equator Principles

3 Step 3: Post Management

- Continue to follow up ESG risk and related improvement plans
- Establish a control mechanism to gradually reduce the proportion of asset portfolios targeting highly sensitive industries

1 Step 1: List Filtering

Banned List	Sensitive List	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 Anti-Money Laundering and Countering Terrorism Financing Act • Activities that involve harmful human and ecological practices, such as the production or sale of drugs, controversial weapons, illegal weapons and ammunition, illegal gambling, pornography, the use of gillnetting with a gillnet length of 2.5 km or longer, and commercial logging of primary rainforests	**High environmental and social impact industries or subjects:** • 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 good faith in business operations that have 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:** • Mining of Oil and Natural Gas • Manufacture of Pulp, Paper and Paperboard • Petroleum and Coal Product Manufacturing Industry • Chemical Raw Material Manufacturing • Plastic Raw Material Manufacturing • Cement Manufacturing • Steel Manufacturing • Aluminum Manufacturing • Electricity Supply (Excluding Renewable Energy)	• 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, promoting circular economy, and enhancing ESG business or activities

2 Risk Assessment

ESG Risk Assessment - Review Considerations(listed below)

Environment (E) Factors	Social (S) Factors	Governance (G) Factors
• GHG Emissions • Waste and Hazardous Substance Management • Supply Chain Management • Circular Economy • Water Resources Management • Biodiversity	• Quality Management • Occupational Safety • Labor Rights • Community Engagement • Conflict Minerals • Chemical Safety	• Sustainable Governance and Disclosure • Transparency in Finance • Corporate Governance • Trade Secret Protection • Business Continuity Management • Membership in Associations

Assessment of Commitment to Equator Principles

Request for Loan Application (Business units)	File Application (Environmental and Social Risk Project Team)	Credit Extension Review (Environmental and Social Risk Project Team)	Contract Signing (Business units)	Fund Allocation (Business units)	Post-loan Management (Environmental and Social Risk Project Team)
Confirm compliance with the EPs	Classify environmental and social risk	Review of the environmental and social risks of credit cases	Include EPs compliance clause in the contract	Draw funds for the loan	Regular monitoring of environmental and social risks of credit cases

Note: Mega Bank signed the "Equator Principles (EPs)" in August 2021. According to the EPs, cases that comply with the principles require an internal expert team to assess the environmental and social risks of the cases. When necessary, external expert assessment results should also be considered.

Customer ESG Engagement

Mega Bank assists customers in understanding ESG risks and opportunities in business, actively communicating with customers through various channels. As of 2023, communication has been conducted with all corporate and individual customers.

Customer	Percentage of Customers with whom ESG Risks and Opportunities were Communicated	Communication Channel
Corporate Customers	100%	• Information on sustainable finance loans, such as loans for renewable energy generation industries, ESG preferential loans, electric vehicle industry supply chain loans, and loans for B-type enterprises and social innovation enterprises, announced on the Mega Bank's official website. • Increased opportunities for ESG discussion with credit customers through loan applications (the applicant shall adhere to environmental protection and social welfare regulations..."), and invited corporate lending customers to sign the Mega Bank Sustainability Declaration, with a total of 244 corporations signing the declaration in 2023. • Promote the importance of climate change and greenhouse gas management by distributing climate engagement questionnaires to investment targets, with a total of 119 valid questionnaires collected in 2023. • A series of ESG seminars on "Achieving Net-Zero Transition Together with the Group" to which customers and credit division employees were invited to learn about sustainability trends, with over 72 companies participating in 2023. • Encouraged customers to undergo low-carbon transformation through sustainability-linked loans, with a total of 228 loans processed in 2023.
Individual Customers		• Send information from Company website, Facebook fan page, official LINE account, EDM, text message (SMS), publications or email about relief loans for workers, youth entrepreneurship loans, government policy housing loans, exclusive credit for women, and preferential credit for electric vehicles. • When customers apply for mortgage loans over the counter, they are provided with brochures on youth home purchase loans for reference.

Training on Sustainable Finance

To effectively implement sustainable financial management, Mega Group actively leads the cultivation of sustainable financial talents within the Group. In addition to organizing in-house training courses, we also encourage employees to attend external courses or seminars to enhance their professional knowledge on sustainability.

Mega Group's Training on Sustainable Finance in 2023

Total Training Hours (hours)				Total Number of Enrollments			
Internal Training	67,839	Management	23,300	Internal Training	11,537	Management	3,492
External Training	2,096	Non-Management	47,445	External Training	705	Non-Management	8,258
Total			**70,745**	**Total**			**11,750**
Percentage of employees trained in sustainable finance in 2023 (%)				**98.87%**			
Percentage of Group employees who received training in the past three years (%)				**99.11%**			

Case Study Mega Bank Sponsors Merida-MAXXIS Cup Changhua Classic Bike Festival

On August 17, 2023, Mega Bank held the "Net Zero Carbon Emission Knowledge Development Series" seminar in Taichung, where experts from the Industrial Technology Research Institute (ITRI) shared with the guests the use of smart factory carbon reduction technologies to guide SMEs in adopting energy-saving and carbon-reducing measures. In the seminar, the Taiwan Small and Medium Enterprise Counseling Foundation (Taiwan SMECF) and Corporate Synergy Development Center were invited to introduce the "Helping Hand - Low-Carbon and Smart Upgrading and Transformation Subsidies for Manufacturing Industries" and the "Low-Carbon and Smart Upgrading and Transformation Subsidies for Manufacturing Industries" offered by the Ministry of Economic Affairs (MOEA). This will help enterprises to make good use of the Government's subsidies to accelerate decarbonization and smartization, and to promote the restructuring and upgrading of their industries.

Case Study Mega Bank held a lecture on "Net-zero Transition, Sustainability and Shared Good Innovation Bureau" to help companies reduce carbon emissions

In response to the EU's "Carbon Border Adjustment Mechanism" (CBAM), Mega Bank held a lecture on "Net-zero Transition, Sustainability and Mutual Prosperity in Innovation" on June 7, 2023, to assist domestic SMEs in conducting carbon inventories and even actively reducing carbon emissions. With the themes of "Carbon Future" and "ESG Development Trends and Corporate Actions", the lecture shared with the attendants the world trends of ESG, as well as practical strategies to bring positive self- and altruistic impacts to society. A total of 42 companies participated in the event.

4.1.2 Responsible Lending

Mega Bank and Mega Bills have established the "Climate Risk Management Guidelines" and multiple responsible lending policies, actively incorporate ESG factors into the credit evaluation process. Mega Bank has formulated the "Corporate Lending ESG Risk Rating Guidelines" to understand the ESG risks of corporate loan targets and conduct grading management and adopt classification management. In 2023, Mega Bank conducted a total of two ESG risk rating education and training sessions for corporate loan officers, with a total of 4,178 attendees. In addition, Mega Bank has established "Guidelines for Promoting Sustainable Finance for Corporate Lending", clearly defining sustainable financial assets of the bank to prevent "Greenwashing". To understand the lending businesses that may be affected under the trend of sustainable transformation, Mega Group has identified 10 high-risk industries before 2023 and strengthened management of industries with higher potential impact.

Scale of Top 10 High-risk Industries of Mega Group's Lending Business in 2023

Industry	Ratio (%)	Credit Exposure Amount (Unit: Thousand NTD)
Real Estate Industry	31.68%	411,998,870
Financial Service Industry	13.63%	177,240,200
Wholesale Industry	11.52%	149,779,162
Electronic Components Manufacturing Industry	10.23%	133,012,528
Transportation Industry	8.66%	112,596,382
Service Industry	5.20%	67,600,299
Computer, Electronic and Optical Product Manufacturing Industry	5.05%	65,678,411
Manufacture of Chemical Material and Fertilizers, Nitrogen Compounds, Plastic Materials, Man-made Fibers Industry	4.99%	64,904,599
Metal Products Manufacturing Industry	4.62%	60,066,993
Machinery and Equipment Manufacturing Industry	4.43%	57,630,692

Equator Principles Lending

In 2023, Mega Bank approved 11 cases that comply with the Equator Principles, including 7 Category B cases and 4 Category C cases. There were no high-risk cases undertaken, nor any cases refused.

2023 Equator Principles Lending Status by Mega Bank

Category	Item	Total
Equator Principles Case Category	Project Investment/Financing	11
	Project-Related Loans	
Number of Projects Reviewed and Approved according to the Equator Principles	A (High Risk Cases)	0
	B (Medium Risk Cases)	7
	C (Low Risk Cases)	4

Note : There were 6 financial settlements in 2023.

Equator Principles Project Financing Cases by Mega Bank

Case	Fishery and Electricity Symbiosis Solar Power Plants Joint Loan Case in Tainan	Desalination Plants International Joint Loan Case in Chile	Fishery and Electricity Symbiosis Solar Power Plants Joint Loan Case in Kaohsiung
Description	To support the funds required for building the construction of fishery and electricity symbiosis (indoor) solar power plants with a total installation capacity of approximately 120MW in Tainan region of Taiwan (including repayment of existing bank and shareholder borrowings). Mega Bank invites other banks to organize the joint loan project.	To support Chile in the development, construction and operation of desalination plants and water pipelines with a total installation capacity of 1,000 liters/s, Mega Bank invites other banks to organize the joint loan project.	To support the funds required for building the construction of fishery and electricity symbiosis (outdoor ground) solar power plants with a total installation capacity of approximately 70MW in Kaohsiung region of Taiwan (including repaying loans from financial institutions and supporting capital expenditures for the construction of this project, etc.). Mega Bank invites other banks to organize the joint loan project.
Verification Unit	TÜV Rheinland Taiwan Ltd. evaluated this project and conducted risk assessment and classification in accordance with the IFC environmental and social classification standards. The initial judgment is that it may have limited or small adverse effects on the environment and society. The general impact level is limited to specific locations and is mostly reversible, and can be easily solved through mitigation measures.	SRK Consulting (Chile) SpA. evaluated the environmental and social risk level of this project, after assessment, the project may have limited adverse effects on the environment and society, the impact is limited to a specific location, and the impact can be reduced or eliminated through mitigation measures. The joint loan contract has relevant provisions that must comply with the Equator Principles.	Fichtner Pacific Engineers Inc. evaluated this project complies with the IFC classification standards, which may have limited or small adverse effects on the environment and society. The general impact level is limited to specific locations and is mostly reversible, and can be easily solved through mitigation measures.

In 2023, among the number of cases reviewed by Mega Bank based on the ESG principles, 291 cases were rejected or deferred by auditors as ESG risk factors after reviewing the ESG principles.

Mega Bank's Corporate Loan Facilities Conditionally Approved or Not Approved due to ESG in 2023

	Conditionally approved (including reduction and restrictive conditions)	Unapproved (Including deferral, self-referral)
Environmental (E) (such as involved in environmental pollution)	242	1
Social (S) (such as endangering social welfare and infringing human rights)	19	4
Corporate Governance (G) (such as poor corporate governance)	7	3
Environmental and Social (E+S) (e.g. involving environmental protection and labor law penalties)	15	0
Total	**283**	**8**

Note: Involving ESG risk factors is not the main reason for Conditionally Approved / Unapproved.

Infrastructure Credit

To help people have secure, reliable, and sustainable infrastructure to improve quality of life and reduce the disparity between urban and rural areas, Mega Group has granted a total of eight infrastructure credit cases in 2023, with a credit outstanding amount of approximately NT$43.9 billion at the end of the year. It was mainly on the categories of reclaimed water, low-carbon transportation construction, and wastewater sewage projects, to promote the sustainability of transportation and water resources.

Distribution of Loans to Infrastructure Construction by Mega Bank in 2023

Category	Environmental/Social Benefits	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Low Carbon Transportation Construction	Assisted the government or manufacturers to invest in low-carbon transportation tools to reduce emissions from transportation, reduce greenhouse gas and suspended particulate emissions, and build a low-carbon environment and sustainable society.	37,475,296
Recycled Water and Sewerage Engineering	Through financing, we assisted the government or manufacturers to build sewerage systems to collect residential wastewater and discharge it into river systems after treatment and disinfection until it meets the discharge standards, which helps to improve environmental hygiene in urban areas, reduce the incidence of waterborne diseases, and enhance the quality of life of residents. In addition, in order to ensure stable water supply for industries, we supported the development of local government recycled water projects, which will be an important supplementary water source in the event of a shortage of water resources in the future.	6,424,845

Six Core Strategic Industries Loans

Mega Group has long supported the government policy promotion of economic structural transformation and the development of core strategic industries. The Group promoted the six core strategic industries, including information technology and digital, cybersecurity excellence, Taiwan precision health, defense and strategy, livelihood and military readiness, and green energy and renewable energy. The were 9,086 domestic loans granted by Mega Bank to the six core strategic industries in 2023 (excluding double-counting), and the balance of loans at the end of the year was approximately NT$542.9 billion, accounting for 45.3% of the total corporate loan balance.

Domestic Distribution of Sustainable Development Loans by Mega Bank in 2023 for the Six Core Strategic Industries

Industry	Description	Item	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Information and Digital	Utilizing emerging technologies such as 5G, artificial intelligence, cloud computing, and the Internet of Things to improve people's quality of life and related industries.	2,898	243,688,481
Cybersecurity Excellence	Strengthening protection in emerging fields, creating high-level applications and ecosystems, and introducing cybersecurity into various core industries.	1,806	78,561,112
Taiwan Precision Health	Providing precise and personalized prevention, treatment, and care plans to promote the health industry.	987	27,012,647
Defense and Strategy	Aviation, naval, and space industry-related supply chains	4,863	265,966,230
Livelihood and Military Readiness	Ascertain the critical materials needed by the country for livelihood and military readiness, keeping the industry chain of critical materials domestically, and improving domestic production capacity and technological autonomy.	3,647	227,167,287
Green Power and Renewable Energy	Engaging in related industries such as green energy and renewable energy manufacturing, electricity and gas supply, construction engineering, transportation and storage professionals, science and technology services, and related industries.	2,706	163,762,125

Loans to Sustainable Development-Related Industries

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. In 2023, there were 1,599 cases of sustainable development industries of Mega Group (Mega Bank and Mega Bills), with a credit outstanding amount of approximately NT$329.9 billion at the end of the year, accounting for approximately 12.88% of the overall enterprise credit balance.

Distribution of Sustainable Development Loans by Mega Group in 2023

Industry	Description	Item	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Renewable Energy	Solar, wind, geothermal, hydroelectric, and ocean energy industries, with a total installed capacity of 2,290MW in 2023.	210	31,925,553
Energy Technology	Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	17	1,774,807
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.	145	53,262,042
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.	49	6,907,950
Sustainable Architecture	Green buildings, building energy-saving systems or products in the construction industry.	25	11,714,672
GHG Reduction	Energy efficiency, non-energy generated greenhouse gas reduction, clean production and other industries.	144	10,125,297
Circular Economy	Waste cleaning and recycling, pollution control and carbon sequestration.	157	13,943,642
Smart Information and Communication Technology	Fiber optic broadband, data center and smart grid information and communication technology.	22	1,145,921
Sustainable Agriculture, Forestry, Fishery, and Animal Husbandry	Sustainable and verifiable carbon reduction related agriculture, forestry, fishery and aquaculture measures.	11	147,920
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.	189	168,025,293
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.	636	37,337,757

Mega Bank 2023 Lending in Compliance with Sustainability Linked Loan Principles (SLLP) Criteria Established by LMA, APLMA and LSTA

Category	Category Description	Item	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Loans under Green Loan Principle (GLP)	If the use of the credit funds meets the definition of "Green Loans" by the Joint Credit Information Center, such as: renewable energy, energy conservation, pollution prevention, clean transportation, sustainable water resources and wastewater treatment.	468	55,277,851
Sustainability Linked Loan/ Sustainability Linked Loan (e.g. loans that complies with the Sustainability Linked Loan Principle (SLLP))	To guide our customers to make low-carbon transition, we will negotiate the loan terms to encourage enterprises to invest more actively in achieving the "sustainability performance indicators" as committed. The credit balance of Sustainability Linked Loan in 2023 is NT$120.2 billion, of which approximately NT$28.2 billion is for SMEs.	228	120,182,558

Note: The amount of green loans and sustainability linked loans accounted for 4.12% and 8.97% of the total domestic corporate financing loans respectively.

Personal Loans

To help individuals choose the right sustainable loan program, Mega Bank offers a range of sustainable personal credit products, including sustainable home loans and green business employee credit. In 2023, 32,918 personal loan applications were granted, with NT$73 billion loans outstanding at the end of the year.

Sustainable Loans by Mega Group to Personal Loan Borrowers in 2023

Category	Description	Item	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Sustainable Mortgage	Mortgage is linked to environmental and social issues. A variety of mortgage plans that promote sustainable development is available, including green building mortgage, Government Concessional Loan for Youth Housing, various types of government concessional loans, and housing subsidies, etc.	30,384	70,999,677
Personal Loans for Employees of Green Enterprises	The objective of this product is to raise environmental and social awareness throughout an enterprise and across its employees, while ensuring both business interests and sustainable development. When reviewing a loan application, Mega Bank considers the sustainability risks of the enterprise for which a borrower works, and uses the diverse ESG information provided on the TDCC IR Platform as the criteria to assess whether an employee is eligible for interest rate reduction.	2,534	2,035,144

Note: The ratio of personal green loans amount to the total personal financing loans is 0.12%.

4.1.3 Responsible Investment

Mega Group adheres to the spirit of the "Principles for Responsible Investment (PRI)" and the "Stewardship Principles for Institutional Investors", integrating ESG into the investment analysis and decision-making process. For enterprises with high ESG risks, the Group has established management mechanisms. Enterprises with potential impacts on the environment and society, such as the dyeing and finishing industry, or high-carbon emission industries that harm environmental sustainability, human health, and biodiversity, should be subject to exception management. Prior to investment, due diligence should be conducted and a careful assessment made. If after the assessment there is no significant adverse impact on sustainable development, or conditional transactions can be adopted, then it can be implemented. In 2022, Mega Bank first issued a climate stewardship questionnaire for domestic investment companies. In 2023, the questionnaire not only included the original climate risk factors, but also incorporated SBTi related issues, as to properly understand their progress in sustainable development, so as to discuss and track their climate risk improvement in the future.

Mega Bank's Climate Stewardship Questionnaire Risk Factor

- ? Whether there is a policy for climate change management?
- ? Whether there is an inventory, verification, and disclosure of greenhouse gas emissions?
- ? Whether there is a plan for reducing greenhouse gas emissions and taking actual actions (including SBT related issues)?

Case Study Mega Funds' Implementation of ESG Due Diligence Governance

In response to the severe industrial safety incident of Launch Technologies that occurred in Pingtung Technology Industrial Park in September 2023, Mega Funds discussed the impact of this negative event on the "Mega Taiwan ESG Sustainability High Dividend Equal Weight ETF (00932)" with its partner, Taiwan Index Plus Corporation. Not only were points deducted in accordance with the Taiwan Sustainability Ratings materiality incident handling rules, but the company was also removed from the constituent stocks in November 2023 in accordance with index compilation rules to protect investors' rights and interests.

Investing in National Sustainable Development

Mega Group complies with international sustainable finance initiatives, green finance-related policies of regulatory authorities, and the development trend of inclusive finance policies and classification principles. The Group provides support for the six core strategies or sustainable development industries in line with national development trends, and hopes to support companies with environmental protection, social responsibility or sustainable management through investment funds to enhance social security and energy efficiency. In 2023, there were 943 cases of domestic investments in the six core strategic industries of Mega Group, with an investment balance (excluding double-counting) of approximately NT$279.8 billion at the end of the year, accounting for 37.1% of the total corporate investment balance.

Distribution of Sustainable Development Investment by Mega Group in 2023 for the Six Core Strategic Industries

Industry	Description	Item	Investment Balance at the End of the Year (Unit: Thousand NTD)
Information and Digital	Utilizing emerging technologies such as 5G, artificial intelligence, cloud computing, and the Internet of Things to improve people's quality of life and related industries.	222	106,842,521
Cybersecurity Excellence	Strengthening protection in emerging fields, creating high-level applications and ecosystems, and introducing cybersecurity into various core industries.	75	39,668,118
Taiwan Precision Health	Providing precise and personalized prevention, treatment, and care plans to promote the health industry.	63	5,871,808
Defense and Strategy	Aviation, naval, and space industry-related supply chains.	172	68,188,662
Livelihood and Military Readiness	Ascertain the critical materials needed by the country for livelihood and military readiness, keeping the industry chain of critical materials domestically, and improving domestic production capacity and technological autonomy.	250	179,834,293
Green Power and Renewable Energy	Engaging in related industries such as green energy and renewable energy manufacturing, electricity and gas supply, construction engineering, transportation and storage professionals, science and technology services, and related industries.	161	120,418,928

Sustainable Development Investment by Mega Group in 2023

Industry	Description	Item	Investment Balance at the End of the Year (Unit: Million NTD)
Renewable Energy	Solar, wind, geothermal, hydroelectric, and ocean energy industries.	9	3,778
Energy Technology	Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	5	277
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.	6	5,733
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.	1	9
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.	1	20
Circular Economy	Waste cleaning and recycling, pollution control and carbon sequestration.	8	400
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.	342	63,522
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.	151	40,309

Sustainability Bond

Mega Bank issued its first green bond totaling NT$1 billion in 2020, then issued Sustainable Development Bonds in February 2022, totaling NT$1.5 billion in 2022 and 2023, then issued Social Responsibility Bonds totaling NT$1 billion in 2024, with a focus on two areas: renewable energy and energy technology development, and the creation of employment opportunities and programs that can alleviate or avoid unemployment caused by socio-economic crises. In 2023, Mega Group's total investment cost in issuing, investing and underwriting sustainable development bonds was NT$5.24 billion, with a total financial benefit of NT$250 million.

Issuance of Mega Bank Sustainable Development Project Fund Bond

Green Bonds
(Bonds in line with GBP)

Bond Abbreviation/Code
P09 Mega Bank 1 (G11838)

Year: 2020
Amount: 1 at NT$1 billion

ESG Benefits
Assist in the development of offshore wind farms, develop low-carbon transportation, construct waste thermal treatment and power generation centers, and construct sewage systems.

Social Bonds
(Bonds in line with SBP)

Bond Abbreviation/Code
P13 Mega Bank 1 (G11845)

Year: 2024
Amount: 1 at NT$1 billion

ESG Benefits
Assist families without self-owned homes in purchasing homes, respond to the Government's comprehensive housing policy, and alleviate the financial burden of purchasing a home to start a family.

Sustainable Development Bonds
(Bonds in line with GBP, SBP, SBG)

Bond Abbreviation/Code
P11 Mega Bank 1 (G11839),
P12 Mega Bank 1 (G11844)

Year: 2022 and 2023
Amount: 2 at NT$1.5 billion each, totaling NT$3 billion

ESG Benefits
1. Estimated to reduce carbon emissions by 975,687 metric tons.
2. Estimated 10,650 job opportunities created.

Fund Usage of Sustainable Development Bond by Mega Group in 2023

Fund Usage Category	Performance of Measures of Benefits	Loan Amount(NT$100 million)
Renewable energy and energy technology development	1. Number of cases: 1 2. Total installed capacity of renewable energy equipment (MW): 300 3. Estimated total annual electricity generation from renewable energy projects (GWh): 971.8 4. Estimated annual total carbon reduction from renewable energy projects (tones CO_2e): 481,041	7.23
Projects that create jobs and reduce or avoid unemployment due to socio-economic crisis	1. Number of cases: 20 Stay-in-Taiwan Enterprise Accelerated Investment Project: 1 Welcoming Returning Taiwanese Businesses Action Plan: 6 SMEs Accelerated Investment Project: 13 2. Estimated number of job opportunities created: 2,401 people	7.77

Sustainable Development Bonds Underwritten by Mega Securities in 2023

Bond Type	Item	
Green Bonds (Bonds in line with GBP)	Bond Name	TSMC (112-1, 112-2), Taipower (112-3, 112-6)
	Item	4 cases
	Amount (Thousand NTD)	1,900,000
Social Responsibility Bonds (Bonds in line with SBP)	Bond Name	Far EasTone Telecom (112-1)
	Item	1 case
	Amount (Thousand NTD)	150,000
Sustainability-Linked Bonds (Bonds in line with SLB)	Bond Name	Hon Hai (112-4)
	Item	1 case
	Amount (Thousand NTD)	100,000

Sustainable Development Bond Investment by Mega Group in 2023

Category	Item	Mega Bank	Mega Securities	Mega Bills	CKI	Total
Green Bonds (Bonds in line with GBP)	Item	44	7	10	2	63
	Investment Balance at the End of the Year (NT$100 million)	147.53	15.90	50.33	1.4	215.16
Social Responsibility Bonds (Bonds in line with SBP)	Item	25	4	-	-	29
	Investment Balance at the End of the Year (NT$100 million)	71.34	3.29	-	-	74.63
Sustainable Development Bonds (Bonds in line with GBP, SBP, SBG)	Item	33	7	2	1	43
	Investment Balance at the End of the Year (NT$100 million)	59.85	11.27	15.35	0.5	86.97
Sustainability-Linked Bonds (Bonds in line with SLB)	Item	5	-	-	-	5
	Investment Balance at the End of the Year (NT$100 million)	5.15	-	-	-	5.15

ESG Funds

Under the premise of meeting the expected market investment returns, Mega Group offers ESG-compliant fund products for private customers, focusing on ESG issues such as reducing carbon emissions, creating biodiversity, caring for employee welfare, mitigating social inequality, sound corporate governance and practicing honest management, and supporting companies that are committed to the above-mentioned ESG spirit.

Mega Group All ESG Funds in 2023

Fund Type	Unit	Mega Bank	Mega Securities	Mega Funds
ESG Funds (registered in the ESG Fund section)	Item	64	120	1
	Amount (NT$100 million)	56.59	1.26	39.23
ESG Funds (funds that comply with the EU's Sustainable Finance Regulation (SFDR))	Item	390	43	-
	Amount (NT$100 million)	538.42	1.14	-
Total assets under management for wealth management/ investment (Assets Under Management, AUM)	Amount (NT$100 million)	4,066.87	155.37	915.36
ESG Fund Stock Share (= total ESG funds / total assets under management of wealth management investments) x 100%	Percentage (%)	14.63%	0.81%	4.29%

Note: ESG Fund Stock Share excludes double counting.

All ESG Issued by Mega Funds in 2023

Name	Mega Taiwan ESG Sustainability High Dividend Yield Equal Weight ETF (00932)
Inception Date	August 22, 2023
Fund Category	Domestic Investment Index Equity (Equity)
Investment Objective	The fund adopts an indexing strategy, with the objective of tracking the performance of the "FTSE4Good TIP Selected Taiwan TWSE/TPEx Listed ESG Sustainability High Dividend Yield Equal Weight Index".
Index Measurement Criteria	With reference to the top 50% of the Taiwan Sustainability Score from the Taiwan Sustainability Ratings, and after excluding blacklisted companies and controversial industries, the portfolio is selected through the screening of financial indicators such as market capitalization momentum and cash dividends, and then constituents that meet the criteria of ESG and high dividend are selected.
Investment Ratio Allocation	The fund adopts an indexed investment strategy, with over 90% of assets tracked in the Taiwan ESG Sustainability High Dividend Yield Equal Weight Index, which invests in companies with positive ESG performance that are more in line with the Taiwan Sustainability Ratings.
Performance Results	00932 is the first ETF in Taiwan to combine "Sustainability", "High Dividend", and "Equal Weight". As of the end of 2023, the fund size has reached NT$3,922,772,570 and the number of beneficiaries reached 25,210. The fund has outperformed the market with a return of 4.88% in the last one month and 11.94% in the last three months.

4.1.4 Sustainable Insurance

CKI voluntarily complies with the "Principles for Sustainable Insurance (PSI)" and focuses on renewable energy and energy technology, low-carbon transportation, pollution prevention and control, and financial inclusion. CKI is committed to providing business owners and the public with more protection through sustainable insurance products. In 2023, the total number of sustainable insurance products underwritten by CKI is 134,382, with a total underwriting amount of NT$183,307 thousand, accounting for approximately 2.94% of the total underwriting amount. In addition, Mega Bank has also increased its exposure to other sustainable financial products by selling sustainable insurance products, such as IPO-linked ESG investment policies, small amount whole life insurance, spillover policies. In 2023, a total of 452 sustainable insurance policies were sold, with a total amount of NT$410,307 thousand.

All Sustainable Insurance Products by CKI in 2023

Category	Item Type	Description	Item	Insurance Premium (Thousand NTD)
Renewable Energy and Green Energy Technology	Offshore Wind Power Industry	Provide wind farm developers with insurance policies to transfer risks during construction, which is favorable to the development of green energy.	1 case	75,165
	Solar Energy Industry	Provide insurance for installation works and comprehensive insurance for electronic equipment, which is favorable to the development of green energy.	130 cases	87,869
	Additional Clause for Household Green Energy Upgrade	Provide home green energy insurance, which is conducive to energy saving and carbon reduction.	123 cases	18
Low Carbon Transportation	Green Vehicle Additional Clause for Motor Insurance	Green Vehicle Additional Clause for Motor Insurance provides insurance coverage for green vehicles (e.g. electric vehicles, hybrid vehicles), and with electronic policy to reduce paper waste, which helps to save energy and reduce carbon emission.	31 cases	637
Pollution Control	Liability Insurance for Ship Operators (shipwreck removal and marine pollution liability)	The ship transportation industry should take out operator's liability insurance before commencing operation. The coverage includes shipwreck removal and marine pollution liability.	31 cases	6,946
Category	Item Type	Description	Item	Insurance Premium (Thousand NTD)
Financial Inclusion	Microinsurance	To take care of economically disadvantaged groups, CKI offers microinsurance products that provide basic insurance coverage at low premiums for economically disadvantaged groups, thereby helping to fill the gaps in government social insurance or social relief mechanisms. In 2023, 19,907 of people were reached.	516 cases	1,535
	Agricultural Insurance	Provide parametric persimmon farming insurance to transfer agricultural losses caused by climate change and increase protection for farmers. The insurance calculates claims based on typhoon wind speed and accumulated precipitation and simplifies the claims procedure, so that in the event of disaster-induced damage, farmers can quickly get their claim to facilitate their subsequent environmental restoration.	35 cases	1,535
	Group Medical Insurance (applicable for foreign workers, caretakers, and fishers)	To take care of foreign workers, caretakers, and fishers, CKI provides basic group protection that covers basic medical expenses incurred to disadvantaged foreign workers when they are hospitalized for injuries or illnesses. With this service, labor and employer relations can be stabilized for greater social stability. In 2023, 133,066 of people were reached.	132,971 people were insured	6,706
	Personal Injury Insurance for Elderly People	CKI provides a comprehensive personal injury insurance plan, with emphasis placed on the needs of elderly people with moderate to severe disabilities and those who require assistive devices or nursing care. This plan strengthens the financial support for middle-aged and senior citizens who are at risk of accidental disability.	544 cases	2,896

4.1.5 Diversified Sustainable Finance Products

ESG Credit Card

In response to the global trend of sustainability and net-zero, all credit cards issued by the Group have passed third-party verification including ISO 14067 Carbon Footprint and ISO 14046 Water Footprint certifications, and received the Carbon Footprint Label as reviewed and approved by the Environmental Protection Administration. Each of our card and magnetic stripe card generate approximately 800g and 380g of product carbon footprint. Through the purchase of carbon rights and passing the "Carbon Neutral (PAS 2060)" certification, each credit card is upgraded to a "Zero Carbon Credit Card". As of the end of 2023, accumulatively issued more than 840,000 credit cards, offsetting about 850 metric tons of CO_2e.

Gogoro Co-branded Card

Issuance Date	September, 2018
Credit Card Features	Green credit card and carbon-neutral credit card
Environmental/Social Benefits	Reimbursed approximately NT$99.48 million to electric motorcycle batteries since issuance
New Cards Issued in 2023	3,075
Cumulative number of cards issued as of end of 2023	122,220

e-Happy EasyCard Titanium Card/ MasterCard Credit Card

Issuance Date	July, 2017
Credit Card Features	Eco-friendly credit card, environmental restoration (Priceless Planet Coalition Tree Planting and Afforestation Project)
Environmental/Social Benefits	6,000 trees have been planted from May 2022 since the issuance of PETG card
New Cards Issued in 2023	13,775
Cumulative number of cards issued as of end of 2023	278,483

Sustainable Deposits

In response to the ESG demand from our existing corporate clients, Mega Bank has referred to the Green Bond Principles (GBP) set by the International Capital Market Association (ICMA) and the core goals of the United Nations Sustainable Development Goals (SDGs) to collect funds through sustainable deposits and specifically use them to provide loans for green and socially beneficial projects that meet the regulations and conditions, or for refinancing these projects.

Mega Bank Green/Sustainable Deposits

Fund Usage	Environmental/Social Benefits	Assurance Organization	Number of Companies	Scope (Thousand NTD)
Investment in land-based wind power plants, solar power generation equipment, water-based solar power plants, and offshore wind farms.	• Solar power generation reduced CO_2 emissions by 41,859.40 tons. • Wind power generation reduced CO_2 emissions by 401,818.42 tons.	Deloitte & Touche, Taiwan	116	12,468,500

Note: For more details, please refer to Mega Bank's website (https://www.megabank.com.tw/corporate/cash-management/sustainable_time_deposit/announcement).

4.2 Financial Inclusion

In recent years, the Financial Supervisory Commission (FSC) has actively promoted financial inclusion. Both its policy plans and implementation or guidance on the development direction of financial markets are based on the international initiatives of the World Bank, G20, and APEC. To fulfill individual and corporate demands, applicable and affordable financial products and services (including transactions, payments, savings, loans, and insurance) are responsibly and sustainably provided to increase the inclusiveness of the economy, improve wealth gaps and standard of living, and promote social equality and public welfare. For financial inclusion results, please refer to 8.3.2 Inclusive Financial Achievements.

Financial Inclusion Commitment and Management

In response to Taiwan's policy direction of "promoting financial inclusion" and the United Nations' initiative, Mega Group continues to develop and optimize financial products/services models suitable for target groups through market research, target group needs analysis, and feedback. We strive to meet the needs of financial products/services for different groups (including those with disabilities, the elderly, and other financially disadvantaged groups). At the same time, we actively cooperate with government agencies, social welfare organizations and other industries to expand the types and scope of inclusive financial services and provide assistance beyond financial services to specific groups. These include organizing seminars to enhance the public's knowledge on the care and planning for people with disabilities and the elderly, etc. All of these endeavors help to achieve the goals of inclusive economic growth, improvement of the disparity between the rich and poor and between urban and rural areas as well as the standard of living, and the promotion of social fairness and social welfare in a responsible and sustainable manner.

To protect the rights and financial integrity of our target customers, including the elderly, youth, women, the disadvantaged, and farmers, Mega Bank follow the 5P principles of credit when assessing the creditworthiness of borrowers in order to prevent client's over-indebtedness. We also organize training programs regularly to strengthen our staff's Know Your Customer (KYC). We recommend suitable financial products/services for our customers in an easy-to-understand manner, and avoid inappropriate solicitation of business or marketing practices. We also provide diversified and convenient channels for complaints and opinions to facilitate immediate response to customer needs and provide more friendly financial products/services.

Every year, the Board of Directors of the Mega Group approves the Financial Inclusion promotion plan and specific goals, which are tracked and managed by the Sustainable Development Committee on a quarterly basis to demonstrate the Group's determination to implement financial inclusion.

4.2.1 Inclusive Financing Products

Mega Bank Inclusive Financing Services

Target	Inclusive Financing Services	Service Description	Results of Promotion
Elderly Groups	Reverse Mortgages	In line with the Trust 2.0 "Promotion Plan for Full Functions of Trust Services" launched by the FSC in September 2020, in response to the to the aging society of Taiwan, Mega Bank launched the "Happy LOHAS" reverse mortgage to help the elderly vitalize their own real estate and provide them with funding necessary for life after retirement.	In 2023, the reverse mortgage promotion reached 1,102 people, and the newly approved amount for the year increased by 39.78% compared with that of 2022. As of the end of 2023, the cumulative number of loan recipients reached 88, and the cumulative approved loan limits reached NT$859 million.
	Retirement Trusts	To prepare for the advent of an aging society, Mega Bank has continued to promote the Trust 2.0 "Promotion Plan for Full Functions of Trust Services", in addition to opportunities to form alliances with other industries to improve the added-value service of a trust. Through this, we hope to develop a retirement trust that not only provides trust funds for specific uses but also includes all living needs (food, clothing, housing, transportation), and aging-in-place services through cross-sector alliance.	In 2023, the promotion of the retirement trust reached more than 8,744 people, 4,353 cumulative beneficiaries, and the accumulated assets reached NT$14.385 billion, an increase of 176.53% from 2022.
Youth Groups	Government Concessional Loan for Youth Housing	In December 2010, the Ministry of Finance launched the Government Concessional Loan for Youth Housing to provide effective financial support for homeowners and breadwinners. In August 2023, in order to further alleviate the public's burden of purchasing a home, the Ministry of Finance relaxed the conditions of the loan, loan amount, term, and grace period, and provided an interest subsidy of 0.25%. In addition to offering this loan in line with the government policy, Mega Bank also reduced the interest rate by 0.125% from March 2022 to the end of July 2026.	In 2023, the Government Concessional Loan for Youth Housing has been granted to 53,117 applicants, with 25,666 cumulative loan accounts, and a cumulative approved loan amount of NT$127.671 billion, an increase of 20.57% compared to 2022.
	Young Entrepreneur Start-up Loans	Mega Bank cooperated with the Small and Medium Enterprise Administration of the Ministry of Economic Affairs launched the "Young Entrepreneur Start-up Loans" program to create a startup-friendly environment for young adults and boost economic development.	The promotion of the Young Entrepreneur Start-up Loans reached more than 414 people in 2023, with 2,850 cumulative loan accounts, while the cumulative approved loan amount was NT$2.953 billion, an increase of 17.54% from 2022.
Women	Gift of Pregnancy Loans	In response to the Government's proactive encouragement of the national fertility rate, we launched the "Gift of Pregnancy Loan" since June 2023. For qualified families, those who apply for the loan online can enjoy preferential interest rates for the first six installments and a discount on the registration fee.	In 2023, the Gift of Pregnancy Loan has been granted to 945 applicants, with 94 beneficiaries, and a cumulative approved loan amount of NT$56.2 million.
SMEs	SMEs Deposits	According to a survey conducted by the Ministry of Economic Affairs, SMEs account for more than 90% of all enterprises in Taiwan and employ more than 80% of the country's workforce, making SMEs not only the mainstay of economic stability, but also an important cornerstone for job creation. Mega Bank is actively promoting the SME deposit business to capitalize on the business opportunities of inclusive finance.	In 2023, Mega Bank had 20,869 SME lending accounts with a balance of NT$649.6 billion; while the number of SME deposits reached 138,036, with total deposits amounting to NT$916 billion.
	International Micro-loans	Mega Bank is committed to achieving financial inclusion and eradicating poverty. This commitment is realized by collaborating with foreign microfinance institutions to offer micro loan services, thereby indirectly supporting local SMEs and customers with a lower socioeconomic status.	Nine microfinance loan applications or approximately NT$4.421 billion were approved in 2023, and the credit outstanding amounted to NT$2.283 billion.
Local Communities	Urban Renewal and the Reconstruction of Dangerous and Old Buildings	To effectively promote urban renewal projects, Mega Group offers all-inclusive, one-stop services by integrating its banking, securities, and asset management resources. These services include financing solutions for urban renewals and reconstructions, switching existing mortgage before renewal, separate loans after reconstruction, trust management, construction management, construction insurance, and syndicated loans.	In 2023, 41 loan applications were granted to urban renewal projects, providing an approved loan amount of NT$41.799 billion.

Small Business and Community Development Loans

In 2023, Mega Bank's small business and community development lending accounts totaled 21,208 cases, with 15,808 loans and a year-end loan balance of NT$260.2 billion, a 6.38% increase from the previous year.

Types of Loans Offered by Mega Bank in 2023 (Domestic, not including OBUs)

Category	Total Number of Loans	Total Number of Borrowers	Loans Outstanding at the End of the Year (NT$100 million)	Percentage (%)
Personal Loans (Consumer Banking)	103,509	126,366	5,356	32.83%
Loans to Large Enterprises(Note 1)	2,207	1,225	3,759	23.04%
Loans for SMEs and Startups	31,159	20,869	6,496	39.82%
Small Business and Community Development Loans(Note 2)	21,208	15,808	2,602	15.95%
Loans to Micro-enterprises(Note 3)	7,860	5,306	1,326	8.13%
Others	260	170	702	4.31%
Total	**166,203**	**148,630**	**16,313**	**100%**

Note 1: "Loans to Large Enterprises" refers to private enterprises excluding SMEs and startups.
Note 2: "Small business and community development loans" are available for those who meet one of the following criteria: (1) The enterprise has been established for less than five years, (2) employs fewer than 20 employees, (3) has a capital of less than NT$5 million, and (4) has an annual revenue of less than NT$10 million.
Note 3: "Loans to Micro-enterprises" refers to private enterprises with less than 10 employees.
Note 4: Other types are public enterprises.
Note 5: In 2023, Mega Bank's small business and community development lending accounts totaled 348 loans and loans outstanding amount of NT$1.749 billion.

SME Deposits

In 2023, Mega Bank's SME Deposits totaled 229,821 cases, with a total of 138,036 accounts and a year-end amount of NT$916 billion, a 2.56% increase from the previous year.

Types of Deposits Offered by Mega Bank in 2023 (Domestic Branches)

Category	Total Number of Deposit Cases	Total Number of Deposit Accounts	Deposit Balance at the End of the Year (NT$100 million)	Percentage (%)
Personal Deposits	5,577,224	3,963,728	12,124	45%
SME Deposits	229,821	138,036	9,160	34%
Other Deposits	57,250	35,497	5,658	21%
Total	**5,864,295**	**4,137,261**	**26,942**	**100%**

4.2.2 Inclusive Financing Services

Accessible Services

Mega Bank provides a variety of convenient financial services for people with disabilities through a designated accessible contact window and sets up a service bell and a guide at the entrance for any necessary assistance. It also provides people with disabilities with free ATM inter-bank withdrawals three times a month, with a total of 355 accounts in 2023. Mega Bank Website and Mega Securities Image Website have been awarded Conformance Level AA/A Accessible Web Accessibility Service by the Ministry of Digital Affairs, Executive Yuan, improving accessibility for the visually impaired and the hearing impaired.

Bilingual Branches

In response to the Government's "Blueprint for Developing Taiwan into a Bilingual Nation by 2030," Mega Bank has encouraged the establishment of bilingual branches, improving employees' English proficiency, and creating a friendly environment for accessing bilingual financial services. In 2020, Mega Bank established a pilot branch, the Lanya Branch in Tianmu. It provides a wide range of services such as credit cards, deposits, foreign exchange and remittance, digital banking, and wealth management, as well as multiple bilingual documents to assist foreigners with various banking errands. Our bilingual branches have been well-received by customers. Online bilingual services are also provided through our website, Internet Banking, ATM, and mobile app. Additional information on shops and MRT routes around each bilingual branch is made available so that foreigners in Taiwan are able to enjoy a banking-friendly environment.

In 2023, Mega Bank expanded the original 55 bilingual branches to 75 branches (accounting for 69% of domestic branches). The original goal was to make all 108 branches across Taiwan bilingual by 2028; however, it is expected to arrive early in 2024 to provide foreigners with more complete bilingual financial services.

Financial Services for the Visually and Hearing Impaired

To enhance the quality of services for hearing-impaired customers, Mega Bank has partnered with the Taiwanese Association of Sign Language Interpreters to provide real-time video interpretation to effectively explain products and services to the hearing-impaired. If the video interpretation cannot meet the needs of the customer, the customer can also book sign language interpretation service on-site to reduce the error of understanding between the two parties, in line with the Mega Group's spirit of treating customers fairly.

Mega Bank partnered with the Taiwanese Association of Sign Language Interpreters to provide real-time video interpretation service

Mega Bank has installed ATMs with functions for the visually impaired in selected branches, airports, hospitals and other public places in Taiwan. In addition, through the establishment of the "Chatbot – Hsiao Meh" text-based customer service, it can provide AI voice-to-text chat service or transfer to customer service agent to serve hearing-impaired and visually impaired customers.

In 2023, 103 ATMs for the visually impaired have been installed, accounting for 18.2% of all ATMs (567 ATMs), and more will be added in the future to enhance the convenience and inclusiveness of financial services to truly implement accessible and friendly financial services.

Retirement Planning Service

The aging population has become a global trend, and people must plan for financial resources for at least 15 to 20 years, if not more, after retirement. "Mega Bank Customized Retirement Planning Service" - our mobile wealth management advisor system on an iPad is used to customize a retirement plan for customers based on how much assets and liabilities they have, their current income and expenditures, and their financial goals and needs after retirement. The service provides analysis in five dimensions "Capital, Insurance, Security, Lifestyle, and Investment", and produces a customized retirement plan in the form of a graphic, intuitively design report that contains explanations in plain language. With detailed explanations by a professional financial advisor, this service helps customers to identify financial gaps. In 2023, Mega Bank provided customized retirement plans to 3,321 people, an increase of 19% over the previous year, helping them to optimize asset allocation, take effective financial management actions and start taking steps to prepare for retirement.

"Mega Bank Customized Retirement Planning Service"

Elderly and Dementia Friendly Financial Services

Mega Bank takes the lead in the trust industry in creating a dementia-friendly trust service space for elderly customers and those with dementia. In consideration of the visual experience of people suffering from dementia, there is soft lighting and clear signage in a semi-open space to create a stable and warm financial environment, helping to reduce the perceived stress related to financial services. It is combined with the use of technology to achieve the goal of ongoing care for customers' physiological and cognitive functions.

Chairman Paul Lei of Mega Financial Holding and Mega Bank visited the dementia-friendly trust service space to show his concern for the care services for elderly customers and customers with dementia provided by the technological industry through the cross-sector alliance

Mega Bank has planned friendly service spaces in the domestic branches so that when the elderly, people with disabilities, customers with dementia/or suspected to have dementia cannot conveniently do business at the counter in the branches, they can be guided to the friendly service space and assisted by friendly service personnel to do carry out the various businesses. A quality dementia-friendly financial environment has also been created at the Lanya Branch. In addition to having accessible service counters, service bells, and friendly staff, the Company also visited dementia day-care centers and dementia medical specialists to provide advice on setting up a "Dementia Friendly Service Area". This space is suitable for customers with dementia, the elderly, or customers with disabilities to carry out their business and enjoy financial services. The service area is equipped with a discussion room/meditation room, interactive training machines, display cabinet, a touch wall and finger ladder. If a branch employee encounters a customer who is suspected to be suffering from dementia, the employee can guide the customer to the service area for discussion or financial services. This will allow customers with different needs to come to the bank with peace of mind, feel at ease, and be treated like a guest, thus realizing the true spirit of financial inclusion.

Mega Bank's first Dementia Friendly Demonstration Branch to set up a "Dementia Friendly Service Area"

At the end of 2023, 86 branches of Mega Bank in Taipei City, New Taipei City, Taoyuan City, Kaohsiung City, Hsinchu City and Taichung City had actively applied to become a "Dementia Friendly Organization", and more than 2,500 trained branch staff had become "Dementia Friendly Angels". In the future, the program will be gradually extended to all branches in Taiwan to help establish a dementia-friendly living environment through concreate action, allowing us to provide appropriate assistance to customers with are suspected of suffering from dementia or their accompanying family members. Together, we will create a friendly environment for those with dementia.

Financial Inclusion Seminar

Mega Group's financial inclusion seminars cover a variety of topics, including those related to senior citizens and small businesses and communities. Through the introduction of financial products and knowledge suitable for relevant groups, including product features, advantages, and applications, help vulnerable groups such as the elderly, small businesses, and communities to achieve inclusive finance.

Service Target	Seminar Topic	Number of On-site Participants	Total Seminar Hours (Number of Participants X Number of Seminar Hours)
Older adults People with Disabilities	Retirement Trusts	1,723	1,482
Small Business and Community Development	Small Business and Community Development Loans	245	990

Note: The above seminars are also available as online videos for public viewing, with a cumulative total of over 7,021 viewings by the end of 2023.

4.3 Customer Relationship

4.3.1 Fair Customer Treatment

Policies and Operations

Mega Group adheres to the business philosophy of professional financial and ethical services, as well as a corporate culture in which customers are treated fairly. In accordance with Chapter 2 of the "Financial Consumer Protection Act" and the regulations of the "Principles for Fair Treatment of Customers in the Financial Services Industry", the Group has formulated the "Mega Group Fair Customer Treatment Policy and Key Points of Financial Consumer Protection". The subsidiaries of the Group have developed policies, strategies, and implementation plans relevant to the "Fair Customer Treatment Principles", which are to be supervised and managed by the Board of Directors. The objective is to improve employees' legal knowledge and compliance, so that financial consumers will have more confidence and trust in our ability to protect the interests of our customers. Furthermore, implement the principles of fairness and reasonableness, equality and mutual benefit, and integrity.

Mega Bank, Mega Securities, Mega Bills, and CKI voluntarily disclose and protect the interests and rights of their customers by setting up a "Fair Customer Treatment Principles" or "Financial Consumer Protection" sections on their external websites. In addition, CKI has set up a "Friendly Financial Services" section to voluntarily provide friendly measures (with respect to the environment, products, services, communication, and information) for people with physical and mental disabilities.

Company Name	Related Policy	Operational Status	Key Achievements in 2023
Mega Bank	The "Treating Customers Fairly Policy" and the "Guidelines for Strategy of Fair Customer Treatment Principles and Consumer Protection" have been established; in 2022, the "Policy on Caring for Elderly Customers" was added, with emphasis on the protection of consumer rights of elderly customers.	The Mega Bank A "Care and Fair Customer Treatment Committee" composed of various business management units convenes quarterly meetings for discussion with emphasis on mechanisms for the handling of significant complaints and continuous service improvement. To enhance the level of the committee, the head of the committee and the directors with experience in customer complaint handling attended the meeting of the Q3 of 2023 and participated in the training of branch supervisors on customer complaints. This demonstrates the Board's efforts to proactively promote the culture of the "Principles for Fair Treatment of Customers". In 2023, the "Fair Customer Treatment Performance Management Indicators" were added, linking to the annual performance evaluation of business management units and the "Bank-wide Implementation Achievement Signal" to strengthen implementation effects through performance linkage and regular review of the achievement signals. We have also passed the ISO 10002 ISO 10002 Customer Satisfaction & Complaints Handling standard for customer complaint management and upgraded the establishment of the Customer Complaint Taskforce in order to continuously improve our customer complaint handling capabilities and efficiency. In addition, to ensure that employees can understand the importance of taking the customer's standpoint, Mega Bank sets up routine education and training above the legal hours to continuously improve the implementation of fair treatment and promote this culture.	• Received the Excellence Magazine's "Best Fair Customer Treatment Award" • First place in the "Financial Friendly Service Survey" of public banks by Promise Corporate Management Ratings • Won 1st place for the FSC's "Trust Industry Innovation Award" at the Trust 2.0 Program Evaluation • Won the Commercial Times "Best Innovation in Trust Product Integration", "Recommendation Award for Cross-Industry Collaboration", "Gold Award for Best Innovation in Real Estate Management Trust", and "Best Innovation in Sustainable Trust" at the Trust Award
Mega Securities	The "Policy and Strategy of Fair Customer Treatment" has been established.	Mega Securities has established a board-affiliated "Fair Customer Treatment Promotion Committee". Through departmental participation and coordination, policies and strategies relevant to the principles of fair customer treatment are adopted, and applicable regulations are included in regular training to raise employees' understanding on the protection of financial consumers.	• Ranked in the Top 25% Large Comprehensive Securities Rankings in the FSC's Treating Customers Fairly Principle (TCFP) Evaluation
Chung Kuo Insurance (CKI)	The "Policy of Treating Customers Fairly", the "Implementation Strategy for Treating Customers Fairly", and the "Guidelines for Handling Consumer Disputes" have been established.	CKI has established the cross-departmental "Fair Customer Treatment Working Group". In accordance with the "Guidelines for Handling Consumer Disputes", CKI regularly monitors the progress in handling consumer disputes and complaints every month, and submits a summary report to its leader for review. In addition, CKI compiles a quarterly summary of customer complaints or consumer disputes and improvement plans are presented to the "Fair Customer Treatment Working Group" during the meeting.	• Received the "Policy Holder Service Projects Excellence Award" at the Taiwan Insurance Excellence Award, which was organized by Taiwan Insurance Institute
Mega Bills	The "Policy of Fair Customer Treatment and Financial Consumer Protection" and the "Strategy of Fair Customer Treatment" have been established.	Mega Bills invites lecturers every year to host training programs. In accordance with the 10 Principles of the "Important Notice of the Principle for Financial Service Industries to Treat Clients Fairly" added on by the FSC in 2023, Mega Bills periodically reviews internal regulations and agreements with customers, and reports the annual implementation status to the Board of Directors to improve the implementation of fair customer service.	• Revised the "Fair Customer Treatment Policy and Principles for Financial Consumer Protection" to include gender affirmative action.
Mega Funds	The "Regulations and Enforcement Procedures for the Principle of Fair Treatment of Customers" and "Guidelines for the Treating Customers Fairly Principle and Financial Consumer Protection" have been established.	Mega Funds continues to provide education and training on the "Financial Consumer Protection Act", the "Fair Customer Treatment Principles" and related laws and regulations, and include frequent or major consumer dispute cases in each business management unit to prevent repeated mistakes by employees and to improve customer experience, with the "Fair Customer Treatment Principles" as our core corporate goal.	• Revised the "Guidelines for the Treating Customers Fairly Principle and Financial Consumer Protection" to include gender affirmative action.

Training on Treating Customers Fairly

To strengthen the financial personnel's professional knowledge on treating customers fairly, each year, the subsidiaries of Mega Group organize training on treating customers fairly, and offer physical and online courses at the same time. The physical courses are recorded and uploaded on the internal digital learning platform to provide employees with multiple channels and flexible learning methods to implement employee education and training, strengthen the knowledge of fair treatment of customers, and improve customer relations and service quality. In 2023, the topics and contents of education and training related to fair customer treatment include "Fair Customer Treatment Principles", "International Trends in Fair Customer Treatment", "Rules for Handling Financial Consumer Disputes", "Financial Consumer Protection Act", "Personal Data Protection Act", "Friendly Financial Service Guidelines", and "Employee Conduct of Conduct and Ethical Integrity". A total of 55,546 people has completed the training, the total training hours are 69,678 hours, with around 7.21 hours of training per person.

4.3.2 Customer Complaint Management

Mega Group attaches great importance to customer experience, and each subsidiary has established a process for customers to file a complaint, procedures for handling customer complaints, and relevant goals. The Group complies with the "Financial Consumer Protection Act", which requires a complaint to be handled within 30 days of receiving the complaint and the financial consumer that filed the complaint shall be informed of its disposition. Mega Financial Holding and all subsidiaries have set up dedicated units to handle customer complaints and provide multiple and convenient communication channels (e.g., customer service phone number and email address) on the Company's official website in order to respond to customers' needs in a timely manner.

Mega Bank, on the other hand, adopts a standard higher than that of the law by setting up a 24-hour customer service center, where customers can contact customer service via telephone or website email, setting 15 days as the target time frame for handling customer complaints. We also established a dedicated complaint handling unit and an independent complaint review unit. With a proactive attitude, both units adhere to the principles of treating customers fairly and strive to handle customer complaints as soon as possible. Mega Bank's main complaints involved credit card, deposits and transfers, and service attitude. It has assigned specialists to handle and respond to customer complaints in a prudent manner.

Once a customer complaint is received, Mega Bank provides a quick response in a friendly manner, and analyzes the cause of customer complaints and propose improvement measures. The Care and Fair Customer Treatment Committee conducts internal reviews and proposes corrective measures, and reports to the Board of Directors and the General Manager and other relevant units on a quarterly basis. Training on customer complaints is carried out as needed in order to implement customer relationship management.

Customer Complaint Process

Customer Files a Complaint
File complaint by phone, in person, by post or email

→ **The Responsible Units Accept the Complaint**
Register the complaint, and request the unit where the case occurred to report the facts and handling progress

→ **Investigate the Cause of Complaint**
The responsible unit investigates the cause of complaint and drafts solutions

→ **Regular Reporting and Improvement**
Review and improve regularly and report to the President, Board of Directors, and relevant units

→ **Communicate Results**
Unit in charge informs applicant of the status of complaint

Case Study Mega Bank Receives ISO 10002 Certification for Customer Complaint Quality Management System

Mega Bank adopted the ISO 10002 Certification for Customer Complaint Quality Management System and passed third-party verification by the British Standards Institution (BSI). Through the continuous incorporation of international standards, Mega Bank is able to establish a model of fair customer service with an international perspective, provide financial consumers with a more transparent and smoother customer complaint pipeline and handling process, and allow customer complaints to be dealt with swiftly and appropriately. With the support and leadership of Chairman Lei, Mega Bank is able to deepen its service concept of "treating customers like family" from the top down in order to enhance the satisfaction level of financial consumers.

4.3.3 Customer Satisfaction

As a financial service provider, Mega Group regards clients as the most important stakeholder. The Surveys of Customer Satisfaction enable us to better understand customers' true needs, develop products and services that customers require, improve customer loyalty and trust, and create competitive advantage and value for the Group. Mega Group's customer satisfaction coverage rate for 2023 was 95.52% (based on the proportion of net income within the survey area).

The Result of Customer Satisfaction Survey by Mega Group in 2023

Company Name	Investigated Item	Satisfaction Rate	Compared to the Previous Year	Number of Investigated Cases	Assessment Method	Description
Mega Bank	Telephone courtesy test	91.97%	-4.34%	Conducted the "bank clerk telephone etiquette test" for all 108 branches and 648 employees in 2023	Telephone Interviews	The response tone and content of some employees could be improved, and their scores were slightly lower than those of the previous year, and they have been actively encouraged to carry out improvement.
	Satisfaction with counter services	90.30%	-8.23%	3,500 questionnaires were distributed to 108 branches nationwide by an external third-party organization	Online Questionnaire	Self-administered branch survey in 2022, and commissioned by a third-party organization in 2023.
	Digital service satisfaction survey	88.87%	+4.77%	A total of 22,597 questionnaires were collected, with 19,794 valid responses.	Online Questionnaire	-
Mega Securities	Surveys of customer satisfaction	86.05%	-3.60%	5,084 valid questionnaires	Online Questionnaire	The satisfaction rate was slightly lower than that of the previous year due to the continuous improvement of digitalized services, and improvement measures have been actively planned.
Chung Kuo Insurance (CKI)	Customer satisfaction with claims service	91.21%	-1.31%	182 valid questionnaires	Online Questionnaire	For some cases, due to the absence of claims staff, we were unable to respond to customers' calls immediately. Subsequently, we have introduced online smart customer service to provide customers with more convenient and speedy service, and strengthened the training of claims staff.
Mega Funds	Satisfaction with counter services	90.13%	-4.19%	500 valid questionnaires	Over-the-counter, Telephone Interviews	Due to the new launch of digital service channels (e.g., official website, APP, and Line official account), the satisfaction rate is slightly lower than the previous year, and we will collect customer feedback to improve and optimize the system interface in the future.

Customer Satisfaction with Mega Group over the Past 4 Years

Weighted Average Customer Satisfaction Rate				Satisfaction Target
2020	2021	2022	2023	2023
84.26%	85.28%	88.07%	89.08%	86% ✓

Note: Customer Satisfaction Rate = Total number of questionnaires that indicated satisfaction / Total number of valid questionnaires x 100%

Responsible Marketing

Mega Group emphasizes the protection of customers' rights and interests. In recent years, the Financial Supervisory Commission has imposed penalties on numbers of financial advisors for improper conduct. To avoid negative impacts, the Mega Group has stipulated in Article 16 of the "Principles for Ethical Management" that all subsidiaries must comply with relevant laws and international standards in their products and services. The Group also promises to adhere to the principles of product responsibility and marketing ethics in the "Sustainable Development Best Practice Principles" to ensure the safety and transparency of products and services and avoid harming the interests of relevant stakeholders. The principle of "no gender bias in the design of merchandise, advertising, and sales and service" has been incorporated into the Group's regulations in order to implement the principle of gender equality.

Furthermore, Mega Group actively provides employee education and training. In 2023, subsidiaries have established education and training on "Preventing Improper Marketing to the Elderly" to reinforce their responsibility for marketing to elderly group and continue to strengthen employees' understanding of the "Know Your Product" (KYP) and "Know Your Customer" (KYC) principles to implement responsible marketing. Additionally, Mega Group conducts annual customer opinion surveys, discloses information on its official website, and sends email notifications to remind customers to pay attention to their rights and implement customer care. Adequate explanations regarding the financial commodities, services, contract content, and associated risks are provided to customers before entering into a contract agreement with them. Mega Bank, Mega Securities, CKI, and Mega Funds have all mandated that the pre-market review process for new financial products and services, including design planning, review by senior executives, preparation for sale, and other procedures, and shall be submitted to the Board of Directors for approval. CKI has further revised its internal operational regulations and filled out the "ESG Issue Checklist for Product Development" during the product development evaluation phase to examine the risks involved in the product, ESG issues included in the product design, the target audience for the product design (women, elderly, new immigrants, climate change, environmental industries, etc.), and meeting the needs of social development trends, among other items. In 2023, Mega Group reported that there have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling and marketing communications.

4.4 Information Security

4.4.1 Information Security Management

To oversee Mega Group's information development and information security management matters and reduce information security risks, Mega Financial Holding has established the "Information Security Policy and Guidelines for Information Security Management Operations". The international information security certification ISO 27001 was introduced and obtained in 2022. Through the operation of mechanisms such as information security governance, compliance, risk control, and audit review, and in conjunction with technological applications, Mega Group has comprehensively enhanced its information security protection capabilities.

In accordance with Article 9-1 of the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies ", Mega Financial Holding appointed an Executive Vice President as the Chief Information Security Officer (CISO) to comprehensively supervise the information security policy and resource allocation matters. A dedicated information security unit has also been set up, with a total of 5 dedicated information security supervisors and personnel, responsible for formulating and maintaining the Company's information security policy, and establishing an overall information security protection mechanism and emergency response plan.

Information and Digital Business Meetings

Convener and Members	President of Mega Financial Holding and Risk Management Committee member, Yu-Mei Hsiao, serves as the Convener; Chief Information Security Officer (CISO) and Executive Vice President of Mega Financial Holding, Han-Yin Ding, serves as the Deputy Convener. The Presidents of each subsidiary serve as meeting members.
Frequency of Meetings	Meetings are held at least once every six months and may be convened at any time as needed for business purposes. A total of 2 meetings were held in 2023.
Meeting Supervision Management Content	Issues concerning the information security of all subsidiaries, new types of information technologies, digital development, and information security incidents are discussed and reviewed during the meetings. The Electronic Data Processing Department is responsible for executing or coordinating meeting-related resolutions. Material issues or resolutions are reported to the Board of Directors and the Risk Management Committee.

Information and Digital Business Meetings

- **Convener**: President of Mega Financial Holding
- **Members**: Presidents of the Group's Subsidiaries

Staff Unit: Electronic Data Processing Department of Mega Financial Holding

The Meetings supervises and manages the following items:

- Information security, new information technologies, development in the industry, and other issues.
- The digital development strategies of each company.
- The competencies for digital development of each company.
- Financial applications of new technologies.
- Provide recommendations for industry-academic cooperation.

Information Security Meetings of the Group

Convener and Members	Chief Information Security Officer (CISO) and Vice President of Mega Financial Holding, Han-Yin Ding, serves as the Convener. The meeting is attended by each Company's CISO information security (IT) supervisor, or their designated representatives.
Frequency of Meetings	Once each quarter
Meeting Supervision Management Content	This meeting is held to oversee the Group's information security management matters, the implementation and coordination of each subsidiary's information security policies, and resource allocation. The objective is to improve the Group's capacity to make decisions on security issues. We also supervise our subsidiaries to complete information security-related regulations, strengthen system protection, establish a joint financial information security defense system, enhance organizational information security response and protection capabilities, and reduce information security risks.

Information Security Meetings of the Group

- **Convener**: The Chief Information Security Officer (CISO) of Mega Financial Holding
- **Members**: CISO, information security (IT) managers or appointed representative of each subsidiary

Staff Unit: Information Security Department of Mega Financial Holding

The Meetings supervises and manages the following items:

Coordinate the information security management of the Group and the coordination and resource allocation of information security policies of each company.

- Various information security drills and tests at each company are conducted.
- The establishment situation of information security at each company.
- Information security development and policies at each company.
- Compliance with information security regulations and response situation at each company.
- News and suggestions on information security threat protection.

Information Security Management Mechanisms and Measures

Mega Group continues to review the adequacy of related regulations and measures to respond to the network threats and risks associated with the development of technology. We establish comprehensive network and computer security protection systems, conduct vulnerability scans and improvements from time to time every year, execute penetration tests, and organize social engineering rehearsals and information communication security training. The Group has adopted ISO 27001 Information Safety Management System and the establishment of SOC (Information Security Control Center) to ensure the appropriateness and effectiveness of its information security and network risk management.

List of Mega Group Information Security Management Measures

Item	Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	MAM	Venture Capital
Establish a Security Operation Center (SOC)	●	●	●		●	●		
Vulnerability Scan	●	●	●	●	●	●	●	
Penetration Test	●	●	●	●	●	●	●	
Social Engineering Drill	●	●	●	●	●	●	●	●
Business Continuity Test	●	●	●	●	●	●	●	●
Information Security Management System (ISMS)	●	●	●		●			
E-commerce Services and Information Security Liability Insurance		●			●			

Mega Financial Holding Receives ISO 27001 Information Security Management System Certification

Mega Financial Holding has obtained the ISO 27001 international information security certification on September 19, 2022, with the validity period from September 19, 2022, to September 19, 2025.

Mega Bank Information Security Management Results

To establish a secure and reliable operating environment, Mega Bank aims to ensure the security of data, systems, equipment, and networks to protect customers' rights and interests in five directions: reducing risk, increasing personnel, expanding defenses, taking care of personal information, and strengthening equipment. "Personnel" is the most important aspect of information security. Through the expansion of information security personnel team and the establishment of a financial information security joint defense system, the organization's ability to respond to and protect against information security threats is enhanced, and the information operation's resilience is strengthened. For the general employees, through online courses, monthly information security newsletters, and e-mail social engineering exercises, we strengthen the employees' knowledge of security and emergency response capabilities, and to recognize the risks of information security threats and controls to ensure the security of customer and internal confidential information.

In the face of changes in cyber threats and risks brought about by technological development, Mega Bank has introduced the ISO 27001:2013 Information Security Management System and ISO 22301:2019 Business Continuity Management System and passed the third-party certification. Mega Bank has also conducted its own penetration testing, developed an Internet of Things (IoT) pre-determined password detection platform, and actively participated in the FSC's Financial Hacker Intrusion Simulation Drill. In addition, Mega Bank leads the industry in SOC maturity analysis, becoming the first bank in Taiwan to integrate SOC, KPI, and KRI into an "Information Security Risk Dashboard", and has been invited to present its results and share its construction experience at the CYBERSEC 2023. In 2023, Mega Bank was honored with the "Information Security Leadership Award (Finance and Insurance Group), at the TCSA, as well as the "Digital Information Security Award - Excellence Award", at the Commercial Times Digital Gold Award. Mega Bank will continue to refine its information security management and strive to move towards the goal of being a pioneer in information security, and to carry out the concept of sustainable management to continue to improve information security capacity.

Mega Bank won the TCSA Information Security Leadership Award (Finance and Insurance Group)

Mega Bank won the Commercial Times Digital Gold Award "Digital Information Security Award - Excellence Award"

Information Security Reporting Process and Information Security Incidents

Mega Financial Holding has formulated the "Guidelines for Major Contingency Operating Procedure", the "Guidelines for the Establishment of a Computer Information Security Incident Response Team (CSIRT)", and the "Guidelines for Information Security Incident Management and Notification Operation" to strengthen the Group's ability to respond and handle information security incidents, monitor and support in-house employees' emergency response to an information security incident, reduce the operational impact that the event has on the Group, and comply with one of the objectives of the FSC's Financial Cyber Security Action Plan which is to "encourage financial holding companies to establish a Computer Information Security Incident Response Team".

When a major information security incident occurs, the information security incident handling team of the subsidiary where the incident occurred shall communicate with the Group's CSIRT and ensure that response procedures are consistent, and follow the "Flowchart of Coordination and Communication among All Levels of Information Security Incident Response Team" to handle the response to the information security incident. After the information security incident ends, the unit involved in the incident will convene a meeting, so as to prevent recurrence of the incident in the future. In the meeting, the progress of handling and a review report are presented.

In the past three years, no information security, network security, information infrastructure and information leakage incidents have occurred in Mega Group, and no data (including personal information) leakage incidents have occurred in 2023. No customers and employees have been affected by information leakage incidents, therefore, no related fines have been paid.

Information Security Education and Training

To ensure that customers can use the services provided by Mega Group with peace of mind, it is necessary to ensure that employees have information security knowledge and enhanced awareness. Each subsidiary of the Group conducts information security-related education and training every year, and provides both physical and online courses as well as lectures, so that employees can enhance their knowledge of information security and respond to changing security issues every year. In 2023, the topics and contents of the related training included "Introduction to Social Engineering Attack Methods and Email Security", "Information Security Protection Practices", "Information Security Risks under the Internet of Things and Digital Transformation", "ChatGPT Information Security Promotion", "Information Security Risks Generated by Generative AI and Social Engineering", and "ESG Corporate Sustainability and Information Security Governance Strategies". A total of 34 trainings and promotion seminars were held, with a total of 36,927 attendees completing the training (of which 24 sessions had post-tests, and all 30,070 attendees passed the tests), and 40,559 total hours of training, with an average of 4.2 hours of training per person.

4.4.2 Customer Privacy and Personal Information Protection

Mega Group has adopted a "Zero Tolerance Policy" against the leakage of personal data and customer privacy information, and fulfills its duty to protect customer privacy and ensure information security. Mega Financial Holding adopts the "Customer Data Confidentiality Measures", which are established and maintained by the Compliance Department. The measures provide details on the collection, processing, and use of customer data by Mega Financial Holding and subsidiaries in accordance with the "Personal Data Protection Act", the "Financial Holding Company Act", and the "Regulations Governing Administration of the Collective Marketing in Inter-Subsidiaries Company of a Financial Holding Company". In addition, the protection of customers' personal information is included in our internal control system and employee training on this topic is organized. Each year, a third-party is commissioned to verify our personal data protection practice, thereby ensuring the effective protection of customer privacy and personal data. Mega Bank and CKI have respectively completed the introduction of BS 10012:2017 Personal Information Management System and ISO 27701:2019 Privacy Information Management System and third-party verification in 2023.

Furthermore, to become our customers' most trusted partner, Mega Financial Holding enforced the "Employee Code of Conduct and Reward", the "Punishment Regulations", and the "Customer Data Confidentiality Measures of Mega Financial Holding and its Subsidiaries". According to these regulations, employees shall be bound by the obligation to maintain the confidentiality of the company's information and customer data, and such information shall not be disclosed without authorization unless otherwise required by law. The same rules shall apply after the resignation of an employee. If employees violate the provisions of the "Code of Conduct and Confidentiality Measures", their access to company information will be immediately terminated. Depending on the severity of the situation, the offending employee will be reported and handled in accordance with relevant punishment regulations and be held liable, demonstrating Mega Group's commitment to the protection of personal data and customer privacy rights.

Mega Group permits the Government to obtain customer privacy information only under lawful circumstances, and there have been no other unlawful requests for information, use of customer information for secondary marketing purposes, or violations of laws and regulations relating to information and labeling of products and services. In 2023. Mega Group reported that there was no complaint from an external agency or regulatory authority regarding breach of customer privacy or loss of customer data.

Customer Privacy and Personal Information Protection Training

In 2023, the topics and contents of related training included "Analysis of Personal Data Protection and Types of Prosecution Cases", "Personal Data Protection and Prospects under the Development of Digital Finance", "De-identification to Achieve Maximum Utilization of Personal Data", and "Personal Data Protection Awareness Promotion. A total of 15 educational trainings and promotional seminars, and a total of 9,272 participants completed the training (six of the sessions had post-tests, and all 7,416 participants passed the tests), and the total number of training hours reached 22,934, with an average of 2.37 hours of training per person.

4.5 Digital Innovation

With the trend of digital transformation and the advent of the post-pandemic era, Mega Group utilizes financial technology (Fintech) to optimize digital experience and create ubiquitous services that will facilitate the development of financial inclusion. The focus is on "Accelerating the Implementation of Branch Digitization", "Enhancing the Digital Financial Service Experience", and "Strengthening Digital Technology Capabilities" as the main axis of digital financial development, making financial services both secure and convenient.

Mega Group has continued to promote various digital/mobile services in recent years based on the needs of customers and obtained relevant patents through stakeholder engagement. For example, we improved the Smart Teller Machine (STM) functions, introduced more cloud-based counter service channels, developed an all-inclusive business integration platform, and optimizing online account opening functions. Additionally, personalized notifications are sent through social media to notify customers in real-time, enhancing operational efficiency and intelligent customer service experiences. As of the end of 2023, Mega Group has obtained 779 patents related to digital finance.

Digital Banking Development Axes

01 Accelerating the Implementation of Branch Digitization
- Establish the Financial Confirmation Blockchain Platform
- Increase the number of Smart Teller Machines (STM)
- Develop Real Estate Appraisal System
- Promote Paperless for Account Opening Process

02 Enhancing the Digital Financial Service Experience
- Expand Mobile Payment Services
- Promote Digital Deposit Account
- Expand Digital Channel Services
- Use Social Media Platforms
- Provide Mobile Banking Function – Declare Large Foreign Exchange Transactions
- Launch Smart Enquiry on Deposit Transactions
- Establish Remote Video Service Platform

03 Strengthening Digital Technology Capabilities
- Optimize Intelligent Customer Service
- Establish Online Financial Service Platform
- Utilize Robotic Process Automation (RPA)
- Develop Financial FIDO Biometrics
- Establish Smart Document Recognition Service Common Platform

Mega Bank Once Again Receives Taiwan Intellectual Property Management System (TIPS) Level A Revalidation

Mega Bank has been actively developing digital services, emphasizing corporate governance and implementing intellectual property management. Since 2022, Mega Bank has established an intellectual property rights protection management system, formulated intellectual property policies and objectives and implemented them accordingly. Mega Bank also strengthened the existing intellectual property management mechanism by introducing the Taiwan Intellectual Property Management System (TIPS). The TIPS Level A Revalidation was passed at the end of 2023 (valid for 3 years).

To implement the intellectual property management program, Mega Bank has been actively applying for financial patent protection, and has been ranked among the top 100 legal entities in Taiwan for three consecutive years. In addition to being ranked among the top 100 patents, as of the end of 2023, Mega Bank has obtained a total of 138 invention patents and 641 utility patents, with a total of 779 patents, which is the highest in the industry, demonstrating our outstanding achievements in research and development.

4.5.1 Branch Digitization

Mega Group's first step in promoting digital financial development is to enhance the digitization level of each branch and location. Every year, it continuously promotes and improves various measures, such as "Establish the Financial Confirmation Blockchain Platform", "Establish Smart Teller Machine (STM)", "Pursue Paperless for Account Opening Process", "Apply for Financial Service Permissions System" and the "Develop Real Estate Appraisal System", accelerating the promotion of digitization.

Establish the Financial Confirmation Blockchain Platform	Description		Traditional confirmation letters to accounting firms must be mailed via registered mail and provided with a return mail envelope. Each confirmation takes an average of 5 days to complete. Mega Bank connects to the blockchain confirmation system of Financial Information Service Company to expedite confirmation and reduce manual operations and costs of branches. The Bank established an automatic confirmation platform that integrates the business system databases and significantly reduced confirmation response time to "immediate" response. It effectively reduces manual processing time and makes full use of "Paperless" environmental protection effects.
	Results of Promotion		By the end of 2023, we processed 40,690 confirmations via blockchain, which reflects a gradual increase in the number of blockchain confirmations as a percentage of all confirmations.
Establish STMs	Description		Mega Bank has digitized and standardized all verification operations required for account opening procedures to accelerate overall review time. Since the launch of the Smart Teller Machine (STM), the Bank has significantly reduced the operation time required for opening accounts over the counter from an average of 90 minutes to 18 minutes. Mega Bank integrated multiple documents required for account opening, added a new function for increasing the level of authority over a digital deposit account, and effectively reduced the use of more than 900 million A4 sheets of printed documents based on the total number of customers who opened a bank account.
	Results of Promotion		As at the end of 2023, 113 STMs were deployed, serving 228,035 people. In total, 261,380 people opened an account using STM.
Develop Real Estate Appraisal System	Description		Mega Bank obtained a patent for the "Real Estate Appraisal System" in 2022. The automated real estate appraisal model system receives multiple data inputs and performs appraisals and outputs results, effectively addressing the needs of bank mortgage valuation. The system is now applied to the Bank's "eMortgage" official website, allowing customers to perform online property valuations.
	Results of Promotion		In 2023, there were 69,668 visits to the website, and the website was used 38,152 times for queries on real-estate actual price full disclosure, and to conduct appraisals and price estimates.
Promote Paperless for Account Opening Process	Description		Mega Group encourages customers to place orders electronically and adopt e-Statement/e-Policy to reduce the need for paper billing.
	Results of Promotion	Mega Bank	• A total of 83,025 online credit card applications were submitted, effectively reducing more than 83,025 sheets of paper applications printed. • A total of 31,380 single and installment system applications were submitted, saving 31,380 sheets of paper. • A total of 49,355 new accounts were added to the e-billing system, which is estimated to save about 592,260 sheets of paper in a year. • Various business bills for natural persons are consolidated into one consolidated bill and the addition of online e-billing setting service increased the e-mailing rate from 66% to 75%, resulting in an annual saving of 42 million sheets of paper. • A total of 15,374 online trust accounts were opened, saving approximately 350,000 sheets of paper.
		Mega Securities	In 2023, there were 18,626,022 electronic transactions, and 650,860 electronic transaction statements were sent, saving 650,860 sheets of paper.
		CKI	In 2023, over 370,000 e-policies were issued, saving 2.22 million sheets of paper.
		Mega Funds	Reduced paper documents by 52,484 sheets in 2023.

4.5.2 Digital Financial Services

While improving the digitalization of each branch and location, Mega Group also continues to "Expand Mobile Payment Services", "Promote Digital Deposit Account", "Expand Digital Channel Services", "Use Social Media Platforms" and "Provide Mobile Banking Function – Declare Large Foreign Exchange Transactions" every year, allowing customers to use more convenient digital financial services.

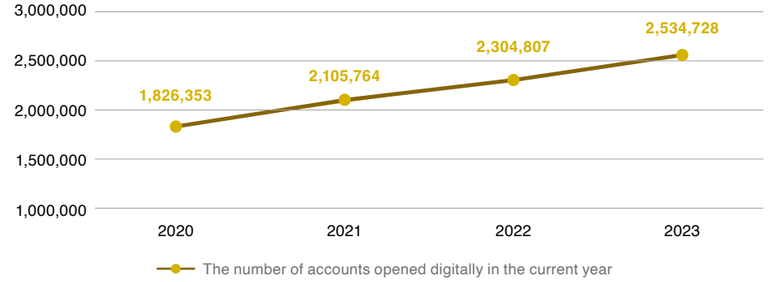
Item		Description	Results of Promotion
Expand Mobile Payment Services	Mega Bank	1. **Continue to promote "Taiwan Pay":** Since September 2023, we have established a common platform "TWQR" in cooperation with a number of electronic payment organizations (e.g., iPass Money, +PAY, O'Pay, and GAMA PAY). 2. **Provide different device systems to use international mobile payment:** In cooperation with international mobile payment and wearable device providers, we have launched Apple Pay, Google Pay, Garmin Pay, and Samsung Pay services, becoming the first public bank to provide complete payment services. 3. **Expanding mobile payment service channels:** Cooperate with major supermarkets/malls on credit card payment services, such as icash Pay, OPEN Wallet, +PAY, PX Pay Plus, OK Pay, and SKM Pay.	1. In 2023, "Taiwan Pay" mobile payment transactions totaled 2.3 million, with a total transaction amount of NT$1.38 billion, a 34% increase from last year. 2. In 2023, the number of cards linked with different device systems accounted for 14% of the total number of active cards, with about 1.59 million transactions and a total transaction amount of NT$1.36 billion. 3. In 2023, the number of credit card payment transactions with major supermarkets/malls exceeded 769,000, and the total transaction amount reached NT$380 million.
Promote Digital Deposit Account	Mega Bank	Mega Bank provides a consolidated one-stop digital financial service, in which customers can open multiple accounts (digital deposit account, trust account, securities account, and sub-brokerage account), CKI Internet banking membership, debit card, credit card, and combined debit/credit card all at the same time.	Mega Bank has opened 314,615 digital NTD and foreign currency accounts as of the end of 2023.
Expand Digital Channel Services	Mega Bank	**Provide Internet banking and mobile App services:** Designed based on a customer-oriented approach. Through data collection and analysis of network traffic and remote user perception, the menu, name and the structure of online banking are fully adjusted to optimize user experience.	As of the end of 2023, Mega Bank has opened 1.45 million Internet banking accounts, up 8.03% from 2022; and approximately 1.45 million mobile app accounts, up 12.08% from 2022.
	Mega Securities	1. **Continue to simplify the online account opening process:** Mega Securities introduced a new account opening referral code and sub-brokerage online account opening function, and planned account opening marketing activities. 2. **Continue promote optimized platform for opening accounts over the counter:** Mega Securities introduced digital signature and media storage technologies, significantly reducing the waiting time for customers to open accounts or open additional accounts at counters.	1. The number of accounts to be opened through digital channels reached 29,412 in 2023. 2. In 2023, a total of 3,663 customers have used the paperless platform to open a bank account.
Use Social Media Platforms	Mega Bank	1. **Official LINE account provides a variety of account notification services:** Mega Bank's LINE official account issues an average of 7.96 million notifications each month. In addition to saving 90% of the cost of the SMS delivery, customers can also actively inquire foreign exchange rates, service locations, credit card services, financial services and mortgage calculations on the LINE official account. They can also use online text customer services to ask questions and receive answers. 2. **Actively promote LINE official account linking service:** Mega Bank encourages cardholders to link their cards to receive real-time notifications of credit card purchases, and to increase the frequency of interaction with cardholders through the broadcasting of event messages.	1. As of the end of December, 2023, Mega Bank official account currently has 3.129 million members. 2. As of 2023, there were approximately 295,000 accounts linked by cardholders.
Provide Mobile Banking Function – Declare Large Foreign Exchange Transactions	Mega Bank	Mega Bank officially launched mobile banking function - declare large foreign exchange transactions at the end of 2021. By completing an IXML certificate application on their mobile banking app, customers can buy/sell foreign currencies equivalent to a value of NT$500,000 or more. This service is convenient and less time consuming, as customers no longer need to visit the Bank to sign declaration forms. They can also enjoy preferential exchange rates that are exclusive for online exchanges.	In 2023, a total of 11,690 IXML certificates were issued, and the amount of foreign exchange declaration completed through IXML certificates totaled NT$9.003 billion, representing an increase of 19.51% and 66.16% respectively compared to 2022.
Launch Smart Enquiry on Deposit Transactions	Mega Bank	In March 2023, Mega Bank launched the AI transaction search service, which utilizes AI Natural Language Process (NLP) and big data technology to help customers find the information they need faster and more accurately. It also provides "automatic word correction", "error correction", and "related word" functions to meet customers' different search needs, which effectively shortens search time and enhances operational experience.	Since the launch of the online service in March 2023, this feature has been well received by customers, with a cumulative annual usage of over 130,000 times, which has significantly enhanced the efficiency and experience of customers in checking their accounts.
Establish Remote Video Service Platform	Mega Bank	In 2023, Mega Bank completed the construction of a joint platform for remote video services, which will allow businesses to flexibly set up video processes and case review mechanisms according to their planning, including appointment management, SMS management, file management, operational process management, business management, and word card management functions. Branches and other user units can also flexibly schedule video appointments for customers, and provide functions such as recording and retaining video content, and video conference case management, to enhance the overall customer experience of digital services. For customers who are hearing-impaired, they can communicate through the word card prompts. For the customers who are visually impaired, they can be assisted by specialists, and the Bank can confirm and complete the relevant operations step by step, reducing the need for customers to visit the counter or manually carry out the operation. All of these help financial services to break away from the constraints of place and time.	Launched at the end of October 2023, the "Online Application and Video Service for High Asset Customers" is the first public sector bank to offer this service. Customers who meet the high asset qualifications can complete the application for Mega Bank's High Asset Clients in about 3 minutes through the mobile banking app. Then the Customer Relationship Manager (CRM) will complete the review and approval process through the video service process, replacing the complicated application process of filling out paper documents and contract signing and identity confirmation of the past, as well as providing customers with a more convenient, efficient, and secure service.

Cumulative Number of Accounts Opened Digitally by Mega Group in the Past 4 Years

Company Name	Application Item	2020	2021	2022	2023	Difference between 2023 and Previous Year (%)
Mega Bank	Number of Online Banking Accounts	1,105,631	1,231,157	1,347,025	1,455,169	8.03%
	Number of Mobile App Accounts	708,876	850,780	930,338	1,042,689	12.08%
	Total Number of Accounts	**1,814,507**	**2,081,937**	**2,277,363**	**2,497,858**	**9.68%**
Mega Securities	Digital Accounts	5,067	16,528	20,050	29,412	46.69%
Mega Funds	Digital Accounts	6,779	7,299	7,394	7,458	0.87%

Note 1: Digital accounts include margin account opening/contract renewal/limit adjustment, fund lending, securities lending, and wealth management.
Note 2: Mega Bank's digital channels include internet banking and mobile app.

The Cumulative Number of Digital Accounts Opened by Mega Group in the Past 4 Years



4.5.3 Digital Technology Capabilities

AI technology and IoT applications have always been breakthroughs and trends in technology development. Mega Group continues to develop Fintech to optimize digital experience. AI technology is applied to optimize smart customer service, enabling customer needs to be met more efficiently, while IoT technology is used to establish an online financial services platform and reduce the complex processes involved in financial transactions.

Item		Description	Results of Promotion
Optimize Intelligent Customer Service	Mega Bank	Mega Bank continues to use Natural Language Processing (NLP) technology in text and voice customer service operations, reducing customer waiting time after call-in and improving customer satisfaction through smart customer service. Intuitive services such as font enlargement, read-aloud function and speech recognition input are also available for elderly and customers with disabilities. For foreign customers, we provide 24-hour VoIP service, which not only avoids time difference restrictions, but also saves on international call charges.	In 2023, there were 625,068 logins to use the Chatbot – Hsiao Meh, an increase of 78,853 users (a 14% increase in usage) compared to 2022, and the response rate has reached 96%, which is effective in solving customer problems. Through the 24-hour round-the-clock intelligent customer service, it was initially estimated that the monthly labor and business expenses saved up to a million dollars, which will effectively reduce the operating costs.
	CKI	In 2023, CKI continued to optimize its intelligent customer service "Mega Hsiao Le". In addition to adding the functions of online enquiry of all insurance policies and claims progress, text-based customer service and font enlargement were also provided for the elderly and customers with disabilities, so that customers can enjoy more comprehensive and friendly financial services.	In 2023, there were 43,994 logins to use the Chatbot – Mega Hsiao Le, with the service volume accounting for about 30% of the total number of customer service cases, and the response rate has reached 90%, overcoming time and location constraints.
Establish Online Financial Service Platform	Mega Securities	1. **Online Account Opening Platform "E-Open":** The dual opening function for securities and sub-brokerage accounts, combined with online signature of W8ben (US Foreign Tax Investigation Form), integrating Optical Character Recognition (OCR) technology and incorporating Mega Bank's online identity verification and printing services to save account opening time and streamline procedures. 2. **"Mega E-Stock" Platform:** It provides stock deposit service with fixed amounts, fixed shares, conditional orders and U.S. stocks based on intraday zero shares, enabling low income earners and dividend investors to have a more flexible digital stock deposit experience.	1. A total of 16,928 securities accounts and 12,484 sub-brokerage accounts were opened online in 2023. 2. In 2023, the cumulative number of stock deposit plans reached 30,212.
Robotic Process Automation (RPA)	Mega Bank	To build an All-in-One (AIO) platform, Mega Bank streamlined and consolidated counter operations through digitized equipment and process modifications in 2022 to enhance branch efficiency and improve the customer digital service experience. The scope of operations includes deposit account opening, deposit account opening for the visually impaired and the physically disabled, gold passbook opening, personal account basic information modification, change of the old and new ID card numbers for foreigners, upgrade of digital deposit account permissions, and opening of trust finance accounts.	By the end of 2023, a total of 267 sets of AIO paperless equipment were deployed, serving 62,576 people and opening 76,350 accounts.
	CKI	In 2022, CKI started to introduce process automation, gradually transferring simple and high-frequency operational processes to robots, and the processes that have been applied so far involve claims, financial management and quotation-related operations.	Between 2022 and 2023, more than 500,000 data files were completed through RPA for claims and pandemic prevention insurance.

Develop Financial FIDO Biometrics

In June 2023, Mega Bank officially launched the Financial FIDO service, which uses biometric technology (e.g., fingerprint or facial recognition) to link to mobile devices for identity authentication, effectively reducing the risk of account and password disclosure, theft, or phishing attacks, as well as enhancing the protection of customers' online transaction data and transaction security. Currently, the system can support the registration/login/insurance of Internet members of Cloud Counter and CKI. Financial FIDO is a fast, convenient and secure identity verification tool, and will continue to be expanded to apply for various financial services within and among subsidiaries, such as: credit card spending 3DS verification, category II digital deposit account opening identity verification, Mega Securities online account opening for securities settlement / duplicate entrustment account authorization, and so on. For customers with physical disabilities, biometric identification and data sharing and transfer operations can effectively save input time and enhance financial friendly services.

Establish Smart Document Recognition Service Common Platform

By the end of 2023, Mega Bank completed the establishment of a joint platform for smart document recognition services to provide intelligent and highly accurate document recognition results. By connecting to other business service systems through APIs, it reduces the cost of duplicating the relevant functions for each unit and accelerates the introduction of online operations. After the launch of the service, we have already provided financial document recognition to simplify the daily operations of business staff and enhance operational efficiency for credit collection operations, customer identification to speed up the related counter application process, and internal reconciliation document recognition. We are planning to expand the service to various business scenarios of the bank in the future.

CH 5
Employee Care

5.1 Diversified Recruitment

5.2 Talent Development

5.3 Happy Workplace

5.4 Human Rights Protection

Material Topics of GRI Standards

GRI 401：Employment

GRI 403：Occupational Health and Safety

GRI 405：Diversity and Equal Opportunity

Corresponding Material Topics

Happy Workplace

Targeted Stakeholders

Employee / Corporate Union

Mega Group regards employees as important assets and the foundation of business development. To implement labor-management harmony and create a partnership of coexistence, co-prosperity, and win-win situation, we provide comprehensive planning and assistance from employee recruitment, development, retention, welfare to retirement through the Employee Care Working Group under the Sustainable Development Committee, as well as the HR units of Mega Financial Holding and its subsidiaries. We take care of employee health and strive to create a happy enterprise.

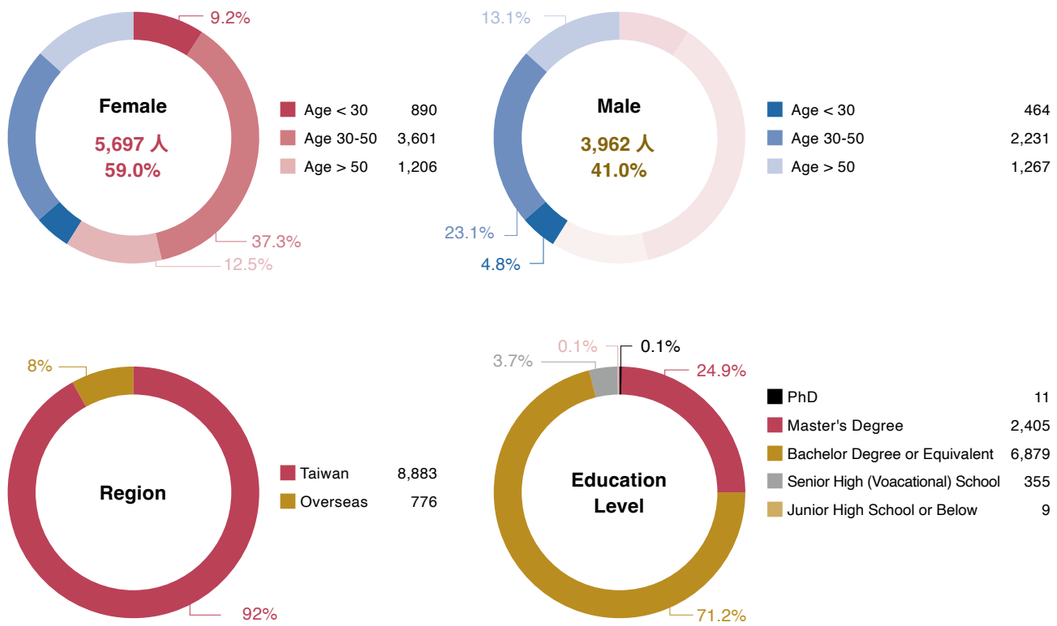
5.1 Diversified Recruitment

5.1.1 Talent Resources and Structure

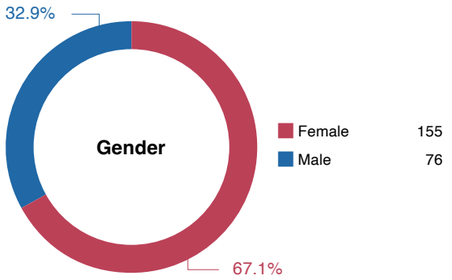
Mega Group complies with the labor laws and regulations of Taiwan and respects the internationally recognized basic labor human rights principles, and incorporates the relevant regulations into the Group's "Human Rights Policy". To ensure equal opportunity in recruitment, employment, salary benefits, and job promotion, Mega Group prohibits discrimination on unfair treatment on the basis of nationality, race, class, language, thought, religion, etc. As of the end of 2023, the total number of employees in Mega Group was 10,160, including 9,659 full-time employees, 231 non-full-time (contract) employees, and 270 employees of subsidiaries not included in this sustainability report. Of which the number of employees in Taiwan was 8,883, accounting for 92%, and the number of employees in overseas subsidiaries was 776, accounting for 8%). Overall, most of our full-time employees, with a total of 5,832 employees (n=5,832 or 56.5%) were aged 30 to 50 years. For detailed data on talent structure over the years, please refer to Appendix 8.3.2 Social Indicators.

Mega Group Global Talent Structure

Full-time Employees / Indefinite Contracts



Part-time (temporary) / Dispatch Contract

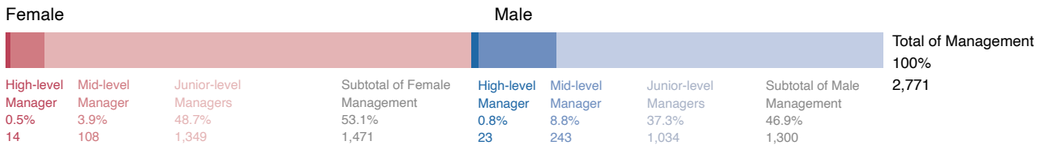


Note 1: All of the part-time employees of Mega Group are located in Taiwan, and the total number of full-time employees is 8,883 (92%) in Taiwan and 776 (8%) in overseas locations.
Note 2: Part-time employees and dispatch contract employees (non-guaranteed working hours) are temporary and part-time workers, mainly drivers for the executives and students working part-time. Drivers are mainly responsible for picking up and dropping off managerial officers. Students working part-time are responsible for delivering documents, arranging meetings, and performing other miscellaneous tasks.
Note 3: There are 270 employees in subsidiaries which are not included in this Sustainability Report, including interns, contractors' cleaning or security personnel.

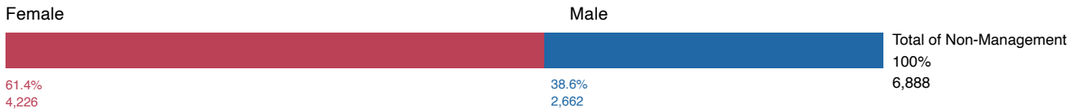
Mega Group has a long-standing interest in the issue of gender equality and has taken practical actions to support gender equality and empower all women. In terms of talent structure, there were a total of 5,697 female employees in 2023, accounting for 59% of the total. In addition, in line with Goal 5 of the UN SDGs - Gender Equality, Mega Group has set a target of "maintaining a balance between genders with a range of 40% to 60% for both male and female employees". The achievement rate of this target has been 100% for the past four years.

Management Structure of Mega Group Full-time Employees

Management



Non-Management



Note: High-level managers refer to vice president and above, mid-level managers refer to unit supervisor, junior-level managers refer to non-unit supervisor.

5.1.2 Employee Diversity

Mega Group actively responds to the global spirit of "Diversity, Equity and Inclusion" (DEI). We are committed to creating a diverse and equal employment environment, safeguarding the work rights and interests of different ethnic groups, and allowing each employee to fully demonstrate their uniqueness and differences. As of the end of 2023, Mega Group had employed a total of 55 employees with disabilities and 10 indigenous employees. In the future, appropriate job vacancies will continue to be provided to establish a friendly and inclusive workplace. For detailed information on employees with disabilities and indigenous employees, please refer to Appendix 8.3.2 Social Indicators.

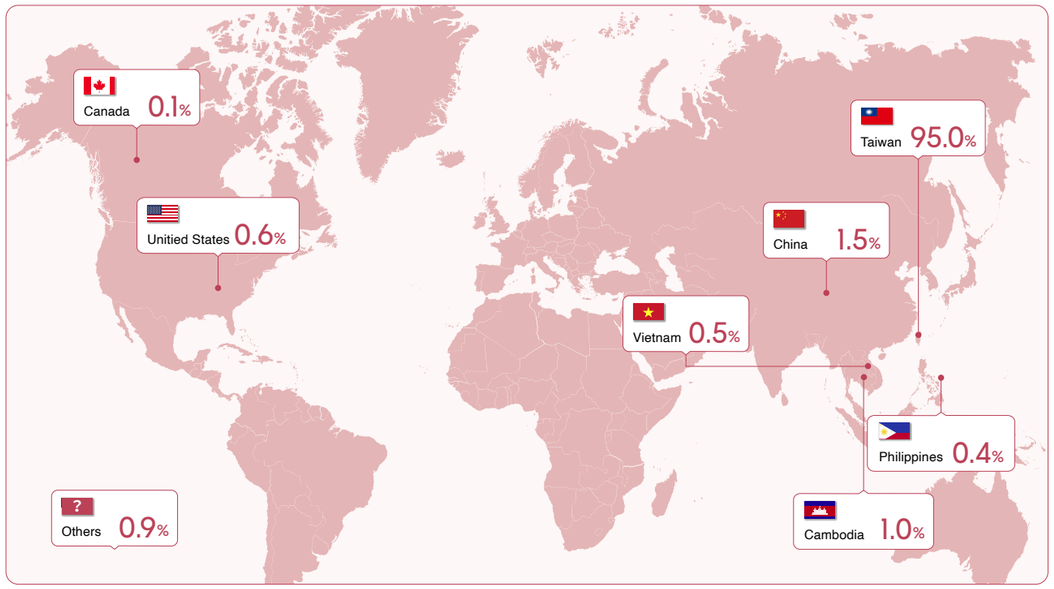
With the rapid development of digital technology around the world, there is an increased demand for STEM-related positions in companies. In Mega Group's workforce, 591 women, or 43.5%, are employed in STEM positions. A total of 1,017 female employees (54.6%) are employed in management positions in Revenue-generating Function Units, demonstrating that Mega Group does not discriminate based on gender in hiring and promoting its employees, and that each employee is able to make the best use of his or her talents and abilities.

Functional Information Full-time Employees

Category	Item	Number of Employees	Percentage (%)
Employees in STEM-related Positions by Gender	Female	591	43.5%
	Male	769	56.5%
Managers in Revenue-generating Function Units by Gender	Female	1,017	54.6%
	Male	845	45.4%

Note 1: High-level managers refer to vice president and above, mid-level managers refer to unit supervisor, junior-level managers refer to non-unit supervisor.
Note 2: Revenue-generating positions are based on business units, excluding support units such as human resources, legal compliance, and auditing.
Note 3: STEM-related positions are counted as those involving statistics, mathematics, and actuarial calculations, such as the Investment Division, the Information Division, and the Digital Financial Services Division.

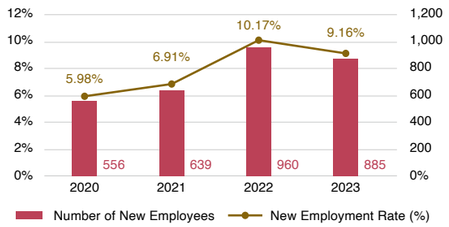
In addition, Mega Group has a global business layout that attracts international talent. As of the end of 2023, the Group's employees come from 20 nationalities, with the top seven nationalities including Taiwan, China, the United States, Cambodia, Vietnam, the Philippines, and Canada account for 99.1% of the total employees. Mega Group also plans to strengthen employees' international perspective and promote workplace exchanges through overseas branch internships and observation visits. For detailed information on global employees over the years, please refer to Appendix 8.3.2 Social Indicators.



5.1.3 New Hired and Resigned Employees

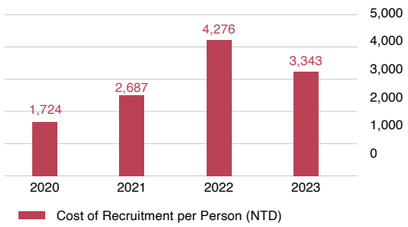
In 2023, the number of new employees and the new employee rate were 885 and 9.16%, respectively, a decrease compared to the previous year. In addition to recruiting talent, Mega Group also continues to track the resignation of employees, and develops relevant workplace improvement plans through turnover rate analysis. In 2023, the number of resignations totaled 508 (excluding retirees and those on extended unpaid leave), and the turnover rate was 5.26%, a decrease from 2022. Voluntary turnover rate and new employees' turnover rate were 4.85% and 1.64%, respectively, a decrease from 2022, but still lower than the industry standard. For detailed information on global employees over the years, please refer to Appendix 8.3.2 Social Indicators.

Global Workforce - New Employees



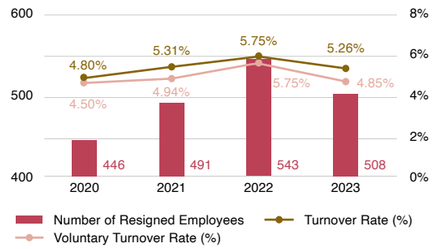
Note 1: The total number of New Employees refers to the number of new employees who join the organization for the first time (reinstated personnel are not included).
Note 2: New Employment Rate (%) = Number of New Employees / Number of Employees at the End of the Year x 100%.

Average Recruitment Cost per New Employee



Note: Average Recruitment Cost of New Employee = Total Cost of Hiring New Employees in the Year / Number of New Employees.

Global Employee (Full-Time) Turnover Rate



Note 1: The number of Resigned Employees includes the number of employees who resigned voluntarily, early retirement, layoff, dismissal, and those who passed away while on duty, and excludes those who retired at the mandatory age and those on extended unpaid leave.
Note 2: Turnover Rate (%) = Number of Resigned Employees / Number of Full-time Employees at the End of the Year x 100%.
Note 3: Voluntary Turnover Rate (%) = (Number of Voluntary Resigned Number of Employees+ Number of Early Retirement Employees) / Number of Full-time Employees at the End of the Year x 100%.

5.1.4 Recruiting Strategy

In response to the declining birth rate in Taiwan and the trend of diversified development in the financial industry, Mega Group focuses on recruiting talents in three major areas: Digital, Sustainable, and Diversified Financial. We recruit through various channels, such as job banks, corporate websites, media, and accept referrals from relevant professionals in the financial industry or from within our own employees. With a rigorous screening process, we ensure that applicants are suitable for the positions they apply for.

Digital Talents

- **Objective:** Digital talents are recruited in response to the vigorous development of digital banking technology. Digital talents can help the Company to improve its competitive advantages, build up the Company's information and cyber security capacity, and strengthen new businesses related to financial technology, such as corporate website operation, social networks, and digital marketing, etc.
- **Recruitment Outcome:** Mega Bank and Mega Securities have recruited more than 60 digital finance professionals through campus recruiting, posting on official websites and job bank websites.

Sustainability Talents

- **Objective:** Sustainability talents are recruited to keep up with sustainability trends and to engage with various stakeholders to plan and execute the Company's sustainability strategies and action plans, thereby achieving corporate sustainable development.
- **Recruitment Outcome:** In response to Mega Financial Holding's establishment of the "Sustainability Development Department" and joining the FSC's "Coalition of Movers and Shakers on Sustainable Finance", Mega Financial Holding actively recruits professionals specialized in sustainable development. Each subsidiary also cooperates with the needs of the Group by allocating manpower to handle sustainable-related businesses, effectively integrating resources and promoting corporate sustainable actions.

Diversified Financial Talents

- **Objective:** Diversified financial talents are recruited to reinforce our global presence, adapt to emerging financial issues such as sustainable finance and digital finance, assist with the development of related products, and enhance the competitiveness of the Company's products and services.
- **Recruitment Outcome:** Mega Bank is recruiting talents in private banking, consumer credit, data analysis, marketing planning, and marketing strategy planning to cope with diversified business development.

Campus Recruitment

To attract outstanding young talents, Mega Group actively cooperates with colleges and universities to provide scholarships, set up financial courses in collaboration with domestic universities, offer internship and work-study opportunities to students, as to cultivate and attract potential financial talents.

Provide Internship Opportunities

Mega Bank, Mega Securities, Mega Bills, and Mega Funds provided a total of 73 internships for college/university students.

- **Background:** Provides young people with job opportunities to enable them to understand the professional functions of the financial industry and to nurture and attract potential talents.
- **Collaboration Channels:** We organize summer internships for college/university students, cooperate with related departments, and post job vacancies on job bank websites.

Provide Scholarships and Bursaries

Mega Bank awarded a total of 10 students with a total amount of NT$200,000 in scholarships; Mega Securities awarded a total of NT$336,000 in scholarships.

- **Background:** In response to the establishment of Mega Bank's overseas branches and the need to cultivate securities talents.
- **Collaboration Channels:** Mega Bank cooperates with colleges/universities to provide scholarships to Burmese students in Taiwan; Mega Securities cooperates with the financial department of colleges/universities.

Organize Corporate Visits for Students

Nearly 100 high school and college/university students applied for the program and 60 students were accepted.

- **Background:** Mega Group is actively focused on nurturing talents. The corporate visit themed "Exploring the Multiverse of Mega Securities" was organized by Mega Securities and co-organized by Mega Futures and Mega International Investment.
- **Collaboration Channels:** Invite high school and college/university students who are highly interested in the financial industry to apply for the program.

Organize Campus Financial Seminars or Career Sharing

There were about 500 students reached from Mega Bank's Campus Recruitment Program, with a cost of NT$113,000. Mega Securities and the Taiwan Academy of Banking and Finance co-organized four Financial Literacy Seminars for Colleges and Universities, benefiting a total of 291 college and university students. In addition, Mega Securities was invited to give a lecture on international bond investment practices at Fu Jen Catholic University, reaching a total of 85 students.

- **Background:** Mega Bank participates in college/university campus recruiting activities. Through practical teaching and experience sharing, Mega Securities instructors guide young people to learn proper financial management knowledge.
- **Collaboration Channels:** Mega Bank participates in campus career fairs and classroom recruitment activities; Mega Securities organized financial seminars with related organizations.

Case Study Mega Securities "Exploring the Multiverse of Mega Securities" Corporate Visit

On September 23, 2023, Mega Securities organized the first "Exploring the Multiverse of Mega Securities" corporate visit event. Nearly 60 high school and college/university students were invited to take part in a one-day financial experience, which provided them with more opportunities to get in touch with financial knowledge and product services.

The visit program not only arranged the top-level executives of Mega Securities, Mega Futures and Mega International Investment to explain to the students the characteristics of the financial industry and their business overview. In addition, the students went on a guided tour to visit the brokerage, bond, proprietary trading and underwriting departments of Mega Securities one by one, so that they could experience the practical work of the financial field. Finally, Pei-Chun Chen, Chairman of the Board of Directors of Mega Securities and Mr. Ming-Tsung, President of Mega Securities, presented the students with certificates of completion.

5.2 Talent Development

5.2.1 Education and Training

Mega Group has spared no effort in employee education and training, providing employees with diverse and professional training courses and development plans. The Group plans and organizes various financial-related professional courses, foreign language courses, overseas study programs, seminars, and encourages employees to engage in self-learning. By establishing online learning resources and providing measures such as professional certification exams, and foreign language proficiency tests, Mega Group has a well-established mechanism for self-learning, creating a learning and innovative working environment that enables employees to continuously develop their skills and unleash their potential.

Mega Group Professional Talent Training Program

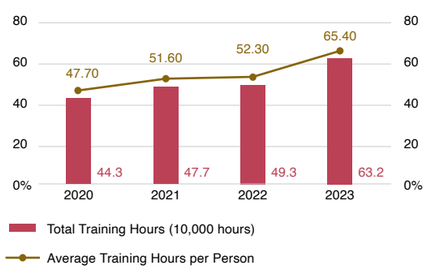
Category	Item		Participating Company						
			Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	MAM
Vocational Training	Management Training	Unit Supervisor Training	●	●	●				
		Cadre Training		●					
		Executive Research Class/Leadership Class		●	●				
		Mid/High-level Managers Learning Camp		●	●	●			
		Entry-level Manager Training	●	●		●			
	Professional Training	Annual Training Programs		●		●	●		
		Professional Competency Training	●	●		●	●	●	
		New Knowledge on Financial Laws and Regulations		●	●	●	●	●	
	General Knowledge Training	New Employee Orientation		●		●	●	●	
		Foreign Language Learning	●	●					
		Computer Skills		●			●		
		Labor Laws Training		●		●	●		
Self-learning	E-learning Platform (such as Hami Book)			●		●	●	●	●
	Subsidies for Professional Licenses and Certifications		●	●	●	●	●	●	●
	Language Test Subsidies			●		●	●		

Mega Group Talent Training Results

Unit: thousand NTD

Item / Year	2020	2021	2022	2023
Total Training Cost	59,556	42,867	60,365	73,658
Average Cost of Training per Person	6.4	4.6	6.4	7.6
Proportion of Net Revenue (%)	0.10%	0.07%	0.11%	0.10%
Human Capital Return on Investment (%)	2.6	2.5	2.3	3.0

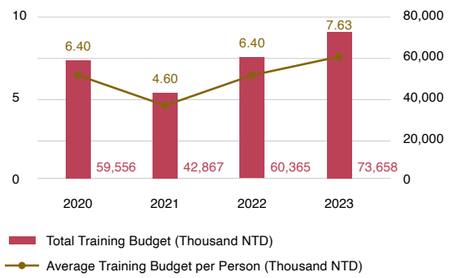
Education and Training Hours Statistics



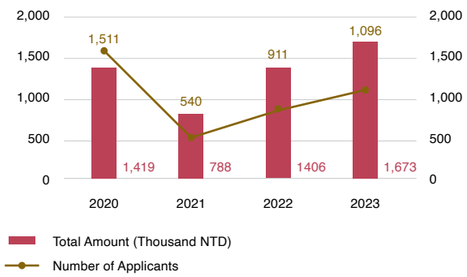
In 2023, the average training hours per employee in Mega Group was approximately 65.4 hours, with a total training time of 632,000 hours. Compared to 2022, the average training hours and total training time increased by approximately 25% and 28.2%, respectively. (For detailed information on Training, please refer to Appendix 8.3.2 Social Indicators)

Mega Group encourages its employees to participate in related professional certification or qualification examinations, providing full or partial subsidies for registration fees and certification fees. Relevant certifications include Certified Financial Planner (CFP), Associate Financial Planner (AFP), Certified Financial Services Auditor (CFSA), Certified Anti-Money Laundering Specialist (CAMS), and so on. In 2023, Mega Group invested more than NT$70 million in talent training costs, provided subsidies for professional certifications to a total of 1,096 people, offering nearly NT$1.67 million in subsidy fees. Mega Group not only continues to provide subsidies but also plans relevant educational training and provides professional support to its employees. (For detailed information on professional certifications, please refer to Appendix 8.3.2 Social Indicators)

Training Cost Statistics



Subsidies for Professional Licenses and Certifications



Professional Talent Training Programs

To provide a development environment and resources that match the capabilities of employees, Mega Bank has established an "Annual Training Plan". Courses and seminars are offered based on business categories, while professional training courses are held periodically to strengthen employees' professional skills training in response to factors such as company strategies, financial market trends, and legal changes. In addition, to make up for the lack of internal training, Mega Bank also sends personnel to participate in professional training courses and promotional events held by external institutions such as the Taiwan Academy of Banking and Finance, Bankers Association of the Republic of China, Trust Association of the Republic of China, Securities and Futures Institute, and Chung-Hua Institution for Economic Research.

Mega Bank and Mega Securities also designed the "Unit Supervisor Training Program" and "Elite Cadre Training Program". Each unit regularly recommends outstanding mid-level personnel with ambition and development potential to be trained in the relevant courses in the industry once they pass the review. They also provide follow-up professional training programs for external organizations to train unit supervisors and elite cadres. To track and evaluate the effectiveness of the training programs, Mega Group uses the Kirkpatrick Model to measure and effectively quantify the benefits of the training programs.

Unit Supervisor Training Program

Program Description: Mega Bank Staff

Program Description

Mega Bank recommends outstanding employees with potential from various units to participate in the Unit Supervisor Training Program annually. The course content covers digital finance, financial markets, wealth management, consumer finance, information security, and so on. Industry experts, scholars, and consulting companies are invited to give lectures on topics such as "Challenges and Capital Market Trends Faced by the Financial Industry in the Changing Environment and Society", "Window Dressing and Fraud in Corporate Financial Reports", and "Leadership and Governance". Through cultivating excellent employees and enhancing their professional knowledge and governance capabilities, potential unit supervisor candidates are identified to establish a succession pipeline for sustainable operation.

Training Benefits

Number of people trained in 2023	Number of people trained over the years	Number of people appointed as a unit supervisor	Ratio (%)	Trainee satisfaction
19	632	242	38%	92%

Item	Indicator	2023	2022
L5 Return on Investment (ROI)	ROI of Training	3.43	2.9
L4 Results	Customer Satisfaction	90.20%	97.1%
L3 Behavior	Retention Rate of Key Talent	99.10%	99.9%
L2 Learning	Completion of Training	100%	100%
L1 Reaction	Trainee Satisfaction	92%	93.4%

Elite Cadre Training Program

Program Description: Mid-level Managers

Program Description

In 2023, Mega Bank held the 13th Elite Cadre Training Program, which has been offered since 2014. The program aims to train mid-level managers who are under 45 years old, outstanding, ambitious, and have development potential. The course content covers banking-related businesses such as deposits, wealth management, and anti-money laundering, in addition to other subjects. Employees who took part in the training have gained practical experiences from serving in important positions at the Head Office and domestic and overseas business units and from partaking in professional training programs, at home and abroad. Most employees receive recommendations again for participating in the "Unit Supervisor Training Program" to complete the comprehensive training required for future unit supervisors.

Training Benefits

Number of people trained in 2023	Number of people trained over the years	Number of people appointed as a unit supervisor	Ratio (%)	Trainee satisfaction
106	936	34	3.6%	95.06%

Item	Indicator	2023	2022
L5 Return on Investment (ROI)	ROI of Training	3.43	2.9
L4 Results	Customer Complaints	220	213
L3 Behavior	Retention Rate of Key Talent	95.83%	99.9%
L2 Learning	Completion of Training	100%	100%
L1 Reaction	Trainee Satisfaction	95.06%	93.1%

Mega Bank Training Program Results in the Past Years	Item	2020	2021	2022	2023
Unit Supervisor Training Course	Number of People Trained	38	37	37	19
	Training Hours per Person	34.5	34	34	33
	Training Expense (NTD)	182,820	119,978	149,410	138,112
Elite Cadre Training Course	Number of People Trained	101	79	100	106
	Training Hours per Person	27.5	28	28	28
	Training Expense (NTD)	192,304	181,521	184,725	195,304
Seminar on Overseas Branch Businesses	Number of People Trained	70	37	61	35
	Training Hours per Person	33.0	33	33	33
	Training Expense (NTD)	91,219	51,750	52,100	49,325

5.2.2 Job Rotation and Performance Appraisal

Job Rotation

Job rotation serves to develop talents for banking business, enhance personnel's interest in their work and stimulate their working potential. With the aim of meeting the goal of putting the right person in the right position, the employee rotation system adopted by Mega Group mainly includes "Internal Rotation and Recruitment" and "Talent Exchange within the Group".

Internal Rotation and Recruitment

Purpose: To meet business needs, activate organizational functions, and cultivate outstanding talents through strengthening job experience, so that human resources can be used effectively and work potential can be fully realized.

Dscription: Mega Group's internal rotation and recruitment mechanism adopts two methods: internal rotation and rotation between units. In addition to allowing employees to be placed in suitable positions and retaining outstanding talents for Mega Group, the internal rotation mechanism also has the function of mutual support during busy business seasons or manpower shortages. All relevant transfers comply with the "Five Principles of Rotation" stipulated by laws and regulations.

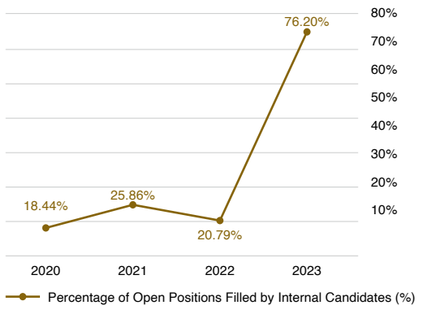
Talent Exchange within the Group

Purpose: To promote talent exchange among companies within the Group, to facilitate employee deployment, and to strengthen the cultivation of professional talents.

Dscription: The "Group Personnel Exchange Rules" have been established to provide personnel exchange mechanisms within the Group through negotiation or borrowing, in order to meet the needs of cross-industry operations in finance.

Replacement of Vacancies within Mega Group

Number of Open Positions filled by Internal Candidates in the Year	Management	387
	Non-management	368
	Total	755
Open Positions in the Year (Note 1)		991
Percentage of Open Positions Filled by Internal Candidates (%) (Note 2)		76.2%
Percentage of Open Management Positions Filled by Internal Candidates (%) (Note 3)		39.1%
Percentage of Open Non-management Positions Filled by Internal Candidates (%) (Note 4)		37.1%



Note 1: Open Positions in the Year include the number of voluntary internal rotations and the number of new hired in the year.
Note 2: Percentage of Open Positions Filled by Internal Candidates (%) = (Number of Open Positions filled by Internal Candidates in the Year / Open Positions in the Year) x 100%.
Note 3: Percentage of Open Management Positions Filled by Internal Candidates (%) = (Number of Open Management Positions filled by Internal Candidates in the Year / Open Positions in the Year) x 100%.
Note 4: Percentage of Open Non-management Positions Filled by Internal Candidates (%) = (Number of Open Non-management Positions filled by Internal Candidates in the Year / Open Positions in the Year) x 100%.
Note 5: Starting from 2023, the Group adjusted the method of calculating the Number of Open Positions Filled by Internal Candidates to include the number of internal rotations, resulting in an increase in the Percentage of Open Positions Filled by Internal Candidates.

Performance Appraisal

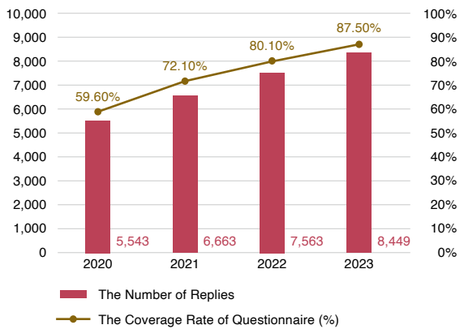
To achieve organizational performance goals and discover employee potential, Mega Group has established a fair and just performance appraisal system in accordance with the "Employee Performance Evaluation Guidelines". The number of internal promotions within the Group reached 959 in 2023. Mega Group's performance appraisal can be divided into "Management by Objectives", which is applicable to all employees, and "Ranking Evaluation", "Team-based Performance Appraisal", and "Agile Conversations", which is designed for specific businesses.

Assessment Method	Description	Frequency
Management by Objectives	Assesses employee performance at the end of each year based on their day-to-day work performance, goal attainment, and key performance indicators. The evaluation is carried out according to fair and just principles and strict operating procedures. Except for personnel under probation employees and reinstated personnel who have returned to work during the current year, all other employees will undergo evaluation. The results of the performance evaluation will be used as the basis for employee rewards and promotion.	The evaluation is conducted once a year by Mega Financial Holding and subsidiaries.
Ranking Evaluation	Designed for specific businesses such as wealth management and credit card promotion, and ranks employees according to their performance in specific business areas. This evaluation motivates employees to achieve better performance by providing bonuses based on ranking.	• Mega Bank: From time to time. Within the approved budget, each business unit will operate a business target incentive program for a specific period based on the targets set by the business. • Mega Securities, Mega Bills: Once a year.
Team-based Performance Appraisal	Departments and teams regularly conduct performance evaluations to enhance their management functions and assess their business performance.	Supervisors discuss with employees to set up work objectives, and request those with low achievement rates, poor performance, and unsuitable employees to fill out project evaluation forms and have continuous dialogs to request improvements.
Agile Conversations	Supervisors discuss with employees to set up work objectives, and request those with low achievement rates, poor performance, and unsuitable employees to fill out project evaluation forms and have continuous dialogs to request improvements.	• Mega Bank: Once a year. • Mega Securities: More than 4 times per year. • CKI: Non-scheduled project evaluation.

5.2.3 Employee Engagement

To understand the level of employee engagement and satisfaction in Mega Group, as well as the relationship between the two and job performance, a professional organization was commissioned in 2023 to conduct a survey of the Group and its subsidiaries. A total of 8,449 responses were received in this survey, with a questionnaire coverage rate of 87.5%, which grew by 7.4% compared to 2022. The questionnaire used a 5-point Likert Scale and referenced Gallup and Towers-Watson's definition of employee engagement for item design, while considering job satisfaction to explore the benefits of employee engagement on job performance.

Group Employee Engagement Survey



Survey Aspect of Employee Engagement

Survey Results

Results showed that the score for Mega Group's Employee Engagement Survey was 3.78. The percentage of employees who actively participate in their work (those who scored 3 or above on the survey) was 92.9%.

Items / Year	2020	2021	2022	2023
Actively Engaged Employees	90.8%	87.3%	88.5%	92.9%

The overall results show that males scored higher than females, and those with management scored higher than those without management. Regarding various aspects of the survey, the analysis found that it is difficult for employees to feel the connection between personal performance and the organization goals, and their awareness of the rationality of work allocation and promotion channels is low, which affects the performance of achievement motivation. In the future, Mega Group will focus on internal promotions within each company, encourage supervisors to reward employees in a variety of ways and provide positive feedback to increase employee engagement and willingness to stay.

Items / Year			2020		2021		2022		2023	
			Sample	Score	Sample	Score	Sample	Score	Sample	Score
Gender	Male		2,312	3.78	2,858	3.61	3,243	3.65	3,549	3.83
	Female		3,231	3.73	3,805	3.62	4,320	3.60	4,900	3.75
Position	Management	Top-level Manager	28	3.84	63	3.99	50	3.90	53	3.95
		Mid-/Junior-level Manager	861	3.81	1,925	3.67	2,218	3.67	175	3.83
	Non-management		4,654	3.74	4,675	3.55	5,295	3.60	8,221	3.76
Total			5,543	3.87	6,673	3.71	7,563	3.62	8,449	3.78

5.3 Happy Workplace

5.3.1 Remuneration and Benefits

Enhance Salary Competitiveness

For new employees, Mega Group provides different basic salaries based on their job grades. There is no difference in pay based on factors including gender, age, race, religion, political stance, marital status, and participation in organizations. The basic salaries of new employees, at home and abroad, across the Group are higher than the minimum wages of countries where they operate; subsequently, employees' compensation will vary year by year based on the performance bonuses and the increase of salary.

Mega Group has been selected as a constituent stock of the "Taiwan High Compensation 100 Index" by the Taiwan Stock Exchange for nine consecutive years, indicating that the salary level of the Group's employees is higher than that of most listed companies in Taiwan. In addition to the monthly salary and the year-end bonus, each employee's annual income includes the performance bonus and employee compensation paid according to the annual performance, and employees with outstanding performance are also eligible for a raise in order to retain outstanding talents and achieve 100% utilization of annual employee benefits budget.

In response to the growth of the consumer price index and to boost the morale of the Group's employees, the Board of Directors of Mega Financial Holding has approved a salary increase of 4.5% for the Group in 2023, which is higher than the salary increases for civil servants, and the salary increase for junior staff is higher than that for management-level staff.

Average and Median Salary of Full-Time Non-Managerial Employees

Items / Year	2020	2021	2022	2023	Difference between 2023 and previous year
Number of Full-time Non-Managerial Employees	7,857	7,728	7,754	7,902	1.90%
Average Annual Salary of Full-time Non-managerial Employees (thousand NTD)	1,426	1,450	1,432	1,562	9.08%
Median Annual Salary of Full-time Non-managerial Employees (thousand NTD)	1,134	1,173	1,173	1,304	11.17%

Average and Median Difference in Remuneration and Bonus by Gender

Average Difference in Remuneration by Gender	17.98%
Median Difference in Remuneration by Gender	17.75%
Average Difference in Bonus by Gender	18.64%
Median Difference in Bonus by Gender	16.62%

Note 1： Gender difference is the ratio of the difference between male data and female data accounts for the proportion of male data.
Note 2： Calculated based on the global full-time employees who are still on job and have worked for more than 6 months on December 31, 2022; as for the remuneration, it is calculated on an annual basis.
Note 3： The calculation definition refers to the "Average Benefits of Non-managerial Employees" of TWSE, and the annual remuneration includes salary, bonus (year-end bonus, performance bonus, employee remuneration) and overtime pay (including overtime pay for unused vacations).

Mega Group not only provides generous salaries, year-end bonuses, performance bonuses, and employee compensation, but also offers excellent employee benefits, including life/medical/disability insurance, maternity/paternity/childcare/health check/family care leave, retirement programs, employee preferential deposit and stock trust, subsidies for marriage/funeral/childbirth/illness/travel/social clubs, to ensure comprehensive care is provided to the employees.

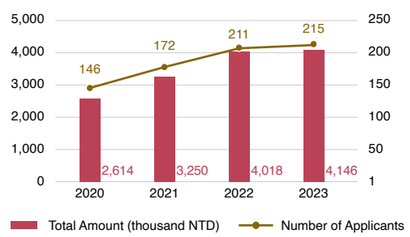
Provide Outstanding Employee Benefits

Blessings for Starting a Family

To respond to the Government's policy to encourage people to marry at a suitable age, Mega Financial Holdings and its subsidiaries provide a maximum marriage subsidy of NT$30,000 and up to 14 days of marriage leave to reduce the financial burden of employees who start a family.

The marriage subsidy provided by the Mega Group has increased year by year. In 2023, a total of 215 individuals applied for the marriage subsidy, and the subsidy amount exceeded NT$4.14 million.

Marriage Subsidies



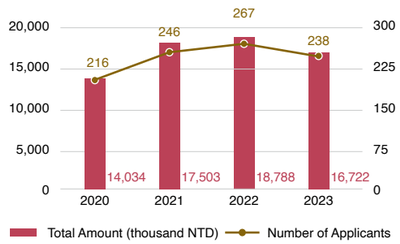
- ✓ Provide marriage subsidies that are superior to statutory requirements
- ✓ Provide marriage leave that is superior to statutory requirements
- ✓ Organize or provide meet-up activities for single employees

Support for Childbirth

To encourage employees to have peace of mind during pregnancy and to reduce the burden on employees during pregnancy, Mega Group provides "maternity leave" (42 working days) and "prenatal checkup leave and childbirth leave for accompanying spouse" (8 days) that are superior than the statutory requirements, allowing employees to accompany their spouse for prenatal checkups or childbirth.

In addition, starting from August 2023, Mega Financial Holding and Mega Bank have increased the childbirth subsidies to "NT$120,000 for the first child, NT$150,000 for the second child, and $180,000 for the third child or more", so that employees can take care of their families and careers without worrying about their future.

Childbirth Subsidies

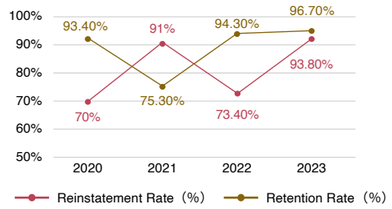


- ✓ Provide childbirth subsidies that are superior to statutory requirements
- ✓ Provide childbirth leave that is superior to statutory requirements
- ✓ Provide pregnant employees with health guidance and counseling services
- ✓ Proactively evaluate the working environment for pregnant women and adjusting the work content in a timely

Support for Childcare

Mega Group has a complete system for parental leave. For employees who meet the relevant provisions of the "Act of Gender Equality in Employment", they can apply for parental leave without pay while retaining their job rights, ensuring that employees can maintain a balance between work and family. Parental leave is provided to parents whose children are under 3 years old for a total of 24 weeks, which comply with the law. In 2023, 421 individuals were entitled to parental leave and the actual number of employees who used parental leave was 101. For detailed information on parental leave without pay, please refer to Appendix 8.3.2 Social Indicators.

Reinstatement Rate and Retention Rate



- ✓ Provide childcare subsidies that are superior to statutory requirements
- ✓ Provide childcare leave that is superior to statutory requirements
- ✓ Breastfeeding Rooms in the workplace
- ✓ Provide preferential and safe childcare services
- ✓ Organize workplace childcare health talks

Work-Life Balance

In accordance with the "Act of Gender Equality in Employment", Mega Group provides family care leave so that employees with family care needs can take care of both work and family. Furthermore, through various travel and leisure activities, such as organizing family days, club activities or staff trips, we relieve employees' work pressure and create a positive workplace environment.

- ✓ Provide subsidies for travel and leisure activities
- ✓ Provide leave that is superior to statutory requirements
- ✓ Provide employees with subsidies for club activities
- ✓ Provide meal allowances that is superior to statutory requirements
- ✓ Organize family days or employee trips
- ✓ Organize volunteer activities or provide volunteer leave

Flexible Work Hours

In line with the nature of certain businesses, Mega Bank and Mega Securities have established a flexible clock-in/out system, employees can apply to adjust their working hours with the consent of their unit supervisor. The noon shift for employees of Mega Bank can also be flexibly arranged by the unit supervisor according to the business situation. In addition, Mega Securities has also established the "Rules for Management of Part-time Duties of Business Personne" to provide business personnel with the option of taking up part-time duties or holding part-time positions. In addition, if Mega Bank provides online education and training, employees can choose online training courses and work from home.

- ✓ Flexible Clock-in/out System
- ✓ Part-time Job Options

Long-Term Incentive (LTI)

To increase employee solidarity and talent retention, and take care of employees in their retirement, Mega Financial Holding and Mega Bank began organizing employee stock ownership trusts in January 2020. A certain amount from employees' monthly salaries is appropriated into the trust account. The fund is delivered into the entrusted bank to manage and invest in shares of Mega Holdings and included in the equity of trust properties. The measures create an employee welfare system that incorporates employee benefits, savings, and investment and wealth management concepts. In November 2023, the Board of Directors of Mega Financial Holding approved the Group's employee stock ownership trusts, which will benefit nearly 2,800 employees and help them plan for their retirement and create a sense of belonging to the Company.

- ✓ Employee Stock Ownership Trusts

Case Study Mega Funds Promotes Gender Equality and Sports Equality

In response to the United Nations SDG5 "Achieve Gender Equality and Empower Women", Mega Funds cooperated with Taiwan Women's Baseball Advocacy Association to organize a half-day baseball camp for female employees and their dependents to enjoy baseball and implement sports equality.

Since joining "Talent, in Taiwan - Taiwan Talent Sustainability Initiative Alliance" in 2022, Mega Funds has been actively creating a diverse and equal workplace culture by achieving the goals of diversity and inclusiveness, organizational communication, physical and mental health, and talent growth through its actions. The Company has been selected as a winner of the TCSA "Gender Equity Leadership Award" in 2023, which is highly recognized by all sectors.

5.3.2 Retirement Life Protection

Mega Financial Holding has established the"Employee Retirement Regulations" in accordance with the "Labor Standards Act", "Labor Pension Act", and other applicable regulations to set up retirement plans for employees.

The Pension Contribution for Company Employees

Except for appointed managerial officers and those who are eligible under the "Labor Pension Act", employees' pensions shall be appropriated monthly at a rate determined based on the net pension cost of the year within 15% of the total salary to the reserve account under the supervision of the Supervisory Committee of Employee Retirement Reserve.

The Pension System of the Labor Standards Act

Employees' pension reserves are appropriated monthly at an actuarial rate. The Supervisory Committee of Labor' Retirement Reserve is set up according to the law to supervise the appropriation and application of the pension reserve.

The Pension System of the Labor Pension Act

The Company shall contribute monthly an amount based on 6% of the employees' monthly salary to the employees' individual pension account with the Bureau of Labor Insurance.

5.3.3 Occupational Health and Safety

Regulations Related to Occupational Health and Safety (OHS)

To promote the safety and health of workers, enhance the safety and health awareness of all personnel, and improve the working environment and facilities to achieve the goal of Zero Disasters, Mega Bank has formulated the "Occupational Health and Safety Management Plan" in accordance with the Occupational Health and Safety Act" of Taiwan and other relevant regulations to identify, evaluate and control potential hazards in the working environment or operations. The results of major OHS risk management are tracked on a regular basis.

According to the size of the subsidiaries, Mega Group has set up OHS units and personnel to implement safety and health management and automatic inspection measures. Among them, Mega Bank has a labor safety management unit responsible for planning and carrying out business related to occupational health and safety, and has set up an OHS Committee to review and supervise employee health and safety-related planning. The OHS Management System of Mega Bank mainly covers full-time employees, accounting for 71.37% of the entire Group. It does not cover workers from dispatching companies because the relevant education and training, and health examinations are handled by the dispatching companies themselves under the agreement with Mega Bank. However, in order to protect the occupational safety of contractors, Mega Group has also formulated relevant regulations, such as the "Contractor Management Procedures of Mega Bank", which requires that the contractors must specify in the contract that they shall comply with the relevant OHS management regulations, and sign a contractor hazard notification confirmation and safety and health agreement. In addition, the contractor shall also be informed of the work environment and potential hazards of the construction site to ensure the safety and health of workers.

OHS Management Structure

Mega Bank's OHS Committee, which consists of an Executive Vice President as the Chairperson, 6 members from management (HR, Safety and Health, and relevant business units), and 3 members from the union (accounting for 33% of the total members). The OHS Committee is responsible for reviewing and supervising the plans for employees' health and safety. The Committee meets on a quarterly basis in principle and may convene separately as needed. There were 4 meetings held in 2023.

Mega Bank's OHS Committee

Chairman: Executive Vice President

6 Employer Representatives
Including Human Resources Department, Safety and Health Department, and relevant business unit managers

→

Mega Bank's OHS Committee
Meeting Frequency: Quarterly

←

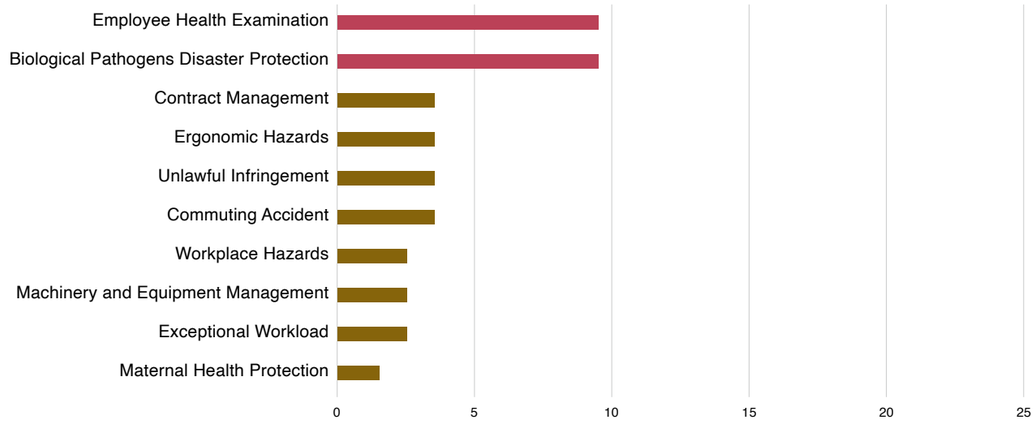
3 Labor Union Representatives

OHS Risk Assessment and Improvement Plan

To effectively control OHS risks, Mega Bank annually formulates an Occupational Hazard Management Plan and submits it to the OHS Committee, and the results are published on Mega Bank's official website. In addition, workplace carbon dioxide and lighting inspections are conducted biannually at all business locations nationwide in accordance with regulatory requirements, and the results are all in compliance with the "Occupational Safety and Health Act".

In accordance with ISO 45001 Occupational Health and Safety (OHS) management system standards, Mega Bank organized the 2023 Occupational Health and Safety Risk Assessment and Improvement Plan. It identified 10 potential OHS risk factors, and screened out a total of two risks to be prioritized for management in the OHS management system through the assessment of high-, medium-, and low-risks. These were "Employee Health Examination" and "Biological Pathogens Disaster Protection". Mega Bank adopted engineering control and management control measures to ensure that all possible OHS risks are effectively reduced in a timely manner.

OHS Risks Assessment of Mega Bank in 2023



Note: The risk level is based on the "Likelihood of Consequences" and the "Severity of Consequences", with a score of less than 5 as low risk, 5 to 15 as medium risk, and 15 to 25 as high risk.

OHS Risk Management Plan of Mega Bank in 2023

Medium Risk Items	Management Plan	
Employee Medical Examination	Engineering Control	Through the health management system, we statistically analyze the results of employee health examination and provide health care and consultation to employees with health abnormalities.
	Management Control	• Provide each employee with a subsidy for regular health examination that is superior than the legal requirements. • Set up medical offices and specialized management units to manage employees' health. • Installation of AEDs in branches and regular training to prevent emergencies. • Organize health promotion activities regularly.
Biological Disease Disaster Prevention	Engineering Control	Use the pandemic notification system to keep track of the pandemic situation across the Bank and report to the head of the Bank immediately.
	Management Control	• Regularly convene pandemic prevention meetings, adjust pandemic prevention measures in accordance with the pandemic prevention regulations of the Centers for Disease Control, continuously optimize the pandemic notification system, and manage and track employee health. • Regular office environmental decontamination. • Promote and educate on infectious diseases and personal health management. • Subsidies for pandemic prevention.

Occupational Health and Safety (OHS) Management System

Mega Bank adopted the ISO 45001 OHS Management System in 2022 and established a promotion committee. The Executive Vice President serves as the Chairman to manage the progress of system implementation. Based on the OHS Management standard, Mega Bank formulated an OHS manual to establish OHS policies, objectives, and management systems, implement internal audits and management. In the future, Mega Bank will continue to strengthen employees' awareness of workplace health and safety through the PDCA management framework, comply with the regulations and prevent hazards, to build a zero-accident, low-risk, safe and healthy workplace. Mega Securities also introduced the ISO 45001 in early 2023 and established an OHS Promotion Team, which is personally supervised by the President to establish relevant systems and implement specific measures for each department and establish an OHS policy, as to create a safe, healthy, and friendly working environment.

To avoid emergency situations, Mega Group established OHS management measures, including equipping all office locations in Taiwan with automated external defibrillator (AED). Fire and disaster prevention training courses with hands-on practices are organized every six months to strengthen employees' ability to handle emergencies and disasters. In 2023, Mega Group was not subject to penalties for violation of the "Occupational Safety and Health Act".

Mega Group OHS Management Measures

Management Measures		Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	MAM
Emergency Devices and Equipment	Provide Automated External Defibrillators (AED) in the Workplace		●	●	●	●		
	Provide First Aid Supplies and Devices	●	●	●	●	●	●	●
	Provide Fire and Disaster Prevention Equipment	●	●	●	●	●	●	●
Safety Protection Drill	Conduct Fire and Disaster Prevention Drills	●	●	●	●	●	●	●
Occupational Health and Safety (OHS) Management System	Pass the ISO 45001 OHS Management System Verification		●	●				

Occupational Health and Safety (OHS) Related Training

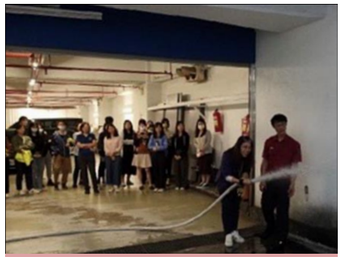
In response to the "Occupational Safety and Health Act" of Taiwan, Mega Group promotes various OHS training programs, including training for OHS business supervisors, fire prevention management personnel, and emergency medical personnel, to ensure workplace safety. Furthermore, Mega Bank organizes security corps in accordance with requirements of the National Fire Agency, Ministry of the Interior to take charge of information delivery, alarms, protection, rescue, fire safety, self-defense, and assistance in disaster relief. For this reason, we assign each office building with security personnel or security guards, and sets up a 24-hour surveillance system to control personnel access and handle emergencies. Mega Bank also requires the security company to organize training courses for security personnel every year according to contract to prevent emergency and disaster incidents. In 2023, all security personnel completed relevant training courses on safety and defense capabilities, emergency handling, and human rights.

Mega Group OHS-related Training Results

Item / Year	2020		2021		2022		2023	
	Number of Employees	Total Hours	Number of Employees	Total Hours	Number of Employees	Total Hours	Number of Employees	Total Hours
Training for OHS Supervisor	57	1,328	52	1,203	49	1,191	308	4,013
Fire Prevention Personnel Retraining	185	1,272	195	1,518	242	2,862	223	1,344
First Aid Personnel Training	46	333	63	924	264	1,166	60	485
ISO 45001 Management System Training							23	78
General Employees (3 hours of statutory in-service OHS training every 3 years)							7,715	8,249

KPIs for Statutory Training Courses

Mega Bank has set a goal of "100% completion rate of general employees receiving statutory in-service OHS training". In 2023, the number of trainees is 5,899, and the actual number of trainees is 5,889, with the training completion rate 99.8%. (There are 10 people who have not participated in the training in 2023, including 1 who is on long-term sick leave and 9 who are on maternity leave. The relevant personnel will complete the online course after returning to work.)


Fire Hydrant Operation Exercise

Automated External Defibrillators (AED) Training

Fire Extinguisher Usage Drills

Health Promotion and Safe Workplace

To prevent the health of employees from being affected by the stress of modern life or work, Mega Group actively promotes the physical and mental health of employees by employing professional nursing staff and providing regular on-site services by resident doctors, providing subsidies for health checkups, and applying for Employee Assistance Program (EAP).

Workplace Health Promotion Programs of Mega Group

Regular Health Examinations

Description

Mega Group has contracted with several medical institutions to provide employees with regular health examinations that are superior to the law and allow employees to apply for work leave. Health examinations for elderly employees are arranged periodically every year, while younger employees are subjected to regular health examinations every two or three years, depending on the subsidiary's regulations.

Mega Bank also reminds its employees of their medical checkups through the Health Check Personnel System, and collects health examination information and imports it into the Company's health management system. Those with abnormal health examination data will be classified into risk levels according to their severity, and medical-related recommendations will be given through on-site visits/health services and doctor's on-site services. The system will also be used to track and manage the health examination data to prevent the occurrence of diseases among employees as early as possible.

Performance in 2023

- Health examinations received by 3,667 individuals.
- Subsidy for health examinations was NT$40.17 million. (For detailed health examinations statistics, please refer to 8.3.2 Social Indicators)

Employee Care Hotline

Description

Starting in 2019, Mega Group has been contracting professional psychological counseling agencies every year to provide employee psychological counseling services. Employees can seek professional counseling services from a psychologist through an 0800 hot-line, email consultation, or one-on-one individual meetings, to vent, communicate, and solve problems.

Performance in 2023

- A total of 58 consultations were made through the 0800 hot-line and email consultation.
- There were 32 cases of one-on-one individual meetings.
- The main counseling topics include workplace stress, relationships with partners and family, and parent-child relationships.

Professional Medical Counseling

Description

As Mega Bank has a larger number of employees, it has a clinic, and both Mega Bank and Mega Securities hire full-time nurses. It also provides on-site medical services from resident doctors, including employee health consultations, simple injury and illness treatment, emergency medical treatment, and employee protection plans. Mega Bank and Mega Securities regularly invite doctors and nurses to provide on-site health consultation services for employees.

Performance in 2023

- Mega Bank's medical offices or on-site physicians consultation provided service to a total of 885 employees, and monthly branch clinical visits were conducted, with a total of 14 branches nationwide visited and 68 interviews conducted.
- Mega Securities has an average of 20 individuals receiving on-site health consultations.
- The total number of on-site health services at Mega Securities include three visits by doctors and 32 visits by nurses, and health service follow-up tracking for 22 individuals.

Continuous Environmental Check

Description

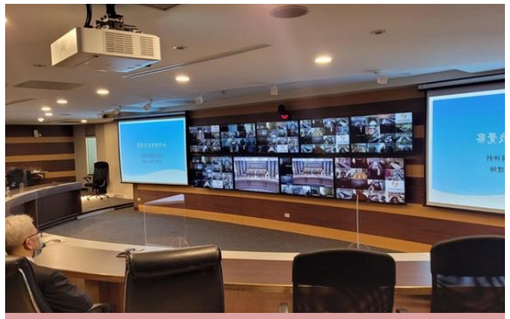
Carbon dioxide testing is carried out regularly in accordance with the law to maintain a safe workplace for employees and ensure indoor air quality.

Performance in 2023

- Mega Bank has 109 workplaces where regular carbon dioxide testing is conducted twice a year (every six months), and all meet the legal requirements.
- Mega Securities performed regular workplace environmental monitoring twice, and all meet the legal requirements.

Workplace Health Promotion Programs of Mega Group

Management Measures		Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	MAM
Health Promotion	Health Talks		●	●	●	●	●	●
	Health Examination	●	●	●	●	●	●	●
	Workplace Flu Vaccination	●	●					
	Psychological Consultation (EAP)	●	●	●	●	●	●	●
	Fitness Activity		●	●				
	Healthy Diet		●					
	Employee Health Insurance	●	●	●		●	●	●
Safe Workplace	Breastfeeding Rooms	●	●	●	●	●	●	
	Smoke-free Workplace	●	●	●	●	●	●	●
	Accessible Facilities	●	●	●	●	●	●	
	Workplace Inspection	●	●	●	●		●	
	Health Service Provided by an In-house Physician or Onsite Consultation Services	●	●	●	●	●		
	In-house Nurse		●	●		●		


Mega Bank Hosting Health Seminars

Mega Bank Hosting Weight Control Classes

Case Study A Century-Old Happy Enterprise! Mega Bank was awarded the "National Occupational Safety and Health Award" for building a friendly workplace.

Mega Bank's commitment to enhancing employee happiness and building a happy and friendly workplace has been recognized by the Ministry of Labor's National Occupational Safety and Health Award 2023, winning the "Labor Health Special Award", which was received by Chairman Paul Lei of Mega Bank in person. This demonstrates that Mega Bank's dedication to employee care and a friendly workplace has been recognized by the competent authorities. In the future, Mega Bank will uphold the business philosophy of "Friendliness, Efficiency, Integrity, and Innovation" and the core value of "Your Trust is Our Responsibility" to build a workplace with zero occupational accidents, low risks, and no worries on safety and health.

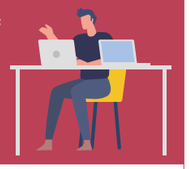
5.3.4 Occupational Disaster Prevention

Four Protection Plans

The four major protection plans specified by Taiwan's "Occupational Safety and Health Act" (prevention of ergonomic hazards, prevention of ailments induced by exceptional workloads, prevention of unlawful infringement in the performance of duties, and maternal health protection) are identified and risk assessed through a digital learning platform using questionnaires or on-site inspections conducted by the Mega Group.

Measures to Prevent Ergonomic Hazards

Measures to Prevent Brain and Cardiovascular Diseases Induced by Exceptional Workload



Description

At the end of 2023, Mega Bank included an occupational musculoskeletal disease prevention course in its OHS education and conducted a survey on musculoskeletal symptoms. The response rate of the questionnaire was 100%. In 2024, follow-up management was implemented for those with the highest levels, and nursing staff and on-site visiting doctors provided related human factor engineering improvement measures and health education information by observing the work environment on-site.

Execution Results

In 2023, 5,903 valid questionnaires from the Musculoskeletal Symptom Questionnaire Survey were recovered.

Measures to Prevent Ailments Induced by Exceptional Workload

Preventing Musculoskeletal Injuries Caused by Work Environment and Processes

Description

Since 2018, Mega Bank has successively formulated the "Abnormal Workload-triggered Diseases Prevention Plan". At the end of 2021, Mega Bank included an occupational musculoskeletal disease prevention course in its OHS education and conducted a questionnaire survey on abnormal workloads hazards and risks. After statistical analysis of the questionnaire in 2022, employees with high-risk hazards were arranged for health guidance and suitable job adjustments through health examinations, lectures, on-site service doctors and nurses.

Execution Results

In 2021, 5,722 valid questionnaires from the Questionnaire Survey on Abnormal Workloads Hazards and Risks were recovered.

Measures to Prevent Unlawful Infringement in the Performance of Duties

Preventing Illegal Physical/Mental Infringement in the Performance of Duties

Description

In 2022, employee education and training and a questionnaire survey on job-related unlawful infringements were conducted by Mega Bank, and potential unlawful infringement risks were classified and analyzed according to risk factors of psychological violence, physical violence, verbal violence, and sexual harassment based on stratified statistics.

Execution Results

In 2022, 5,839 valid responses from the Questionnaire Survey on Unlawful Infringement in the Performance of Duties were recovered.

Maternal Health Protection

Ensuring the Physical and Mental Health of Pregnant, Postpartum, and Breastfeeding Female Employees

Description

In 2016, Mega Bank established a Maternal Health Protection Plan. The plan is integrated in the human resource leave application system for follow-up management. Workplace hazard assessments are conducted through OHS managers. Nurses and on-site doctors provide care and support during pregnancy and childcare periods, as well as offer relevant health guidance and childbirth subsidies, in order to ensure maternal health protection.

Execution Results

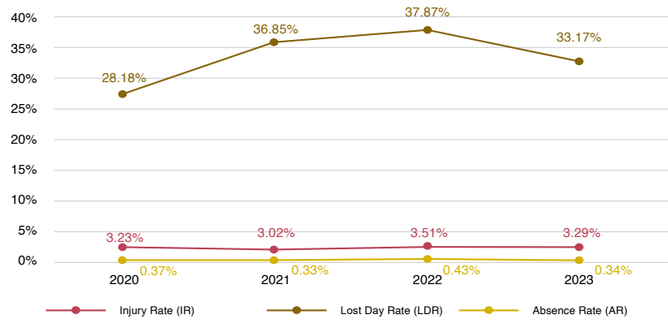
In 2023, a total of 176 pregnant and childbearing maternal employees received care.

Occupational Injury

In 2023, the occupational injury rate for Mega Group employees was 3.29%, a decrease of 0.22% from 2022. However, the day loss rate was 33.17%, a decrease of 4.7% from 2022. The types of injuries employees of the Group sustained in the workplace were mainly scratches and contusion caused by falling. There were no incidents involving injuries sustained by a contractor in the workplace.

For employees who are injured while performing their job duties or while commuting to and from work, Mega Group initiates an event investigation mechanism to proactively investigate the causes and provides health care support. Depending on the circumstances of the injury, the Group will assist in applying for occupational injury and illness outpatient, hospitalization, injury and illness, and disability benefits in accordance with the relevant labor insurance regulations, and grant sick leave for occupational injury. After the incident, nurses are responsible for monitoring the employee's health condition, analyzing and statistically summarizing the cause of the accident, proposing preventive and improvement measures, and ensuring that the affected employee feels the Company's care and support. (For detailed statistics on occupational injuries, please refer to 8.3.2 Social Indicators.)

Occupational Injury Statistics



5.4 Human Rights Protection

To safeguard the fundamental human rights of employees, suppliers, business partners, and other stakeholders, Mega Group has established human rights policies in accordance with relevant standards such as the "Universal Declaration of Human Rights", the "UN Global Compact", the "International Labour Organization (ILO)", and the United Nations "Guiding Principles on Business and Human Rights". The Group is committed to creating a friendly workplace with diversity and equality and promoting sustainable development of the society.

Human Rights Policy

1 Human Rights Due Diligence

Continuously monitors international human rights trends and establishes a human rights risk due diligence process to assess its own operations, value chain, and new business relationships (such as mergers and joint ventures) to investigate whether there are any human rights-related risks and effectively eliminate potential human rights impacts.

2 Human Rights Risk Assessment and Improvement

Formulate mitigation and improvement measures for any significant human rights risks that we identified, and provide remediation for risks that cannot be completely eliminated.

3 Human Rights Awareness-raising and Training

Continue to promote employee rights education and training, and deepen employee rights awareness and understanding of their rights and channels of redress.

5.4.1 Human Rights Due Diligence

To implement human rights risk management, Mega Group has established a human rights due diligence investigation process in its Human Rights Policy, taking the ILO core human rights social policies into account. The Group regularly reviews its human rights risks, continuously tracks international human rights trends, analyzes human rights issues of concern to sustainable rating agencies, selects important human rights issues as the main evaluation items, and designates "Employees" and "Key Suppliers" as the main investigation targets, with corresponding assessment mechanisms. For human rights issues identified as having high risks, relevant mitigation and remediation measures have been developed and the effectiveness of improvement efforts is continuously monitored.

Plan

Compilation of Human Rights Issues

Refer to international trends, sustainable ratings, and industry information to collect relevant human rights issues for different investigation targets, and design investigation questionnaires.

Do

Identification of Human Rights Risks

Evaluate its operations, value chain, and new business relationships (such as mergers and joint ventures) annually to identify potential human rights risks.

Check

Verification of Identification Results

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.

Action

Risk Mitigation and Compensation

Develop mitigation and remediation 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.

Plan | Compilation of Human Rights Issues

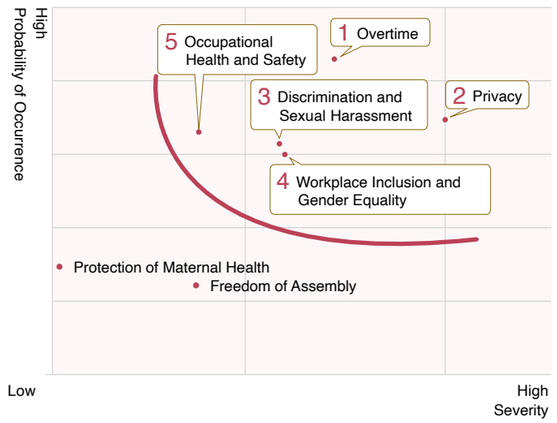
Scope	Subject	Policy	Potential Human Rights Issues	Group at Risk of Human Rights Violation	Assessment Method
Operations	Employees	• "Human Rights Policy" of Mega Financial Holding • "Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding	Maternity protection, workplace inclusion and gender equality (including equal pay for equal work), OHS, overtime work, privacy, freedom of association and collective bargaining, discrimination, and sexual harassment	• Employees • Women • Indigenous Peoples	Human Rights Due Diligence
Value Chain	Suppliers	• "Human Rights Policy" of Mega Financial Holding • "Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding • "Supplier Sustainability Management Guidelines" of Mega Financial Holding	Child labor, discrimination, forced labor, human trafficking, equal pay for equal work, freedom of association, right to collective agreement, OHS, personal data protection and privacy	• Children • Women • Indigenous Peoples • Migrant Workers • Third Party Workers	Supplier Sustainable Development Self-Assessment Questionnaire
New Business Relations	Business Partners	• Human Rights Policy" of Mega Financial Holding • "Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding	Discrimination, forced labor, child labor, human trafficking, OHS, freedom of association, privacy right	• Children • Women • Indigenous Peoples • Migrant Workers • Third Party Workers	Human Rights Due Diligence

Note: The Group did not establish new business relations (e.g., merger and acquisition, joint venture, etc.) in 2023 and therefore did not conduct human rights due diligence on this aspect.

Do | Identification of Human Rights Risks

• Human Rights Assessment Risk Matrix

In 2023, Mega Group conducted human rights due diligence on all of its employees in accordance with the probability and severity of each human rights issue. It identified "Overtime Work", "Privacy Rights", "Discrimination and Harassment", "Workplace Inclusion and Gender Equality", and "Occupational Health and Safety" as the main human rights risk factors for the Group and drew up a human rights risk matrix.



• Assessment of Suppliers' Human Rights Risks

Mega Group also requires 100% of its suppliers to sign a sustainability declaration committing to abide by internationally recognized basic labor human rights through its "Supplier Sustainability Management Guidelines". In 2023, the main human rights risk factors for all critical suppliers surveyed included labor rights and human rights, as well as occupational health and safety. In addition, the Group used the "Labor Law Violation Inquiry System for Business Units (Employers)" of the Ministry of Labor to check whether suppliers have violated the "Labor Standards Act, Act of Gender Equality in Employment", "Occupational Safety and Health Act", and "Act for Protecting Worker of Occupational Accidents". (For the Supplier Sustainability Self-Assessment Questionnaire, please refer to section 3.3.2 Supplier Management)

Check & Action | Verification of identification Results and Risk Mitigation and Remediation

Subject	Total Risk Ratio	Main Risk Factor	Risk Ratio	Mitigation Measures	Remediation Measures	Implementation Ratio of Mitigation and Remediation Measures
Employees	0.96%	Overtime	0.03%	• Remind employees, via announcements or emails, about attendance matters for the month. • Verbally and systematically remind employees of the time off work, and instruct them to apply in advance for a 30-minute break if necessary to extend their working hours. • Remind supervisors to properly assign work and to advise employees to leave if they are not required to work overtime in office premises.	• Provide overtime compensation and overtime pay every year according to the law. • Review the department's overtime status on a monthly basis.	100%
		Privacy	0.02%	• Employees sign a confidentiality statement and clearly understand their confidentiality obligations. • Regularly organize personal data protection training and awareness-raising campaigns.	• Personal information protection education training and promotion are held regularly.	
		Discrimination and Harassment	0.03%	• Establish sexual harassment related prevention and control laws and procedures for handling complaints. • Conduct anti-discrimination and anti-harassment education training, or promote in public areas (e.g., pantries, bulletin boards, etc.).	• Handle harassment complaints.	
		Workplace Safety and Gender Equality	0.21%	• Formulate Employee Diversity and Equal Opportunity regulations. • Organize regular training on workplace inclusion and gender equality, or place announcements in public areas.	• Set up Employee Grievance Channels. • Recruit a certain percentage of disadvantaged groups (including people with disabilities and Indigenous people) in accordance with the law.	

Subject	Total Risk Ratio	Main Risk Factor	Risk Ratio	Mitigation Measures	Remediation Measures	Implementation Ratio of Mitigation and Remediation Measures
Employees	0.96%	Occupational Health and Safety (OHS)	0.67%	• Provide first aid kits, AEDs, and other medical equipment, as well as subsidized medical examinations and on-site medical care/resident physician programs. • Organize OHS-related education and training.	• Tracking of health status of medical and resident staff. • Through employee engagement surveys and psychological counseling programs, understand employees' thoughts and make appropriate adjustments.	100%
Suppliers	10%	Labor Rights and Human Rights	7.78%	• Continue to sign the "Supplier Sustainability Statement" with suppliers and comply with the Group's Human Rights Policy. • Track the status of labor and environmental safety-related regulations and penalties of suppliers. • Commission external professional agencies to conduct comprehensive investigations (including supplier visits, communication meetings, etc.).	• Require suppliers to correct deficiencies based on self-assessment results. • Hold annual supplier meetings and provide related education and training to promote the concept of corporate sustainability.	100%
		Occupational Health and Safety (OHS)	2.22%			

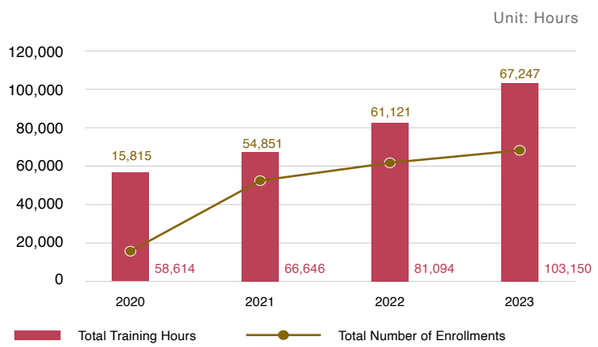
Note 1: Employee human rights risk ratio (%) = Number of employees affected by risk events / total number of employees x 100%.
Note 2: Supplier risk ratio (%) = Number of critical suppliers subject to penalties according to labor or environmental safety-related regulations/ total critical suppliers x 100%.
Note 3: Key suppliers of Mega Group are defined as suppliers with a single or cumulative transaction amount NT$1.5 million or more in the previous year and with whom the Group has frequent dealings.
Note 4: Mega Group's employee rights risk mitigation and remediation measures cover 100% of the 234 domestic and overseas operating locations.

5.4.2 Human Rights Risk Management

Advocacy and Education Training on Human Rights

Mega Group continues to provide human rights education and training to all full-time employees of the Group every year. The courses include Personal Data Protection Act, ethical management education and training, employee confidentiality education and training, theory and practice of fair treatment principles in the financial industry, general employee safety and health education and training, and Act of Gender Equality in Employment. In 2023, the Group recorded 67,247 people attending human rights related courses, for a total 58,614 hours of training, an increase of 10% compared to 2022. Training totaled 103,150 hours, a 26% increase from 2022.

Human Rights Related Training of Mega Group over the Years



Human Rights Promotion and Protection

• Avoiding Forced or Compulsory Labor

In accordance with the "Labor Standards Act", Mega Group, does not force employees to work beyond normal working hours due to health or other legitimate reasons. In 2023, the Group had one violation of the Labor Standards Act, in which the employer did not pay wages to a worker for the number of days of special leave not taken due to the end of the year or the termination of the contract. A review mechanism has been added to ensure the correctness of operations, and the system management function will be optimized to avoid human errors.

• Promotion of Gender Equality

To promote maternal health protection, Mega Group follows the provisions of the "Act of Gender Equality in Employment" and provides maternity leave for childbirth and breastfeeding rooms for female employees, and the employee can apply for parental leave for each child until the child reaches the age of three and retains 100% working rights. (For maternity benefits, please refer to 5.3.1 Remuneration and Benefits)

To promote and implement gender equality, Mega Group has established the "Anti-Discrimination and Anti-Harassment Guidelines" in accordance with the ILO, and has also established the "Measures for Prevention, Complaint and Disciplinary Action for Sexual Harassment in the Workplace," and posted the relevant points and complaint channels in the office area to ensure that employees are even more aware of the prevention and response to illegal workplace abuse. In 2023, there were no incidents of discrimination in Mega Group, but there were three and one cases of harassment reported by Mega Bank and Mega Bills, respectively. After investigation, three cases were resolved by Mega Bank, and Mega Bank was fined NT$100,000 for violating the Act of Gender Equality in Employment. The one cases of Mega Bills were closed in accordance with the Act of Gender Equality in Employment. Following up on this, we will enhance promotion on our employees to be mindful of their conducts and language, pay attention to workplace etiquette, and respect each other, to create a harmonious environment that is characterized by substantial gender equality.

Anti-Discrimination and Anti-Harassment Guidelines

Mega Securities Gender Equality Video "Gender Equality Lights Up Mega"

• Collective Agreement and Negotiation

To promote labor-management harmony, enhance business development and protect the labor rights of employees, Mega Group has established collective agreements for larger subsidiaries such as Mega Bank, which stipulate labor conditions on issues such as wages, working hours, leave, employment, transfer and dismissal, retirement and pension, health and safety. Although other smaller subsidiaries have not established labor unions, employees' rights are protected by labor-related laws and regulations. To secure the employees' right to work, the Group has informed the employees in advance of any unit establishment, relocation or downsize and merge. If the change of business nature results in no suitable jobs for the employee, or the employee is incompetent in taking up the job, and the Group will notify the employee at least 10~30 days in advance to terminate the labor contract according to the "Labor Standards Act".

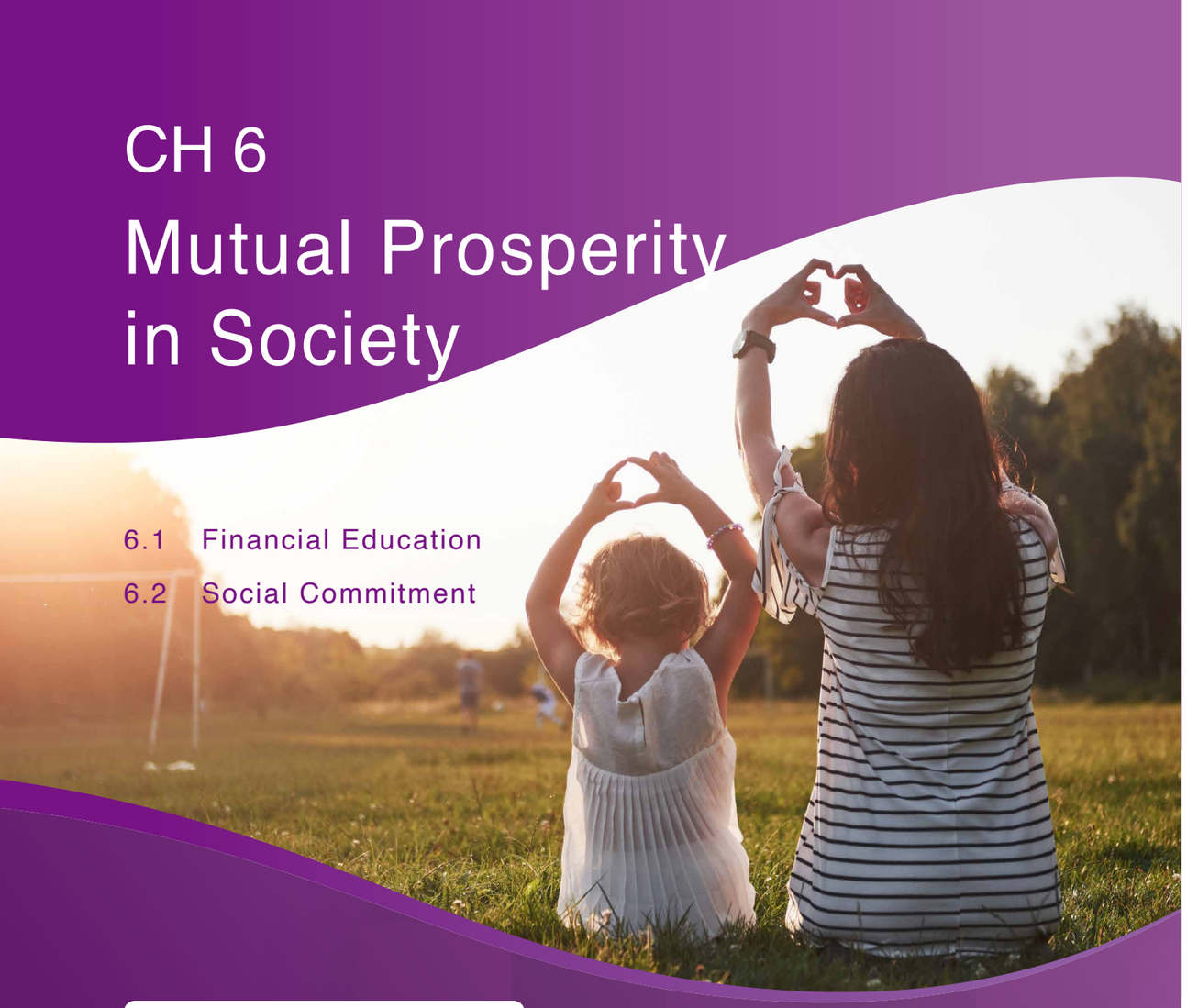
The Labor Union of Mega Group is composed of employees, with the General Assembly of Members (Representatives) as the highest governing body. Directors (Supervisors) will be appointed to form the Board of Directors (Supervisors). Member (Representative) meetings are held at least once every year, and meetings of the Board of Directors (Supervisors) are held at least once every 3 months. The total number of employees participating in labor unions is 6,498, accounting for 67% of the Group's total number of active employees at the end of 2023.

Each company in Mega Group regularly holds labor-management meetings with labor unions and labor representatives to exchange views on various issues and fully communicate with each other. They also strengthen the stability of labor-management relations through other communication platforms, such as setting up a labor union section on the company's intranet website and occasional discussions with labor union managers and supervisors.

Union Participation Rate of the Group's Employees
67%

Number of Labor-management Meetings in 2023
28

CH 6
Mutual Prosperity in Society



6.1 Financial Education

6.2 Social Commitment

Material Topics of GRI Standards

GRI 413：Local Communities

Corresponding Material Topics

Social Commitment

Targeted Stakeholders

Communities, Academic Institutions and Non-Profit Organizations

In the spirit of giving back to society, Mega Group actively participates in various public welfare activities. We can provide even more tangible support and assistance to social education, sports, arts and cultural, and disadvantaged groups through the resources and power of Mega Charity Foundation, Mega Bank Cultural and Educational Foundation, and the subsidiaries. We leverage the businesses of financial institutions to expand the use of corporate core competencies to interact with society and spread love to every corner.

Social Inclusion Operating Structure

Mega Group's mission is to create a positive impact on the financial industry in all aspects. In addition to promoting economic development, the Group also expects to fulfill its financial function and to promote social prosperity as a sustainable strategy for society. After analyzing the risks or opportunities in the community, the Group has formulated the four main axes of social prosperity for the Group, namely, "Friendly and Equal Rights, Universal Values", "Happy Service and Care, Enriching Lives", "Rooted in Heritage, Cultivating Sports", and "Sustainable Prosperity, Environmental Protection". At the same time, it responds to the United Nations Sustainable Development Goals (SDGs) and makes a positive impact. In 2023, Mega Bank once again received the "Best Social Responsibility Award" at the Faith, Hope & Love Awards of Insurance; Mega Bills and CKI won the "Sustainability Individual Performance Award - Social Prosperity Leadership Award" the first time they participated in the Taiwan Corporate Sustainability Awards (TCSA); CKI won the highest honor of "Gold Award - Community Care Project Excellence Award" at the Taiwan Insurance Excellence Awards organized by the Taiwan Insurance Institute. These social inclusion achievements have been highly recognized by all sectors.

- **Friendly and Equal Rights** – Universal Values
- **Happy Service and Care** – Enriching Lives
- **Rooted in Heritage** – Cultivating Sports
- **Sustainable Prosperity** – Environmental Protection

To implement the four pillars of social prosperity of the Mega Group, we provide care and assistance to the disadvantaged groups in society through the resources and strength of the Mega Charity Foundation under Mega Holdings, the Mega Bank C&E Foundation under Mega Bank, and our subsidiaries, in the areas of financial education, care for the disadvantaged, sports and arts support, and social welfare. In 2023, Mega Group invested more than NT$140 million in various public welfare activities, with the participation of 579 volunteers and 2,820 hours of volunteer service, spreading love and care to every corner.

Sustainable Development Committee

Social Prosperity Working Group

Mega Charity Foundation	Public Relations of Mega Group and Subsidiaries	Mega Bank Cultural and Educational Foundation
Total amount invested	Total amount invested	Total amount invested
NT$9,799,409	NT$107,419,058	NT$24,773,258

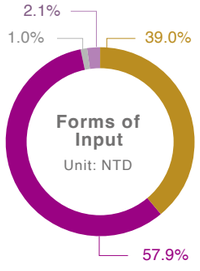
Axes and Performance of the Social Prosperity Strategy

Axes of the Social Prosperity Strategy	Link to SDGs	Communities Risks and Commercial Opportunities	Business Benefits and KPIs	Mega Group Social InclusionInitiatives and Impact	Social/Environmental Benefits and Implementation Results
Friendly and Equal Rights, Universal Values	4 Quality Education	• Enhance financial professional human resources through internship/work-study opportunities and organize visits for college/ university students to attract potential talents to join the Group's services. • Enhance the financial literacy of the public by promoting financial literacy seminars or sponsoring/organizing related activities. • Protect the rights of the disadvantaged in the use of financial services and promote financial literacy.	Cultivation of potential finance talents; strengthened social recognition and brand image; and increased opportunities to engage with potential talents/customers: • 207 university students had interned/worked part-time at Mega • 108 news articles published • 141 events sponsored/ organized • 1,781 participants in sponsored/ organized events	• Improve the financial literacy of citizens. • Provide disadvantaged groups the opportunity to gain/access financial knowledge/education. • Cultivate potential finance talent.	Improved the financial knowledge of citizens, and achieved SDG 4.4: substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship: • Financial literacy promotion interaction/ attendance reached 70,660 people • There were 342 dis-advantaged people in the promotion of financial inclusion knowledge • 6 students received scholarships • NT$53,357,497 in scholarship donated
Happy Service and Care, Enriching Lives	1 No Poverty	• Mega launches micro-insurance and donates proceeds from micro-insurance premiums to economically disadvantaged individuals to diversify the customer base and increase the visibility of financial products. • We organize a number of sponsorships and activities for the disadvantaged, and we also cooperate with external organizations to establish educational volunteer cooperation programs, as to enhance corporate brand image and customer recognition. • Mega Group will plan to provide volunteer leave for employees who participate in activities to enhance	We will make good use of the financial industry resources to help the disadvantaged groups in society, enhance social recognition and brand image, and increase the contact opportunities of potential talents/clients. Increased employee recognition and solidarity when employees volunteer in charitable activities. • 7 news articles published • 21 events sponsored/ organized • 140.5 hours of volunteering by employees • 252 employees volunteered • Microinsurance donations amounted to NT$1,100,000	• Develop financial inclusion to ensure that disadvantaged individuals enjoy the right to financial services. • Provide necessary resources and assistance to disadvantaged individuals.	To achieve SDG 1.4: ensuring that everyone, in particular the poor and the vulnerable, have equal rights to economic resources, Mega Group ensures that everyone has equal access to basic financial services through inclusive finance, and helps disadvantaged groups and low-income families improve their lives through charitable activities and donations: • NT$14,545,875 donated • A total of 7,595 microinsurance beneficiaries • In-kind donations valued at NT$109,500 • A total of 19,467 beneficiaries under the charity program • Adopted/sponsored 300 students • 37 units benefitted from charity programs
Rooted in Heritage, Cultivating Sports	10 Reduced Inequalities	• Mega provides sports and cultural resources to rural schools and improves uneven distribution of resources between domestic sports development and arts and cultural education, in order to increase the brand exposure of Mega Group and help local communities increase their international visibility. • We also continue to devote resources to support the development of grassroots athletes, deepening the connection between Mega Holdings Group's rural operations and various communities, and becoming a genuine Taiwanese sports promoter.	Supported the sports and cultural development of rural schools through allocation of resources to rural areas; strengthened social recognition and brand image; increased opportunities to engage with potential talents/ customers: • 51 news articles published • 32 events sponsored/ organized • Up to 23,799 beneficiaries	• Improve uneven distribution of resources between urban and rural areas, and ensure that children have equal opportunity to sports and cultural resources. • Promote indigenous cultural activities and encourage people to be more understanding and inclusive of different ethnic groups. • Support the sports and arts and cultural development of Taiwan. • Promote sports and increase the value of arts and culture in society.	• Achieved SDG 10.2: empower and promote the social, economic and political inclusion of all and SDG 10.3: ensure equal opportunity and reduce inequalities of outcome: • NT$250,000 donated • Trained 923 athletes • Provided support to 46 choir students and staff
Sustainable Prosperity, Environmental Protection	8 Decent Work and Economic Growth 13 Climate Action 14 Life Below Water 15 Life On Land	• Protecting the global ecosystem and supporting the ESG program to enhance the social image of Mega Group • Utilizing the Group's purchasing power to help Taiwan's farmers overcome the imbalance between production and sales	Participating in and organizing various social welfare activities and developing related financial products to expand the social influence of Mega Group: • 14 news articles published • 62,604 environmental charity credit cards (e-Happy Credit Card) issued (Note)	• Raised the public's awareness of environmental protection and protect the earth's natural biodiversity. • Supported Taiwan's high-quality agricultural products to alleviate the imbalance between production and sales.	Implement SDG 8.10 "Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all", SDG 13.1 "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries", SDGs Target 14.1 "Conserve and sustainably use the oceans, seas and marine resources for sustainable development", and SDG 15.5 "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss". • 100 saplings planted • 100 kg of trash collected during the beach cleanup • 274 kg of exotic plants removed • NT$2,265,653 proceeds from environmental charity credit cards (e-Happy Card) donated • 11 organizations (excluding customers and employees) received fruit donations • Fruit purchase amounted to NT$2,225,000 • NT$734,000 donated

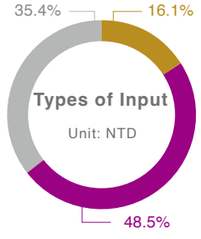
Note: Mega Bank e-Happy EasyCard Titanium Card/EasyCard Card provides 0.1% of non-online purchases to the Wild One Taiwan to support the conservation of wildlife in Taiwan.

Impact Evaluation

Through the Social Prosperity Working Group under the Sustainable Development Committee, Mega Group formulates annual work implementation plans and goals for the Group to expand its social influence through social investments and charity activities. At the same time, we also regularly review the implementation and performance of each strategic axis, and continuously review the form and type of investment in each axis with reference to the B4SI (Business for Societal Impact) evaluation framework for community investment. For example, forms of input include "Cash Contributions", "In-kind Giving", "Time", and "Management Overheads". Types of input include activities related to "Charity Donations", "Community Investment", and "Commercial Initiatives". Through the aforementioned projects, we can effectively track and evaluate the social impact and effectiveness of Mega Group. In 2023, Mega Group invested more than NT$140 million in social prosperity-related initiatives, an increase of approximately 94% compared to 2022, demonstrating the results of the Group's continuous efforts to deepen the impact of its philanthropic programs.



Cash Contributions	82,169,975
Time (employee volunteering during paid working hours)	2,963,950
In-kind Giving	1,453,775
Management Overheads	55,404,025
Total	**141,991,725**



Charitable Donations	68,887,372
Community Investment	50,305,483
Commercial Initiatives	22,798,870
Total	**141,991,725**

6.1 Nurturing Professionals in Finance

6.1.1 Friendly and Equal Rights, Universal Values

Mega Group continues to develop financial education, hoping to convey correct financial knowledge to the public so that they can understand how to use financial products and services to enhance life security. We also include inclusive financial education activities in various public welfare activities. Furthermore, respond to the United Nations' SDG 4 for quality education. Through the power of financial knowledge, social wealth gaps can be reduced and national well-being can be enhanced.

Mega Group also offers various internship or work-study opportunities every year, allowing students to have close contact with financial practices during their studies and to apply the financial knowledge learned in school to their work, achieving the goal of putting into practice what they have learned. Through the opportunities above, potential financial talents can be discovered, injecting new vitality into the sustainable operation of Mega Group.

In 2023, a total of **NT$81,518,175** was invested under the **"Friendly and Equal Rights, Universal Values"** theme, accounting for **57%** of the overall investment.

The Core of Strategic Axis	Stakeholders	Area of Beneficiary	Critical Impact
Financial Education	• School Students / College Students • General Public • Existing / Potential Customers	Taiwan	• Through financial literacy seminars and financial literacy booths, a total of 33 financial inclusion education events were held to promote financial literacy to 1,290 people. • Co-organized 6 "Senior Fraud Prevention Lectures" with neighbors in the New Taipei City community to strengthen the elderly's awareness of financial fraud and protect the financial security of the elderly and vulnerable groups. • Caring about the rights and interests of new residents and the new second generation, sponsoring the "ASEAN Food and Memory" market event held by Foodeast, and setting up financial service booths to promote financial knowledge to the public. In addition to reducing the information gap among new residents, it also promotes financial prevention Fraud, let the public understand diverse and complex financial knowledge. In addition, six new second-generation people were arranged to visit Mega Bank's Ho Chi Minh City branch. Through on-site corporate visits, they connected Taiwan and Vietnam's resources and focused on southbound talent development.
Internship and Part-time Work Programs	• College/University students	Taiwan	• Provided 207 students with internship or work-study opportunities to experience workplace practices and financial operations.
Financial Activity Sponsorship	• General Public • Existing / Potential Customers	Taiwan	• Sponsorship of finance-related events or special publications, such as the Urban Renewal Expo 2023, 2023 Financial Services Public Welfare Carnival, and the Chung-Hua Financial and Economic Summit, with a sponsorship total of NT$23,211,000 and 6,469 participants. • Sponsored the establishment of the School of International Finance at the National Sun Yat-sen University and National Chengchi University for a total of NT$10 million • Donation of a total of NT$1.75 million in endowment fund to the National Tsing Hua University and the Chung Yuan Christian University to assist in talent cultivation and sustainable campus development.
Scholarships	• School Students / College Students	Taiwan	• Donation of NT$200,000 to the Taiwan Financial Services Coalition Education and Public Welfare Fund by the Taiwan Financial Services Roundtable to provide education scholarships to students from disadvantaged families, benefiting a total of six students. • CKI provided scholarships totaling NT$100,000 to two students from disadvantaged families.

Financial Knowledge Promotion

For the purpose of enhancing basic financial education and establish the correct financial consumption and borrowing concepts for the public, Mega Group invited the Taiwan Academy of Banking and Finance to offer classes and actively encouraged employees to attend courses offered by the Academy. Through teaching methods such as group discussions and videos, it trained employees to become seed lecturers. In 2023, a total of 28 lecturers from Mega Bank passed the "Financial Literacy Lecturer Training Program" organized by the Taiwan Academy of Banking and Finance and obtained the lecturer qualification. In addition, in line with the FSC's "Promoting Financial Literacy on Campuses and Communities" campaign, Mega Bank participated in 31 promotional sessions in Miaoli County, Pingtung County, and Yunlin County, with a total of about 2,193 people participating in the sessions.

Case Study Mega Bank's "Mega Brings Light to Remote Areas" Simulation Teaching Scenario Sponsorship Program

Mega Bank C&E Foundation incorporated financial functions to reuse scrapped ATMs for teaching experience programs and provided banking equipment to build the "Mega Bank Zone" in the International English Simulation Center of Nanrong Junior High School in Pingtung County. This enables students in Pingtung to participate in bilingual teaching experiences and learn financial knowledge.

"This program is not only a practical promotion of financial literacy, but also a beneficial investment in the development of resources in remote communities. By assisting Nanrong Junior High School to build a modern bilingual teaching environment, we hope to provide a more diverse learning experience and also help to enhance students' financial literacy."

——**Chung-Dar Lei**, Chairman of Mega Financial Holding

Case Study Mega Securities Promotes Financial Literacy through "Financial Education Library of Love"

Mega Securities is committed to promoting knowledge of financial management. Since 2022, Mega Securities has joined hands with the Taiwan Reading Culture Foundation to establish the first "Library of Love" at Hengshan Junior High School in Hsinchu County, which has been enthusiastically received by teachers and students. This year, we donated NT$500,000 to Datong Elementary School in Tainan City's Eastern District for the establishment of the "Financial Education Library of Love" to further spread the love of books to southern Taiwan and guide readers to learn the correct concepts of financial management and risk awareness.

Mega Securities continues to actively implement social care actions to actively implement social care initiatives for social inclusion and community diversity development. The "Library of Love" program fulfills our determination to promote basic financial education and realize financial inclusion."

——**Pei-Chun Chen**, Chairman of Mega Securities

Case Study Mega Group Participates in the 2023 Taipei International Financial Expo

Mega Group participated in the 2023 Taipei International Financial Expo for the first time. With the theme of "Mega Star Fortune Tour", Mega Group integrated interactive games and financial products to provide comprehensive financial services to different age groups including low income earners, middle-aged, and senior groups. The five themed zones comprising the subsidiaries Mega Bank, Mega Securities, CKI, and Mega Funds, attracted a large number of people to collect badges and redeem gifts.

"We hope that through the diversified and interactive participation in the 2023 Taipei International Financial Expo, we can bring the public closer to us, so that financial management is no longer so cold and distant, but an attitude that is closer to everyday life, so that everyone can create their own happiness starting point."

——**Chung-Dar Lei**, Chairman of Mega Financial Holding

6.2 Social Commitment

6.2.1 Happy Service and Care, Enriching Lives

Mega Group has long been concerned about disadvantaged groups in society and has combined the resources of its subsidiaries, as well as Mega Charity Foundation and Mega Bank C&E Foundation, to sponsor domestic public welfare organizations and extend a helping hand to those in need in society.

Every year during the holiday seasons, Mega Group carries out cash and resource donations and volunteer care services. It also adopted 30 disadvantaged children through the Taiwan Fund for Children and Families. When major accidents or disasters occur at home and abroad, Mega Group also provides assistance in the first instance. For example, in 2023, when a strong earthquake struck Turkey, the Group demonstrated humanitarian care and the spirit of international mutual assistance by donating NT$4 million to help the Turkish people rebuild their homes. Mega Group hopes that whenever there are disadvantaged groups in need of assistance, we can provide them with support and companionship. In addition to responding to the SDG 1: no poverty, we also take practical actions to help poor and disadvantaged groups enjoy the right to equal access to economic resources.

In 2023, a total of **NT$16,118,375** was invested under the **"Happy Service and Care, Enriching Lives"** theme, accounting for **11%** of the overall investment.

The Core of Strategic Axis	Stakeholders	Area of Beneficiary	Critical Impact
Care for Disadvantage Individuals	• General Public	Taiwan	• Recruited 217 volunteers from the Group to volunteer at the Little Sisters of the Poor Taiwan in Bali, the Down Syndrome Foundation, and the Step 30 International Ministries, among other social welfare organizations. • Adopted 30 children from the Taiwan Fund for Children and Families.
Donation or Assistance in the Form of Financial Products	• General Public	Taiwan	• Donated approximately NT$1.05 million worth of microinsurance to 8 social welfare institutions, benefiting around 7,289 people. • The social charity credit card (Hiyes International co-branded card) donates to the Noordhoff Craniofacial Foundation for each card issued and general domestic/overseas consumption done in 2023. A total of 5,996 cards were issued in 2023, and the donation amount reached NT$24,284.

Case Study Celebrating International Volunteer Day, Mega Volunteer Teams Founded

To celebrate the International Volunteer Day on December 5th, 2023, Mega Financial Holding and Mega Charity Foundation joined hands with the Taipei Volunteer Service Center to train the Group's internal staff. Yu-Mei Hsiao, Vice President of Mega Financial Holding and Vice Chairman of Mega Charity Foundation, led the team in the training, and also organized activities to commend the outstanding volunteers, encouraging employees to join the ranks of volunteer service and give full play to the positive influence of the enterprise.

Sending Love during Holidays and Festivals

During the Dragon Boat Festival, Mid-Autumn Festival, and the end of the year winter season, Mega Group continues to organize social care activities with its employees. In 2023, after the slowdown of the pandemic, Mega Charity Foundation continued to expand its public welfare activities. The Foundation purchased the required daily necessities and resources according to the needs of the various groups, hoping to provide more help to social welfare groups. At the same time, more than 100 employees of Mega Group were mobilized to accompany the elderly and disadvantaged individuals to spend the holiday together and spread love.

Under the planning of the Mega Charity Foundation, many enthusiastic volunteers of the Group participated in social services and held a series of "Mega Warmth, Winter Love" care activities in the end-of-year winter season. These included visiting welfare institutions such as care homes, nursing homes, and long-term care centers. We also brought together 100 employees of Mega Group to assist the Step 30 International Ministries to sort second-hand goods. In 2023, Mega Group also gathered 65 volunteers to the Little Sisters of the Poor Taiwan in New Taipei City to engage in volunteer activities. Volunteers accompanied the elderly at the hospice once a month (to be canceled if there were special circumstances) and arranged activities and gifts in conjunction with festivals and celebrations to have fun and interact with the elderly.

In addition, Mega Charity Foundation commissioned Xuan Yi New Knowledge Care Association in Taoyuan to make 500 handmade mosquito-repelling incense packs to be presented to four organizations, including the Andrew Charity Association, to share the joy of the Dragon Boat Festival. In September, 100 volunteers were called to the Down Syndrome Foundation to serve as Mid-Autumn Mooncake Gift Packing Volunteers to help the Down Syndrome patients to have their gift boxes shipped out smoothly, so that the joy of the festival could be spread to all corners of the society.

Mega Charity Foundation holds a series of end-of-year heartwarming activities

Mega Group Fundraising for Step 30 International Ministries

Case Study Mega Group Joins the ABRAZO Volunteer Activity

ABRAZO, a brand under the Down Syndrome Foundation, ROC, is the second home of children with Down syndrome. Several disabled employees are hired in each branch to make handmade biscuits and noodles, and engage in product sales or packaging. Before the Mid-Autumn Festival in 2023, due to the strong support of the public for the ABRAZO holiday gift boxes, volunteers were needed to help complete the boxes one by one. Mega Group called together 100 volunteers to go to the ABRAZO Workshop on the weekend to assist the disabled employees with packaging the gift boxes, so that each box supporting those with Down syndrome could be shipped out smoothly as scheduled.

"Supporting diversified employment without hesitation, Mega Bank accompanies the disabled employees of ABRAZO to put love into the gift boxes."

——**Yao-Kuang Tsai**, President of Mega Bills

Case Study CKI Plans Micro-Insurance for Disadvantaged People

Insurance is a means of basic protection in life, and micro-insurance provides economically disadvantaged individuals with basic personal protection against specific risks to fill the gap in government social insurance or social assistance mechanisms. To assist economically disadvantaged groups, Mega Group actively provides microinsurance services and continues to donate microinsurance premiums to help maintain their basic living standards, enabling the microinsurance to provide immediate safety and security for those in need.

CKI plans micro-insurance for disadvantaged people as well as micro-insurance for elderly disadvantaged people, providing basic insurance protection to elderly people aged 65–75 years who receive living allowance with mid-to-low-income and helping them to avoid financial distress in the family when an insured person encounters an insurance incident. In 2023, Mega Charity Foundation donated a total of NT$50,000 worth of microinsurance to the Ruisui Township Office in Hualien for low-income families, benefiting around 306 people. In addition, CKI donated approximately NT$1.05 million worth of microinsurance to 8 social welfare institutions, benefiting around 7,289 people.

"Insurance protects you from risks, and Chung Kuo Insurance hopes to increase the resilience of disadvantaged groups through professional planning."

——**Ying-Hao Weng**, President of CKI

6.2.2 Rooted in Heritage, Cultivating Sports

Children in the remote rural areas of Taiwan have a passion and talent for sports and culture, but due to geographical limitations and uneven resource allocation, this passion and talent can be difficult to discover and develop. Mega Group has long supported the sports and cultural activities in Taiwan, not only vigorously supporting sports such as baseball, archery, and weightlifting, organizing events and competitions to promote the sports culture, but also providing resources through the Mega Bank C&E Foundation for student choirs, teams, and other groups in rural areas. Mega Group's support for rural sports development has been unwavering, and it has been recognized for five consecutive years by the Ministry of Education's Sports Administration with the "Sports Promotion Award."

In 2023, a total of **NT$40,636,875** was invested under the **"Rooted in Heritage, Cultivating Sports"** theme, accounting for **29%** of the overall investment.

The Core of Strategic Axis	Stakeholders	Area of Beneficiary	Critical Impact	2023 Resource Input
Sporting Promotion	• Students • General Public	Yilan, Hualien and Taitung of Taiwan	• Sponsorship of NT$10.5 million for the Uni-President 7-Eleven Lions baseball team in the Chinese Professional Baseball League (CPBL), and held a Uni-Lions baseball star coaching day, where the star players trained players from rural elementary school baseball teams, with a total cost of about NT$140,000, and a total of 181 students, coaches, and teachers participating. • Organized the "2023 Mega Bank Cup Yilan Dream Little League Baseball Championship" with a budget of NT$440,000, providing a stage for nine national elementary school baseball teams in Yilan County to compete. • Organized the 4th "National Mega Bank Cup Archery Elite Invitation Tournament" with a budget of NT$596,000, with 23 schools from 8 counties and cities in Taiwan registering for the tournament, and over 200 participants. • Sponsored the recurve archery teams of Yuli Senior High School, Yuli Junior High School, Sanmin Junior High School, and Jhuosi Elementary School in Hualien County, with a total training cost of NT$1 million, benefiting a total of 42 students. • Sponsored the National Chengchi University Griffins Basketball Team with a total of NT$500,000 to encourage sports on campus and support grassroots teams to cultivate national players. Since 2021, the team has been the champion of the UBA University Basketball League for three consecutive years, with outstanding results.	Investment up to NT$20,851,875
Arts and Cultural Activities	• Students • General Public	Kaohsiung and Pingtung of Taiwan	• Held the "2023 Bel Canto Feast Mega Bank VIP Night" concert in the North, Central and South districts, with a cost of approximately NT$6.67 million and 4,756 participants. • Sponsored the General Association of Chinese Culture "2023 Taiwan PLUS" event with a funding of NT$5 million to deepen cultural exchanges between Taiwan and Japan. • Sponsored the Kaohsiung 10-year touring exhibition "Yoshitomo Nara - A Hazy and Humid Day" organized by the General Association of Chinese Culture with NT$3 million to deepen international art. • Sponsored the production cost of NT$1.5 million for the stage version of "Lord Jiaqing and The Journey to Taiwan" by the Chen Ya Lan Taiwanese Opera Troupe. Assisted in the promotion of traditional Taiwanese operatic arts. • Sponsored the Puzangalan Children's Choir to participate in the 12th International Johannes Brahms Choir Festival and Competition in Germany and Switzerland, and the Listening to Taiwan" concert program with NT$350,000 in funding. • Organized 10 event sessions of "Jade Rabbit Brings Good Fortune, Celebrate New Year with Calligraphy Masters," with a cost of NT$200,000. • Sponsored the Paper Windmill Theatre to perform at the Kaohsiung Outdoor Anti-Drug Theatre, and set up a financial literacy booth at the event venue with NT$60,000 in related funding.	Investment up to NT$19,785,000

Supporting Green Sporting Events

The Chinese Taipei Association of Ultrarunners (CTAU) has long been promoting green sporting events and planning race activities based on the 3R Principle. At the same time, the association implements the calculation of the event's carbon footprint to reduce the potential environmental impact caused by the event. Mega Group and CTAU share the same sustainable goals. In response to green sporting events, CKI has provided public accident liability insurance and general insurance policies for specific activities for CTAU for the third time in 2023, including the "Taipei Ultra Marathon", "Taiwania Ultra Trail", and "Yilan Dongshan River Ultra-Marathon", with a total cost of NT$1 million. Through the insurance function, it can ensure the safety of ultra-marathon runners and share the potential risks of holding events with the association.

What is the 3R Principle?

The 3R Principle stands for "Reduce, Reuse, and Recycle". The 3R Principle is not only to make sporting events more environmentally friendly but also to establish runners' green concepts so that they can practice them in daily life.

How to Choose Ultra-marathon Runner Insurance?

CKI launched a "specific event comprehensive insurance" that covers special activities or competitions such as marathons, ultra-marathons, paragliding, rock climbing, or professional performances above 3,000 meters. If accidents such as frostbite, heat stroke, and heat exhaustion occur, they are all covered under the insurance.

Taiwania Ultra Trail

Yilan Dongshan River Ultra-Marathon

Case Study Mega Bank Sponsors Merida-MAXXIS Cup Changhua Classic Bike Festival

Mega Bank and Mega Bank C&E Foundation have been promoting grassroots sports for years and continue help with its development. Since 2019, Mega Bank has started a long-term cooperation with Merida, and in the past two years, it has been upgraded to become the title sponsor partner of the Classic Bike Festival. In 2023, it sponsored the "Merida-MAXXIS Cup Changhua Classic Bike Festival" cycling event with NT$1.2 million.

"Mega Bank strongly encourages our employees to cultivate a sports habit, and in recent years, we have formed the 'Mega Bike Team' to participate in the Classic Bike Festival, shaping a positive corporate culture".

——**Yung-Chen Huang**, Vice President of Mega Bank

Case Study Mega Group "Mega Makes Your Baseball Dreams Come True Program"

Mega Group has sponsored the baseball teams of elementary schools in the Yilan area for several years, providing complete equipment and training expenses to cultivate basic baseball talent and strengthen Taiwan's sports prowess. To help children in remote villages to realize their dreams, Mega Bank invited three baseball stars, Hsuan-Ta Liu, Chung-Yu Chen, and Chung-Ting Chen of the Uni-President 7-Eleven Lions to visit the Luodong Sports Park Baseball Field in to coach the nine national elementary school baseball teams in Yilan that Mega Bank C&E Foundation has long sponsored. This experience allowed the young players to have a glimpse of the stars in action. The Foundation also arranged lecturers to promote financial literacy to the participants, with a total of 181 participants.

In addition to donating equipment and training expenses, the Mega Bank C&E Foundation also holds the "Mega Bank Cup Yilan Dream Little League Baseball Championship" every year, providing a stage for young players to showcase their skills. The 2023 championship, held in August in Yilan, was the sixth competition, providing a stage for nine national elementary school baseball teams in Yilan County to compete. Mega Group not only holds competitions but also deploys resources in the indigenous communities to build a solid foundation for grassroots baseball in Yilan.

Cultural Heritage and Education

The culture and art of the Indigenous peoples are important assets of Taiwan. Mega Group has always attached importance to the heritage and education of indigenous culture, supporting the cultivation of professional talents in indigenous performance arts, and sponsoring long-term activities of indigenous cultural art education and dance performances. Puzangalan Children's Choir is an indigenous choir composed of Paiwan children. The Mega Bank C&E Foundation has sponsored the choir for 10 consecutive years since 2013 and provided support during international competitions, allowing the world to hear Taiwan's heavenly music. In addition to supporting the promotion of Indigenous mother tongue education, Mega Bank sponsored the project "The most unique mother tongue textbook invites you to come create together" by the LUMA Association. The project compiles teaching materials for elementary schools in the Indigenous languages, so that Indigenous children can learn about the land and culture through their mother tongues.

In addition, in 2022, Mega Group sponsored the production cost of the TV drama adaptation of "Lord Jiaqing and The Journey to Taiwan" by the Chen Ya Lan Taiwanese Opera Troupe to help promote Taiwan's traditional opera arts. We also provided money trust planning services. In 2023, we continued to sponsor the stage version of the drama at a cost of NT$1.5 million, enhancing the Group's corporate image in the support of local arts and culture.

Mega Bank provides money trust planning services to Chen Ya Lan Taiwanese Opera Troupe

Sponsored the stage version of "Lord Jiaqing and The Journey to Taiwan" by the Chen Ya Lan Taiwanese Opera

6.2.3 Sustainable Prosperity, Environmental Protection

Mega Group continues to pay attention to social trends. When issues that require help or attention are identified in society, the Group examines them from its own perspective and takes action. Then, the Group's social influence is consolidated and expanded through these actions to bring positive energy to various social issues that need to be addressed. Mega Group has not engaged in operational activities that have caused significant actual or potential negative impact on local communities. Instead, the Group has actively deepened its connections with various communities through a range of charitable activities.

In 2023, a total of **NT$3,718,300** was invested under the "**Sustainable Prosperity, Environmental Protection**" theme, accounting for **3%** of the overall investment.

The Core of Strategic Axis	Stakeholders	Area of Beneficiary	Critical Impact
Environmental Protection	• General Public	New Taipei, Keelong and Taichung of Taiwan	• Mega Bills participated in the "Get Rid of It Quick - National Control and Prevention Day of Bitter Vine" volunteer campaign organized by the Forestry Bureau and removed 274 kilograms of the invasive species small-flowered morning glory. • Participated in the "Parent-Child Dadu Plateau Tree Planting Activity" organized by the Taiwan Reforestation Association and planted nearly a hundred tree saplings. • Assisted the Water Resources Department of the New Taipei City Government in carrying out wetland maintenance volunteer activities, such as dredging and flood prevention, at Xinzhuang's Wenzidi Wetland Park with 40 volunteers. • Mega Group organized the "National Museum of Science and Technology" in Keelung and cleared over 100 kilograms of garbage to promote the concept of protecting the ocean and loving the earth. • The Mega Bank e-Happy Card provides 0.1% of non-online purchases to the Taiwan Black Bear Conservation Association, with a total amount of NT$2.27 million. • Sponsored the Jacana Ecological Education Park Fencing Project by the Wild Bird Society of Tainan, providing funds for fence repair and telescope equipment. • Sponsored the Taiwan Black-Faced Spoonbill Conservation Association, providing funds for the construction of live habitat broadcasting equipment and cooperating in the "Black-faced Spoonbill Sustainable Development Science Education Program", inviting students from nearby schools to learn more about the habitat ecosystem.
Support for Local Agriculture	• Taiwan Farmers	Taiwan	• Support local agriculture by purchasing Taiwan-produced atemoya and pineapple to address the production and sales imbalances faced by farmers. The total amount of agricultural products purchased reached NT$2.225 million.

Agricultural Products Purchased by Mega Group in 2023	
Atemoya	1,433
Pineapple	792

Unit: thousand NTD

Mega Bank e-Happy Card supports the Wild One Taiwan to protect local protected wildlife

Mega Group participates in the restoration of natural forests in Dadu Plateau

Support for Local Agriculture

Mega Group has been supporting local farmers with practical actions every year to help balance production and consumption and support domestic agriculture. In 2023, the Group purchased fresh local agricultural products such as atemoya and pineapple, and distributed them to customers, employees, social welfare organizations, and fire departments. For a long time, Mega Group has supported local farmers during times of production and consumption imbalances, becoming a force that allows farmers to have peace-of-mind. The Group also shares the wonders of Taiwan's local agricultural products with stakeholders from all sectors.

Case Study　Mega Securities Donates Pineapples to Social Welfare Organizations

In May 2023, Mega Securities took practical actions to support the fruit farmers by ordering 100 boxes of pineapples, which were presented to the Harmony Home Foundation Taiwan in Nangang District, Taipei City by the Vice President of the Chief Auditor, Hsin-Yi Wang, so that the children could taste the sweet and juicy pineapples that are good for their health and have a high nutritional value. In addition to sharing the pineapples with the children, teachers, and volunteers of the Harmony Home Foundation, the pineapples were also donated to the Bethany Children's Home and Yi Kuang Children's Home.

"Mega Securities is actively involved in social welfare, responding to the farmers' harvest and amplifying this happiness by sharing it with public welfare organizations that take care of infants, children, and youth, so that love can circulate and multiply to amplify happiness."

——**Hsin-Yi Wang**, Chief Auditor of Mega Securities

CH 7
Responsible Governance

7.1 Corporate Governance
7.2 Business Ethics
7.3 Risk Management
7.4 Regulatory Compliance
7.5 Combat Crime
7.6 Tax Governance

Material Topics of GRI Standards

GRI 205：Anti-corruption

GRI 206：Anti-competitive Behavior

Corresponding Material Topics

Combat Crime, Corporate Governance, Business Ethics, Regulatory Compliance, Risk Management

Targeted Stakeholders

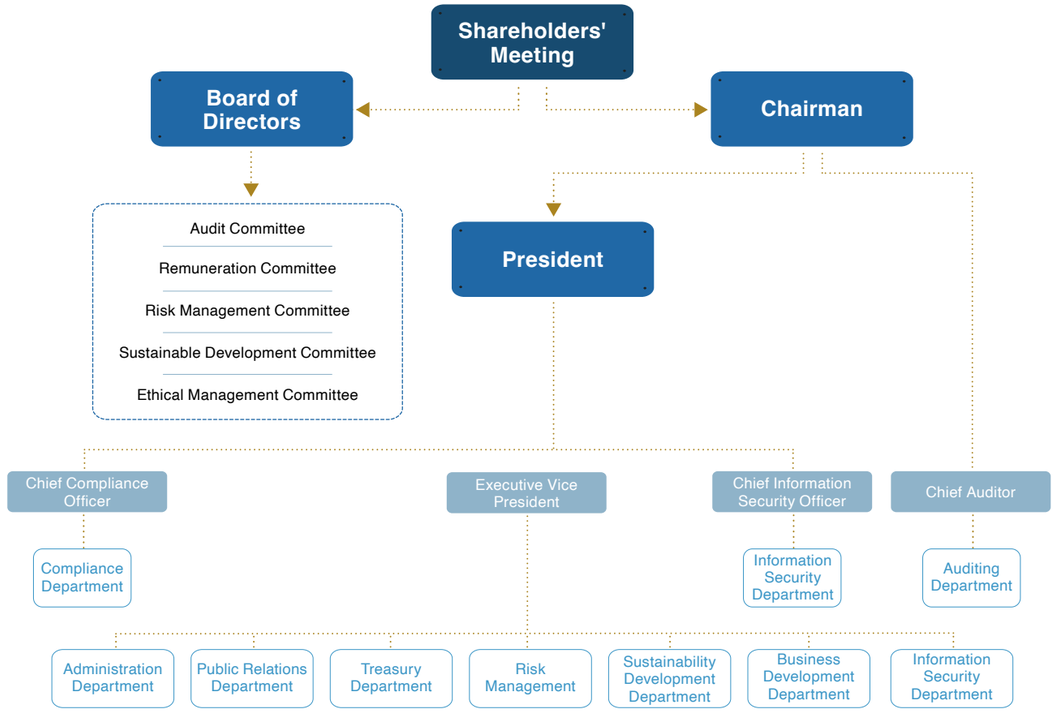
All Stakeholders

Mega Financial Holding has been selected as a constituent stock of the "Corporate Governance 100 Index" by the Taiwan Stock Exchange for six consecutive years, demonstrating Mega Group's ongoing efforts to strengthen corporate governance, which has been highly affirmed. The Group adheres to the spirit of implementing and enhancing corporate governance, emphasizes ethical management, legal compliance, anti-money laundering, and risk management. Through the professionalism, diversity, and independence of directors, a safe and sound operating environment and a transparent governance system are established to provide comprehensive decision-making recommendations to the management team. In this uncertain environment, including environmental issues such as climate change and energy shortages, as well as social issues such as COVID-19, the competition between the US and China, and the conflict between Russia and Ukraine, Mega Holdings Group faces ESG risks in each step of its operations. We have demonstrated strong resilience and courageously faced various challenges, hoping to gradually move towards the goal of becoming a regional financial group in Asia.

7.1 Corporate Governance

7.1.1 Corporate Governance Framework

Mega Financial Holding has a sound corporate governance framework, with the shareholders' meeting responsible for the deliberation of major matters or decisions, such as dividend distribution, articles of incorporation and important regulations, and the election of directors. The Board of Directors is established under the Shareholders' Meeting and it is the highest governing body of the Company. The Board of Directors performs its duties according to the Articles of Incorporation and resolutions passed in the shareholders' meeting and it is responsible for passing the company's business plans, annual financial reports and semi-annual financial reports, assessment on the effectiveness of the internal control system, appointment/dismissal of the CPA, and the appointment and dismissal of managerial officers. The Board of Directors has also established and Audit Committee, Remuneration Committee, Risk Management Committee, Sustainable Development Committee, and Ethical Management Committee to assist in the deliberation of various proposals and ensure the quality of the Board's decisions.



Board and Committee Information

Meeting Name	Board of Directors	Audit Committee	Remuneration Committee	Risk Management Committee	Sustainable Development Committee	Ethical Management Committee
Members	14 directors (Including 5 independent directors)	5 independent directors	3 independent directors	The Chairman of Mega Group serves as the Convener, and executives from each department and the Chairman of each subsidiary served as the members; the Chief Auditor and the risk control manager from each subsidiary attended meetings as nonvoting delegates	The President of Mega Financial Holding serves as the Chairperson of the Committee; the Executive Vice President of Mega Financial Holding serves as the Executive Director; the directors and Executive Vice Presidents of Mega Financial Holding and Presidents of subsidiaries serve as committee members	3 independent directors
Authority	The highest governing body of the Company, guiding company strategy, supervising management, and being accountable to the Company and its shareholders. The Board of Directors performs its duties according to the Articles of Incorporation and resolutions passed in the shareholders' meeting and it is responsible for passing the Company's business plans, annual financial reports and semi-annual financial reports, assessment on the effectiveness of the internal control system, appointment/ dismissal of the CPA, and theappointment and dismissal of managerial officers.	Responsible for reviewing and approving various matters or decisions, including but not limited to the effectiveness evaluation of the internal control system, compliance with laws and regulations, appointment or dismissal and remuneration of auditors, transactions involving significant assewwts or derivative financial products, the issuance or offering of equity securities, annual and semi-annual financial reports, and the appointment or dismissal of financial, accounting, or internal audit supervisors.	Establish and regularly review directors and managerial officers' performance, assess remuneration policy/system, standards and structure, and regularly assess and establish the remuneration for directors and managerial officers.	Review the Risk Management Policy, targets, and changes in related systems, regulations, and guidelines or related risk management proposals, and supervise the establishment of risk management mechanisms of Mega Group.	Review the Group's ESG related policies, review and set the Group's annual ESG plans and goals, and keep track of and review the implementation results of the Group's various ESG projects.	Review the Ethical Management Policy and supervise awareness campaigns and training related to the policy; assist with the integration of ethical and moral values into corporate business strategies, ensure that preventive measures related to ethical management are developed in accordance with law; and review the whistleblowing system and ensure the effectiveness of its execution.
Frequency of Meeting	At least one meeting every month	At least one meeting each quarter	At least two meetings each year	At least one meeting each quarter	At least one meeting every two months	At least one meeting each year
Actual Number of Meetings in 2023	14	9	6	5	6	3
2023 Director Attendance in Person Rate (%)	93%	100%	100%	97%	85%	100%
2023 Director (Including Attendances by Proxy) Attendance Rate (%)	100%	100%	100%	100%	100%	100%

7.1.2 Operations of the Board of Directors

Election of Directors

Since 2013, Mega Group has been using the candidate nomination system to elect directors every three years in accordance with the "Articles of Incorporation" and the "Procedures for Election of Directors". The qualifications of all director and independent director candidates must be reviewed by the Board of Directors in accordance with "Company Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" to ensure the transparency of the procedures for the nomination and election of directors. The Board of Directors shall verify the professional qualifications and independence of the candidates before approving the candidates in a resolution, and the directors shall be elected at the shareholders' meeting from among the nominees listed in the roster of candidates.

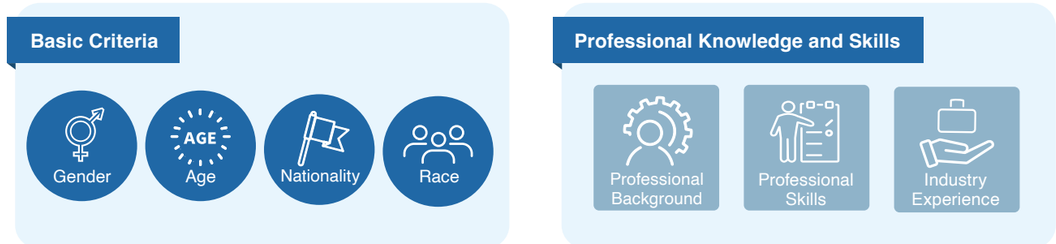
Board Independence

In order to facilitate the independent directors to objectively perform their duties, Mega Financial Holding specifies in the "Corporate Governance Best Practice Principles" that the tenure of independent directors should not exceed three terms to avoid a decrease in their independence due to long-term service. Currently, the five independent directors of the 8th term have an average tenure of 3.1 years. The average terms of the independent directors (6th and 7th terms) were 5 years and 3 years, respectively, and there were no cases where the independent directors served for more than 9 years. Mega Financial Holding places importance on the independence of directors. The Chairman and the President are not held by the same person or are spouses or close relatives within the first degree of kinship. There are also no spouses or close relatives within the second degree of kinship among the directors. Our independent directors meet the independence criteria stipulated by the competent authority and do not concurrently serve as a director or independent director of more than two other companies. All directors do not concurrently serve as a director of two other public companies.

To ensure the effective implementation of the independence of directors, Mega Financial Holding has also conducted an evaluation of the external independence of directors and set a target of 80% of the total number of seats for directors to meet the external independence requirement, and 92.86% (13 out of 14 directors) of directors met the target in 2023. Specifically, the Chairman, Chung-Dar Lei did not concurrently serve as the Company's manager for a total of 6 months from his appointment in June 2023 to the end of 2023, thus meeting the independence criteria.

Major deficiencies identified by regulators at home and abroad and in internal / external audit reports and their corresponding improvements, and major issues concerning operation and business were reported to the Board of Directors for timely responses. In addition, Mega Group has clear regulations on the directors' avoidance of conflict of interests, and the directors also uphold a high degree of self-discipline. When a motion listed in the board meeting is of interest to them or the legal entity they represent, they will state the important content of their interests at the board meeting, and recuse themselves from the discussion and voting, and do not exercise their voting rights on behalf of other directors.

Board Diversity



Mega Financial Holding places great emphasis on board diversity, with directors coming from diverse backgrounds including finance, economics, accounting, financial services, law, information security, digital finance, and corporate sustainability. The "Corporate Governance Best Practice Principles" set policies for board member diversity, and the Company takes into account operational and developmental needs when considering board diversity.

The 8th Board of Directors of Mega Financial Holding consists of 10 directors and 5 independent directors. As of the end of December 2023, 7 female directors were among the 14 members, accounting for 50% and exceeding the goal of having female directors make up 33% of the board.

Board Diversity Information

Name	Title	Independence (Note 1)	Nationality	Gender	Industry Experience (Note 2)	Professional Skills				
						Risks	Finance	Law	Digital	ESG
Chung-Dar Lei	Chairman	Independent Director	Taiwan (R.O.C.)	♂	Finance	●	●			●
Yu-Mei Hsiao	Director	Executive Director	Taiwan (R.O.C.)	♀	Finance	●	●			●
Pei-Chun Chen	Director	Independent Director	Taiwan (R.O.C.)	♀	Finance	●		●		●
Yih-Jiuan Wu	Director	Independent Director	Taiwan (R.O.C.)	♀	Finance		●			
Po-Cheng Chen*	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●			●
I-Kan Chiu	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●			
Keh-Her Shih	Director	Independent Director	Taiwan (R.O.C.)	♂	-			●		●
Hong-Mo Wu	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance				●	●
Hui-Chuan Chen	Director	Independent Director	Taiwan (R.O.C.)	♀	-		●			
Ying Wu	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance		●		●	●
Chang-Ching Lin	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●		●	●
Chi-Chang Yu	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●	●	●	●
Hung-Ju Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance					●
Tsai-Jyh Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance	●	●			●

Note 1: The Board of Directors of Mega Financial Holding adopts a single-track system and the directors meet the following criteria for external independence assessment as independent directors, the directors must be non-executive directors and at least four of the following nine indicators must be met, of which there must be at least two out of the first three:
(1) The director must not have been employed by the Company in an executive capacity within the last one year.
(2) The director must not accept or have a family member who accepts any payments from the Company or any subsidiary of Mega Group in excess of US$60,000 during the current fiscal year, other than those permitted by SEC Rule 4200 Definitions.
(3) The director must not be a family member of an individual who is employed by the Company or by any subsidiary of Mega Group as an executive officer.
(4) The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the Company or a member of the Company's senior management.
(5) The director must not be affiliated with the Company's major customers or suppliers.
(6) The director must have no personal services contract with the Company or a member of the Company's senior management.
(7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company.
(8) The director must not have been a partner or employee of the Company's outside auditor during the past one year.
(9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.
In addition, pursuant to Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", the Company's independent director may not concurrently serve as an independent director of more than three other public companies.
Note 2: Based on Tier 1 of the Global Industry Classification Standard (GICS).
Note 3: The percentage of directors aged 51 or above is 93%, the percentage of those aged 30 to 50 is 7%, and the average term of office of all directors is 2.625 years.
Note 4: To ensure the inclusiveness of stakeholders, board members are representative of various stakeholders such as senior citizens, veterans,government, investors, and non-profit organizations.
Note 5: In 2023, the in-person attendance rate of the 8th-term Board of Directors was 93%; the attendance rate including proxy attendance is 100%, which was above the 90% attendance rate requirement.
Note 6: The director marked with * is Po-Cheng Chen, took over from January 17, 2024. The former director, Chia-Chi, Hsiao, resigned on January 16, 2024.
Note 7: Please refer to the Company's annual report for each director's experience and other board appointments.

Continuing Education of Directors

In response to international trends and the latest regulations on corporate governance and legal compliance, Mega Financial Holding provides a variety of external continuing education programs for its directors to enhance their capabilities in carrying out their duties and to keep abreast of the times. In 2023, the 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" set by the Taiwan Stock Exchange Corporation. The 14 members of the 8th term Board of Directors attended a total of 165.1 hours of training, with an average of 11.79 hours per member. One of the newly-appointed directors (referring to those who serve as directors or independent directors for the first time in TWSE listed and TPEx listed companies) attended a total of 59.1 hours of training, while the other 13 board members had an average of 8.15 hours of training. The overall training hours exceeded the requirement of 12 hours for new directors and 6 hours for re-appointed directors as specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Training courses for directors covered corporate governance, anti-money laundering, risk management, internal control, ESG and sustainability, and legal risks. The objective was to strengthen the professional competency of directors and supervisors, thereby further optimizing corporate governance. The continuing education of directors in 2023 has been disclosed on the Market Observation Post System and the website of Mega Financial Holding.

Board Performance Evaluation

To implement corporate governance and enhance the function of the Board of Directors, Mega Financial Holding established the "Board of Directors Performance Evaluation Rules" in 2015, which were publicly disclosed on the Company's website and the Market Observation Post System. Starting from 2015, the Board of Directors, each functional committee, and all directors conducted the self-evaluation every year. The Company also engages an external independent institution or expert team to evaluate the performance of the Board of Directors and each functional committee at least every three years. To enhance the completeness of the performance evaluation process and comply with the disclosure requirements of the "Corporate Governance Evaluation Indicators" of the Taiwan Stock Exchange, Mega Financial Holding revised some articles of the "Board of Directors Performance Evaluation Rules" in July 2022, in order to improve the transparency of the evaluation method and results.

The previous Mega Financial Holding's Board Performance Evaluation was outsourced in 2021. In 2023, Mega Financial Holding conducted the evaluation internally in accordance with regulations, and the evaluation results were reported to the Board of Directors in December of the year and disclosed in the Company's annual report, including the evaluation method and results. The results of the Board Performance Evaluation in 2023 are also published on the official website of Mega Financial Holding.

7.1.3 Remuneration and Shareholding Policy

Director	Remuneration includes directors' compensation and travel allowance. Directors' remuneration is calculated in accordance with Article 31-1 of the Mega Financial Holding's "Articles of Incorporation", which states that the current year's earnings (pre-tax income before deducting the remuneration to employees and directors) of the Company shall first be applied to cover all its accumulated losses, and not more than 0.5% of the remaining balance shall be appropriated as remuneration to directors. Where a director is a legal representative, the remuneration of the director shall be paid to institutional shareholder, and each director shall be paid travel allowance every month.
Independent Director	Remuneration includes monthly remuneration and research expenses (separate payment of directors'remuneration is not provided). Research expenses are paid according to the number of times the independent director attended meetings of the Audit Committee, Remuneration Committee, and Ethical Management Committee. The aforementioned monthly remuneration and research expenses are determined by the resolution of Mega Financial Holding's Board of Directors.
Chairman	Chairman's remuneration includes salary, pension fund, and various bonuses (excluding sign-on bonuses or recruitment incentives, claw-back mechanisms), as well as business expenses such as rent and fuel expenses, among other items in accordance with the "Regulations Governing the Salary Standards for the Chairman and President of State-Owned Private Enterprises and Investee Companies as Appointed or Referred to by the Ministry of Finance" and the Company's "Articles of Incorporation".

Top-Level Management Remuneration and Shareholding Policy

Mega Financial Holding pays various remuneration to its managerial officers, which are based on the Company's Articles of Incorporation, operational 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 "Employee Bonus and Remuneration Payment Rules", 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 operating locations 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. The ESG items for the assessment of the performance of the senior management of the Mega Group include the achievement of the Scope 2 greenhouse gas emission reduction targets, the loans outstanding growth rate of the green power and renewable energy industries, the percentage of the management signing the Statement on Compliance with Ethical Standards, and the number of cases on violating social and environmental laws and regulations in a year. The top-level management is given a score for the assessment of ESG performance according to the actual achievement in the current year.

In addition to the fixed annual bonus of two months, performance bonuses are calculated based on indicators such as the achievement rate of the current year's pre-tax net income, pre-tax earnings per share (EPS), pre-tax return on equity (ROE), and pre-tax return on assets (ROA), compared with industry peers, and paid out based on individual employee performance. Managerial officers' related remuneration and bonus will also be paid after assessing Total Shareholder Return (TSR) performance, with a TSR of 32.85% in 2023.

To align the top-level managements with the long-term interests of shareholders, and reduce the risk of erroneous decision-making, we encourage the top-level management to purchase and hold a certain number of Mega Financial Holding's shares during their tenure.

Shares Held by Executive Managers (As of 12/31/2023)

Name	Executive Position at Mega Financial Holding	Number of Shares Held
Yu-Mei Hsiao	President	233,560
Han-Yin Ting	Executive Vice President	68,283
Yung-Chen Huang	Executive Vice President	129,082
Yi-Ming Ko	Chief Compliance Officer	230,908
Ling-Chiun Lin	Chief Auditor	103,560

Basic Information on Remuneration Paid to Executive Managers

Unit: NTD

Item	2022	2023
Average Remuneration of All Employees Other than President	2,022,434	2,097,332
Median Remuneration of All Employees Other than President	1,663,904	1,747,953
Annual total compensation ratio of 2023	508.80%	
Change in the annual total compensation ratio of 2023	610.49%	

Note 1: Annual total compensation ratio= Annual total compensation for the president / Median annual total compensation for all employees excluding the president x 100%
Note 2: Change in the annual total compensation ratio= Percentage increase in annual total compensation for the president / Median percentage increase in annual total compensation for all employees x 100%

Basic Information on Directors' Remuneration (As of 12/31/2023)

Unit: NTD

Name	Fixed Remuneration	Change in Remuneration
Chung-Dar Lei	0	0
Yu-Mei Hsiao	3,281,159	2,159,972
Pei-Chun Chen	240,000	0
Yih-Jiuan Wu	102,000	0
Chia-Chi Hsiao	102,000	0
I-Kan Chiu	240,000	0
Keh-Her Shih	102,000	0
Hong-Mo Wu	-	-
Hui-Chuan Chen	-	-
Ying Wu	918,000	0
Chang-Ching Lin	882,000	0
Chi-Chang Yu	846,000	0
Hung-Ju Chen	870,000	0
Tsai-Jyh Chen	840,000	0

Basic Information on Remuneration Paid to Executive Managers

Unit: NTD

Name	Executive Position at Mega Financial Holding	Fixed Remuneration				Variable Remuneration			
		2022		2023		2022		2023	
		Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation
Yu-Mei Hsiao	President	-	-	3,281,159	0	-	-	2,340,170	0
Kuang-Hua Hu	President	3,581,520	0	3,506,786	0	3,190,710	0	1,543,021	0
Han-Yin Ting	Executive Vice President	-	-	2,799,451	0	-	-	1,603,250	0
Jui-Yun Lin	Executive Vice President	3,187,668	0	3,002,218	0	2,281,018	0	1,441,260	0

7.2 Ethical Management

7.2.1 Ethical Management

Mega Financial Holding has established norms such as the "Principles for Ethical Management", the "Operating Procedures and Behavioral Guidelines for Ethical Management", the "Code of Conduct" and the "Employee Code of Conduct" to manage issues such as anti-corruption, fair trade, donations, avoidance of conflict of interest, intellectual property rights, and protection of trade secrets. The company regularly reports on its adherence to integrity management to the Board of Directors.

Since 2019, Mega Financial Holding has required directors and managers to sign a Statement of Compliance with the Ethical Management Policy, and in 2023, the signing rate was 100%. Any employees engaging in unethical conduct shall be punished in accordance with the relevant provisions of the Regulations Governing Rewards and Penalties according to the severity of the violation. In addition, improvement measures, such as implementation of relevant training programs, are reinforced to prevent similar negative situations from reoccurring. Furthermore, in line with the internal control and auditing mechanisms, the Company promotes the concept of ethical management, prevention plans, operating procedures, and the consequences of violating ethical behavior, and internalizes the concept of ethical management into its corporate culture.

The Implementation of the "Principles for Ethical Management" to the Business Partners and Subsidiaries of Mega Group in 2023

Entity	Scope (%)	Signed Statement (%)	Training Provided (%)
Mega Group	100%	100% (Signed by senior-level managers, including the executive vice presidents of the Group and higher positions)	100% (Signed by full-time employees of the Group)
Business Partners (including contractors, suppliers and service providers)	100%	100%	100% (Signed by key suppliers of the Group)
Subsidiaries	100%	100%	100%

Note: The "Principles for Ethical Management" include details about anti-corruption and fair trade. All directors have received training related to ethical management.

Training on Code of Conduct of Mega Group in 2023

Training Type	Training Hours (hours)	Course enrollments
Internal Training	65,692	37,265
External Training	4,524	430
Total	**70,216**	**37,695**

Note: All 100% of employees of Mega Group have completed training on the Code of Conduct, achieving a 95% training completion rate.

To implement a corporate culture of ethical management, Mega Group has established the "Measures for the Administration of External Donation and Sponsorship". Mega Financial Holding and its subsidiaries refuse all forms of bribery and direct or indirect political contributions.

Political Contributions to Mega Group in 2022

Unit: NTD

Group Type	Donation Amount
Lobbyists, organizations, interest groups	0
Political organizations and candidates	0
Industry, trade associations and think tanks with political influence	0
Others (e.g. election campaigns, referendum-related expenses, etc.)	0

7.2.2 Whistleblowing System

Mega Financial Holding has established the "Whistleblower Case Handling Guidelines", in which the Compliance Department is responsible for receiving whistleblower cases, defining whistleblower hotlines, email addresses, and protective measures for whistleblowers. Both Group employees and external parties can report illegal or irregular behavior through internal and external whistleblower channels to the dedicated receiving unit. In addition, starting from 2022, the Company has set up a 24/7 year-round Chinese-English bilingual hotline for whistleblowers to provide different languages options. If the reported situation is verified as true, relevant units of Mega Financial Holding will review their internal control systems and operational procedures, propose improvement measures to prevent similar negative events from happening again. If there is a specific contribution to the Company, the whistleblower will be rewarded as appropriate. Moreover, if a whistleblower case is found to involve major violations or may cause significant damage to the Company during investigation, the receiving unit shall immediately prepare a report and submit it to the Board of Directors. If it is a major contingency or a violation case, it shall be handled in accordance with the "Major Contingency Operating Procedure Guidelines" and notified or reported to the relevant authorities. In 2023, the Mega Group did not have any incidents of corruption leading to the termination of contracts by business partners.

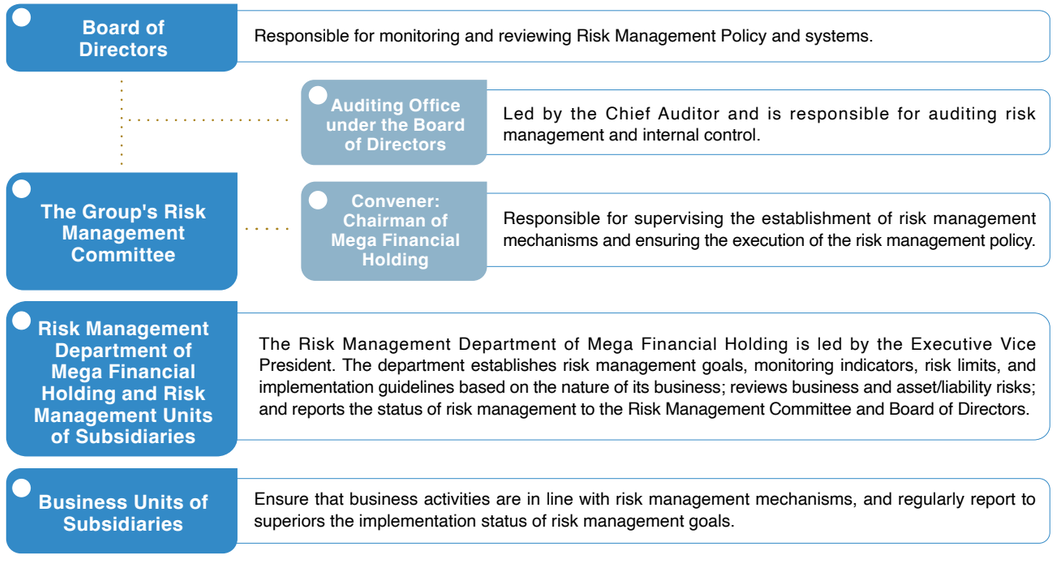
In 2023, Mega Financial Holding received two reports of employees violating the Code of Conduct. Both cases were external complaints and were not related to private data or conflict of interest. The management mechanism was activated upon receiving the notification and carry out disciplinary actions against the employees who violated the Code of Conduct, so as to prevent such incidents from reoccurring and to reinforce internal control. According to the regulations of each company, the evaluation scores of employees who have been penalized will be deducted, which in turn will affect their evaluation grades, and poor evaluation grades will be linked to the number of months of bonus payment and overall rewards, such as annual promotions. According to Article 16 of the Mega Financial Holding "Whistleblower Case Handling Guidelines", if a reported case that meets the acceptance principle is not handled or delayed by the accepting unit or its personnel without a valid reason, or if the supervisor of the reported person knows that there is a violation of laws and regulations prior to the report and fails to handle the case, the case will be handled according to the Company's internal disciplinary regulations. A whistleblower will be rewarded if his/her report is found to be true and has contributed to the Group in one way or another. If an internal whistleblower is found to have made false accusations, false statements, or malicious allegations, the case shall be referred to the Personnel Review Committee for consideration of punishment to demonstrate the importance that Mega Group attaches to compliance with the Code of Conduct and its determination to avoid the recurrence of related incidents.

7.3 Risk Management

7.3.1 Implementation of Risk Management

Risk Management Structure

As part of its efforts to supervise the effectiveness of the Group risk management mechanisms, Mega Financial Holding has established the Board of Directors as the highest decision-making body for risk management. The Board is responsible for approving risk management policies, guidelines, organizational structures, risk preferences, internal control systems, and significant business cases. Under the Board of Directors, a Risk Management Committee has been established to oversee the establishment of risk control mechanisms and ensure the implementation of risk management policies. The Chairman of Mega Financial Holding is the convener of the Committee, and members include the President of Mega Financial Holding, Executive Vice President, the Chief Compliance Officer, department supervisors, and the Chairman of each subsidiary. The Committee convenes meetings every quarterly as necessary to discuss and disseminate policies to each subsidiary company through the risk management units of the financial holding company and important subsidiaries. In addition, the risk management units are responsible for reviewing business and asset-liability risks, regularly reporting on risk management situations to the Risk Management Committee and the Board of Directors, and serving as a basis for decision-making.



Risk Management System

The "Risk Management Policies and Guidelines" and other risk management rules have been established by the Board of Directors of Mega Financial Holding. These rules stipulate the establishment of effective mechanisms for the identification, measurement, monitoring and control, reporting, and responses to risks, and the establishment of risk management targets and regular follow-up of the implementation status. In addition, the Three Lines of Defense mechanism of business units, risk management units and auditing units are established as management principles for the main financial and non-financial risk categories such as credit risks, market risks, operational risks, legal and compliance risks, personal data and privacy, sustainable finance, human resources management risks, and information security management risks. The Company regularly review the risk management mechanism, risk appetite, and risk management priorities through assessment reports, scenario analysis, and stress testing to establish response strategies, control objectives, internal control systems and procedures, and clear responsibility assignments. Each subsidiary has incorporated 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, and effectively manage various operational and sustainable risks. To effectively address the risks brought about by climate change, Mega Financial Holding and its important subsidiaries have also established the "Climate Risk Management Guidelines" to strengthen climate risk management mechanisms and reduce the impact of climate change risks.

01

The First Line of Defense

Business Unit

The staff on the first line of defensein each subsidiary are responsible for identifying and managing risks, and developing and implementing effective internal control procedures.

02

The Second Line of Defense

Risk Management and Compliance Unit

The risk management and compliance unit establish risk management policies, and ass-esses risk tolerance, sets various risk indicators or limits for regular monitoring and control, regularly keeps track of improvements to anomalies, and reports to the Board of Directors.

03

The Third Line of Defense

Audit Unit

The audit units of Mega Financial Holding and each subsidiary perform regular audits on business and management units and report results to the Board of Directors to ensure the normal operation of internal control system.

Risk Assessment for Business and Product Development

Before each subsidiary of Mega Group launches new businesses or products, it will discuss with relevant departments (such as risk control units, etc.) in advance to seek for information systems support, risk assessments, relevant regulations, and various risk control points (such as credit, market and operational risks, etc.), and then report to the authorized supervisor for approval. In addition, regular follow-up reviews are conducted after the launch of new businesses or products for reference in subsequent decisions.

Each subsidiary complies with the"Risk Management Policies and Guidelines", and gradually links products with performance appraisal to enhance the performance management system. For example: Mega Bank has included the issuance of zero-carbon credit cards, CKI has included premium income from agricultural insurance, and Mega Securities has included the proportion of investment positions in the sustainable/green energy industry as performance appraisal targets.

Education and Training on Risk Management

To raise employees' risk awareness and create a risk management culture where the Group's Risk Management Policy is effectively implemented, Mega encourages all employees of the Group to participate in various types of risk management related training, offered inside or outside of the organization. According to Mega Group' Guidelines for Subsidiary Risk Management Performance Evaluation, a subsidiary's attendance in risk management training programs is linked to its performance in risk management.

Employee Training on Risk Management by Mega Group in 2023

Training Type	Training Hours (hours)	Number of Trainees
Internal Training	99,976	29,823
External Training	33,023.5	6,206
Total	**132,999.5**	**36,029**

Note: 100% of Mega Group employees have completed risk-related education and training.

7.3.2 Assessment and Response to Emerging Risks

As the financial environment becomes increasingly complex, 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 daily risk management. Each subsidiary is required to report on significant risk issues (including emerging risks) to the Mega Financial Holding's Board of Directors and Risk Management Committee. In addition, to cope with the impact of climate change on operations, personnel, and business activities, Mega Group takes preventive measures against potential risks and actively supports important environmental projects or plans of enterprises or social groups, providing business cooperation opportunities. The Group also continuously collects risk reports from major global institutions and information from individual or corporate customers to identify the latest trends in emerging risks and adopt effective classification management.

Emerging Risk Assessment Procedures

STEP 1

Risk Identification

To define and set the scope of emerging risks, 25 emerging risk factors were identified by referring to the five major categories of economy (A), environment (B), geopolitics (C), society (D), and science and technology (E) of the World Economic Forum (WEF) Global Risks Report 2023 and the major trend reports.

STEP 2

Risk Assessment

Using a questionnaire survey, the risk factors were evaluated according to "likelihood of occurrence" and "degree of impact", and the top three risk sensitivities (likelihood of occurrence x degree of impact) in each category were selected, totaling 15 emerging risk factors, and an emerging risk matrix was drawn up.

STEP 3

Risk Response

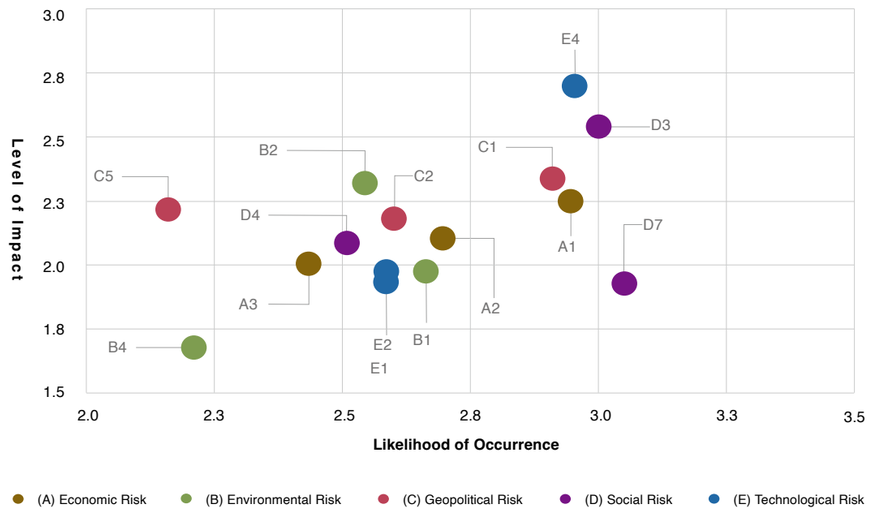
The top two emerging risks in the next three to five years were identified as "cybercrime and information security threats" and "emerging infectious diseases", and relevant countermeasures were formulated.

STEP 4

Risk Reporting

The results of emerging risk identification were presented and disclosed in the Sustainability Report.

Emerging Risk Assessment Matrix



Risk Type	Emerging Risk Factors	Likelihood of Occurrence (1-5)	Level of Impact (1-5)	Risk Sensitivity= Likelihood of Occurrence x Level of Impact (1-25)	Ranking of Risk Type
(A) Economic Risk	A1 Emerging Debt Crisis	2.93	2.25	6.59	1
	A2 Industry or Supply Chain Adjustments	2.69	2.11	5.69	2
	A3 Illegal Economic Activities	2.43	1.98	4.81	3
(B) Environmental Risk	B1 Climate Change Adaptation or Mitigation Failure	2.67	1.97	5.26	2
	B2 Natural Disaster & Extreme Climate	1.54	2.33	5.92	1
	B3 Natural Resource Crisis	2.21	1.69	3.74	3
(C) Geopolitical Risk	C1 Geopolitical Economic Conflicts	2.90	2.36	6.85	1
	C2 National Collapse or Conflicts	2.61	2.18	5.68	2
	C3 Threat of Mass Damaged Weapons	2.15	2.20	4.72	3
(D) Social Risk	D1 Emerging Infectious Diseases	3.00	2.56	7.67	1
	D4 Error or False Information	2.52	2.08	5.26	3
	D7 Human Resources Shortage	3.07	2.16	6.63	2
(E) Technological Risk	E1 Impact of Technological Change	2.59	1.92	4.97	3
	E2 Digital Gap and Incomplete Services	2.59	1.95	5.05	2
	E3 Cybercrime and Information Security Threats	2.93	2.69	7.89	1

Risk Factor	Cybercrime and Information Security Threats	Emerging Infectious Diseases
Description	With the rapid development of cyber technology, the world is facing a high level of information security risk, resulting in the possibility of hacking attacks on Mega Group.	Due to the global impact of the pandemic, the likelihood of the occurrence of large-scale emerging infectious disease outbreaks has increased and the cycle has been shortened. This can lead to possible social unrest affecting Mega Group.
	• Normal Scenario: There is no major information security threat to Mega Group in the next 3-5 years. 1. At least two social engineering exercises are organized annually to raise employees' awareness on information security and prevent personal information leakage. 2. Perform vulnerability scans every year to improve the system to prevent system disruption caused by hackers. 3. Conduct penetration tests twice a year to continuously strengthen the information security system to prevent financial losses caused by hackers.	• Normal Scenario: There is no major emerging infectious disease threat to Mega Group in the next 3-5 years. 1. Under normal operation, the system recovery time is less than the tolerable interruption time (4 hours). 2. Employees are psychologically healthy and turnover rate is maintained within 1%. 3. Clients' operation and repayment are normal, and no investment and credit losses are incurred. 4. Policyholders are not affected by emerging infectious diseases, and the loss of insurance claims does not exceed NT$20 million.
	• Extreme Scenario: In the next 3-5 years, Mega Group has been subjected to several hacking attacks and ransomware implantation, resulting in system disruptions, financial losses, and personal information leakage. 1. Failure to organize social engineering drills twice a year may result in employees' lack of information security awareness, leading to personal data leakage. 2. Failure to perform vulnerability scans every year may cause hackers to utilize vulnerabilities to conduct attacks, resulting in system disruption. 3. Failure to conduct penetration tests twice a year leading to inadequate system protection may result in financial losses due to hackers' attacks and implantation of ransomware.	• Extreme Scenario: Multiple outbreaks of emerging infectious diseases (e.g., new mutated viruses) in the next 3 to 5 years, with the frequency of outbreaks shortened to once a year, affecting the operation of Mega Group. 1. Operation is interrupted for more than 4 hours due to the outbreak. 2. Employee turnover rate may reach 10% due to mental health damage caused by the epidemic. 3. Bad debts or bad assets of customers may cause investment and credit losses of up to 3%. 4. Policyholders are affected by emerging infectious diseases, and the loss of insurance claims exceeds NT$20 million.
Impact on the Company	In the event of repeated hacking attacks in the next 3-5 years, which may result in system disruptions, financial losses and personal data leakage, Mega Group may face: • Breach of Personal Data: Insufficient employee information security training may cause hackers to invade the Company's system and network through phishing letters and steal customers' personal information, causing Mega Group to be subject to customers' claims for compensation. • System Interruptions: As a result of hacker attacks, core systems, servers, ATMs, websites, and other services may be interrupted or temporarily shut down, preventing Mega Group from normal operations and resulting in a loss of more than NT$5 million. • Financial Loss: As a result of the ransomware implanted by the hackers, Mega Group may face large ransoms of over NT$10 million or be forced to replace the related information system equipment, which will result in a significant increase in operating costs.	If there are multiple outbreaks of large-scale infectious diseases in the next 3-5 years, leading to the government implementing containment policies, it will result in obstructed economic development and long-term health damage. This may cause Mega Group to face: • Interruption of Operations: As a result of the containment and control policy, it may lead to a decrease in service capacity or temporary closure of physical branches, and an increase in demand for contactless services may cause server overload for digital services such as websites or apps, resulting in an interruption of operations for more than 4 hours. • Psychological Health Damage: The pressure due to performance and remote work may cause confusion between work and daily life, leading to increased long-term psychological stress on employees, resulting in decreased work efficiency and increased turnover rate, with employee turnover rates reaching more than 10%.

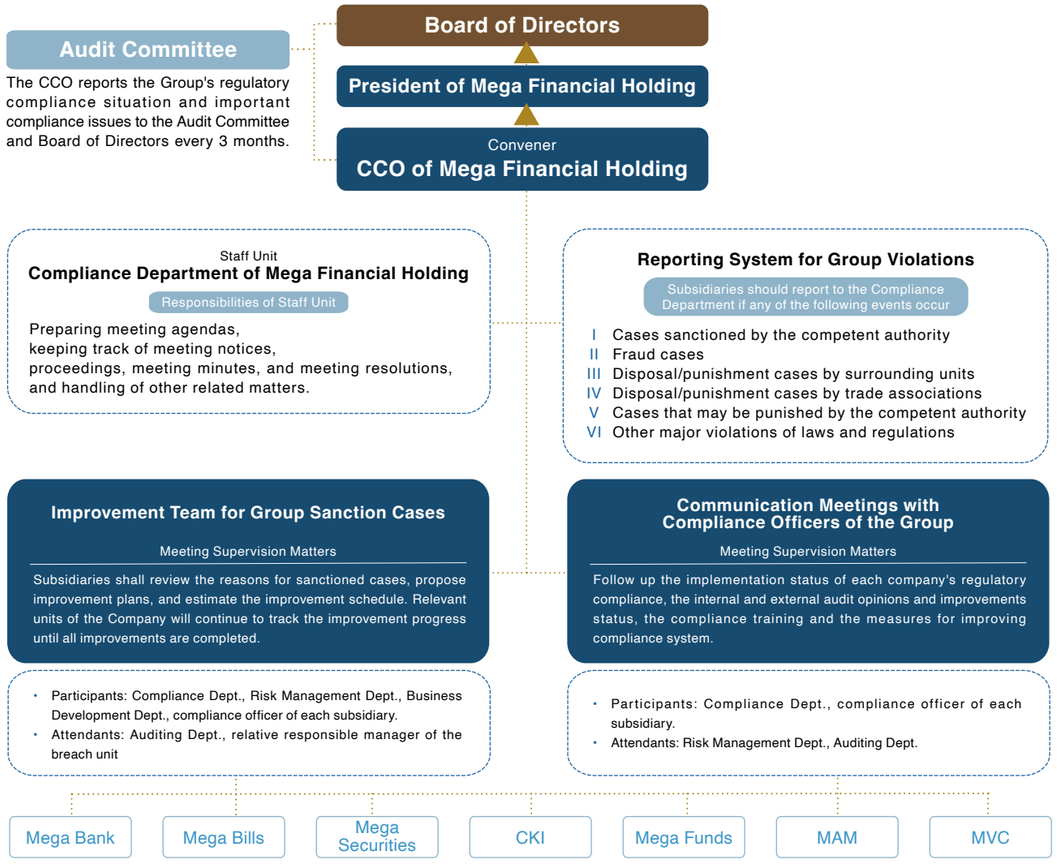
Risk Factor	Cybercrime and Information Security Threats	Emerging Infectious Diseases
Impact on the Company		• Investment and Credit Losses: The worse-than-expected pandemic further impacts high-risk industry clients' operations and repayment capabilities beyond expectations, leading to bad debts or non-performing assets for Mega Group. In extreme cases, losses may reach up to 3% of the Group's credit exposure. • Insurance Claims Losses: Emerging infectious diseases and subsequent complications increase the possibility of customers being hospitalized, death, or suffering from chronic diseases beyond expectations, resulting in increased insurance claim amounts exceeding more than NT$20 million.
Respons Measures	• Raise Awareness on Information Security: To raise employees' awareness of information security and avoid personal information leakage due to phishing attacks, Mega Group have completed social engineering exercises at least twice a year and conducted employee information security training aimed at reinforcing the concept of information security and reducing information security risks. In addition, we protect our clients' rights and interests by conducting regular inventory of personal information every year. • Business Continuity Test: To provide complete and uninterrupted services, Mega Group conducts vulnerability scanning and business continuity exercises to ensure that critical systems can continue to provide key services and the effectiveness of the backup system. We also conduct information security incident notification and contingency drills in response to network attacks to restore normal operations as soon as possible. • Strengthening Information Security Systems: To strengthen information security defense capabilities, Mega Group conducts penetration tests twice a year, implements the ISO 27001 information security management system, and established an information security monitoring center; Mega Bank and CKI have completed the renewal of information security insurance to reduce the financial loss associated with the risk of business interruption and to provide additional protection for the Group's information security risk management.	• Business Continuity Plan: Mega Group has initiated a plan for uninterrupted operations, adjusted existing work modes and processes, and established a team for business continuity and system recovery, which organizes at least two drills per year to ensure the ability to respond to crises when they occur. • Strengthening Health Protection: Mega Group provides employees with quarantine leave to reduce the risk of spreading infectious diseases in the workplace. • Control of High-Risk Industries Susceptible to Epidemics: Subsidiaries regularly monitors the credit risk ratio of high-risk industries and dynamically adjusts high-risk industry projects, reduces credit risk through credit limits, warning ratios, and implements post-loan management. As of the end of December 2023, Mega Group's exposure to the accommodation and restaurant industry amounted to NT$47.5 billion, accounting for 1.04% of the total, which is in line with the 12% limit. • Diversifying Insurance Risks: CKI diversifies insurance claims risks caused by infectious diseases through reinsurance and regularly reviews rate of loss conditions and adjusts rates and underwriting policies in a timely manner.
Input Costs of Management Measures	**Approx. NT$14.5 million**	**Approx. NT$12 million**

7.4 Regulatory Compliance

7.4.1 Regulatory Compliance Management Mechanism

Mega Group considers compliance with laws and regulations to be a key part of its internal control system. The Compliance with Laws and Regulations System has been established in accordance with the regulations of FSC's "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". A specialized unit, the Compliance Department, has been designated to plan, manage, and execute the compliance system. It is subordinate to the President and is responsible for supervising the legal compliance of its subsidiaries. To strengthen the independence of compliance, Mega Financial Holding ha also appointed a Chief Compliance Officer (CCO) who is responsible for overseeing compliance affairs and reports to the Audit Committee and Board of Directors every six months.

If any significant violation of laws and regulations occurs or there is a downgrade by the competent authority, the Compliance Department should immediately report to the Board of Directors and submit the compliance-related issues. Each subsidiary (except for Mega Venture Capital) also appoints a compliance officer, who is responsible for compliance planning and promotion. Furthermore, Mega Group holds quarterly meetings led by the CCO to communicate with the compliance officers of various companies within the Group. Discussions are held on compliance systems implementation, internal and external audit opinions and improvement, compliance education and training, and compliance system improvement measures. In 2023, a total of four meetings were held for the communication of compliance supervisors within the Group.



Compliancea Training

Mega Group has strengthened the employees' legal compliance knowledge and abilities through ongoing training programs for Group employees. Each company's legal compliance officers and their supervisors are required to attend at least one additional legal compliance-related training course each year, in addition to the number of legal training hours required by law.

Mega Group's Compliance Training in 2023

Training Type	Training Hours (hours)	Number of Trainees
Internal Training	108,538	48,680
External Training	36,373	7,581
Total	**144,911**	**56,261**

Note: The target achievement rate of legal compliance training of Mega Group reached 100% in 2023.

7.4.2 Audit System

Mega Financial Holding has established a general audit system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" of the FSC and has set up an internal audit unit under the Board of Directors to carry out audit work and assist the Board of Directors and management in evaluating the effectiveness of the internal control system. The internal audit unit formulates the annual audit plan based on the subsidiaries' nature of their business operations, overall risks, and the implementation status of their internal control system. It conducts a general business review and project business review of Mega Financial Holdings every year, and a special review of each subsidiary's finance, risk management and compliance every six months. The internal audit unit keeps tab on the deficiencies until improvement is made, and regularly reports business implementation status to the Audit Committee and the Board of Directors. In addition, the internal audit unit supervises the operation of the audit work of the subsidiaries in accordance with the relevant regulations of the Group's subsidiaries. It assesses the effectiveness of subsidiaries' internal auditing operations annually and requests each subsidiary to report the assessment to its own Board of Directors after reporting to the Audit Committee and the Board of Directors of Mega Financial Holding for personnel evaluation purposes.

Audit-related Professional Examinations or Relevant Certifications of Mega Group in 2023

Name of Examination or Certification	Number of Employees
Proficiency Test for Bank Internal Control and Audit	354
Certified Internal Auditors (CIA)	2
Certified Information Systems Auditors (CISA)	4
International Internal Auditor	9
Internal Auditor Qualifications	40

7.4.3 Penalty Cases

In 2023, Mega Group received a total of 8 penalty cases notified by the competent authorities, of which 2 were cases relating to major penalties that exceeded the significant threshold of NT$1 million. These penalty cases did not involve corruption, fraud, or anti-competition related matters, and relevant measures have been formulated to strengthen control and prevent similar incidents from happening again.

Case		Description	Fines	Penalties	Improvement Measures
1	Mega Bank	Agricultural policy loans were not in compliance with the Philippine agricultural loan regulations	Approx. PHP 1.34 million (approx. NT$6.97 million)	None	• Continue to seek out potential customers and take on relevant cases to meet the statutory ratio requirement while considering credit risks and protecting the bank's interests.
2	Mega Bank	Administrative penalties for overseas branches uploading incorrect statements	Approx. PHP 10,200 (approx. NT$5,202)	None	• Will fill the manpower gap in the accounting and loan departments and strengthen the function of uploading the first- and second-line reports to the Bangko Sentral ng Pilipinas (BSP) for pre-audit. • Discussions will be held with the local verification report system company (Soft App) to enhance the verification report software function.
3	Mega Bank		Approx. PHP 4,200 (approx. NT$2,155)	None	
4	Mega Bank	Administrative penalties for violation against the Act of Gender Equality in Employment	NT$100,000	None	• Submit the proposal to the Gender Equality Working Committee of the Ministry of Labor for consideration and objection. • Re-examine the need to adjust sexual harassment prevention measures and related regulations.
5	CKI	Violation of the Insurance Act found by the FSC's compliance audit	NT$1.8 million	None	• Conducted a review of internal control system deficiencies and made continuous improvements. • The company will pay the fine according to the penalty issued and report the negligent personnel.
6	CKI	Violation of the Labor Standards Act	NT$20,000	None	• Internally review and revise payroll procedures to ensure that there are no delaysin the payment of wages. • Adopted the calendar year system to standardize the calculation of special leave, and changed to the annual system to calculate the number of special leave days in the year of employees' termination of employment.
7	Mega Securities	Violation of the Securities and Exchange Act found by the FSC's compliance audit	NT$480,000	Corrective-action	• Strengthen the function of the second line of defense by establishing a Compliance Committee and formulating "Regulatory Compliance Testing Procedures" to track improvements in penalty cases. In addition, the internal management measures of each unit have been reviewed to ensure that compliance risks are effectively minimized. • The "Regulations Governing Rewards and Penalties for Employees" is in place to penalize non-compliant employees.
8	Mega Securities	Violation of securities management regulations	NT$240,000	Corrective-action	• Carry out internal control and self-inspection of branch offices, strengthening the comparison and checking of telephone recordings between salespersons and customer, and sampling customers to conduct friendly care telephone interviews, all of which did not reveal any irregularities. • The "Regulations Governing Rewards and Penalties for Employees" is in place to penalize non-compliant employees.

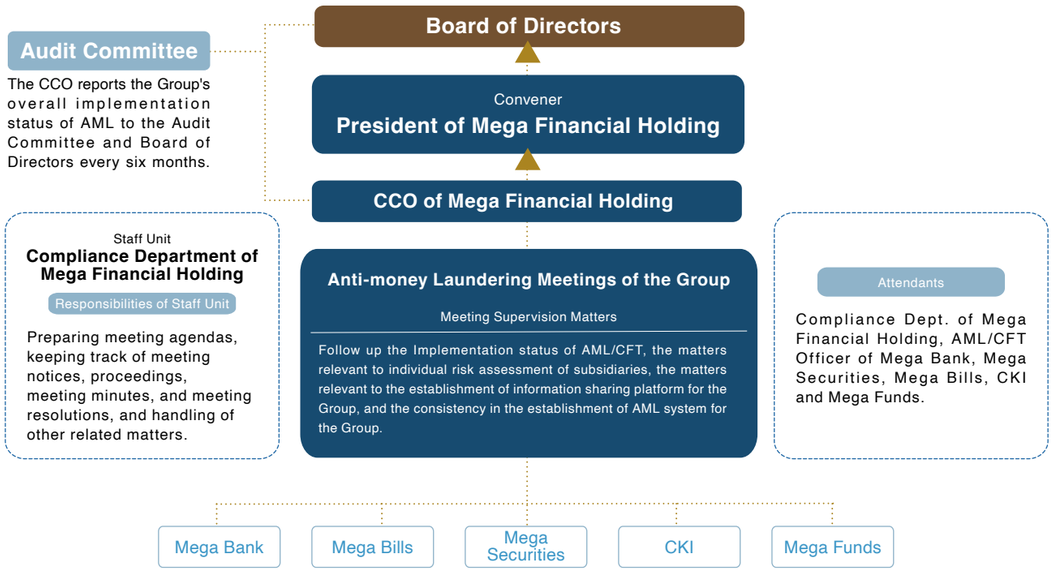
7.5 Combat Crime

7.5.1 Combat Crime Management Mechanism

Through the management mechanism and the anti-money laundering (AML) policies of the Group, Mega Financial Holding implements the provisions of the "Money Laundering Control Act", the "Counter-Terrorism Financing (CFT) Act", and the "Regulations Governing AML of Financial Institutions". The Company supervises its subsidiaries to implement customer due diligence, transaction monitoring, and education and training. In addition, the Company has established an AML monitoring and list screening system and improved the training of AML personnel.

To supervise and manage the AML/CFT of subsidiaries, Mega Financial Holding established a special unit called Compliance Department and the President regularly holds the "Anti-Money Laundering Meetings of the Group" to supervise the implementation of AML/CFT of each subsidiary. The scope of supervision covers the implementation of regular customer audits, staff education and training, reporting of suspected money laundering (ML) or terrorist financing (FT) transactions, investigation of ML/FT transactions, AML meetings and working group operations, ML/FT risk appetite threshold, and AML compliance testing. A total of four Group AML meetings were held in 2023.

The Board of Directors also assigns the Chief Compliance Officer (CCO) to supervise the Group's AML/CFT efforts and to report to the Audit Committee and the Board of Directors on a semi-annual basis on the implementation of the Group's such efforts. In addition, AML/CFT Committees or working groups have been established in each of the banking, securities, bills, insurance and trust subsidiaries to facilitate the management of the Group's AML/CFT operations in a hierarchical manner.



7.5.2 Combat Crime Measures

Mega Financial Holding follows regulatory requirements and establishes consistency standards for the group, including the "AML/CFT Policy", "Overall AML/CFT Plan," and the "AML/CFT Information Sharing Procedures", to effectively prevent ML/FT transactions.

Each subsidiary company complies with domestic laws and regulations, the Group's consistency standards, and refers to the forty recommendations of the Financial Action Task Force (FATF) on AML/CFT. They have established a sound organizational structure and policies and procedures to effectively identify and assess ML/FT risks, and control the identification of higher money laundering threats and vulnerabilities to meet the requirements of international standards. The implementation process includes physical and non-physical customer due diligence (CDD), terrorist financing list review, review and monitoring of lists of politically important persons, and senior management involvement in customer audits for high ML/FT risks. In addition, each subsidiary company exchanges information on high-risk customer lists and suspected cases of ML/FT through the Group's AML/CFT information sharing platform. In 2023, there were no incidents of money laundering or internal transactions in Mega Group.

Key Combat Crime Measures adopted by Mega Bank

Conduct Institutional Risk Assessment (IRA) for ML/FT Activities

Conduct at least one annual risk assessment for ML/FT, weapons proliferation, and sanctions at the bank-wide level. Quantitatively and qualitatively analyze the results of the risk assessment, consolidate risk assessment reports, internal control evaluation items, and improvement plan schedules, and report to the Compliance Committee and Board of Directors in accordance with legal requirements.

Establish an AML System

To identify and control money laundering threats and vulnerabilities, we established various AML systems, including transaction monitoring and list scanning, to prevent ML/FT.

Customer Identification Due Diligence

Developed the "Sanction and Control List Check Handbook" and the "Suspicious ML/FT Transaction Pattern Checklist" to conduct AML/CFT name list comparison for trading counterparts and related parties, and to check and control transactions. Analyzed transaction content and include relevant parties in the "Self-Established List" or the "Self-Defined High-Risk Countries Involved in Sanctions" for compliance. Additionally, developed "Domestic Unit AML/CFT Customer Identification Guidelines", "Domestic Unit Identification of Politically Important Persons Handbook", "Domestic Unit Identification of Actual Beneficiaries and Anonymous Stocks Handbook", for compliance by the business units.

Join the Association of Certified AML Specialists (ACAMS)

Joined the Association of Certified AML Specialists (ACAMS) as a corporate member and disclosed the "AML and Sanctions Risk Appetite Statement" and "AML/CFT Internal Control System Statement" on the official website to demonstrate the determination to combat illegal activities.

Policies and Identification, Periodic Review and Monitoring of High-Risk Customers such as Politically Important Persons (PEPs)

Customers (including PEPs) that have been assessed and identified as having specific high-risk factors should be subject to enhanced customer due diligence measures, and ongoing customer reviews should be conducted annually to ensure that transactions with such customers that reach a certain threshold should be undertaken after confirming the purpose of the transaction, the source and destination of funds, and that relevant transaction documents should be requested when necessary. Before establishing a new business relationship with a politically important person, the application should be sent to a specialized unit for review.

Centralized Suspicious Transaction Report (STR) Project

In response to STR operations, the "Operation Manual for Domestic Units to Report Suspected ML/FT Transactions" was formulated. For suspicious transaction cases generated by each domestic unit through business processes or system monitoring, if the transaction content is suspicious or meets the suspected money laundering or capital terrorism patterns issued by the competent authorities after verification, identification, and confirmed investigation processes, the transaction will be submitted to the specialized handling unit in a systematic manner for subsequent reporting in accordance with the Manual's specifications.

Application of Legal Compliance Technology (Regtech)

Regtech utilizes big data analysis and machine learning models to define higher-risk customers/situations and centralize investigation resources. Currently, Regtech applications include detection of internal fraudulent behavior of staff, misappropriation of customer funds, and assessment of reasonableness of customer transactions during regular reviews. To ensure that the list scanning system is sanctioned and the control lists are up-to-date, robotic process automation (RPA) is used to assist in the daily list scanning tests and the test reports are generated and retained.

Mega Bank assisted customers in preventing fraud cases

- With a total of **261** cases intercepted in 2023
- Amounting to over **NT$200** million

Case Study Mega Bank and Police Work Together to Prevent Fraud and Help Protect the Assets of Elderly Customers

Mega Bank reduces the risk of fraud through the proactive attention of frontline employees. Every year, Mega Bank works with the police to block more than 100 fraud cases, preventing nearly NT$100 million in property losses, with the number of cases blocked increasing by 68% and the amount of money increased by 85% compared with the previous year. The amount of money blocked ranged from thousands to millions of NTD each year. The number of senior citizen fraud cases in central Taiwan seems to be on the rise, and Mega Bank has taken the initiative to strengthen its attention and care on elderly customers in response to changes in criminal techniques.

Education and Training on Combating Crime

Mega Group is committed to AML/CFT, and invites internal and external experts to conduct AML training and related lectures in various formats every year, including physical lectures, digital learning, and video training, in order to enhance the professional knowledge and skills of AML/CFT personnel. The completion rate of statutory training hours for personnel reached 100% in 2023.

Mega Group's Training on Combating Crime in 2023

Training Type	Training Hours (hours)	Number of Trainees
Regular, on-going intranet-based training with case studies	69,237	44,301
Computer-based training sessions with self-assessment check	73,969	9,514
Face-to-face training by compliance/legal officers	1,635	975
Face-to-face training by specialized external firm	4,545	652
Mandatory annual refresher training	4,674	1,458

Crime Combatting-related Professional Examinations or Relevant Certifications of Mega Group in 2023

Name of Examination or Certification	Number of Employees
Certified AML Specialists (CAMS)	3,120
Professional Exam for AML/CFT Specialist	1,127

7.6 Tax Governance

7.6.1 Tax Governance Policy

Mega Financial Holding established the "Tax Governance Policy" to keep up with the international trend of tax governance, implement compliance with tax laws and regulations, and achieve the sustainable development of the company. The policy states that the Board of Directors is the final decision maker of a tax risk management mechanisms who approves the entire "Tax Governance Policy" and ensures that the policy is effectively adopted; and that the Treasury Department is the unit responsible for tax management and regularly reports tax management progress to the Board of Directors every year.

Tax Governance Policy

Regulatory Compliance
To complete all tax charges honestly in accordance with local and international tax regulations and deliberatethe text and legislative intent of the regulations so as to fulfill its obligations to pay taxes in the countries in which the Company operates.

Risk Management
To assess the impact of changes in local and international tax regulations, and formulate appropriate responses.

Business Substance
When planning the organizational structure or carrying out a transaction, the Company should use a tax structure that conforms to the commercial substance. The Company should not transfer value to low tax jurisdictions deliberately nor use secrecy jurisdictions or so-called "tax havens".

Conventional Transaction
Related-party transactions should comply with the arm's length principles and the transfer pricing regulations where the Company operates.

Information Transparency
To disclose tax related information publicly and regularly to enhance transparency.

Proactive Communication
To maintain an open and honest communication channel with tax authority.

Personal Training
To strengthen tax professional knowledge and skills and conduct training on an ongoing basis.

7.6.2 Stakeholder Management on Tax Issues

Contact Methods with Stakeholders
Mega Financial Holding's main stakeholder is the Government's tax authority, which directly affects the Company's tax compliance. Tax declaration, payment and supplementary explanations are all completed within the deadline. If the Company has any questions about tax matters, we will proactively seek advice from the tax authorities.

Advocate Methods on Tax Issues
Mega Financial Holding's tax policies clearly comply with the tax regulations and international tax standards of the countries where the PE operates. The Company actively participated in the financial holding industry tax conference convened by the Bankers Association to discuss tax issues. Based on the consensus reached at the meeting, the Bankers Association or its financial holding and taxation team was entrusted to communicate with stakeholders.

Collect and Consider Opinions from Stakeholders
Before Mega Financial Holding responds to opinions on tax issues, the Company conducts internal research, discusses with stakeholders, and consults industry peers, then re-examines and proposes the Company's views.

7.6.3 Country-by-Country Report (CbCR)

Tax Status by Country

Tax Status by Country of Mega Group in 2023

Unit: 100 million NTD (Except for Number of Employees)

Tax Jurisdiction	Main Business	Number of Employees	Revenues from Third-Party Sales	Revenues from Intra-Group Transactions	Net Income	Profit before Income Tax	Income Tax Accrued	Income Tax Paid	Tangible Assets
Taiwan	Bank, Securities, Bills, and Insurance	9,058	513.36	114.31	627.67	296.74	22.84	23.75	259.96
Hong Kong	Bank	76	31.19	0.19	31.38	28.69	4.99	-	0.81
Singapore	Bank	28	12.55	0.60	13.15	12.11	2.08	1.01	0.32
Australia	Bank	58	(0.10)	15.51	15.41	11.96	5.48	3.99	0.55
Thailand	Bank	173	11.47	0.09	11.56	8.16	1.59	1.14	0.29
Vietnam	Bank	55	5.76	2.60	8.36	7.38	1.48	1.48	0.08
China	Bank	102	5.86	3.81	9.67	7.07	1.80	0.81	0.70
Japan	Bank	39	4.36	0.70	5.06	3.20	0.70	(0.60)	0.74
Panama	Bank	23	3.84	0.09	3.92	3.07	0.32	0.22	0.54
Canada	Bank	33	3.52	-	3.52	1.92	0.62	0.51	0.43
United States	Bank and Insurance	154	26.01	1.71	27.72	(15.21)	2.51	3.80	3.33
Others	Bank and Others	216	13.34	2.45	15.79	5.39	1.06	1.47	2.69

Note: The number of employees includes the employees from the subsidiaries and outside directors in the consolidated financial report.

Tax Information

Effective Tax Rate and Cash Tax Rate of Mega Group in 2023 and 2022

Unit: thousand NTD

Items / Year	2023	2022	Average
Profit before Income Tax	37,047,965	21,144,301	29,096,133
Income Tax Expenses	3,800,988	2,809,343	3,305,166
Effective Tax Rate (%)	10.26	13.29	11.36
Income Tax Paid	3,757,554	4,435,944	4,096,749
Cash Tax Rate (%)	10.14	20.98	14.08

Note 1: The effective tax rate in 2023 is lower than that in 2022, mainly due to the recognition of the capital reduction of income tax benefits from CKI in 2023.
Note 2: The cash tax rate in 2023 is lower than that in 2022, mainly due to the decline in profit before tax caused by the loss of CKI's epidemic prevention insurance, and the income tax paid in 2022 decreased in 2023.

Income Tax Rate Analysis of Mega Group in 2023 and 2022

Unit: thousand NTD

Items / Year	2023	2022	Average	Global Banking Industry Average*
Effective Tax Rate (%)	10.26	13.29	11.36	21.29
Cash Tax Rate (%)	10.14	20.98	14.08	19.94

Note 1: Marked * means the Global banking industry average was based on data published by Robeco SAM.
Note 2: The effective tax rate and the cash tax rate in 2022 and 2023 were lower than the global banking industry average for the following reasons:
(1) Mega Group mainly operates in Taiwan where the corporate income tax rate is 20%, which is lower than those stipulated by other countries.
(2) For 2022 and 2023, according to Taiwan's Offshore Banking Act, the income of offshore banking branches is exempt from business income tax. The income of Mega Group's offshore banking branches makes up approximately 16%-39% of Mega Group's income. Nevertheless, this income is subject to basic taxation at 12% based on the Income Basic Tax Act, which is lower than those stipulated by other countries.

Resident Entities and Main Business Activities of Mega Group

Tax Jurisdiction	Name of the Resident Entity	Main Business Activity(ies)			
		Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Other
Taiwan	Mega Financial Holding Co., Ltd.	●		●	
	Mega International Commercial Bank Co., Ltd.	●			
	Mega Securities Co., Ltd.	●		●	
	Mega Bills Finance Co., Ltd.	●			
	Chung Kuo Insurance Co., Ltd.	●	●		
	Mega Asset Management Co., Ltd.	●			
	Mega Venture Capital Co., Ltd.	●		●	
	Mega International Investment Trust Co., Ltd.	●			
	Mega Management Consulting Corporation				●
	Yung Shing Industries Co.				●
	China Products Trading Company				●
	Win Card Co., Ltd.				●
	ICBC Asset Management & Consulting Co., Ltd.				●
	Mega Futures Co., Ltd.	●			
	Mega International Investment Services Co., Ltd.	●			
Australia	Mega International Commercial Bank Co., Ltd. Sydney Branch	●			
	Mega International Commercial Bank Co., Ltd. Brisbane Branch	●			
	Mega International Commercial Bank Co., Ltd. Melbourne Branch	●			
Hong Kong	Mega International Commercial Bank Co., Ltd. Hong Kong Branch	●			
United States	Mega International Commercial Bank Co., Ltd. New York Branch	●			
	Mega International Commercial Bank Co., Ltd. Los Angeles Branch	●			
	Mega International Commercial Bank Co., Ltd. Chicago Branch	●			
	Mega International Commercial Bank Co., Ltd. Silicon Valley Branch	●			
	Chung Kuo Insurance Co., Ltd. Guam Office	●	●		
Japan	Mega International Commercial Bank Co., Ltd. Tokyo Branch	●			
	Mega International Commercial Bank Co., Ltd. Osaka Branch	●			
Cambodia	Mega International Commercial Bank Co., Ltd. Phnom Penh Branch	●			
	Mega International Commercial Bank Co., Ltd. Phnom Penh Airport Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Olympic Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Tuol Kouk Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Chamkar Mon Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Ta Khmao Sub-Branch	●			
China	Mega International Commercial Bank Co., Ltd. Suzhou Branch	●			
	Mega International Commercial Bank Co., Ltd. Wujiang Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Kunshan Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Ningbo Branch	●			
Thailand	Mega International Commercial Bank Public Co., Ltd. Head Office	●			
	Mega International Commercial Bank Public Co., Ltd. Chonburi Branch	●			
	Mega International Commercial Bank Public Co., Ltd. Bangna Branch	●			
	Mega International Commercial Bank Public Co., Ltd. Ban Pong Branch	●			
	Mega International Commercial Bank Public Co., Ltd. Rayong Branch	●			
Vietnam	Mega International Commercial Bank Co., Ltd. Ho Chi Minh City Branch	●			
United Kingdom	Mega International Commercial Bank Co., Ltd. London Branch	●			
Singapore	Mega International Commercial Bank Co., Ltd. Singapore Branch	●			
Canada	Mega International Commercial Bank Co., Ltd., Canada Branch - Toronto Principal Office	●			
	Mega International Commercial Bank Co., Ltd., Canada Branch - Vancouver Office	●			
France	Mega International Commercial Bank Co., Ltd. Paris Branch	●			
Malaysia	Mega International Commercial Bank Co., Ltd. Labuan Branch	●			
Philippines	Mega International Commercial Bank Co., Ltd. Manila Branch	●			
Netherlands	Mega International Commercial Bank Co., Ltd. Amsterdam Branch	●			
Myanmar	Mega International Commercial Bank Co., Ltd. Yangon Branch	●			
Panama	Mega International Commercial Bank Co., Ltd. Panama Branch	●			
	Cathay Investment & Warehousing Co., S.A.				●
	Ramlett Finance Holdings Inc.				●

CH 8
Appendix

8.1 About this Report
8.2 Stakeholders and Material Issues
8.3 Sustainable Data
8.4 Sustainability Standards Index Table
8.5 Verification Statement by External Independent Parties

8.1 About this Report

Mega Financial Holding upholds the principle of integrity and transparency, values the interest and rights of stakeholders, takes Environmental (E), Social (S), and Governance (G) issues into consideration while in pursuit of sustainable development and profitability. Mega integrates these issues into the group's business management and business development strategies, endeavoring to become a "Sustainability Paradigm of the Financial Industry in Asia Pacific" that spreads positive impact and leads the way to sustainable development.

Reporting Period

Mega Financial Holding has been issuing sustainability reports every year since 2014, disclosing the non-financial information of Mega Group for 11 consecutive years. The "2022 Sustainability Report of Mega Holdings", published in June 2023, discloses the status of Mega Group in relation to sustainable development, actions taken to manage Material Topics, and performance outcomes between January 1 to December 31, 2023.

Reporting Scope

The non-financial sustainability data in this Report mainly covers business activities of Mega Financial Holding and our 7 subsidiaries in Taiwan and overseas, which include Mega International Commercial Bank Co., Ltd. (Mega Bank), Mega Securities Co., Ltd. (Mega Securities), Mega Bills Finance Co., Ltd. (Mega Bills), Chung Kuo Insurance Co., Ltd. (CKI), Mega International Investment Trust Co., Ltd. (Mega Funds), Mega Asset Management Co., Ltd. (MAM), and Mega Venture Capital Co., Ltd. (MVC). Information regarding social prosperity covers Mega International Commercial Bank Cultural and Educational Foundation and Mega Charity Foundation. In case of inconsistency in the scope, it will be noted in the data and paragraph. The scope of all disclosed information in this Report covers more than 75% of the revenue of Mega Holdings' consolidated financial report and the scope of disclosed financial data is consistent with that of Mega Holdings' consolidated financial report. All financial figures in the report are calculated in New Taiwan Dollars (NTD).

Reporting Principles

Issuer	Criteria
The Global Reporting Initiative (GRI)	• GRI Universal Standards 2021
Taiwan Stock Exchange Corporation	• Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	• Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
United Nations (UN)	• Sustainable Development Goals (SDGs)
	• United Nations Global Compact
Sustainability Accounting Standards Board (SASB)	• Code of Business Conduct-Commercial Bank
Financial Stability Board (FSB)	• Task Force on Climate-related Financial Disclosures (TCFD)
International Organization for Standardization (ISO)	• ISO 26000:2010 Social Responsibility Guidance

Note: Please refer to 8.4 Sustainability Standards Index Table for the chapters and page numbers corresponding to the Reporting Principles in this Report.

Reporting Quality

Category	Standard	Certifying / Assurance Organization
Sustainable Data	Statement of Assurance Principles No.3000, "Audit and Review of Non-financial Information" (Followed by International Standard on Assurance Engagements 3000)	• Deloitte & Touche
Financial Data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	• PwC
Environmental Data	ISO 14046:2014 Water Footprint Verification Statement ISO 14064-1:2018 Greenhouse Gas Inventory ISO 14067:2018 Carbon Footprint Verification Statement	• SGS Taiwan • DNV • ARES
	ISO 14001:2015 Environmental Management System ISO 50001:2018 Energy Management Systems	• BSI Taiwan
Social Data	BS 10012：2017 Personal Information Management Standard	• SGS Taiwan
	ISO 27001:2013 Information Safety Management System	
	ISO 27701：2019 Privacy Information Management	
	ISO 10002：2018 Quality Management-Customer Satisfaction	• BSI Taiwan
	ISO 45001:2018 Occupational Health and Safety Management System	

Management Procedures

Data Collection and Compilation
- Working groups under the Sustainable Development Committee collect and summarize data and information of each subsidiary.

Internal Review
- Unit in charge of Sustainable Development Committee integrates and prepares the report.
- Mega Group's Sustainable Development Committee and the Board of Directors review and approve the report.

External Verifications
- Mega has commissioned Deloitte Taiwan to conduct independent limited assurance on this report in accordance with the Statement of Assurance Principles No.3000, "Audit and Review of Non-financial Information" issued by the Accounting Research and Development Foundation The CPA's independent limited assurance report can be found in 8.5 Verification Statement by External-Independent Parties.

Public Disclosure
- Edit and finalize the final draft, and then publicly disclose it on the website of Mega Holdings and the Market Observation Post System.

Feedback

If you have any questions or suggestions about the contents or activities of the report, please feel free to contact us.

- Company Name: Mega Financial Holding Co., Ltd.
- Contact Department: The Sustainability Development Department of Mega Financial Holding
- Address: 17F, No. 123, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
- Contact Person: Ms. Wong
- Contact Number: +886-2-2357-8888 ext. 456
- Fax: +886-2-3393-8755
- E-mail: esg@megaholdings.com.tw
- Sustainability Section: https://esg.megaholdings.com.tw/frontend

Mega Financial Holding Official Website | Sustainability Section | Sustainability Reports

8.2 Stakeholders and Material Topics

Mega Group is committed to achieving sustainable development through the establishment of transparent and open communication channels for stakeholders. These channels include the Corporate Sustainability section on Mega Group's website, the Stakeholder section, and Feedback Survey section and serve to facilitate the collection of sustainability topics that are of concern to stakeholders. Necessary information is disclosed in the Sustainability Report as needed to provide response and adopt appropriate response measures in a timely manner.

Stakeholder Communication

To ensure that the information disclosed in the Sustainability Report meets the expectations of our stakeholders, Mega Group adopts the GRI Standards (2021) and the five principles of AA1000 Stakeholder Engagement Standard (i.e., Responsibility, Influence, Tension, Diverse Perspectives, and Dependency) to design a questionnaire for stakeholders. Questionnaire survey was conducted by the Sustainable Development Committee of Mega Financial Holding and its sustainability working groups, subsequently identifying seven primary stakeholders. These include government and regulators, clients, shareholders/investors, employee/corporate union, media, suppliers, and communities/academic institutions/non-profit organizations. We engage with the seven stakeholders through diverse communication channels to determine the sustainability issues that are of concern to them. Responses are provided using the communication channels listed in the table below and in this Report. At the end of every year, the status of communication (report to the Board of Directors on 2023.11.28) with each stakeholder, including the survey results concerning sustainability issues that are of concern to stakeholders, is periodically reported to the Board of Directors.

Stakeholders	Top 5 Impact Issues of Stakeholder Assessment	Communication Channel (Frequency)	Communication Achievements
Government and Regulators	• Corporate Governance • Business Ethics • Information Security • Regulatory Compliance • Combat Crime	Regularly • File information on regulators' websites Non-scheduled • Attend regulators' policy publication events and public hearings • Provide information for regulators' examinations • Communicate with regulators by visit, official letter or phone • Compliance with the relevant laws and policies of the competent authorities and cooperate with their supervision and inspections	• Mega Financial Holding has been selected as a constituent of TWSE Taiwan Corporate Governance 100 Index, Taiwan Employment Creation 99 Index, TWSE Taiwan High Compensation 100 Index, and FTSE4Good TIP Taiwan ESG Index for many years consecutively. • Mega Financial Holding joined the "Coalition of Movers and Shakers on Sustainable Finance" by the FSC. • Mega Group and subsidiaries have appointed Compliance Officers and Corporate Governance Officers.
			Contact person I hugo@megaholdings.com.tw

Stakeholders	Top 5 Impact Issues of Stakeholder Assessment	Communication Channel (Frequency)	Communication Achievements
Employee/ Corporate Union	• Regulatory Compliance • Business Ethics • Corporate Governance • Economic Performance • Happy Workplace	Regularly • Seminars on employees' safety and health • Hold labor-management meeting • Hold meetings of the Employee Welfare Committee, Labor Safety and Health Committee, Supervisory Committee of Employee Retirement Reserve Non-scheduled • Staff meetings • Hold morning/evening business unit meetings Permanent • The Union Discussion Forum has been set up in Mega Bank's intranet for employees to express their opinions • Established employee complaint and sexual harassment complaint hotline, e-mail	• Mega Group implemented workplace health promotion plans and employee assistance programs (EAP). In 2023, a total of 90 employees used the telephone, e-mail, and one-on-one consultation service. • Mega Group conducted Employee Engagement Survey to determine how engaged employees are in their job and in turn assist with improving employee performance. In 2023, employee engagement scored 3.78 points on average, while the percentage of actively involved employees in terms of employee engagement was 92.9%. • Mega Group provided competitive compensation scheme and was included as a constituent stock of the "Taiwan Employment Creation 99 Index" and "Taiwan High Compensation 100 Index" for multiple years in a row.
			Contact person I hr@megaholdings.com.tw
Shareholders/ Investors	• Economic Performance • Information Security • Regulatory Compliance • Corporate Governance • Risk Management	Regularly • Disclose operational performance (monthly) • Convene the shareholders' meeting, publication of annual report and sustainability report (annually) Non-scheduled • Disclose information on the Market Observation Post System • Organize domestic investor conference • Attend investor conferences and investor relations meetings at home and abroad Permanent • Set up Mega website in Chinese and in English and disclose annual reports, financial statements and stock information in the Investors section • Contact information for investors and stakeholders announced on the corporate website • Stakeholder survey in the corporate website's Sustainability section	• Mega Financial Holding continues to make steady profits, with NT$33.246 billion consolidated net profit after tax in 2023. • 161 material information and announcements in 2023. • Mega Financial Holding organized 3 independent online investor conferences and participated in 5 investor conferences organized by domestic and foreign securities companies in 2023. We organized 211 meetings and telephone conferences with investors at home and abroad.
			Contact person I Han-Yin Ding, Executive Vice President and Spokesperson (02) 2357-8888 ext. 116
Customers	• Information Security • Customer Relationship • Business Ethics • Risk Management • Regulatory Compliance	Non-scheduled • Surveys of Customer Satisfaction • Provide newsletters and investment research reports • Organize seminars on investment and wealth management Permanent • Each subsidiary has set up a customer service and complaint hotline • Announce contact information for complaints and feedback on Mega website	• Surveys of Customer Satisfaction by Mega Group in 2023: 1. Mega Bank: · Employee manners: 91.97% · Satisfaction with counter services: 90.30% · Satisfaction of digital customers: 88.87% 2. Mega Securities: 86.05% 3. Chung Kuo Insurance (CKI): 91.21% 4. Mega Funds: 90.13%
			• Mega Bank, Mega Securities, and MITC organized ad hoc wealth management and investment seminars which attracted the participation of thousands of customers.
			Contact person I web@megaholdings.com.tw
Media	• Corporate Governance • Combat Crime • Customer Relationship • Regulatory Compliance • Social Commitment	Non-scheduled • Organize press releases conferences • Provide information for media • Disclose information on the Market Observation Post System Permanent • Establish a spokesperson and PR personnel for liaising purposes	• Mega Financial Holding was selected as a constituent stock of both the "DJSI Emerging Markets Index" and "DJSI World Index", MSCI ESG Index rating of AA, and the Group received 8 awards from the TCSA Taiwan Corporate Sustainability Awards. • Mega Bank won 1st place in the "Best Premium Customer Service Award", 2nd place in the "Best Risk Control Award", and 3rd place in the "Best Marketing Innovation Award" by Business Today; the "Best Commercial Bank in Taiwan Award" from World Finance Magazine in 2023; the "Best Consumer Loan Product in Taiwan" and the "Best Consumer Financial Service in Taiwan" from International Business Magazine. • Mega Securities won the 1111 Job Bank "Gold Award for Financial Management Consulting Business" (domestic group) and was included in the TWSE "Best List of Institutional Investors' Due Diligence Governance Information Disclosure" (domestic group) for 3 consecutive years.
			Contact person I Han-Yin Ding, Executive Vice President and Spokesperson (02) 2357-8888 ext. 116
Suppliers	• Information Security • Business Ethics • Risk Management • Customer Relationship • Sustainable Procurement	Regularly • Organize project meetings • Organize ESG seminar for key suppliers • Invite key suppliers to participate in the public company joint supplier meetings Permanent • Organize price negotiation meetings • Reach agreements in contracts	• Mega Group established the Supplier Sustainability Management Guidelines to jointly increase the impact of their corporate sustainability. • All 100% of suppliers of Mega Group have signed the Supplier Sustainability Statement. • We conducted a Supplier Sustainability Self-Assessment Questionnaire Survey for key suppliers and 90 key suppliers completed the survey in 2023. • Organized the Group's Supplier ESG Communication Meeting, which was attended by 26 enterprises and 34 supplier representatives. • In 2023, the Mega Group's green purchasing amounted to NT$322 million or 3.84% of total annual purchases.
			Contact person I jordan@megaholdings.com.tw
Communities, Academic Institutions and Non-Profit Organizations	• Information Security • Social Commitment • Corporate Governance • Business Ethics • Regulatory Compliance	Regularly • Respond to CDP climate change questionnaire Non-scheduled • Sponsor charitable activities and sports, academic or art activities • Donate money or materials to not-for-profit organizations or institutions • Organize volunteer activities • Work with social welfare organizations to organize social welfare activities • Participation in CSR-related non-government organizations	• In 2023, Mega Charity Foundation, Mega Bank Cultural and Educational Foundation, Mega Group, and subsidiaries invested over NT$140 million in charitable activities. • The total amount invested in charitable activities in 2023 was 94% more than that in 2022.
			Contact person I Ms. Chou (02)2563-3156 ext. 3794

Identification of Material Topics

The following six steps are taken by Mega Group every year to communicate with stakeholders and identify material topics in order to understand stakeholders' assessment of Mega Group's impact on sustainability issues and to review the results of the organization's sustainable management:

Phase 1 — Identify stakeholders

7 primary stakeholders

- Using the GRI Standards (2021) and AA1000SES Stakeholder Engagement Standard, we identified seven stakeholders, which were government and regulators, employee/corporate union, shareholders/investors, clients, media, suppliers, and communities/academic institutions/non-profit organizations.

Phase 2 — Collect sustainability issues

11 governance and economic issues/ 4 environmental issues/ 7 people and human rights issues

- Identified 22 sustainability issues, with reference to domestic/international issues on sustainable development, international sustainability ratings, material topics identified in peer reports, and feedback from stakeholders.

Phase 3 — Questionnaire survey on the impact of sustainability issues

Evaluation by 11 executive members of the Sustainable Development Committee Feedback

- **Executive questionnaire:** Eleven senior executives, including members of the Sustainable Development Committee, assessed the impact of sustainability issues on the Group's "corporate value" (financial/reputation/legal) through the executive questionnaire.

Feedback from 214 stakeholders

- **Stakeholder questionnaire:** Stakeholders identified in the previous steps were invited to assess the degree of impact of sustainability issues on the "economy, environment, people, and human rights" through an online questionnaire, and a total of 214 valid questionnaires were collected.

Phase 4 — Analyze the results of the sustainability questionnaire and identify material topics for the year

14 material topics

- Compiled the degree of impact of the previous phase of sustainability issues "on the value of the Mega Group" and "on the economy, environment, people and human rights". Then analyzed the results of the material topics questionnaire survey according to the principle of Double Materiality, then ranked the sustainability issues through the Materiality Matrix. Finally, reported the results to the Sustainable Development Committee and the Board of Directors after determining the 14 material topics of the year 2023.

Phase 5 — Disclose risk management measures for the material topics and corresponding disclosures

- By following the GRI Standards, we disclosed information that stakeholders expect, and the management approach for the Material Topics identified and corresponding disclosures.

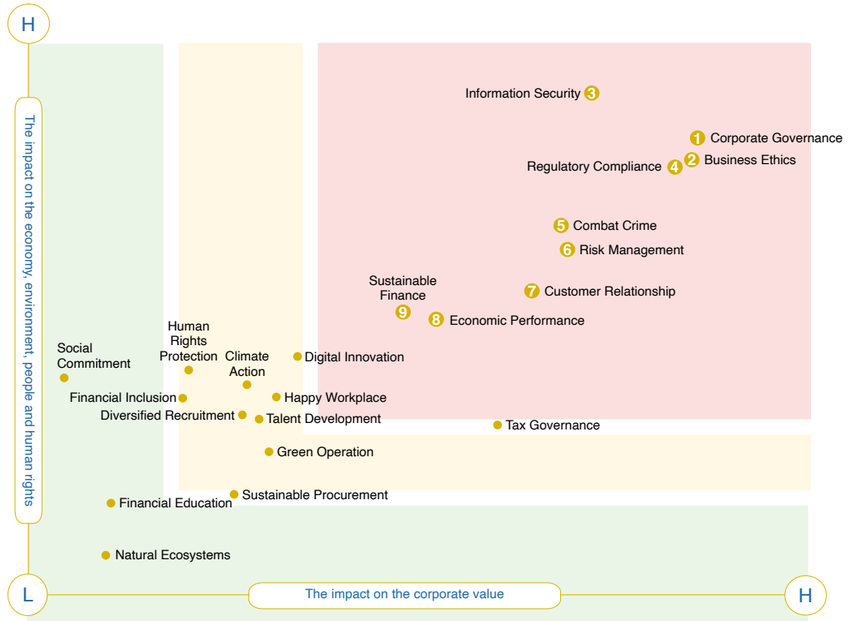
Phase 6 — Internal control and self-audit of material topics identification process

- The material topics identification process is included under the internal control self-audit items of the Sustainability Strategy Department's ERM, and the effectiveness of the process is regularly reviewed.

Analysis of Material Topics

In the 2023 Sustainability Report, Mega Group introduced the Double Materiality matrix analysis. It ranked sustainability issues on the vertical axis of the matrix, "Impact on Economy, Environment, People and Human Rights", and on the horizontal axis, "Impact on Company Value", and identified the top 9 sustainability issues, which echoed the five sustainability issues main axis of sustainability strategy. These are namely, "Improving Digital Technology to Promote Sustainable Finance", "Committing to Net-zero Emissions to Achieve Environmental Sustainability", "Strengthening Talent Development to Implement Employee Care", and "Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society". In addition, we have added five new sustainability issues, namely "Digital Innovation", "Happy Workplace", "Climate Action", "Financial Inclusion", and "Social Commitment". A total of 14 sustainability topics were identified as the material topics for 2023, and the impact management measures and results of implementation are disclosed in this Report. Material topics for 2023 are the same as the previous year, with only ranking difference.

Ranking of "Impact on Economy, Environment, People and Human Rights"			Ranking of "Positive / Negative Impact on Company Value"
Positve Impact	Negative Impact	Positve & Negative Impacts	
Information Security	Information Security	Information Security	Corporate Governance
Corporate Governance	Regulatory Compliance	Corporate Governance	Business Ethics
Business Ethics	Corporate Governance	Business Ethics	Regulatory Compliance
Combat Crime	Business Ethics	Regulatory Compliance	Information Security
Digital Innovation	Risk Management	Combat Crime	Risk Management



Impact Management of Material Topics

Material Topics and Priorities	Risk Impact Description of Material Topics	Value Chain Impact Hotspots			Management Objectives and Mitigation Measures	Policies and Commitments	Objectives and Measureme	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream Suppliers	Operation	Downstream Customer					
1 **Corporate Governance**	Corporate governance is closely related to a company's brand image, long-term strategic development, and operating results. Furthermore, the competent authority often scrutinizes a company's corporate governance, adopting Corporate Governance Evaluation and Corporate Governance 3.0 measures to inspect a company's corporate governance. In other words, a company can live up to the expectations and requirements of the government and other stakeholders by practicing good corporate governance.		●	●	Mega Group adopts board diversification policy, evaluates the performance of the Board of Directors, and regularly conducts external evaluation of the Board of Director to strengthen the functions, performance, and effective operation of the Board of Directors. We bolster our corporate governance by protecting shareholders' rights and interests, and improving our information transparency.	Mega Group has established the Articles of Incorporation, Corporate Governance Best Practice Principles, and Procedures for Election of Directors, using company standards as a guide to build a sound corporate governance system and culture and to plan overall operational strategies for the group, risk management policies, and guiding principles.	1. All directors of Mega Financial Holding must complete longer hours of continuing education than what is required by law: in 2023, 14 directors achieved 100% completion rate. 2. Mega Group to ensure that all of its corporate governance officers must complete over 18 hours of corporate governance course than what is required by law: in 2023, 14 corporate governance officers achieved 100% completion rate.	GRI 205 Anti-Corruption GRI 206 Anti-Competitive Behavior SASB-Business Ethics · FN-CB-510a.1 · FN-CB-510a.2	CH2 Environmental Sustainability (P. 29-50) CH7 Responsible Governance (P.119-140)

Material Topics and Priorities	Risk Impact Description of Material Topics	Value Chain Impact Hotspots			Management Objectives and Mitigation Measures	Policies and Commitments	Objectives and Measureme	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream Suppliers	Operation	Downstream Customer					
2 **Business Ethics**	Mega Group abides by the principles of integrity and accountability, based on the principle of good faith. If a breach of integrity occurs, it will betray the trust of stakeholders and the company will face operational, legal and reputational risks, which may result in fines or even termination of the business. Therefore, having sound corporate governance and risk control mechanisms will enable the Mega Group to operate in good faith for a long time, and to strive for the sustainable development of the enterprise.		●	●	Mega Group has set up an Ethical Management Committee responsible for establishing ethical corporate management policies for the Group, assisting in incorporating ethics and moral values into the Group's business strategy, promoting and coordinating awareness and educational activities with respect to ethics policy, and organizing other matters relevant to ethical management to create an ethical culture and literacy within the Group.	Mega Group and subsidiaries have established the Ethical Corporate Management Best Practice Principles, Procedures for Business Ethics and Guidelines for Conduct, Codes of Ethical Conduct, and Code of Conduct for Employees, all in an effort to develop an effective corporate governance system and shape an ethical culture.	1. Request Mega Group directors and individuals in managerial level or above to sign the Statement on Compliance with Ethical Standards: 100% of senior executives have signed the statement in 2023. 2. 95% of employees have completed Mega Group's annual ethical managemen training: 99% of employees have completed the Mega Group's annual business Ethics training in 2023.	GRI 205 Anti-Corruption GRI 206 Anti-Competitive Behavior SASB-Business Ethics · FN-CB-510a.1 · FN-CB-510a.2	CH7 Responsible Governance (P.119-140)
3 **Information Security**	Mega Group belongs to the financial service sector. Due to its characteristics, this sector is susceptible to cyberattacks and is exposed to high information security risk, and is therefore placed under strict regulatory supervision. Data leakage may cause service disruption, lead to litigious investigations, incur costs relating to the repair or elimination of data system threats, and damage the Group's reputation, which negatively affects customer confidence.	●	●	●	Mega Group adopts internal policies and IT management system to ensure the security of company secrets and customer privacy and avoid negative impacts arising from data leakage. Every year, it completes information security training and social engineering exercises to disseminate knowledge and prevent related incidents from occurring, in order to minimize the negative impact of data leakage.	Mega Financial Holding has established Information Security Policy, Guidelines for Information Security Management, and Customer Data Confidentiality Measures. Mega is committed to establishing personal information protection rules in accordance with the latest domestic and overseas laws and regulation so as to ensure that the practice we adopt to protect information security and customer privacy is in line with international standards and requirements.	1. Mega Group carries out social engineering rehearsal at least twice a year and employee coverage rate reach 100%: in 2023, all subsidiaries completed social engineering exercises with 100% employee coverage. 2. Mega Group continues to maintain and adopt information security management system standards: in 2023, Mega Financial Holding completed the ISO 27001certification, Mega Bank completed the BS10012 certification, and CKI completed the ISO 27701 certification. 3. Mega Group achieved zero data breach and information security incidents: Mega reported no information security or data leakage incidents in 2023.	GRI 418 Customer Privacy SASB-Business Ethics · FN-CB-510a.1 · FN-CB-510a.2	CH4 Sustainable Finance (P.51-80)
4 **Regulatory Compliance**	The regulatory compliance is an important part of Mega Group, and the financial industry is highly regulated by the competent authorities. Failure to comply with regulatory regulations or the company's internal policies and procedures may result in the risk of regulatory compliance incidents, which may expose the company to market, reputation, legal, and financial risks, and lead to litigation and penalty costs, thus impacting the economic performance. Therefore, in addition to the regulations of the regulatory compliance system, Mega Group		●	●	Mega Group strictly complies with the local laws and regulations of the area in which its business operates, and has established a compliance system in accordance with the Implementation Rules of Internal Audit and Internal Control System. We also keep ourselves updated of regulatory amendments, and propose prevention and improvement measures for violation incidents, as well as establish a mechanism for notification of major violations of laws and regulations. In addition, through comprehensive regulatory compliance training, we have established a self-evaluation and testing mechanism for	In accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, Mega Financial Holding developed the Whistleblower Case Handling Guidelines and established a regulatory compliance system. We are committed to complying with legal and regulatory requirements in order to avoid possible financial losses, which may affect the company's credibility and operations.	1. Mega Group regulatory compliance officers must complete longer hours of training than what is required by law: 100% of Mega Group regulatory compliance officers completed longer hours of training than what is required by law. 2. Mega Financial Holding holds at least 4 regulatory compliance supervisor meetings: a total of 4 meetings were held in 2023, achieving 100% completion rate. 3. Subsidiaries to compile a report every six months on the number and type of complaints received from external and internal whistleblowing channels: in 2023, all subsidiaries completed two status reports with 100% achievement rate.	SASB-Business Ethics · FN-CB-510a.1 · FN-CB-510a.2	CH7 Responsible Governance (P.119-140)
4 **Regulatory Compliance**	has also established a notification mechanism for major violations of laws and regulations in order to avoid the risks of malpractice and legal violations.		●	●	employees to raise their awareness on regulatory compliance and to avoid the negative impact of regulatory compliance risks on the rights and interests of stakeholders.				
5 **Combat Crime**	Mega Group understands that anti-money laundering and anti-corruption are global concerns that if improperly managed will expose the company to operational, legal, and reputational risks. Our stakeholders also expect Mega Group to implement ethical governance and show responsible and ethical business conducts.		●	●	Mega adopts AML and anti-corruption measures, provides relevant training and exercise plans for employees, and builds a complete corporate system and culture for combating crime.	Mega Group has established the "Anti-Money Laundering and Countering Financing of Terrorism Policy", "Mega Financial Group Anti-Money Laundering and Countering Financing of Terrorism Information Sharing Procedures", "Group Overall Anti-Money Laundering and Countering Financing of Terrorism Plan", and "Insider Self-Discipline Regulations" to prohibit all money laundering and insider trading activities.	1. Regularly convene Mega Group anti-money laundering and crime-combating meetings: total of 4 meetings were held in 2023. 2. Mega Group to ensure that individuals in charge of AML in the key subsidiaries complete longer hours of training than what is required by law: 100% of Mega Group anti-money laundering personnel completed longer hours of training than what is required by law. 3. All employees of key subsidiaries of Mega Group to receive at least one training on anti-money laundering and combating the financing of terrorism (AML/CFT) and pass the relevant tests: in 2023, 100% of the employees of Mega Group achieved the target.	GRI 205 Anti-Corruption SASB-Business Ethics · FN-CB-510a.1 · FN-CB-510a.2	CH7 Responsible Governance (P.119-140)
6 **Risk Management**	In a rapidly changing financial environment where increasingly more diverse and complex technologies, products, and services are introduced, as well as growing diversity of emerging risks, internal control and risk assessment/ management systems are required to detect risks, comply with regulators' requirements, and effectively manage operational risks and emerging risks.		●	●	Mega Group and subsidiaries establish their respective risk management mechanism. A Risk Management Committee, which reports to the Board of Directors, is established to monitor risks and ensure that the group's overall risk management complies with the Board of Directors' risk management policy.	Mega Group has established Risk Management Policy and Guidance Principles to ensure that Mega and its subsidiaries develop an effective risk management system, while the risk management policies and objectives of the subsidiaries are reviewed and formulated on an annual basis, ensuring that each operational risk is kept within acceptable limits.	1. Optimize the TCFD framework and pass third-party verification: the TCFD report for 2023 was certified by BSI at the highest level, Level 5+: Excellence. 2. Mega Financial Holding to complete a scenario analysis of high CO2 emissions industries, transition risk assessment of carbon emissions, and disclosure of portfolio carbon emissions: for details, please refer to the Mega Financial Holding 2023 TCFD Report.	SASB-Systemic Risk Management · FN-CB-550a.1 · FN-CB-550a.2 TCFD-Risk Management	CH7 Responsible Governance (P.119-140)
7 **Customer Relationship**	Mega Group maintains a relationship of trust with its customers through the development of a fair customer treatment system and a robust customer grievance procedure to ensure that customers receive the best possible service experience, and that they receive timely and favorable responses and handling.		●	●	Mega Group has set up a Principles for Fair Treatment of Customers section, Financial Consumer Protection section, and Friendly Financial Services section on its website. We proactively disclose and protect the rights and interests of our customers. We also conduct customer satisfaction surveys every year to review and improve customer experience through the results of the surveys.	In accordance with the consumer protection provisions in Chapter 2 of the "Financial Consumer Protection Act", Mega Group has formulated the Group's "Guidelines for the Treating Customers Fairly Principle and Financial Consumer Protection". The Guidelines serve to regulate each subsidiary to formulate fair customer service policies, strategies, and implementation plans under the supervision of the	1. Mega Group to conduct at least one Customer Satisfaction Survey and achieve an overall satisfaction score of 86%: in 2023. Mega Bank, Mega Securities, CKI, and Mega Funds conducted at least one Customer Satisfaction Survey and achieved an overall satisfaction score of 89%. 2. Mega Bank employees are required to complete at least 6 hours of fair customer treatment training per employee: in 2023, 7.21 hours of fair customer treatment training per employee at Mega Bank was completed.	Self-developed Topics	CH4 Sustainable Finance (P.51-80)

Material Topics and Priorities	Risk Impact Description of Material Topics	Value Chain Impact Hotspots			Management Objectives and Mitigation Measures	Policies and Commitments	Objectives and Measureme	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream Suppliers	Operation	Downstream Customer					
						Board of Directors, in order to enhance customers' confidence in Mega Group and to improve customer relationships.			
8 **Economic Performance**	Economic performance is affected by factors such as infectious diseases and geo-economic conflicts. Effective management of the generation and distribution of economic value is the core responsibility of the company. Only when the economy is growing steadily can the company's sustainable development can only be realized under the conditions of stable economic growth and achieve the goal of sustainable management.		●	●	Mega Group transparently discloses the economic values we generate and distribution and maintains stable revenue growth to meet the expectations of our shareholders and other stakeholders.	Mega Group has established the Tax Governance Policy as a promise to comply with the tax laws of the country in which we operate and with international tax guidelines. Moreover, in response to the government's New Southbound Policy, we keep abreast of business opportunities for economic expansion in Asia Pacific, and develop wealth management services to create business growth models for Mega Group.	1. Mega Group ensures stable revenue growth, regular review of financial positions, and reporting of financial performance: NT$33.246 billion consolidated net profit after tax in 2023. 2. Mega Bank to ensure its status as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan: In 2023, Mega Bank reported a net profit after tax of NT$31.024 billion and EPS of NT$3.63.	GRI 201 Economic Performance	CH1 About Mega (P.9-16) CH7 Responsible Governance (P.119-140)
9 **Sustainable Finance**	Developing sustainable finance can facilitate the development of renewable energy technologies and industries, promote transitioning to a low-carbon economy, speed up the process of achieving the carbon reduction goals of the United Nations Climate Change Conference and Taiwan's 2050 net-zero emission vision, help to mitigate global warming, and reduce climate change risks. Therefore, low-carbon transition was incorporated into our business strategies.		●	●	In response to the Green Finance 3.0 policy and the requirements of the Sustainable Finance Assessment implemented by FSC, Mega Group encourages subsidiaries to plan sustainability-related investments, loans, and other financial products and services, which will allow us to fulfill our roles in bridging the gap between the financial sector, environmental protection, and economic growth.	Mega Group established the Sustainable Finance Policy to follow international sustainable finance initiatives and regulatory policies on green finance. The policy is also aimed at encouraging each subsidiary of the Group to provide low-carbon investments, financing, sustainable syndicated loans, insurance, and sustainability-related financial products, as to offer full support the development and innovation of a low-carbon economy.	1. Mega Group continues to strengthen sustainable/green loan services: NT$329.9 billion loans outstanding for sustainable development industry at the end of 2023. 2. Mega Bills to achieve NT$3 billion in loans outstanding for renewable energy technology industries: NT$13.2 billion loans outstanding at the end of 2023. 3. The balance of domestic green, socially responsible or sustainable bonds issued by Mega Bank to reach NT$3 billion: in 2023, the balance of related bonds reach NT$3 billion. 4. Mega Bank to issue 100,000 carbon-neutral credit cards: in 2023, the number of cards issued reached 298,000.	GRI 201 Economic Performance GRI 203 Indirect Economic Impacts SASB-Incorporation of ESG Factors in Credit Analysis - FN-CB-410a.1 - FN-CB-410a.2	CH4 Sustainable Finance (P.51-80)
10 **Digital Innovation**	The advent of a digital banking era has an impact on traditional financial products and services. Therefore, we are committed to developing innovative technology platforms and optimizing operating procedures to capture more business opportunities from transactions with digital users and enhance the convenience of products and services.		●	●	Mega Group keeps abreast of FinTech innovation trends, develops and optimizes digital services and products, improves operating procedures, and develops related patents to enhance ser	Mega Group holds "Information and Digital Business Meetings" to facilitate digital banking innovation and development. In these meetings, we regularly review issues that pertain to each subsidiary, such as new information technologies and digital development, as well as formulate policies, devise plans and goals, and review project progresses.	1. Mega Bank to reach 60% online credit card applications: in 2023, online credit card applications reached 68.2%. 2. Mega Bank's cumulative number of approved patents to reach 636: in 2023, the cumulative number of approved patents to reach 779.	Self-developed Topics	CH4 Sustainable Finance (P.51-80)

Material Topics and Priorities	Risk Impact Description of Material Topics	Value Chain Impact Hotspots			Management Objectives and Mitigation Measures	Policies and Commitments	Objectives and Measureme	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream Suppliers	Operation	Downstream Customer					
11 **Happy Workplace**	Employees are a company's valuable social assets. To increase employee retention and build a happy and inclusive environment, Mega Group treats every employees equally and fairly, provides them with a good work environment, and ensures the physical, mental, and spiritual health of employees to create a happy workplace.		●	●	Therefore, Mega creates a harmonious workplace that is characterized by fair treatment, respect for the diversity of employees, legal labor conditions, transparent communication channels, and equal promotion opportunities. We also establish measures to manage the occupational health and safety of employees (e.g., safe workplace-promotion activities, etc.), thereby taking comprehensive care of employees.	Mega Group established the Human Rights Policy, promising to comply with labor related laws and the basic human rights and employment policies of international conventions, which state that employees shall not be treated differently due to gender, age, race, marital status, and religion, etc. Mega Financial Holding also established "Anti-Discrimination and Anti-Sexual Harassment Guidelines" to respect the diversity of employees and deter any forms of discrimination and harassment. Regarding occupational health and safety, there is an Occupational Safety and Health Management Plan in place to show our commitment to prevent occupational hazards and occupational diseases, providing a positive working environment for employees to maintain their physical and mental health.	1. Mega Group continues to organize employee health examinations: in 2023, Mega Group granted over NT$40.17 million in subsidies to 3,667 employees. 2. Mega Financial Holding continue to organize Employee Assistance Program (EAP): in 2023, a total of 90 inquiries were received through e-mail, phone calls, and face-to-face meetings. 3. Approved a 4.5% salary adjustment for all employees of Mega Group.	GRI 401 Employment GRI 403 Occupational GRI 405 Diversity and Equal Opportunity	CH5 Employee Care (P.81-106)
12 **Climate Action**	As international investors worldwide pay more attention to climate change issues, Mega Group prudently assesses and identifies climate-related risks and opportunities and regularly discloses environment-related information. Climate change risks can incur additional operational costs and raise customers' investment and credit risks; therefore, risks associated with climate change are new risks that Mega Group cannot overlook.	●	●	●	By signing on to support the TCFD program, Mega Group identifies relevant climate change risks and opportunities, prioritizes responses to high-risk issues, provides employees with training on climate action, and declares greenhouse gas reduction targets and purchases renewable energy certificates. Mega Group also discloses its climate change management measures through TCFD reports, annual reports, sustainability reports, external websites and CDP questionnaires.	Mega Group formulated the Climate Risk Management Guidelines to manage the latent risks of climate change to the company's operations and finance, and integrate related risk factors into existing risk management processes.	1. Mega Group to complete the ISO 14064-1 Greenhouse Gas Inventory for all domestic branches and obtain verification: in May 2023, we obtained the ISO 14064-1 Greenhouse Gas verification declaration. 2. The number of hybrid or electric vehicles of Mega Group to reach 70% of the total number of company vehicles procured in the year: reached nearly 72% of current year's purchases in 2023. 3. Mega Group to organize at least one training course on climate change topics each year: 11 related training courses were organized in 2023.	GRI 201 Economic Performance GRI 203 Indirect Economic Impacts GRI 305 Emissions TCFD-Governance, Strategy, Risk Management, Metrics & Targets	CH3 Environmental Sustainability (P.29-50) CH7 Responsible Governance (P.119-140)

Material Topics and Priorities	Risk Impact Description of Material Topics	Value Chain Impact Hotspots			Management Objectives and Mitigation Measures	Policies and Commitments	Objectives and Measureme	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream Suppliers	Operation	Downstream Customer					
13 **Financial Inclusion**	Financial inclusion is a solution to ending poverty, promoting business opportunities, and boosting economic growth. A steadily growing economy is characterized by an increase in purchase intention, which not only boosts the development of financial services but also introduces new sources of profit.		●	●	Mega Group provides universal access (including remote areas, disadvantaged groups, etc.) to a full range of effective and reasonable financial products and services.	Mega Group established the Sustainable Finance Policy, Sustainable Development Best Practice Principles, and Sustainable Finance Policy. We strive to generate a positive influence through our core business activities and enhance inclusive financing.	1. The target premium income from the persimmon insurance and microinsurance products of CKI to reach NT$0.8 million: in 2023, over NT$306,000 in premium income was generated from the persimmon insurance and microinsurance products. 2. Mega Bank's Government Concessional Loan for Youth Housing to reach NT$4 billion: in 2023, the funding amount reached NT$21.78 billion. 3. Overseas branches of Mega Bank to finance microfinance institutions to indirectly support SMEs and grassroots customers: in 2023, overseas branches financed 9 microfinance institutions, with a total amount of NT$4.421 billion.	GRI 203 Indirect Economic Impacts SASB-Financial Inclusion and Capacity Building • FN-CB-240a.1 • FN-CB-240a.2 • FN-CB-240a.3 SASB-Activity Metric • FN-CB-000.A • FN-CB-000.B	CH4 Sustainable Finance (P.51-80)
14 **Social Commitment**	Mega Group's mission is to create a financial sector that makes an all-around positive impact. In addition to promoting economic development, we also hope to utilize the functions of the financial industry to promote social prosperity and inject positive energy into society.		●	●	Through the public relations units of Mega Group, Mega Bank Cultural and Educational Foundation, and Mega Charity Foundation, we integrate the resources of the Group to provide assistance, support, and care to disadvantaged individuals in society.	Mega Group has formulated the Sustainable Development Policy and Sustainable Development Best Practice Principles. We focus the support on financial education, care for disadvantage individuals, sports and arts and culture, and community development. We plan strategies and targets to continuously provide support and resources.	Mega Group continues to support financial education, care for disadvantage individuals, sports and arts and culture, and community development through social engagement: in 2023, invested approximately NT$140 million. Amount according to type of contribution: • Cash donation: 57.86% • Supplies donation: 1.02% • Volunteer personnel expenses: 2.09% • Management expenses: 39.02% Amount according to type of activity: • Business initiatives: 16.06% • Community investment: 35.43% • Charity donation: 48.51%	GRI 203 Indirect Economic Impacts GRI 413 Local Communities SASB-Financial Inclusion and Capacity Building • FN-CB-240a.4	CH6 Social Prosperity (P.107--118)

Note: Impact of material topics cover positive, negative, actual and potential impact. Management measures include the management, prevention, mitigation and remediation of such impact.

8.3 Sustainable Data

8.3.1 Environmental Metric Data

Energy Consumption in the Past 4 Years

Type of Energy	Items / Year	2020	2021	2022	2023
Electricity	Usage (kWh)	34,615,465	34,599,188	35,374,915	34,271,151
	Expenditure (NTD)	122,147,000	126,071,000	129,380,000	127,594,281
	Energy Consumption (GJ)	124,614	124,557	127,350	123,376
Gasoline	Usage (Liter)	427,130	419,442	386,985	305,499
	Expenditure (NTD)	10,891,815	10,338,000	10,779,000	9,589,849
	Energy Consumption (GJ)	13,946	13,695	12,635	9,975
Natural Gas	Usage (M^3)	25,523	36,868	32,239	30,863
	Expenditure (NTD)	299,774	241,258	358,119	376,576
	Energy Consumption (GJ)	855	1,235	1,080	1,034
Diesel (mobile)	Usage (Liter)	-	3,716	1,999	2,576
	Energy Consumption (GJ)	-	131	70	91
Diesel (fixed)	Usage (Liter)	-	3,480	5,456	2,481
	Energy Consumption (GJ)	-	122	192	87
Liquefied Petroleum Gas (LPG)	Usage (Kg)	-	3,832	4,142	5,925
	Energy Consumption (GJ)	-	106	209	299
Total Energy Consumption (GJ)		**139,415**	**139,846**	**141,536**	**134,861**
Energy Consumption per Capita (total heating value (GJ)/person)		**14.07**	**15.08**	**16.35**	**15.18**
Energy Intensity (total heating value (GJ)/NT$ million net revenue)		**2.29**	**2.31**	**2.53**	**1.74**

Note 1: Scope of energy consumption data included all business locations in Taiwan.
Note 2: Total electricity bill was calculated using the average electricity price listed in the Bureau of Energy's 2018 Energy Statistics Handbook under the section Changes in Electricity Prices.
Note 3: The coefficient for calculating energy consumption (heating value) was based on the Bureau of Energy's Table of Heating Value Per Unit of Energy Product (2018), which gasoline is calculated as 7,800 kcal/liters, natural gas as 8,000kcal/liters, diesel 8,400kcal/liters, and liquefied petroleum gas (LPG) 6,635kcal/liters. Each kilocalorie is calculated as 4.186 joules.
Note 4: The Group does not produce or sell energy; therefore, energy sale of electricity, heating, cooling, and steam equals zero.

Domestic GHG Emission in the Past 4 Years

Unit: Metric tons of CO_2e

Items / Year	2020	2021	2022	2023
Direct GHG Emissions (Scope 1)	2,550.75	3,011.15	2,333.18	1,940.07
Direct GHG Emissions (Scope 1)-Company Car	1,034.71	998.56	917.73	726.53
Energy Indirect GHG Emissions (Scope 2)	18,216.02	17,178.03	17,851.20	16,948.54
Emissions of Scope 1+2	20,766.77	20,189.18	20,184.38	18,888.61
Emission Intensity of Scopes 1+2(Metric tons of CO_2e/ thousand NTD net revenue)	0.00034	0.00034	0.00036	0.00024
Other Indirect GHG Emissions (Scope 3)	457,058.00	13,695	12,635	8,947,787.52
Other Indirect GHG Emissions (Scope 3)-Business Travel	238.99	141.72	115.96	290.24
Other Indirect GHG Emissions (Scope 3)-Investment	456,819.00	412,222.75	989,175.34	8,943,847.17
Number of Domestic Locations Verified by the third-part	192	192	192	192
Third-party Verification Coverage Rate in Domestic Locations (%)	100%	100%	100%	100%

Note 1: The Group obtained a total of 352 renewable energy certificates (T-RECs) in 2020. The total emission of Scopes 1+2 measured by location base was 20,945.94 metric tons of CO_2e; measured by market base was 20,766.77 metric tons of CO_2e.
Note 2: The Group obtained a total of 380 renewable energy certificates (T-RECs) in 2021. The total emission of Scopes 1+2 measured by location base was 20,379.94 metric tons of CO_2e; measured by market base was 20,189.18 metric tons of CO_2e.
Note 3: The Group obtained a total of 298 renewable energy certificates (T-RECs) in 2022. The total emission of Scopes 1+2 measured by location base was 20,336.06 metric tons of CO_2e; measured by market base was 20,184.38 metric tons of CO_2e.
Note 4: The Group registered and declared a total of 2,145 certificates (7,722 GJ) at the National Renewable Energy Certificate Center in 2023. The total emission of Scopes 1+2 measured by market base was 18,888.61 metric tons of CO_2e.
Note 5: In 2020, the inventory of Scope 3 emissions was conducted on the domestic locations of Mega Financial Holding and all subsidiaries; the category of emission was "Business Travel" and "Investments" in other indirect GHG emissions. In 2021, the inventory of Scope 3 emissions coverage was the same as last year, and a new category of emission, the "Externally Purchased Electricity Upstream" was added. In 2022, the inventory of Scope 3 emissions coverage was the same as last year, with only the "Investment" added "Listed Equity Invetsment" and "Business Loan". In 2023, the inventory of Scope 3 emissions coverage was the same as last year, while Scope 3 emissions added "Waste Generated in Operations", and "Investment" has expanded to include "Corporate Bonds", "Real Estate Investment Trusts (REITs)", "Sovereign Bonds", "Commercial Real Estate Loans", "Real Estate Secured Loans", "Project Financing", and "Transportation Loans".
Note 6: The external verifying unit for 2019, 2021 and 2022 was SGS Taiwan, and the verifying unit for 2020 was the BSI Taiwan. In 2023, the verifying unit was DNV.
Note 7: Types of GHG emissions include CO_2, CH_4, N_2O and HFCs.

The GHG Emissions and Emission Intensity of Mega Financial Holding and its Subsidiaries for 2023

Unit: Metric tons of CO_2e

Item	Domestic Locations	Overseas Locations	All Locations
Number of Business Locations of the Group (Exclude the same address)	192	39	231*
Third-party Verification Coverage Rate (%)	100%	100%	100%
Direct GHG Emissions (Scope 1)	1,940.07	324.11	2,264.18
Emission Intensity of Scopes 1 (Metric tons of CO_2e/ thousand NTD net revenue)	0.00002509	0.00000419	0.00002928
Energy Indirect GHG Emissions (Scope 2)	16,948.54	1,694.42	18,642.96
Emission Intensity of Scopes 2 (Metric tons of CO_2e/ thousand NTD net revenue)	0.00021919	0.00002368	0.00024287

Note 1: The external verifying unit for domestic locations and overseas locations were DNV and ARES respectively.
Note 2: Emission Intensity is calculated by the Group's net revenue due to the characteristics of the financial industry.
Note 3: The number of business locations of the Group is 234, with * indicating the actual inventory of locations exclude the same address.

GHG Scope 3 Emissions in 2023

Unit: Metric tons of CO_2e

Scope 3 Categories	Emissions
1. Purchased goods and services	1,884.81
2. Capital goods	1,399.86
3. Fuel-and- energy-related activities (third-party certified)	3,519.87
4. Upstream transpoartation and distribution	2.19
5. Waste generated in operations (third-party certified)	129.48
6. Business travel (third-party certified)	290.24
7. Employee commuting	3,472.59
8. Upstream leased assets	40.81
9. Downstream transportation and distribution	1.86
10. Processing of sold products	-
11. Use of sold products	27.43
12. End-of-life treatmenst of sold products	0.50
13. Downstream leased assets	-
14. Franchises	-
15. Investments (third-party certified)	8,943,847.17
Other upstream	-
Other downstream	-
Total emissions	**8,954,616.81**

Note 1: Some items are not applicable due to industry charateristics or business models.
Note 2: The Group's 2023 scope 3 inventoy scope covers all domestic operational units of Mega Financial Holding and its subsidiaries, which categories include "Business Travel", Upstream Purchased Electricity"," Waste generated in operations" and "Investment".Categories without third-party verification include overseas operation units' data.
Note 3: The external verifying unit was DNV.

Emission Reduction Practices in the Past 3 Years

Type of Activity	Year	Estimated GHG Reduction (Metric tons/ CO2e)	Compared to the Previous Year (%)	Input Cost (NTD)	Description of Emission Reduction Practices
Use Low-Carbon Energy	2021	190.76 (380 T-RECs)	6.47%	700,457	In 2022, we purchased 298 renewable energy certificates (T-RECs) from National Penghu University of Science & Technology; In 2023, we purchased green power from Tatung Forever Energy. The power generation type all belongs to solar energy.
	2022	151.68 (298 T-RECs)	-20.49%	655,898	
	2023	1,061.78	600.01%	11,658,254	
Reduce Scope 1 Emissions: Reduce Gasoline Consumption	2021	18.14	-1.80%	21,558,000	The gasoline consumption was mainly from company cars. The action plan is 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 2023, the number of gasoline-electric hybrid vehicles has reached 70% of the total number of official vehicles purchased in that year. Finally, the number of electric vehicles or gasoline-electric hybrid vehicles will reach 100% of the total number of official vehicles purchased in 2026.
	2022	60.81	235.24%	29,210,984	
	2023	195.29	221.14%	41,166,400	

Type of Activity	Year	Estimated GHG Reduction (Metric tons/ CO2e)	Compared to the Previous Year (%)	Input Cost (NTD)	Description of Emission Reduction Practices
Reduce Scope 2 Emissions: Reduce Electricity Consumption	2021	250.11	-1.42%	17,485,000	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 is as follows: • Replace 7,045 lighting equipment in offices and replace traditional lighting with LED lamps. • A total of 178 air conditioners were replaced, and Mega Financial Building and Mega Heng-Yang Building replaced energy-saving air-cooled chillers. • Introduce natural lighting and reduce the number of lamps in staircases; install infrared sensors to automatically switch lights on and off in areas with less usage. • Control electricity consumption according to the power conservation plan implemented by Taiwan Power Company. • Implement training courses on energy conservation and post energy conservation slogans to save electricity of air conditioning, elevators, computers, and water dispensers.
	2022	746.91	198.63%	40,059,928	
	2023	856.12	14.62%	26,247,200	

Note 1: Estimated reduction of Scope 1 emissions was calculated using the "GHG Emission Factor Management Table Version 6.0.4" published by the EPA.
Note 2: Estimated reduction of Scope 2 emissions was calculated using the "Electricity Carbon Emission Factor for Electricity Retailing Utility Enterprise" published by the Bureau of Energy.

Water Consumption in the Past 4 Years

Unit: Million Liter

Items	Source	2020	2021	2022	2023
• Water Withdrawal	Third-party Water (Taiwan Water Corporation)	194.041	187.920	183.047	194.491
• Water Consumption per Capita		0.02186	0.02212	0.02084	0.02142

Note 1: The calculation of water consumption data is based on the actual water consumption month, and the scope includes the 192 business locations (deduct the same address) in Taiwan. 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), revealed that the Company's business locations in Taiwan are all situated in areas with low-medium water stress level.

Waste Output in the Past 4 Years

Unit: Metric tons

Year		2020	2021	2022	2023
Type / Scope		5 Self-owned Office Buildings	5 Self-owned Office Buildings	All Domestic Locations	All Domestic Locations
Direct Disposal	General Waste (non-recyclable)	144.588	125.756	314.532	338.771
	Kitchen Waste	30.421	18.751	49.713	43.470
	Total	175.009	144.507	364.245	382.242
Recycled Resources (Reused)	Paper Containers, Waste Paper	48.699	48.634	175.533	191.405
	Iron and Aluminum Cans	0.564	0.861	2.946	2.535
	Plastics	1.604	2.157	12.527	13.076
	Glass	N/A	0.027	1.822	1.493
	Batteries	0.169	0.180	0.222	0.128
	Light Tubes/Bulbs	0.909	0.454	0.546	0.551
	Total	51.945	52.313	193.596	209.188
Total Waste Output		**226.954**	**196.820**	**557.841**	**591.430**

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). In 2022, we expanded the statistics of waste in all domestic locations.
Note 2: Mega Group's main operating activities are carried out in an office environment; therefore, do not produce any hazardous waste.
Note 3: All wastes are treated off-site. General wastes are mainly incinerated, and kitchen wastes are incinerated or disposed of as animal feeds and composting.
Note 4: There are no glass related waste data collected between 2018 and 2020.

8.3.2 Social Metric Data

Inclusive Financial Achievements

Items		Units	2021	2022	2023
Happy LOHAS-reverse Mortgage	• Cumulative Number of Borrowers	Cases	52	63	88
	• Cumulative Amount Approved	100 million NTD	4.65	6.15	8.59
Retirement Trusts	• Cumulative Number of Beneficiaries	People	1,145	1,269	4,353
	• Cumulative Scale of Property	100 million NTD	49.22	52.02	143.85
Government Concessional Loans for Youth Housing	• Cumulative Number of Borrowers	Cases	21,580	22,816	25,666
	• Accumulated Amount Drawling	100 million NTD	983.45	1,058.92	1,276.71
Youth Entrepreneurship and Start-up Loans	• Cumulative Number of Borrowers	Cases	2,110	2,541	2,850
	• Accumulated Amount Drawling	100 million NTD	19.86	25.12	29.53
SMEs Loans	• Number of Borrowers	Cases	20,841	21,061	20,869
	• Loans Outstanding at the End of the Year	100 million NTD	5,966	6,217	6,496
Loans for Small-sized Enterprises and Community	• Number of Borrowers	Cases	16,255	16,121	15,808
	• Loans Outstanding at the End of the Year	100 million NTD	1,381	2,446	2,602
Loans for Urban Renewal, Reconstruction of Dangerous and Old Buildings	• Number of Applications	Applications	47	65	41
	• Approved Loan Limit	100 million NTD	345.21	539.15	417.99
International Micro Loans	• Number of Applications	Applications	6	9	9
	• Approved Loan Limit	100 million NTD	21.1	48.32	44.21
Microinsurance	• Number of Policies	Policies	780	692	516
	• Insurance Premium	Thousand NTD	1,242	1,323	516

Items		Units	2021	2022	2023
Agricultural Insurance	• Number of Policies	Policies	26	26	35
	• Insurance Premium	Thousand NTD	1,173	1,229	1,535
Group Medical Insurance (Applicated by Foreign Workers, Caretakers and Fishers)	• Number of Insured People	People	8,910	14,400	132,971
	• Insurance Premium	Thousand NTD	3,123	3,964	6,706
Personal Injury Insurance for Elders	• Number of Policies	Policies	343	443	544
	• Insurance Premium	Thousand NTD	1,629	2,337	2,896
Retirement Financial Planning Service		Number of People Served	1,891	2,782	3,321
Accessible ATMs		Number of ATMs	461	447	471
Accessible ATMs for Visually Impaired		Number of ATMs	10	13	103

Note 1: "Small-sized enterprises and community development" is defined as enterprise who met any criteria bellow: (1) is founded less than 5 years; (2) total employee is under 20 people; (3) with a capital of less than NTD$5 million; (4) annual revenue is less than NTD$10 million.
Note 2: For details, please refer to 4.2.1 Financial Inclusion Products.
Note 3: The number of SMEs and community development loans in 2023 is totaled 21,208.

Global Workforce in the Past 3 Years

Items / Year		2021	2022	2023
Full-time Workers	• Female	5,438	5,581	5,697
	• Male	3,806	3,856	3,962
	• Taiwan	8,449	8,658	8,883
	• Oversea	795	779	776
	Subtotal	9,244	9,437	9,659
Part-time (temporary) Workers	• Female	315	183	155
	• Male	129	89	76
	Subtotal	444	272	231
Number of Workers in Subsidiaries which are not included in this Report		692	268	270
Total		**10,380**	**9,977**	**10,160**

Note 1: Dispatched workers are temporary (non-guaranteed hours) and part-time workers, mainly drivers and students working part-time. Drivers are mainly responsible for picking up and dropping off managerial officers. Students working part-time are responsible for delivering documents, arranging meetings, and performing other miscellaneous tasks.
Note 2: For details, please refer to 5.1.1 Talent Resources and Structure.

Global Workforce of Female Employees in the Past 3 Years

Items / Year	2021		2022		2023	
	Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Total Number of Female Employees	5,438	58%	5,581	59%	5,697	59%
Women in all Management Positions	1,445	52%	1,465	53%	1,471	53%
Women in Top Management (Vice President or above)	16	38%	15	41%	14	38%
Women in Middle Management (Unit Managers)	104	30%	102	30%	108	31%
Women in Junior Management (Non-Unit Managers)	1,325	55%	1,348	56%	1,349	57%
Women in Management Positions in Revenue-Generating Functions	938	55%	1,054	54%	1,017	55%
Women in STEM-related Positions	268	33%	403	40%	591	44%

Note 1: Revenue generating functions are counted by business (e.g. sales units), excluding supporting units such as human resources, legal compliance and auditing.
Note 2: STEM-related positions (Science, Technology, Engineering and Mathematics) are counted by positions involving statistics, mathematics, and actuarial calculation, such as investment department, information department, etc.
Note 3: The non-full-time employees of Mega Group are all in Taiwan. There are 8,883 (92%) full-time employees in Taiwan, and 776 (8%) in overseas.
Note 4: For details, please refer to 5.1.1 Talent Resources and Structure.

Global Workforce of Employees with Physical and Mental Disabilities in the Past 3 Years

Items / Year		Number of Employees in 2021	Number of Employees in 2022	Number of Employees in 2023
Gender	• Female	23	23	24
	• Male	31	32	31
Age	• Under 29	1	1	1
	• 30-50	21	21	23
	• 51 and above	32	33	31
Region	• Taiwan	53	54	54
	• Oversea	1	1	1
Position	• Management	3	6	7
	• Non-Management	51	49	48
Total		**54**	**55**	**55**

Note: For details, please refer to 5.1.2 Employee Diversity.

Global Workforce of Indigenous Employees in the Past 3 Year

Items / Year		Number of Employees in 2021	Number of Employees in 2022	Number of Employees in 2023
Gender	• Female	8	7	6
	• Male	2	2	4
Age	• Under 29	2	1	1
	• 30-50	8	8	9
	• 51 and above	0	0	0
Region	• Taiwan	10	9	10
	• Oversea	0	0	0
Position	• Management	0	0	1
	• Non-Management	10	9	9
Total		**10**	**9**	**10**

Note: For details, please refer to 5.1.2 Employee Diversity.

Global Workforce by Nationality in the Past 2 Years

Nationality	2022				2023			
	Number of Employees	Ratio of Total Employees	Number of Employees	Ratio of Total Employees	Number of Employees	Ratio of Total Employees	Number of Employees	Ratio of Total Employees
Taiwan	8,947	94.8%	2,714	97.7%	9,174	95.0%	2,708	97.7%
China	144	1.5%	18	0.6%	145	1.5%	18	0.7%
United States	68	0.7%	11	0.4%	60	0.6%	16	0.6%
Cambodia	86	0.9%	4	0.1%	93	1.0%	2	0.1%
Vietnam	45	0.5%	4	0.1%	47	0.5%	4	0.1%
Philippines	33	0.3%	3	0.1%	35	0.4%	3	0.1%
Canada	17	0.2%	3	0.1%	14	0.1%	3	0.1%
Others	97	1.1%	21	0.9%	91	0.9%	17	0.6%
Total	**9,437**	**100%**	**2,778**	**100%**	**9,659**	**100%**	**2,771**	**100%**

Note: For details, please refer to 5.1.2 Employee Diversity.

Global Workforce of New Hired Employees in the Past 3 Years

Items / Year		2021		2022		2023	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	Female	387	60.6%	555	57.8%	487	55.0%
	Male	252	39.4%	405	42.2%	398	45.0%
Age	Under 29	303	47.4%	489	50.9%	448	50.6%
	30-50	311	48.7%	440	45.8%	405	45.8%
	51 and above	25	3.9%	31	3.2%	32	3.6%
Region	Taiwan	546	85.4%	836	87.1%	763	86.2%
	Oversea	93	14.6%	124	12.9%	122	13.8%
Position	Management					26	2.9%
	Non-Management					859	97.1%
Total		**639**	**100%**	**960**	**100%**	**885**	**100%**

Note: For details, please refer to 5.1.3 New Hired and Resigned Employees.

Global Workforce of Resigned Employees in the Past 3 Years

Items / Year		2021		2022		2023	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	Female	292	59.5%	309	56.9%	299	58.9%
	Male	199	40.5%	234	43.1%	209	41.1%
Age	Under 29	160	32.6%	193	35.5%	186	36.6%
	30-50	282	57.4%	300	55.2%	282	55.5%
	51 and above	49	10.0%	50	9.2%	40	7.9%
Region	Taiwan	347	70.7%	411	75.7%	386	76.0%
	Oversea	144	29.3%	132	24.3%	122	24.0%
Position	Management					32	6.3%
	Non-Management					476	93.7%
Total		**491**	**100%**	**543**	**100%**	**508**	**100%**

Note: For details, please refer to 5.1.3 New Hired and Resigned Employees.

Training of Full-Time Employees in the Past 3 Years

Items / Year		2021		2022		2023	
		Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person
Gender	Female	275,617	50.7	287,068	51.4	373,202	65.5
	Male	201,506	52.9	206,057	53.4	258.511	65.3
Management Positions	All Management	184,554	66.2	187,502	67.5	198,337	54.0
	Top Management	2,130	50.7	2,858	77.2	1,998	65.0
	Middle Management	17,472	50.9	18,741	55.1	22,816	72.8
	Junior Management	164,952	68.7	165,903	69.1	173,523	71.6
	Non-Management	292,570	44.8	305,623	45.9	433,376	62.9
Type	Internal Training	386,274	41.8	362,741	38.5	442,651	45.8
	External Training	90,849	9.8	130,384	13.8	189,062	19.6
Total		**477,123**	**51.6**	**493,125**	**52.3**	**631,713**	**65.4**

Note 1: Average training hours per person by each item =Total training hours by each item/Number of employees by each item. Average training hours = Total training hours /Number of full-time employees.
Note 2: For details, please refer to 5.2.1 Employee Education and Training.

Professional Licenses and Certifications Subsidies of Full-Time Employees in the Past 3 Years

Items		2021		2022		2023	
		Number of Employees	Total Amount (thousand NTD)	Number of Employees	Total Amount (thousand NTD)	Number of Employees	Total Amount (thousand NTD)
Gender	Female	329	391	568	804	674	1,072
	Male	211	397	343	602	422	601
Position	Management	109	240	148	229	166	233
	Non-Management	431	548	763	1,177	930	1,440
Total		**540**	**788**	**911**	**1,406**	**1,096**	**1,673**

Note: For details, please refer to 5.2.1 Employee Education and Training.

Parental Leave of Full-Time Employees in the Past 3 Years

Items / Year	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees eligible for parental leave	213	102	315	170	135	305	165	256	421
Number of employees who took unpaid parental leave	83	9	92	105	32	137	80	21	101
Number of employees who should be reinstated	72	6	78	106	18	124	105	24	129
Number of employees who were reinstated	65	6	71	10	10	91	97	24	121
Reinstatement Rate (%)	**90.3%**	**100.0%**	**91.0%**	**76.4%**	**55.6%**	**73.4%**	**92.4%**	**100.0%**	**93.8%**
Number of employees who were reinstated in the previous year	69	8	77	65	5	70	81	10	91
Number of employees still on the job 12 months after reinstatement in the previous year	53	6	58	61	5	66	78	10	88
Retention Rate (%)	**76.8%**	**62.5%**	**75.3%**	**93.8%**	**100.0%**	**94.3%**	**96.3%**	**100.0%**	**96.7%**

Note 1: Reinstatement rate (%) = (Number of employees who were reinstated/Number of employees who should be reinstated) x100%.
Note 2: Retention Rate (%) = (Number of employees still on the job 12 months after reinstatement in the previous year/ Number of employees who were reinstated in the previous year) x100%.
Note 3: For details, please refer to 5.3.1 Remuneration and Benefits.

Health Examination of Full-Time Employees in the Past 3 Years

Items / Year		2021	2022	2023
Gender	Female	2,092	2,724	1,924
	Male	1,889	2,072	1,743
Age	Under 39	1,347	1,209	1,028
	40-49	882	1,316	932
	50 and above	1,752	2,271	1,707
Region	Taiwan	3,922	4,705	3,556
	Oversea	59	91	111
Total		**3,981**	**4,796**	**3,667**

Note: For details, please refer to 5.3.3 Occupational Health and Safety.

Occupational Injury of Full-Time Employees in the Past 3 Years

Items / Year			2021	2022	2023
Number of Injuries by Gender	Female		31	41	41
	Male		25	25	22
Type of Work-related Injury	Injury Sustained in the Workplace or During Duty Performance	• High-consequence Work-related Injury	0	0	0
		• Recordable Work-related Injuries	0	3	5
	Injury Sustained During Commute	• High-consequence Work-related Injury	0	0	0
		• Recordable Work-related Injuries	56	63	57
Total Number of Injuries			56	66	63
Total Number of Fatalities as a Result of Work-related Injury			0	1	0
Total Days Worked			2,289,532	2,348,318	2,393,700
Total Hours Worked			18,206,516	18,786,544	19,149,600
Total Number of Lost Days			633.6	711.38	635.13
Injury Rate (IR)			3.02%	3.51%	3.29%
Rate of High-consequence Work-related Injuries (excluding fatalities)			0	0	0
Rate of Fatalities as a Result of Work-related Injury			0	0.05%	0
Lost Day Rate (LDR)			36.85%	37.87%	33.17%

Note 1: Injury Rate (IR), excluding personal commuting incidents (%) = (Total number of Injuries × 1,000,000) / Total hours worked × 100%.
Note 2: Rate of high-consequence work-related injuries, excluding fatalities (%) = (Number of high-consequence work-related injuries × 1,000,000) / Total hours worked × 100%.
Note 3: Rate of fatalities as a result of work-related injury (%) = (Number of fatalities as a result of work-related injury × 1,000,000) / Total hours worked × 100%.
Note 4: Lost Day Rate (LDR) = (Total number of lost days × 1,000,000) / Total hours worked × 100%.
Note 5: For details, please refer to 5.3.3 Occupational Health and Safety.

Absence Rate of Full-Time Employees in the Past 4 Years

Items / Year	2020	2021	2022	2023
Absent Days (Day)	7,699	8,132	10,171.09	8,040.37
Absence Rate (AR) (%)	0.33%	0.36%	0.43%	0.34%
Data Coverage Ratio (%)	100%	100%	100%	100%

Note 1: Absence Rate (AR) = Total number of absent days / Total days worked ×100%.
Note 2: Absent Days refer to the total number of lost days due to all forms of absence, including work-related injury, illness, menstrual leave, mild illness (e.g., cold, fever, or flu), and personal leave and sick leave for undisclosed reasons, and excluding pre-arranged or permitted absence (e.g., family care leave, holidays, training, maternity leave, paternity leave, marriage leave, compassionate leave, and official leave).
Note 3: For details, please refer to 5.3.3 Occupational Health and Safety.

8.4 Sustainability Standards Index Table

Content Index of the GRI Standards

Mega Financial Holdings has reported the content from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards. During the reporting period of this report, no applicable GRI Sector Disclosure Standards have been published. The GRI 1: Foundation (2021) is used to compile this Sustainability Report.

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2-3	• Reporting period, frequency and contact point	8.1 About this Report	146
2-4	• Restatements of information	There is no restatement of information in this Annual Report.	-
2-5	• External assurance	8.1 About this Report 8.5 Verification Statement by External Independent Parties	146 185
2-6	• Activities, value chain and other business relationships	1.1 Background Information 3.3 Sustainable Procurement	10 43
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Material Topics

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3-2	• List of material topics	8.2 Stakeholder and Material Topics	148
3-3	• Management of material topics	8.2 Stakeholder and Material Topics	148
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Combat Crime			
GRI 205 Anti-Corruption (2016)			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	128
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	128
Corporate Governance			
GRI 205 Anti-Corruption (2016)			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	128
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	128
GRI 206 Anti-Competitive Behavior (2016)			
206-1	• Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no related incident in the reporting year.	-
Business Ethics			
GRI 205 Anti-Corruption (2016)			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	128
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	128
GRI 206 Anti-Competitive Behavior (2016)			
206-1	• Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no related incident in the reporting year.	-
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403-4	• Worker participation, consultation, and communication on occupational health and safety	5.3 Happy Workplace	94
403-5	• Worker training on occupational health and safety	5.3 Happy Workplace	94
403-6	• Promotion of worker health	5.3 Happy Workplace	94
403-7	• Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Happy Workplace	94
403-8	• Workers covered by an occupational health and safety management system	5.3 Happy Workplace	94

Disclosure Items		Corresponding Chapters	Page
403-9	• Work-related Injury	5.1 Diversified Recruitment 8.3 Sustainable Data	84 158
GRI 405 Diversity and Equal Opportunity (2016)			
405-1	• Diversity of governance bodies and employees	7.1 Corporate Governance 5.1 Diversified Recruitment 8.3 Sustainable Data	122 84 158
Social Commitment			
GRI 203 Indirect Economic Impacts (2016)			
203-2	• Significant indirect economic impacts	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	54 66 78 30 113 115
GRI 413 Local Communities (2016)			
413-2	• Operations with significant actual and potential negative impacts on local communities	6.2 Social Commitment	115

General Disclosure

Disclosure Items		Corresponding Chapters	Page
GRI 201 Economic Performance (2016)			
201-1	• Direct economic value generated and distributed	1.2 Economic Performance	15
201-2	• Financial implications and other risks and opportunities due to climate change	3.1 Climate Action	30
201-3	• Defined benefit plan obligations and other retirement plans	5.3 Happy Workplace (for details, please refer to the 2023.Q4 of Consolidated Financial Report P.73)	94
Social Commitment			
GRI 203 Indirect Economic Impacts (2016)			
203-2	• Significant indirect economic impacts	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	54 66 78 30 113 115
GRI 205 Anti-Corruption (2016)			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	128
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	128
GRI 206 Anti-Competitive Behavior (2016)			
206-1	• Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no related incident in the reporting year.	-
GRI 207 Tax (2019)			
207-1	• Approach to tax	7.6 Tax Policy	141
207-2	• Tax governance, control, and risk management	7.6 Tax Policy	141
207-3	• Stakeholder engagement and management of concerns related to tax	7.6 Tax Policy	141
207-4	• Country-by-country reporting	7.6 Tax Policy	141
GRI 302 Energy (2016)			
302-1	• Energy consumption within the organization	3.2 Green Operation 8.3 Sustainable Data	40 158
GRI 303 Water and Effluents (2018)			
303-3	• Water withdrawal	8.3 Sustainable Data	158

Disclosure Items		Corresponding Chapters	Page
GRI 304 Biodiversity (2016)			
304-1	• Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.4 Natural Ecosystems	47
GRI 305 Emissions (2016)			
305-1	• Direct (Scope 1) GHG emissions	8.3 Sustainable Data	158
305-2	• Energy indirect (Scope 2) GHG emissions	8.3 Sustainable Data	158
305-3	• Other indirect (Scope 3) GHG emissions	8.3 Sustainable Data	158
305-5	• Reduction of GHG emissions	3.2 Green Operation 8.3 Sustainable Data	40 158
GRI 308 Supplier Environmental Assessment (2016)			
308-1	• New suppliers that were screened using environmental criteria	3.3 Sustainable Procurement	43
GRI 401 Employment (2016)			
401-1	• New employee hires and employee turnover	5.1 Diversified Recruitment 8.3 Sustainable Data	94 158
401-2	• Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Happy Workplace	94
401-3	• Parental leave	5.3 Happy Workplace 8.3 Sustainable Data	94 158
GRI 402 Labor/Management Relations (2016)			
402-1	• Minimum notice periods regarding operational changes	5.4 Human Rights Protection	104
GRI 403 Occupational Health and Safety (2018)			
403-1	• Occupational health and safety management system	5.3 Happy Workplace	94
403-2	• Hazard identification, risk assessment, and incident investigation	5.3 Happy Workplace	94
403-3	• Occupational health services	5.3 Happy Workplace	94
403-4	• Worker participation, consultation, and communication on occupational health and safety	5.3 Happy Workplace	94
403-5	• Worker training on occupational health and safety	5.3 Happy Workplace	94
403-6	• Promotion of worker health	5.3 Happy Workplace	94
403-7	• Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Happy Workplace	94
403-8	• Workers covered by an occupational health and safety management system	5.3 Happy Workplace	94
403-9	• Work-related Injury	5.3 Happy Workplace 8.3 Sustainable Data	94 158
GRI 404 Training and Education (2016)			
404-1	• Average hours of training per year per employee	8.3 Sustainable Data	158
GRI 405 Diversity and Equal Opportunity (2016)			
405-1	• Diversity of governance bodies and employees	7.1 Corporate Governance 5.1 Diversified Recruitment 8.3 Sustainable Data	122 84 158
GRI 406 Non-Discrimination (2016)			
406-1	• Incidents of discrimination and corrective actions taken	5.4 Human Rights Protection	104
GRI 413 Local Communities (2016)			
413-2	• Operations with significant actual and potential negative impacts on local communities	6.2 Social Commitment	115
GRI 414 Supplier Social Assessment (2016)			
414-1	• Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable Procurement	43
GRI 415 Public Policy (2016)			
415-1	• Political contributions	7.2 Business Ethics	128

Disclosure Items		Corresponding Chapters	Page
GRI 417 Marketing and Labeling (2016)			
417-2	• Incidents of non-compliance concerning product and service information and labeling	4.3 Customer Relationship	71
417-3	• Incidents of non-compliance concerning marketing communications	4.3 Customer Relationship	71
GRI 418 Customer Privacy (2016)			
418-1	• ubstantiated complaints concerning breaches of customer privacy or loss of customer data	4.4 Information Security	74

SASB (Sustainability Accounting Standards)

SASB Commercial Banks (2018)				
Disclosure Topics	Indicator No.	Accounting Metrics	Corresponding Chapters / Description	Page
Data Security	• FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	4.4 Information Security	74
	• FN-CB-230a.2	Description of approach to identifying and addressing data security risks	4.4 Information Security	74
Financial Inclusion And Capacity Building	• FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	4.2 Financial Inclusion	66
	• FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	4.2 Financial Inclusion	66
	• FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Not Applicable (accounts currently provided by banks in Taiwan are all no-cost retail checking accounts)	92
	• FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	4.2 Financial Inclusion 6.1 Financial Education	66 113
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	• FN-CB-410a.1	Commercial and industrial credit exposure, by industry	4.1 Sustainable Finance	54
	• FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	4.1 Sustainable Finance	54
Business Ethics	• FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	7.4 Regulatory Compliance	136
	• FN-CB-510a.2	Description of whistleblower policies and procedures	7.2 Business Ethics (There is no violation of whistleblowing laws during the reporting year)	128
Systemic Risk Management	• FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not Applicable (Mega Bank is a D-SIB, not a G-SIB)	-
	• FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	7.3 Risk Management	130
Activity Metric	• FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	4.2 Financial Inclusion	66
	• FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	4.2 Financial Inclusion	66

Taiwan Stock Exchange "Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

Article Contents			Corresponding Chapters	Page
Article 3	• A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual Sustainability Report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and people (including human rights) topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards. The company should also disclosure its related Sustainability Accounting Standards Board (SASB) industy metrics in its report's annex. • The Sustainability Report mentioned in the preceding paragraph shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified. • In the Sustainability Report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party. • The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice.		8.1 About this Report 8.2 Stakeholder and Material Topics 8.4 Sustainability Standards Index Table 8.5 Verification Statement by External Independent Parties	146 148 167 185
Article 4	• In addition to the content referred to in the preceding article, the Sustainability Report prepared by a listed company shall emphasize the following matters:			
	Table 1-3	A. Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	4.4 Information Security	74
		B. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	4.2 Financial Inclusion	66
		C. Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	4.2 Financial Inclusion 6.1 Financial Education	66 113
		D. Products and services designed by individual operating units to create benefits for the environment or society.	4.1 Sustainable Finance 4.2 Financial Inclusion	54 66
Article 4-1	• listed company under Article 2 shall disclose the following:			
	Table 2	A. Describe how the Board of Director and the management team oversight and governance the climate-related risks and opportunities. B. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the business (short, medium and long term). C. Describe the financial impact of extreme climate events and transitional actions. D. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. E. If scenario analysis is used to assess resilience to climate change risks, please describe the scenarios used, parameters, assumptions, analysis factors and major financial impacts. F. If there is a transition plan to manage climate-related risks, please describe the content of the plan, and the metrics and targets used to identify and manage physical and transition risks. G. If internal carbon pricing is used as a planning tool, please describe the basis for setting the price. H. If climate-related targets are set, please describe the covered activities, scope of GHG emissions, planning schedule, annual progress and other information; If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, please describe the source and amount of carbon reduction credits or the number of RECs to be offset. I. Greenhouse Gas Inventory and Assurance, as well as reduction targets, strategies and action plans.		3.1 Climate Action 8.3 Sustainable Data	30 158

ISO 26000 Social Responsibility Guidance

Main Issue	Disclosure Items	Corresponding Chapters	Page
Organizational Governance	• Decision-making processes and structures	7.1 Corporate Governance	122
Human Rights	• Due diligence	7.4 Regulatory Compliance 5.4 Human Rights Protection	136 104
	• Human Rights Risk Situations	5.4 Human Rights Protection	104
	• Avoidance of Complicity	7.2 Business Ethics	128
	• Resolving Grievances	5.4 Human Rights Protection	104
	• Discrimination and Vulnerable Groups		
	• Civil and Political Rights		
	• Economic, Social and Cultural Rights		
	• Fundamental Principles and Rights at Work		
Labor Practices	• Employment and Employee Relationships	5.1 Diversified Recruitment 5.4 Human Rights Protection	84 104
	• Conditions of Work and Social Protection	5.3 Happy Workplace	94
	• Social Dialogue	8.2 Stakeholder and Material Topics	148
	• Health and Safety at Work	5.3 Happy Workplace	94
	• Human development and training in the workplace	5.2 Talent Development	89
Environment	• Prevention of Pollution	3.2 Green Operation	38
	• Sustainable Resource Use		
	• Climate Change Mitigation and Adaptation	3.1 Climate Action 3.2 Green Operation	30 40
	• Protection of the Environment, Biodiversity, and Restoration of Natural Habitats	3.2 Green Operation	40
Fair Operating Practices	• Anti-Corruption	7.2 Business Ethics	128
	• Responsible Political Involvement		
	• Fair Competition		
	• Promoting Social Responsibility in the Value Chain	8.2 Stakeholder and Material Topics	148
	• Respect for Intellectual Property Rights	7.2 Business Ethics	128
Consumer Issues	• Fair marketing, factual and unbiased information and fair contractual practices	4.3 Customer Relationship	71
	• Protecting Consumers' Health and Safety		
	• Sustainable Consumption	3.3 Sustainable Procurement	43
	• Consumer Service, Support, and Complaint and Dispute Resolution	4.3 Customer Relationship	71
	• Consumer Data Protection and Privacy	4.4 Information Security	74
	• Access to Essential Services	4.3 Customer Relationship	71
	• Education and Awareness		
	• Community Engagement	6.2 Social Commitment	115
	• Education and Culture	4.3 Customer Relationship	71
	• Employment Creation and Skills Development	4.5 Digital Innovation	78
Community Involvement and Development	• Technology Development and Access	4.5 Digital Innovation	78
	• Wealth and Income Creation	4.2 Financial Inclusion	66
	• Wealth and Income Creation	6.2 Social Commitment	115
	• Social Investment	4.2 Financial Inclusion 6.2 Social Commitment	66 115

UNGC (UN Global Compact)

Disclosure Items		Corresponding Chapters	Page
Human Rights	• Businesses should support and respect the protection of internationally proclaimed human rights	5.4 Human Rights Protection	104
	• Make sure that they are not complicit in human rights abuses		
Labor	• Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	5.1 Diversified Recruitment 5.4 Human Rights Protection	84 104
	• The elimination of all forms of forced and compulsory labor		
	• The effective abolition of child labor		
	• The elimination of discrimination in respect of employment and occupation		
Environment	• Businesses should support a precautionary approach to environmental challenges	3.1 Climate Action 3.2 Green Operation	30 40
	• Undertake initiatives to promote greater environmental responsibility	3.2 Green Operation 3.3 Sustainable Procurement	40 43
	• Encourage the development and diffusion of environmentally friendly technologies	4.5 Digital Innovation	78
Anti-Corruption	• Businesses should work against corruption in all its forms, including extortion and bribery	7.2 Business Ethics	128

TCFD (Task Force on Climate-related Financial Disclosures)

Level	Disclosure Items	Indicators for General Industry	Corresponding Chapters	Page
Governance	a	• Describe the board's oversight of climate-related risks and opportunities	3.1 Climate Action - 3.1.1 Climate Governance	30
	b	• Describe management's role in assessing and managing climate-related risks and opportunities		
Strategy	a	• Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	3.1 Climate Action - 3.1.2 Climate Strategy	31
	b	• Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
	c	• Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Risk Management	a	• Describe the organization's processes for identifying and assessing climate-related risks	3.1 Climate Action - 3.1.3 Climate Risk Management	37
	b	• Describe the organization's processes for managing climate-related risks		
	c	• Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
Metrics & Targets	a	• Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	3.1 Climate Action - 3.1.4 Climate Metrics and Targets	39
	b	• Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks		
	c	• Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		

International Financial Reporting Standards (IFRS) S1 "General Requirements for Disclosure of Sustainability-related Financial Information"

Governance

Provisions	Disclosure/Updated Corresponding Sections
IFRS S1 - paragraph 27 (a) (i) to (v)	• 2.1 Sustainable Governance Framework (P.18) • 2.2 A Vision and Strategy for Sustainability (P.21) and 4.1 Sustainable Finance (P.54) • 7.1 Corporate Governance (P.122) • 7.2 Business Ethics (P.128) • 8.2 Stakeholders and Material Issues (P.148)
IFRS S1 - paragraph 27 (b) (i) to (ii)	• 7.3 Risk Management

Strategy

Provisions	Sustainability Risks/ Opportunities	Short-term (2024 - 2025)	Medium/Long-term (2026 - 2030)
IFRS S1 - paragraph 30 (a) to (c), IFRS S1 - paragraph 32 (a) to (b)	Sustainable Finance Opportunities - Harnessing Sustainable Financial Business Opportunities	• Implement responsible lending and strengthen the management of industry-specific sustainable risks • Implement sustainable investments and increase the investment portfolios in sustainable development bonds (including green bonds, social responsibility bonds and sustainable development bonds) • Continue to strengthen sustainable finance businesses • Implement carbon reduction targets and pathway for Scope 3 in line with Group SBT commitments	
	Sustainable Finance Products Risk - Sustainable Product "Greenwashing" Risks	• Implement Principles for Responsible Investment (PRI) and Principles for Responsible Banking (PRB), and increase the number of products to be subject to ESG review	
	Inclusive Finance Opportunities - Develop Inclusive Finance Products and Services	• Strengthen the business • Promote agricultural insurance and microinsurance • Strengthen efforts to promoting urban renewal and the reconstruction of old and dangerous buildings • Continue to support the government's policy to help young people who do not own their own homes to reduce their loan burden and become homeowners • Strengthen the promotion of comprehensive and retirement trust services • Enhance inclusive financing services	
	Financial Inclusion Risks - Failure to Implement Taiwan's Inclusive Policies	• Strengthen loan business of small and medium-sized enterprises and assist in net-zero transformation	

Provisions	Sustainability Related Risks and Opportunities	Financial Impact Scope	Impact on Financial Position, Financial Performance and Cash Flows
IFRS S1 - paragraph 33 (a) to (c), IFRS S1 - paragraph 34 (a) to (b), IFRS S1-paragraph 35 (a) to (d) Note1 **, IFRS S1 - paragraph 36, IFRS S1 - paragraph 41, IFRS S1 - paragraph 42**	Sustainable Finance Opportunities - Harnessing Sustainable Financial Business Opportunities	Current (Current financial impact)	• Growth in sustainable insurance premium • Responsible lending loans outstanding at the end of the year • Responsible investment balance at the end of the year
		Short-to long-term (Expected financial impact)	• Revenue growth from sustainable financial products and services • Increased responsible lending balance • Increased responsible investment balance
	Sustainable Finance Products Risk - Sustainable Product "Greenwashing" Risks	Short-to long-term (Expected financial impact)	• Increase in operating expenses due to higher incidence of litigation related to greening • Greenwashing Incident Leads to Corporate Reputation Damage
	Inclusive Finance Opportunities - Develop Inclusive Finance Products and Services	Current (Current financial impact)	• Increase in SME Deposit Balance
		Short-to long-term (Expected financial impact)	• Growth in Inclusive Finance Products and Services Revenues • Increase in SME Deposit Balance
	Financial Inclusion Risks - Failure to Implement Taiwan's Inclusive Policies	Short-to long-term (Expected financial impact)	• Increase in operating expenses for the development of inclusive financial products and services at the request of the competent authorities • Loss of customers due to failure to capitalize on opportunities in the financial inclusion market

Risk Management

Provisions	Disclosure Content
IFRS S1 - paragraph 44 (b)	In accordance with GRI 3(2021), we identify material topics annually using the six steps of "Identify Stakeholders", "Collect Group Sustainability Issues", "Analyze Impact of Sustainability Topics" "Material Topics Priorities", and "Disclose Risk Management Measures of Material Topics",etc. Fourteen material topics were screened using the "impact on the economy, environment, people and human rights" and "impact on company value", including the topics of "sustainable finance" and "inclusive finance". "The "Double Materiality" approach was used to assess the impact of the material topics on the Company's value chain. For each of the major sustainability themes, the working group set annual ESG plans and goals that were discussed and approved by the Board of Directors, to be submitted to the Group's Sustainable Development Committee on a quarterly basis to track the implementation status. The results of the whole year are submitted to the Sustainable Development Committee and the Board of Directors for review in the following year. For information on the impacts of the two aforementioned topics, value chain impact hotspots, management policies and measures, please refer to the table entitled "Management of Impacts of Material Topics" in the 2023 Sustainability Report - 8.2 Stakeholders and Material Topics.
IFRS S1 - paragraph 44 (c)	

Metrics and Targets

Provisions	Targets	Definition of Targets	Metrics	Source of Metrics Used	Absolute Measurement/ Results Relative to Another Metrics/ Qualitative Measurement Note 2	Base Period for Measuring Progress	Deadline for Achieving the Target	Indicator Milestones and Interim Targets
IFRS S1 - paragraph 50 (a) to (d), IFRS S1 - paragraph 51 (a) to(g)	Sustainable Finance	Facilitate the development of renewable energy technologies and industries, promote transitioning to a low-carbon economy, speed up the process of achieving the carbon reduction goals of the United Nations Climate Change Conference and Taiwan's 2050 net-zero emission vision, and incorporating low-carbon transition into our business strategies.	The subsidiaries of offshore Mega Bank and Mega Securities fund companies whose products are marketed by Mega Group to sign the statement of compliance with Principles for Responsible Investment (PRI) or Responsible Investment Declaration	Principles for Responsible Investment (PRI)	Results Relative to Another Indicator	None	2023	8.2 Stakeholder and Material Topics
			Mega Bank and Mega Bills to set investment and financing limits for ESG high-risk industries and reduce the limits annually until 2029	Mega Group Guidelines for the Management of ESG/ Sustainability-Related Industries and High-Risk Industries	Results Relative to Another Indicator	None	2029	
			Mega Bank, Mega Securities, and Mega Bills commit to positive and concrete actions to invest in accordance with ESG factors, including the establishment of asset allocation ratios for responsible investment	Mega Financial Holding Sustainable Finance Policy	Results Relative to Another Indicator	2023	2023	

Provisions	Targets	Definition of Targets	Metrics	Source of Metrics Used	Absolute Measurement/ Results Relative to Another Metrics/ Qualitative Measurement[Note 2]	Base Period for Measuring Progress	Deadline for Achieving the Target	Indicator Milestones and Interim Targets
IFRS S1 - paragraph 50 (a) to (d), IFRS S1 - paragraph 51 (a) to(g)	Sustainable Finance		Mega Bank and Mega Bills continue to strengthen sustainable (green) loan	FSC Green finance action plans 3.0	Results Relative to Another Indicator	2022	2029	8.2 Stakeholder and Material Topics
					Absolute Measurement	2023	2025	
			Mega Bank, Mega Securities, and Mega Bills issuing/ investing/underwriting domestic green, socially responsible or sustainable bonds	FSC Green finance action plans 3.0	Absolute Measurement	2023	2029	
			Mega Bank, Mega Securities, Mega Bills, and MVC invest in domestic sustainable development (long-term) equity	FSC Green finance action plans 3.0	Absolute Measurement	2023	2023	
			Mega Bank issues carbon-neutral credit cards	Mega Bank key points for promoting the development of sustainable financial products and services	Absolute Measurement	2023	2029	
			Mega Bank continues to be ISO 14067 Carbon Footprint and ISO 14064 Carbon Neutral certified	Mega Bank key points for promoting the development of sustainable financial products and services	Quality Measurement	None	2029	
			Mega Bank help clients accelerate transition to low carbon and continue strengthening engagement with clients	(1) Mega Bank Guidelines for Promoting Sustainable Finance for Corporate Lending (2) Mega Bank key points for promoting the development of sustainable financial products and services	Results Relative to Another Indicator	2022	2023	
	Financial Inclusion	A solution to ending poverty, promoting business opportunities, and boosting economic growth, which not only boosts the development of financial services but also introduces new sources of profit	Mega Bank's lending balances and average achievement rates for SMEs at the end of each month, compared to the same period last year	Mega Bank key points for promoting the development of sustainable financial products and services	Results Relative to Another Indicator	2022	2029	
			Target in premium income from the persimmon insurance and microinsurance products of CKI	Mega Financial Holding Sustainable Development Policy	Absolute Measurement	2023	2029	
			Urban renewal and the reconstruction of old and dangerous buildings, cumulative banking and asset management approved limit	Mega Financial Holding Sustainable Development Policy	Absolute Measurement	2023	2029	

Provisions	Targets	Definition of Targets	Metrics	Source of Metrics Used	Absolute Measurement/ Results Relative to Another Metrics/ Qualitative Measurement[Note 2]	Base Period for Measuring Progress	Deadline for Achieving the Target	Indicator Milestones and Interim Targets
IFRS S1 - paragraph 50 (a) to (d), IFRS S1 - paragraph 51 (a) to(g)	Financial Inclusion		Supporting young people without own homes to reduce their loan burden, bank allocations	Mega Bank key points for promoting the development of sustainable financial products and services	Absolute Measurement	2023	2029	8.2 Stakeholder and Material Topics
			Strengthen the promotion of comprehensive and retirement trust services	Mega Bank key points for promoting the development of sustainable financial products and services	Absolute Measurement	2023	2029	
			Mega Bank to install 108 visual impairment-friendly ATMs in its domestic branches and set up bilingual branches	Mega Bank key points for promoting the development of sustainable financial products and services	Absolute Measurement	2023	2024	

Note 1: The risks and opportunities related to sustainability identified in fiscal year 2023 do not have a significant risk of material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements in the following year (the reporting period).
Note 2: "Absolute measurement" is a specific value, such as amount, number of customers, etc; "Results Relative to Another Indicator" is a comparative value, such as growth rate; "Quality Measurement" is a qualitative description, such as a promise to deliver.

International Financial Reporting Standards (IFRS) S2 "Climate-Related Disclosures"

Governance	
Provisions	Disclosure/Updated Corresponding Sections
IFRS S2 - paragraph 6 (a) (i) to (v)	Mega Financial Holding 2023 TCFD Report • 1 Climate Governance • 1.1 Climate Governance Framework • 1.2 Duties of the Board of Directors • 1.4 Linking Compensation to Climate Performance
IFRS S2 - paragraph 6 (b) (i) to (ii)	Mega Financial Holding 2023 TCFD Report • 1.3 Duties of Management

Strategy			
Provisions	Climate Risks/ Opportunities	Short-term (2024 - 2025)	Medium/Long-term (2026 - 2030)
IFRS S2 - paragraph 10 (a) to (d), IFRS S2 - paragraph 13 (a) to (b), IFRS S2 - paragraph 14 (a) to (c)	Climate Physical Risks - Increased High-Temperature Operating Costs	• Renewable energy and green buildings are introduced to the Group's buildings to cope with the effects of climate change and rising temperature • Continuous replacement of power-saving equipment, which is expected to reduce electricity expenses • Use more than 60% of renewable electricity at each subsidiary's headquarters by 2026, and continue to increase the use of green electricity by more than 10% per year at locations other than the Bank's headquarters. • Use 100% renewable energy in our own domestic operations by 2030	
	Climate Physical Risks - Extreme Event Financial Loss	• We conduct regular disaster preparedness training and sets 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. • Strengthen disaster prevention equipment, e.g., waterproof floodgates, raised foundations • Introduce the ISO 22301 business continuity management system	

Provisions	Climate Risks/ Opportunities	Short-term (2024 - 2025)	Medium/Long-term (2026 - 2030)
IFRS S2 - paragraph 10 (a) to (d), IFRS S2 - paragraph 13 (a) to (b), IFRS S2 - paragraph 14 (a) to (c)	Climate Change Risks - Increase in Insurance Claims	• Reinsurance policies to enhance the monitoring of changes in catastrophic disaster risk changes and loss simulations • Continuous monitoring of claim rate changes to avoid premium underestimation or over-claims • Include climate change risk assessment in underwriting processes, and consider the possibility of adjusting rate models based on the assessment results	
	Climate Opportunities - Digital Financial Services	• In response to the development trend of domestic and overseas industries, the Group has deepened the influence of digital transformation and created a flexible and agile middle- and back-office framework through the transformation of core systems to quickly meet market demands. We also deployed a financial ecosystem with Mega's characteristics to consolidate the Group's competitiveness.	
	Climate Opportunities - Low Carbon Transition Opportunities	• Formulated Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries, and committed to withdrawing from coal-related industries, so as to encourage investment and financing targets to actively transform, and guide capital flow to low-carbon technologies and energy and equipment to create green profits.	
	Climate Opportunities - Green Finance Products Marketing	• Mega Group complies with international sustainable finance initiatives, green finance-related policies of regulatory authorities, and the development trend of inclusive finance policies and classification principles. All subsidiaries continue to develop low-carbon loans, investment, insurance and other related sustainable financial products to seize green financial business opportunities.	

Provisions	Climate Risks and Opportunities	Financial Impact Scope	Impact on Financial Position, Financial Performance and Cash Flows
IFRS S2 - paragraph 15 (a) to (b), IFRS S2 - paragraph 16 (a) to (d)[Note 1]	Climate Physical Risks - Increased High-Temperature Operating Costs	Current (Current financial impact)	• Increase in capital expenditures due to replacement to power-saving equipment • Increase in operating expenses due to tariff increase and procurement of renewable energy resources
		Short-to long-term (Expected financial impact)	• Increase in fixed assets due to replacement to power saving equipment • Decrease in cash flow from operating activities due to investment in renewable energy and green building facilities.
	Climate Physical Risks - Extreme Event Financial Loss	Current (Current financial impact)	• Decrease in cash flow from operating activities due to disaster prevention drills and system forensics costs
		Short-to long-term (Expected financial impact)	• Reduction of fixed assets • Decrease in pre-tax income, decrease in cash flow from operating activities
	Climate Change Risks - Increase in Insurance Claims	Current (Current financial impact)	• Decrease in cash flow from operating activities
		Short-to long-term (Expected financial impact)	• Decrease in liabilities due to offset or increase due to accretion • Assets will rise if reinsurance contracts are entered into
	Climate Opportunities - Digital Financial Services	Current (Current financial impact)	• Increase in fee income from online funds, ETFs and foreign stock transactions
		Short-to long-term (Expected financial impact)	• Increase in online trading volume of foreign index equity funds (ETFs) and foreign equities, increase in operating revenue
	Climate Opportunities - Low Carbon Transition Opportunities	Current (Current financial impact)	• Increase in bond interest income • Increase in cash dividend income
		Short-to long-term (Expected financial impact)	• Increase in interest income as we continue to grow our ESG bond position • Increase in cash dividend income as we continue to grow our green and sustainability-related investments
	Climate Opportunities - Green Finance Products Marketing	Current (Current financial impact)	• Increase in interest income from green lending and sustainability-linked loans
		Short-to long-term (Expected financial impact)	• Increase in interest income from green lending, sustainability-linked loans, green power and renewable energy industry lending business

Risk Management

Provisions	Disclosure Content
IFRS S2 - paragraph 25 (a) (i) to (vi) **IFRS S2 - paragraph 25 (b)** **IFRS S2 - paragraph 25 (c)**	To supervise the effectiveness of the risk control mechanism of Mega Financial Holding and its subsidiaries, risk management is conducted internally to identify the types of climate change-related risks, time dimension, degree of impact, and the businesses involved. We assess the ability of each financial business to respond to climate-related risks based on physical and transformational risks. Finally, through the risk management unit of the subsidiaries, establish risk management goals, monitoring indicators, 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. In recent years, Mega Group has revised its "Climate Risk Management Guidelines," "Sustainable Finance Policy," and "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries," which further explain the mutual impact of traditional financial risk and climate-related risks, incorporate climate risk factors into consideration of core business and operations, and strengthen climate-related risk management. For details, please refer to the 2023 Mega Financial Holding TCFD Report.

Metrics and Targets

Provisions	Targets	Definition of Targets	Metrics	Absolute Measurement/Results Relative to Another Metrics/ Qualitative Measurement[Note 2]	Base Period for Measuring Progress	Deadline for Achieving the Target	Indicator Milestones and Interim Targets
IFRS S2 - paragraph 29 (a) to (g), IFRS S2 - paragraph 33 (a) to (h), IFRS S2 - paragraph 34 (a) to (d), IFRS S2 - paragraph 36 (a) to (e)	Green Operations	Through the Environmental Sustainability Working Group under the Sustainable Development Committee, Mega Group regularly collects and assesses the environmental impact of our operating activities, in order to implement the Group's environmental sustainability management.	GHG Emissions	Results Relative to Another Indicator	2022	2050	For details, please refer to the 1.4 Linking Compensation to Climate Performance, 2.2.1 Physical Risk, 2.2.2 Transformation Risk, 4.4 Climate Goals and 4.5 Climate Indicators of the 2023 Mega Financial Holding TCFD Report.
				Absolute Measurement	2022	2050	
			Water Resources	Results Relative to Another Indicator	2020	2030	
			Renewable Energy	Results Relative to Another Indicator	2023	2050	
					2023	2029	
			Green Procurement	Results Relative to Another Indicator	2023	2025	
	Climate Action	In the face of the increasingly severe challenges of climate change risks, Mega Group has formulated a roadmap for the Group's environmentally sustainable development, adopting systematic carbon reduction measures in the hope of pooling our efforts to make the earth a better place.	Transition Risks	Results Relative to Another Indicator	2023	2025	
			Physical Risks	Results Relative to Another Indicator	2023	2025	
			Climate-Related Opportunities	Absolute Measurement	2023	2025	
			Capital Allocation	Absolute Measurement	2023	2025	
			Internal carbon prices	Results Relative to Another Indicator	2022	2025	
			Remuneration	Results Relative to Another Indicator	2023	2025	

Note 1: The risks and opportunities related to sustainability identified in fiscal year 2023 do not have a significant risk of material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements in the following year (the reporting period).
Note 2: "Absolute measurement" is a specific value, such as amount, number of customers, etc; "Results Relative to Another Indicator" is a comparative value, such as growth rate; "Quality Measurement" is a qualitative description, such as a promise to deliver.

Progress of Commitments under the FSC "Coalition of Movers and Shakers on Sustainable Finance"

Commitment	Targets	Progess in 2023	Corresponsive Sections	Page
Green Procurement	1. Continuously selected as the "Outstanding Green Procurement Promotion Unit for Private Enterprises" by the Ministry of Environment before the end of 2024.	Mega Bank was selected as "111th year Green Procurement of Private Enteprises and Organizations recognized units"by the Ministry of Environment.	CH3 Environmental Sustainability	P.29-52
	2. By the end of 2024, circular procurement that can promote product resource recycling will be included in green procurement projects.	In the revision of internal regulations related to green procurement, Mega Financial Holding is expected to complete it by March 2024, and all companies will also cooperate.		
Information Disclosure	1. For the disclosure items related to environmental issues in the 2023 Sustainability Report or the statistical values involved, or the disclosure items in the TCFD Report, third-party assurance or verification should be obtained.	• In 2023, the Group's ISO 14064 greenhouse gas inventory obtained third-party verification issued by DNV. • 2023 Sustainbility Report obtained ISAE 3000 Assurance issued by Deloitte& Touche • 2023 TCFD Report obtained third-party verification issued by SGS Taiwan.	CH8 Appendix	P.145-194
	2. By the end of 2025, following the methodology of the Partnership for Carbon Accounting Financials (PCAF), disclose the total carbon emissions and industry classification of major domestic investment portfolios belonging to high carbon emitters.	The total carbon emissions of Mega Group's investment and financing segments that are high carbon emitters and their respective industries have been disclosed in the 2023 TCFD Report and Sustainability Report.	CH8 Appendix	P.145-194
	3. By the end of 2025, make reference to the "Guidelines on Carbon Reduction Target Setting and Strategic Planning for the Financial Sector" to disclose the carbon reduction targets, strategies and specific action plans for Scope 1, 2 and 3.	At the end of 2023, the Board of Directors approved the establishment of carbon reduction targets for Scope 1, 2 and 3, and the relevant strategies and specific action plans are under development.	CH2 Sustainability Strategies CH3 Environmental Sustainability	P.17-28 P.29-52
Investment, Loan and Engagement	1. By the end of 2025, engage with more than half of the high carbon emitters in the major domestic investment portfolios, and encourage them to set net-zero emission targets by 2050; for those who have already met the aforementioned engagement targets, commit to setting more ambitious targets and strive to achieve them.	• Mega Group has taken stock of the number of entrepreneurs with high carbon emissions in the investment and financing sector, and has drawn up a list of them for negotiation. • Mega Bank's "Detailed Rules for the Management of ESG Risk Rating of Equity Investment" has clearly stipulated the relevant provisions for the negotiation of equity investment enterprises (including high-carbon emission industries) with high ESG risks, including continuous negotiation and tracking of improvements, and through the issuance of climate negotiation questionnaires, investors are encouraged to actively check and manage their greenhouse gas emissions, set reduction targets, implement reduction actions and track the reduction results.	CH4 Sustainable Finance	P.53-82
	2. Invest more in forward-looking economic activities or industries involved in key strategies listed in the 2050 carbon neutrality roadmap of the country than the previous year, and achieve self-set targets.	In progress.	-	-
	3. By the end of 2024, circular procurement that can promote product resource recycling will be included in green procurement projects.	In progress.	-	-
Assistance and Promotion	1. By the end of 2024, provide at least one sustainable application or analytical tool that benefits the market or the public.	The subsidiaries have discussed relevant sustainability tools, which are expected to be launched in 2024.	-	-
	2. By the end of 2023, host or participate in at least two experience-sharing seminars for the financial industry	In progress. Plan to be completed in 2024.	-	-
	3. Before the end of 2024, conduct at least one employee awareness survey or test on relevant knowledge and industry development trends of the net-zero transition.	The Group provides employees with education and training on climate action every year, and is expected to add an awareness survey in 2024.	CH3 Environmental Sustainability CH7 Responsible Governance	P.29-52 P.121-144
Global Connection	From January 1, 2023 to the end of 2024, the selected inclusion includes continuous selection into 1 international sustainable evaluation or the addition of 1 important international initiative.	• For two consecutive years, Mega Financial Holdings has been selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) Emerging Markets and World Index, the "MSCI ESG Index" rated AA, and the "CDP Climate Change Questionnaire" A-leadership rating and other international sustainability evaluations. • Mega Financial Holdings signed the SBT commitment in April 2023 and joined the PCAF initiative, and is currently calculating the carbon emissions of Scope 3 investment financing with reference to the PCAF methodology, and submitting SBTi carbon reduction targets and path plans. • In August 2021, Mega Banking officially signed up as a member of the Equator Principles Association.	CH3 Environmental Sustainability CH4 Sustainable Finance	P.29-52 P.53-82

8.5 Verification Statement by External Independent Parties

Third-Party Verification Statement for Sustainable Information

- ISO 14001:2015 Environmental Management System

- ISO 50001:2018 Energy Management System

- ISO 14067:2018 Carbon Footprint

- ISO 27001:2013 Information Security Management System

- ISO 27001:2013 Information Security Management System

- ISO 27701:2019 Privacy Information Management System

- ISO 14046:2014 Water Footprint

- ISO 14064-1:2018 GHG Inventory

- ISO 14064-1:2018 GHG Inventory

- Taiwan Intellectual Property Management System (TIPs)

- BS 10012:2017 Personal Information Management Systems

- ISO 45001:2018 Occupational Health and Safety Management Systems

- PAS 2060:2014 Carbon Neutrality

- ISO 27001:2013 Information Security Management System

- ISO 27001:2013 Information Security Management System

- ISO 45001:2018 Occupational Health and Safety Management Systems

- TCFD Report with the highest rating "Level 5+: Excellence" grade

2022 Independent Auditors' Limited Assurance Report (ISAE 3000)

Deloitte.

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

Mega Financial Holding Company Ltd.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of Mega Financial Holding Company Ltd., ("the Company") for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), SASB Standards published by the Sustainability Accounting Standards Board (SASB), and the criteria specifically designed by the Company, and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.

- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 31, 2024

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
1.	No data (including personal information) leakage incidents have occurred in 2023. No customers and employees have been affected by information leakage incidents, therefore, no related fines have been paid.	4.4 Information Security	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, No. 1/SASB FN-CB-230a.1
2.	In 2023, Mega Bank's small business and community development lending accounts totaled 21,208 cases, and a year-end loan balance of NT$260.2 billion.	4.2 Financial Inclusion	Number and amount of loans outstanding qualified to programs designed to promote small business and community Development.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, No. 2/SASB FN-CB-240a.1
3.	• Financial Inclusion Seminar • There were 342 disadvantaged people in the promotion of financial inclusion knowledge.	4.2 Financial Inclusion 6.1 Financial Education	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, No. 3/SASB FN-CB-240a.4

Service Target	Seminar Topic	Number of On-site Participants
Older adults People with Disabilities	Retirement Trusts	1,723
Small Business and Community Development	Small Business and Community Development Loans	245

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#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
4.	Distribution of Loans to Infrastructure Construction by Mega Bank in 2023	4.1 Sustainable Finance	Products and services designed by individual operating units to create benefits for the environment or society.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, No. 4

Category	Environmental/Social Benefits	Loans Outstanding at the End of the Year (Unit: Thousand NTD)
Low Carbon Transportation Construction	Assisted the government or manufacturers to invest in low-carbon transportation tools to reduce emissions from transportation, reduce greenhouse gas and suspended particulate emissions, and build a low-carbon environment and sustainable society.	37,475,296
Recycled Water and Sewerage Engineering	Through financing, we assisted the government or manufacturers to build sewerage systems to collect residential wastewater and discharge it into river systems after treatment and disinfection until it meets the discharge standards, which helps to improve environmental hygiene in urban areas, reduce the incidence of waterborne diseases, and enhance the quality of life of residents. In addition, in order to ensure stable water supply for industries, we supported the development of local government recycled water projects, which will be an important supplementary water source in the event of a shortage of water resources in the future.	6,424,845

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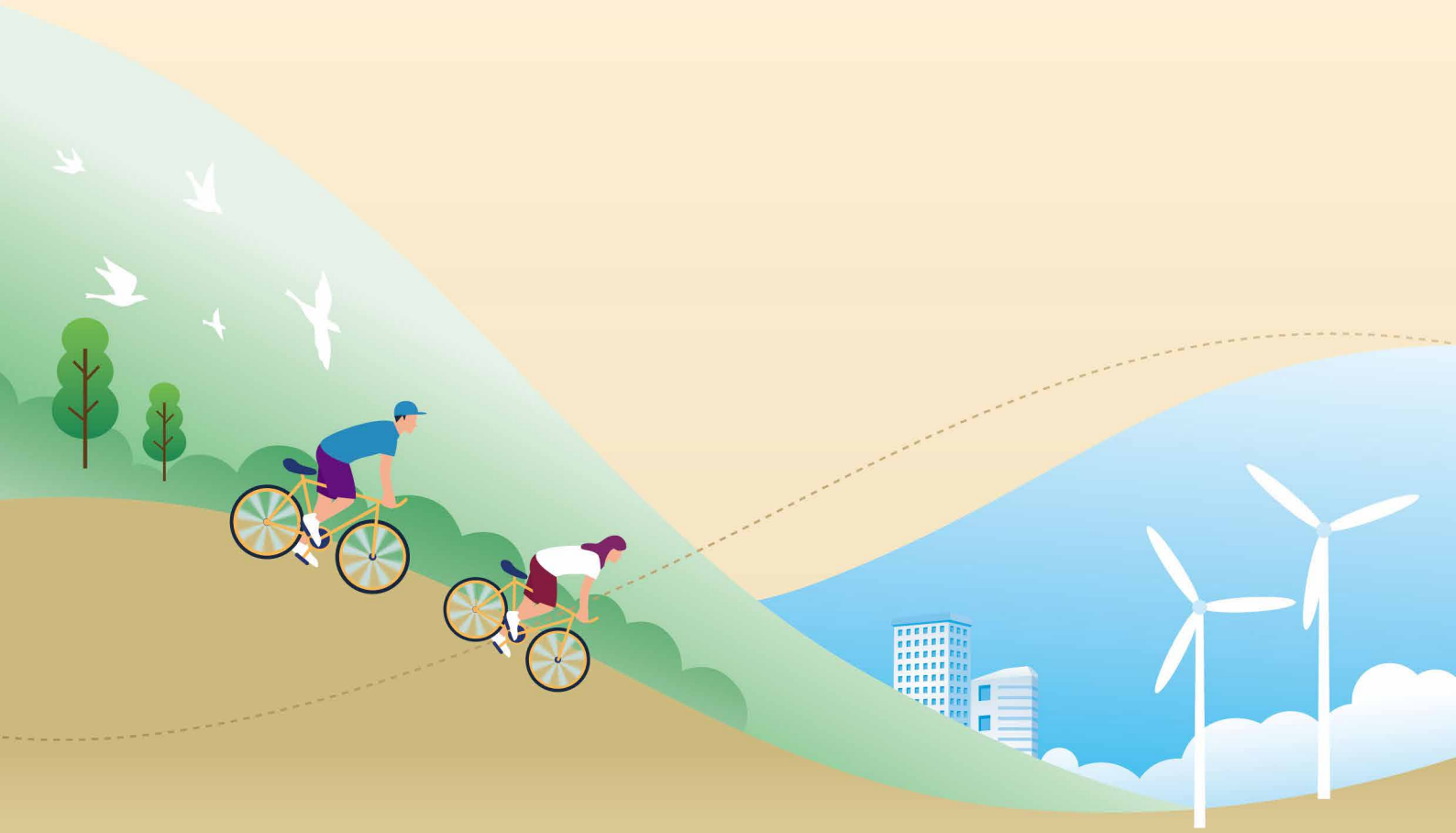
#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
5.	**Identification of Material Topics** **Phase I: Identify stakeholders** Using the GRI Standards (2021) and AA1000SES Stakeholder Engagement Standard, we identified seven stakeholders, which were government and regulators, employee/corporate union, shareholders/investors, clients, media, suppliers, and communities/academic institutions/non-profit organizations. **Phase II: Collect sustainability issues** 11 governance and economic issues 4 environmental issues 7 people and human rights issues Identified 22 sustainability issues, with reference to domestic/international issues on sustainable development, international sustainability ratings, material topics identified in peer reports, and feedback from stakeholders. **Phase III: Questionnaire survey on the impact of sustainability issues** Evaluation by 11 executive members of the Sustainable Development Committee Feedback from 214 stakeholders Executive questionnaire Eleven senior executives, including members of the Sustainable Development Committee, assessed the impact of sustainability issues on the Group's "corporate value" (financial/reputation/legal) through the executive questionnaire. Stakeholder questionnaire Stakeholders identified in the previous steps were invited to assess the degree of impact of sustainability issues on the "economy, environment, people, and human rights" through an online questionnaire, and a total of 214 valid questionnaires were collected. **Phase IV: Analyze the results of the sustainability questionnaire and identify material topics for the year** 14 material topics Compiled the degree of impact of the previous phase of sustainability issues "on the value of the Mega Group" and "on the economy, environment, people and human rights". Then analyzed the results of the major themes questionnaire survey according to the principle of Double Materiality, then ranked the sustainability issues through the Materiality Matrix. Finally, reported the results to the Sustainable Development Committee and the Board of Directors after determining the 14 major themes of the year 2023.	8.2 Stakeholder and Material Topics	GRI 3-1: 2021 Process to determine material topics	N/A

#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
6.	**Type of Energy / Items/Year / 2023** Electricity: Usage (kWh) 34,271,151; Energy Consumption (GJ) 123,376 Gasoline: Usage (Liter) 305,499; Energy Consumption (GJ) 9,975 Natural Gas: Usage (M3) 30,863; Energy Consumption (GJ) 1,034 Diesel (mobile): Usage (Liter) 2,576; Energy Consumption (GJ) 91 Diesel (fixed): Usage (Liter) 2,481; Energy Consumption (GJ) 87 Liquefied Petroleum Gas (LPG): Usage (Kg) 5,925; Energy Consumption (GJ) 299 Total Energy Consumption (GJ) 134,861 • The Group registered and declared a total of 2,145 certificates (7,722 GJ) at the National Renewable Energy Certificate Center in 2023.	8.3 Sustainable Data	GRI 302-1: 2016 Energy consumption within the organization	N/A
7.	**Water Consumption** **Unit: Million Liter** Items: Water Withdrawal Source: Third-party Water (Taiwan Water Corporation) 2023: 194.491	8.3 Sustainable Data	GRI 303-3: 2018 Water withdrawal	N/A
8.	**Average and Median Difference in Remuneration and Bonus by Gender** Average Difference in Remuneration by Gender 17.98% Median Difference in Remuneration by Gender 17.75% Average Difference in Bonus by Gender 18.64% Median Difference in Bonus by Gender 16.62% Note 1: Gender difference is the ratio of the difference between male data and female data accounts for the proportion of male data. Note 2: Calculated based on the global full-time employees who are still on job and have worked for more than 6 months on December 31, 2022; as for the remuneration, it is calculated on an annual basis. Note 3: The calculation definition refers to the "Average Benefits of Non-managerial Employees" of TWSE, and the annual remuneration includes salary, bonus (year-end bonus, performance bonus, employee remuneration) and overtime pay (including overtime pay for unused vacations).	5.3 Happy Workplace	Designated indicator 1 Remuneration by Gender Indicators (The average and median of difference between remuneration by gender and bonus by gender)	N/A
9.	Year: 2023 Absence Rate: 0.34% Note 1: Absence Rate (AR) = Total number of absent days/Total days worked ×100%. Note 2: Absent Days refer to the total number of lost days due to all forms of absence, including work-related injury, illness, menstrual leave, mild illness (e.g., cold, fever, or flu), and personal leave and sick leave for undisclosed reasons, and excluding pre-arranged or permitted absence (e.g., family care leave, holidays, training, maternity leave, paternity leave, marriage leave, compassionate leave, and official leave).	8.3 Sustainable Data	Designated indicator 2 Absence Rate Based on GRI 403-2: 2016 Absence Rate	N/A

#	Subject Matter Information			Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
	Target	Inclusive Financing Services	Results of Promotion			
10.	Elderly Groups	Reverse Mortgages	In 2023, the reverse mortgage promotion reached 1,102 people, and the newly approved amount for the year increased by 39.78% compared with that of 2022. As of the end of 2023, the cumulative number of loan recipients reached 88, and the cumulative approved loan limits reached NT$859 million.	4.2 Financial Inclusion 8.3 Sustainable Data	Designated indicator 3 Inclusive financial achievements	N/A
		Retirement Trusts	In 2023, the promotion of the retirement trust reached more than 8,744 people, 4,353 cumulative beneficiaries, and the accumulated assets reached NT$14.385 billion, an increase of 176.53% from 2022.			
	Youth Groups	Government Concessional Loan for Youth Housing	In 2023, the Government Concessional Loan for Youth Housing has been granted to 53,117 applicants, with 25,666 cumulative loan accounts, and a cumulative approved loan amount of NT$127.671 billion, an increase of 20.57% compared to 2022.			
		Young Entrepreneur Start-up Loans	The promotion of the Young Entrepreneur Start-up Loans reached more than 414 people in 2023, with 2,850 cumulative loan accounts, while the cumulative approved loan amount was NT$2.953 billion, an increase of 17.54% from 2022.			
	Women	Gift of Pregnancy Loans	In 2023, the Gift of Pregnancy Loan has been granted to 945 applicants, with 94 beneficiaries, and a cumulative approved loan amount of NT$56.2 million.			

#	Subject Matter Information			Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports
	Inclusive financial achievements					
	Items		Units	2023		
	Happy LOHAS-reverse Mortgage	Cumulative Number of Borrowers	Cases	88		
		Cumulative Amount Approved	100 million NTD	8.59		
	Retirement Trusts	Cumulative Number of Beneficiaries	People	4,353		
		Cumulative Scale of Property	100 million NTD	143.85		
	Government Concessional Loans for Youth Housing	Cumulative Number of Borrowers	Cases	25,666		
		Accumulated Amount Drawling	100 million NTD	1,276.71		
	Youth Entrepreneurship and Start-up Loans	Cumulative Number of Borrowers	Cases	2,850		
		Accumulated Amount Drawling	100 million NTD	29.53		
	Microinsurance	Number of Policies	Policies	516		
		Insurance Premium	Thousand NTD	1,535		
	Agricultural Insurance	Number of Policies	Policies	35		
		Insurance Premium	Thousand NTD	1,535		
	Group Medical Insurance (Applicated by Foreign Workers, Caretakers and Fishers)	Number of Insured People	People	132,971		
		Insurance Premium	Thousand NTD	6,706		
11.	Waste Output Unit: Metric tons				8.3 Sustainable Data	Designated indicator 4 Total waste by category Based on GRI 306-3: 2020 Total weight of non-hazardous waste	N/A
	Type/Scope Source		2023 All Domestic Locations			
	Direct Disposal	General Waste (non-recyclable)	338.771			
		Kitchen Waste	43.47			
		Total	382.242			
	Recycled Resources (Reused)	Paper Containers, Waste Paper	191.405			
		Iron and Aluminum Cans	2.535			
		Plastics	13.076			
		Glass	1.493			
		Batteries	0.128			
		Light Tubes/Bulbs	0.551			
		Total	209.188			
	Total Waste Output		591.430			



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