

2021 Mega Holdings

Sustainability Report



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Message from the Chairman

COVID-19 continued to affect the global economy and financial environment in 2021. The supply chain bottleneck, inflation, and economic recession, among other social concerns arising from it caused a significant impact on our business activities. Facing challenges from all aspects, Mega Holdings demonstrates a powerful resilience, adopting the Change-Challenge-Chance (3C) Strategies (i.e., embracing change, taking on challenges, and seizing opportunities). Drawing on existing business foundations, we take ESG factors into consideration when making decisions and actively strive for new profit-making opportunities. Our subsidiaries Mega Securities, Mega Bills, Chung Kuo Insurance, and Mega Venture Capital have reported record-high profits, which highlight the effectiveness of diversifying the financial operations of Mega Group.

To live up to the expectations of our stakeholders, the Board of Directors of Mega Holdings approved the Group's "Sustainable Development Strategic Blueprint" at the end of 2021. The Blueprint is based on the values of "Respect and Inclusion," "Professionalism and Reliability," and "Integrity and Accountability," with emphasis placed on three main strategic axes: "Developing Environmental Sustainability," "Promoting Social Prosperity," and "Implementing Responsible Governance." Specifically, these axes will be guided by 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." Guided by these strategic approaches, Mega Holdings and subsidiaries will jointly develop a business model that ensures both economic growth and environmental protection. Focused on the concept of sustainable finance, the Company adopts the Sustainable Development Goals (SDGs) of the United Nations as our own goals for achieving sustainable operation to pursue the sustainable development of Mega Group.

3C Strategies



Committing to Net-zero Emissions to Achieve Environmental Sustainability

Mega Holdings signed on as a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020 and established the "Climate Risk Management Guidelines" in 2021, guiding our subsidiaries to develop related systems and specifications to effectively identify the physical and transition risks of climate change. Various mitigation and reduction measures are adopted to reduce the impact of climate change, and sustainable finance is further developed to seize business opportunities and chances to transition to a low-carbon economy. Committed to the Nationally Determined Contributions (NDCs), the Company sets long-term goals to achieve net-zero emission by 2050, and refers to the science-based target (SBT) setting methods to set a mid-term goal of achieving 25% reduction in the Group's GHG emissions by 2030 from a 2020 base year. For this reason, the Company is actively committed to decarbonization efforts, purchasing nearly 900 renewable energy certificates since 2019. We implemented ISO14064-1 GHG inventory in 192 business locations across Taiwan and received third-party verification. Our Mega Chi-Lin Building was the first to adopt ISO14001 Environmental Management System and ISO50001 Energy Management System, and devised a three-year plan to expand the adoption of ISO14001, ISO50001, and green building certifications so as to prepare for the "Sustainable Development Roadmap" and "Net-Zero Carbon Emissions Roadmap" implemented by the government of Taiwan.

Improving Digital Technology to Promote Sustainable Finance

In response to government policies and industrial transformation, Mega Group continues to improve digital technologies to elevate customer experience and also reduce the user of paper and energy resources. In March 2021, Mega Holdings established the "Sustainable Finance Policy", hoping to urge subsidiaries from top to bottom to utilize their financial influence and keep their business management more in line with global ESG trends in terms of sustainable development. In August 2021, Mega Bank signed the Equator Principles (EPs), becoming the second private bank in Taiwan and the 119th member bank in the world to adopt the Principles. In addition, Mega Group captures opportunities for sustainable business and expands its financial influences by continuing to issue/underwrite green bonds, invest in renewable energy technologies, issue green credit cards, strengthen loans for renewable energy and offshore wind power projects, and provide microinsurance and agricultural insurance products.

Strengthening Talent Development to Implement Employee Care

Considering the current direction of digital transformation and banking business development, the Company typically recruits talents with diverse expertise in digital banking, information technology, and high-end wealth management, etc. In response to ESG and sustainability trends, we stepped up efforts to organize in-house training courses and established rules on ESG education for directors, supervisors, and managers to direct management's attention to sustainability issues. Believing employees to be valuable assets of an organization, Mega Holdings is committed to creating a happy workplace where competitive salary and benefits are offered, including professional certifications, subsidies for health examinations, and health-promotion activities, etc. Moreover, the Company promotes effective communication between employers and employees by conducting surveys on employee engagement and human rights due diligence or hosting labor-management meetings. In 2021, Mega Holdings was again selected as the constituent stock of Taiwan Employment Creation 99 Index and Taiwan High Compensation 100 Index, both highlighting our attention to the value of talents and our utmost effort in employee care.

Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

Social issues have long been a focus of Mega Holdings. Through the resources and power of Mega Bank Cultural and Educational Foundation, Mega Bank Foundation, and each subsidiary, we provide more care and tangible support to education, sports, arts and culture, and disadvantaged groups by drawing on the following development axes: "Building a Pool of Talent to Increase the Value of Inclusion," "Supporting and Enriching the Life of Disadvantaged People," "Shining a Global Spot Light on the Power and Beauty of Rural Communities," and "Creating Mutual Prosperity in the Society." To achieve deeper financial inclusion, Mega encourages employees to participate in a volunteering program where they give talks in rural areas and host activities as a financial lecturer to promote and impart their professional skills and financial knowledge.

Adhering to Ethical Standards to Practice Corporate Governance

In the area of corporate governance, Mega Holdings upholds the business philosophies of integrity, transparency, and responsibility, abides by local laws, regulations, and policies, and adopt the principles of fairness and ethical management. To prevent anti-money laundering (AML) and combating the financing of terrorism (CFT), educational training and compliance testing are held from time to time to impart professional knowledge and skills. In 2021, Mega Group reported a training completion rate of 100%, satisfying the regulatory requirement for training on AML and CFT. Moreover, Mega Holdings also actively strengthens board operations and directors' functions. After the election of directors in 2021, our board composition was 47% female directors, 33% independent directors, and members with a wide range of different backgrounds including banking, law, information technology, information security, sustainability, etc. This ensures that the board is independent and diverse enough to effectively supervise the implementation of ESG projects.

In 2021, Mega Holdings was again selected as a constituent stock of the Taiwan Corporate Governance 100 Index, FTSE4Good TIP Taiwan ESG Index, and MSCI's ESG Index. We also won the Commonwealth Magazine's Excellence in Corporate Social Responsibility Awards, the Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award, and multiple other awards, which show the affirmation of our sustainability practices. With the vision of becoming the "Sustainability Paradigm of the Financial Industry in Asia Pacific" and the mission of "Spreading Positive Influence and Leading the Way to Sustainable Development," Mega Holdings hopes to actualize the group's Sustainable Development Strategy Blueprint and create a better future with our stakeholders.



Chairman of Mega Financial Holding Co., Ltd.

張世昌
Chao-Shun Chang



Performance in Key Sustainability Issues



Committing to Net-zero Emissions to Achieve Environmental Sustainability

- Received a **rating of "B"** in Management Level on the CDP climate change questionnaire
- Completed **ISO 14064-1** GHG Inventory on all business locations in Taiwan and obtained third-party independent verification
- Mega Chi-Lin Building adopted the **ISO 50001** Energy Management System and **ISO 14001** Environmental Management System and obtained third-party independent verification
- Purchased **380** renewable energy certificates, saving approximately **190.76 metric tons of CO₂e** in GHG emissions
- Launched mobile/online insurance services and other paper-free financial services, reducing the use of approximately **24.11 million** sheets of A4 paper
- Green procurement amounted to a total of **NT\$90.76 million** or **3.52%** of total procurement
- 100%** of our suppliers signed the Supplier Sustainability Statement



Improving Digital Technology to Promote Sustainable Finance

- Signed the Equator Principles (EPs), officially becoming a **member of the Equator Principles Association** on August 17, 2021
- 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 market share of **32.8%** for cards in force
- Mega Bank, Mega Securities, and CKI completed the review of the validity of **ISO 27001** Information Security Management System verification
- Received approval by the Ministry of Economic Affairs for **128** utility patents and **13** invention patents
- The balance of loans made to businesses pertaining to renewable energy technology was **NT\$81.25 billion**, for an achievement rate of **102.6%**
- The Company invested/issued/underwrote a total of **NT\$10.917 billion** in sustainable development bonds
- 6,633** new merchants adopted the Taiwan Pay service, obtaining a target achievement rate of **145%**, which contributes to the creation of a mobile payment ecosystem in Taiwan



Strengthening Talent Development to Implement Employee Care

- Continued to be included in the **Taiwan Employment Creation 99** Index and **Taiwan High Compensation 100** Index
- Employee training totaled **477,000** hours with each person receiving **51.6** hours of training on average, which is an increase of **8%**
- Subsidized finance certifications or professional qualification tests for **540** people, totaling nearly **NT\$800,000**
- Nearly **55,000** people participated in human rights training for a total of **67,000** hours
- Provided **NT\$20.75 million** in wedding and childbirth subsidies, an increase of **25%**



Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

- Invested **NT\$62 million** in the Group's social inclusion strategies
- Invested **NT\$85.73 million** in finance education; nearly **26,000** people participated
- More than **550** employees volunteered in charitable activities, spending over **1,200** hours on volunteering services
- Supported government policies on industry/academic cooperation programs by providing internship opportunities to **271** students



Adhering to Ethical Standards to Practice Corporate Governance

- Received a **rating of "A"** on MSCI ESG Index
- Ranked in the top **5%** in the 7th Corporate Governance Evaluation for TWSE-listed companies
- Followed a diversification policy in the election of directors for the 8th term Board of Directors, resulting in 7 or **47%** female directors on the board
- 100%** of our newly appointed senior management signed the Statement on Compliance with Ethical Standards
- Our Corporate Governance Officer completed **27** hours of education on corporate governance

Awards and Accolades

Corporate Governance

Mega Financial Holding

- Selected as a constituent of the "Taiwan Corporate Governance 100 Index" for four consecutive years
- Selected as a constituent stock of the FTSE4Good TIP "Taiwan ESG Index" for four consecutive years
- Selected as a constituent stock of the TIP Customized "ESG High Dividend Total Return Index", which is introduced by TIP in collaboration with the Business Council for Sustainable Development (BCSD) of Taiwan
- Selected as a constituent stock of the TIP Customized "ESG Taiwan Dividend Highlight Index", which is compiled by TIP under the commissioning of SinoPac Investment Trust
- Selected as a constituent stock of the TIP "Taiwan Sustainability Value Index", which is compiled by TIP in collaboration with National Taipei University Research Center of Sustainable Development
- Included in the Cathay MSCI Taiwan "ESG Sustainability High Dividend Yield ETF" (00878) for two consecutive years
- Included in the Yuanta Taiwan "ESG High Dividend TR ETN" (020029)
- Won the Taiwan Corporate Sustainability Awards (TCSA) – "Corporate Sustainability Report Award" for four years in a row
- Received the Excellence in "Corporate Social Responsibility Award" from Commonwealth Magazine for the second consecutive year

Mega Securities

- Included in the list of companies with better institutional investor stewardship disclosure for 2021 (Domestic Group)

Employee Care

Mega Financial Holding

- Selected as a constituent stock of the "Taiwan High Compensation 100 Index" for seven years in a row
- Selected as a constituent stock of "Taiwan Employment Creation 99 Index" for five years in a row
- Received the RMI Educational Foundation's 2021 10th Insurance Talent Award in the "Best Financial Holdings"

Chung Kuo Insurance

- Received the RMI Educational Foundation's 2021 10th Insurance Talent Award in the "Best Insurance Companies for Finance Graduates"

Mega Securities

- Received Gold Award for Financial Management Consulting Business in 1111 Job Bank's 2021 "Happy Enterprise Awards"

Environmental Sustainability

Mega Bank

- Received the Taipei City Government's 2021 "Taipei City Energy Conservation Leadership Award - Special Award in the Group B for Commerce Industry"
- Received the 2021 Award for "Performance Excellence in the Program for Promoting Green Procurement Among Private Enterprises and Groups" from the Taipei City Government Department of Environmental Protection

Sustainable Finance

Mega Bank

- Recognized by the FSC as the bank with excellent performance in the "Performance Evaluation for Trust of Senior Citizens and Persons with Disabilities"

Chung Kuo Insurance

- Received a number of awards from the Insurance Bureau of the FSC, including the "Performance Excellence Award and Sustainability Award in the 2021 Microinsurance Competition", the "Relief Promotion Award", which is awarded to insurance companies that offer COVID-19 relief or assistance programs, and the "Award for an Insurer Providing COVID-19 Prevention Insurance Products"
- Received the Gold Award for Excellence in the "Promotion of Microinsurance" at the 9th "Taiwan Insurance Excellence Award", which was organized by Taiwan Insurance Institute in 2021

Mega Securities

- Ranked in the "Top 20% Companies in the Securities Industry" in the FSC's Treating Customers Fairly Principle (TCFP) Evaluation for two consecutive years

Business Performance

Mega Bank

- Won Excellence Magazine's "Best Digital Mortgage Award"



Business Performance

Mega Bank

- Won Commercial Times' "Digital Innovation Award"
- Received four accolades from Commercial Times: Gold Award for "Real Estate Trust Diverse Value Innovation", "Custodian of Funds and Trust Award", Excellence in "Cross-Industry Cooperation Trust Innovation Award", and "Real Estate Management Trust Innovation Award"
- Rated as the Best Private Bank for HNW Clients in the "Digital Banker's Global Private Banking Innovation Award"
- Won first place for the "Customer Satisfaction Award", third place for the "Best Financial Advisor Award", and third place for the "Best Age-Friendly Service Award" in Business Today Magazine's Wealth Management Bank Evaluation
- Won the "Assistance to Regional Development Award" and "Excellent Drawdown of Credit Guarantees Award", which were organized by the SMEs Credit Guarantee Fund
- Received a total of six awards: Overseas Credit Guarantee Fund's "Special Award for Financing for New Southbound Nations", "Special Award for Total Credit Guaranteed for COVID-19 Programs", and "Excellence Award for Total Credit Guaranteed"; and Bangkok, Ban Pong District, and Bangna branches (subsidiaries) in Thailand received the "Special Award/Excellence Award for Total Insurance and Margin Fund Guaranteed"

Mega Securities

- Ranked fifth place in the 2020 Central Government Bond Dealers Performance Evaluation, which was conducted by the Central Bank
- Rated by The Asset as the Second-Best Corporate Bonds Dealer in Taiwan in the 2021 "Asset Benchmark Research Award"
- Won first place in the Taiwan Stock "ETF Market Maker" in TWSE's 2021 ETP and ETN Competition, and the "ETN Transaction Improvement Award"
- Fuxing Branch won fifth place in the "Securities Firms Reward Program", which was a part of the Stock ETFs Reward Program held by TPEx in November and December 2021
- Won second place in the Phase 1 "Market Maker Award" in the competition and reward programs for listed/OTC-traded market makers, which were held by TPEx in 2021
- Won the "Best Momentum Award" at the 12th TWKC
- Won the "Top Warrant Market Maker" in the Economic Daily News' 11th Warrant Millionaire Special Award



Chung Kuo Insurance

- Received the Silver Award for "Excellence in Risk Management Project Planning" at the 9th "Taiwan Insurance Excellence Award", which was organized by Taiwan Insurance Institute in 2021
- Won the Best Professional Consultant Award in the RMI Educational Foundation's "2021 (22nd & 23rd) Faith, Hope & Love Awards of Insurance"



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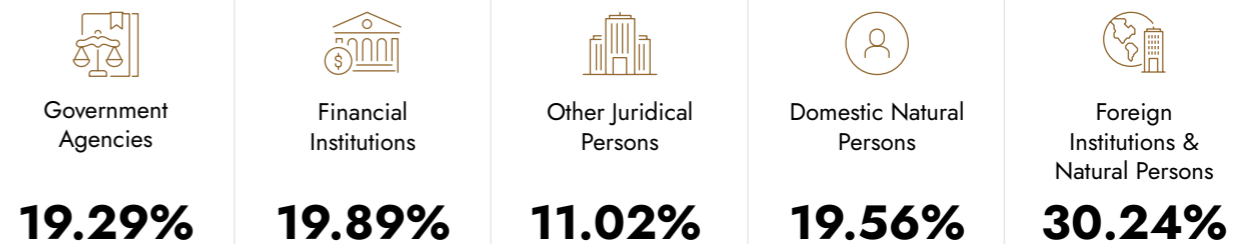
Founded in 2002, Mega Holdings was listed on Taiwan Stock Exchange Corporation on the same day. The Group maintains a competitive advantage in business by upholding the vision of becoming the "Sustainability Paradigm of the Financial Industry in Asia Pacific" and its business philosophy of "Respect and Inclusion, Professionalism and Reliability, and Integrity and Accountability." As a longstanding supporter of the government's New Southbound Policy, the 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. We persist in creating value and profits for employees, customers, shareholders, and other stakeholders, thereby developing a sustainable business model to spread positive influences. In 2021, we continued delivering outstanding performance with a consolidated net profit after tax of NT\$25.731 billion, an increase of 2.85% from the previous year, with EPS of NT\$1.89.

0.1 Background Information

Basic Information

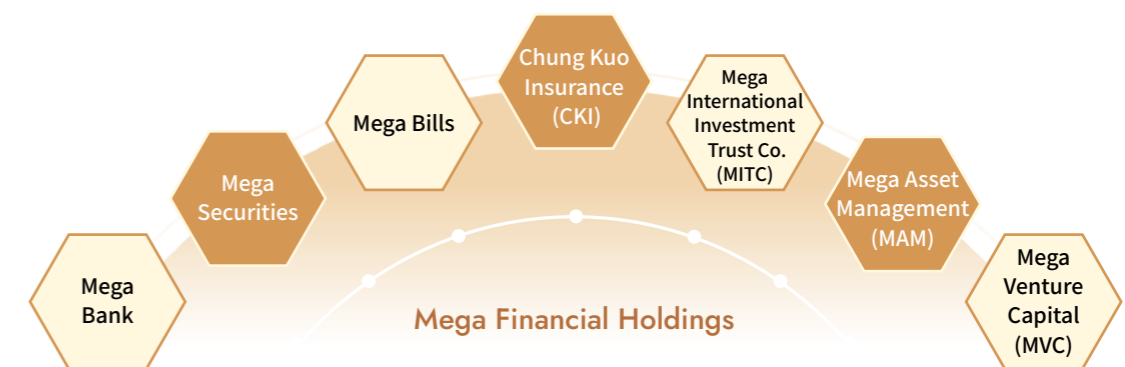
Company Name	Mega Financial Holding Co., Ltd.
Date of Incorporation	February 4, 2002
Headquarters Address	14-17F, 20-21F, No. 123, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
Chairman	Chao-Shun Chang
President	Kuang-Hua Hu
Stock Code	2886
Capital	NT\$135.998 billion
Total Assets	NT\$4,168.265 billion
Total Number of Employees	9,244 full-time employees in total including subsidiaries
Scope of Business	Mainly investment and management of investee companies; for subsidiaries, the scope of business includes a variety of financial services

Ownership and Distribution of Shares



Note: As of April 26, 2021.

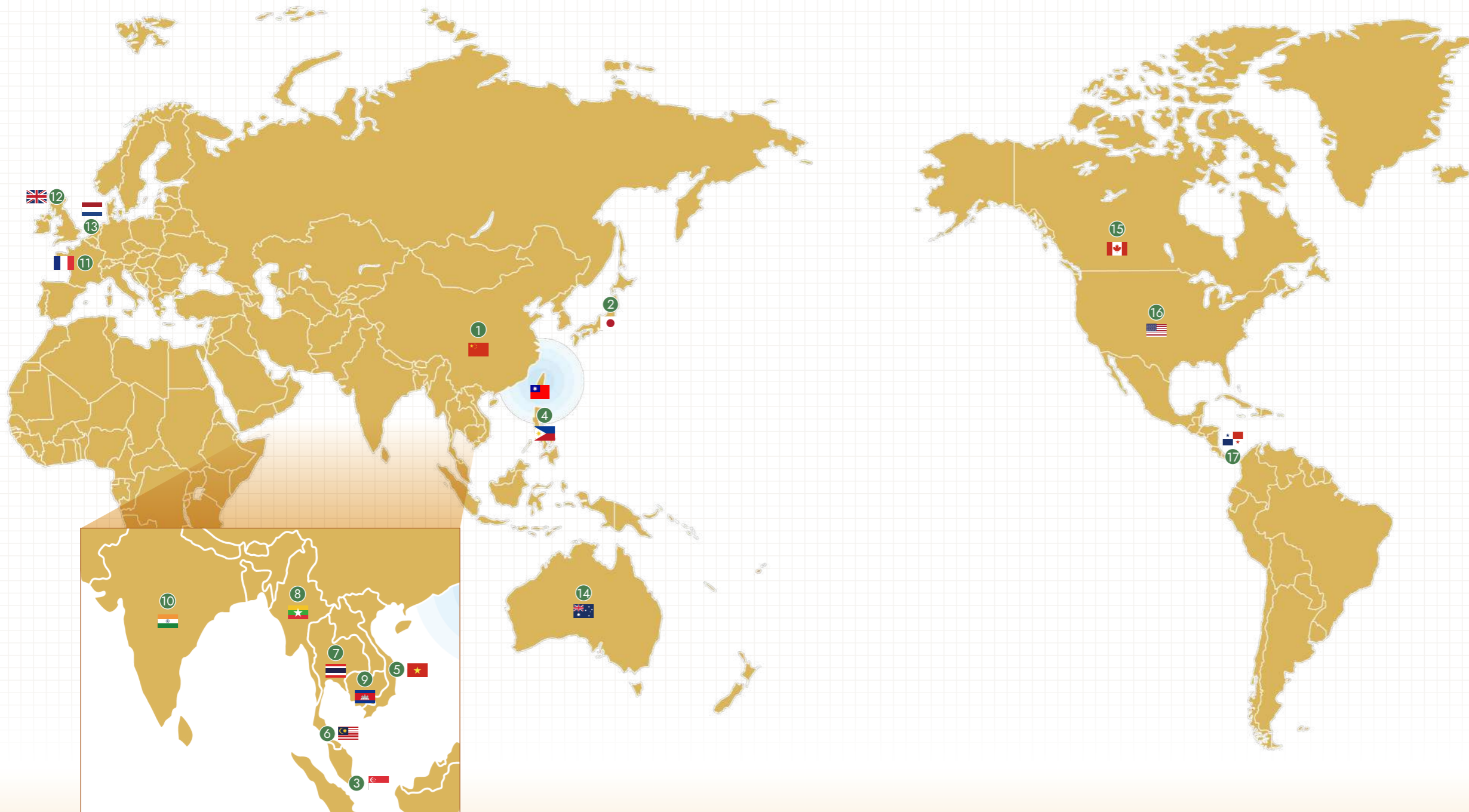
Organization Structure



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 Co. (MITC), Mega Asset Management (MAM), and Mega Venture Capital (MVC). In 2021, the Company's overall profits mainly come from return on investments by Mega Bank, Mega Securities and Mega Bills. Mega Holdings offers comprehensive range of financial products and services including banking, securities, bills, investment trust, and property insurance. 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 the synergy of the Group.

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 2021, Mega operates 236 business locations around the world. We have 197 business operations in Taiwan, including 108 branches of Mega Bank, and 39 overseas operations in 17 countries. Of the 39 overseas locations, 30 are overseas branches and sub-branches, 4 are overseas representative offices and business offices, and 5 are subsidiaries and branches in Thailand.



- 1 **China**
 - Suzhou Branch
 - Suzhou Wujiang Sub-branch
 - Kunshan Sub-branch
 - Ningbo Branch
 - Hong Kong Branch
- 2 **Japan**
 - Tokyo Branch
 - Osaka Branch
- 3 **Singapore**
 - Singapore Branch
- 4 **Philippines**
 - Manila Branch
- 5 **Vietnam**
 - Ho Chi Minh City Branch
 - Haiphong Representative Office
- 6 **Malaysia**
 - Labuan Branch
 - Kuala Lumpur Marketing Office
- 7 **Thailand**
 - Thailand subsidiary
 - Chon Buri Branch
 - Bangna Branch
 - Ban Pong Branch
 - Rayong Branch
- 8 **Myanmar**
 - Yangon Branch
- 9 **Cambodia**
 - Phnom Penh Branch
 - Phnom Penh Airport Sub-branch
 - Phnom Penh Olympic Stadium Sub-branch
 - Phnom Penh Tuol Kork Sub-branch
 - Phnom Penh Chamkarmorn Sub-branch
- 10 **India**
 - Mumbai Office
- 11 **France**
 - Paris Branch
- 12 **United Kingdom**
 - London Branch
- 13 **Netherlands**
 - Amsterdam Branch
- 14 **Australia**
 - Sydney Branch
 - Brisbane Branch
 - Melbourne Branch
- 15 **Canada**
 - Vancouver Branch
 - Toronto Branch
- 16 **United States**
 - NY Branch
 - Los Angeles Branch
 - Chicago Branch
 - SV Branch
 - Guam CKI Representative Office
- 17 **Panama**
 - Panama Branch

Introduction of each Subsidiary

Mega Bank

Service Description

Mega Bank was previously the International Commercial Bank of China, which was incorporated into the Group in 2002, and was later renamed after it merged with Chiao Tung Bank in 2006. 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 is well-known for its foreign exchange business and ranks the first among domestic banks in terms of foreign exchange deposits, guarantees, and asset quality.

Business Performance

In 2021, Mega Bank's unaudited net profit after tax was NT\$18.473 billion, ranking No. 5 among domestic banks in Taiwan. The Bank's EPS was NT\$2.16, leading most of our competitors.

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 2021, CKI reported an increase of 3.78% (market share was 3.56%) in insurance premium compared to the previous year, ranking 12th among 19 other property insurance companies. Specifically, the Company was ranked 2nd in the marine hull insurance market (market share was 18.6%) and 3rd in the aviation insurance market (market share was 12.84%). CKI gained a stronger presence in the residential fire insurance, engineering insurance, and health insurance markets compared to 2020, ranking 3rd in the residential fire insurance market, 7th in the engineering insurance market, and 5th in the health insurance market.

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 in 2021 was NT\$2.748 billion, the highest among government-owned brokers. Its brokerage business has a market share of 3.20%, ranking No.10 in the industry. Its average market share in margin trading was 5.38%, ranking No.7 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\$2.50 in 2021, ranking first among the top three bills finance companies.

Mega International Investment Trust Co. (MITC)

Service Description

The scope of business mainly includes securities investment trust and discretionary investments.

Business Performance

As of the end of 2021, the scale of public fund assets managed by MITC reached NT\$83.7 billion, ranking No.21 among 39 investment trust companies in Taiwan. MITC managed NT\$15.3 billion in private funds, ranking 2nd among 16 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, 2021, the balance of the company's underwriting business was NT\$14.914 billion.

Mega Venture Capital (MVC)

Service Description

The Company focuses on directly providing funding to investees and providing operational, managerial and consulting services to investees.

Business Performance

In 2021, 18 new investments and NT\$224 million in investment were added. As of the end of the year, total investment amounted to NT\$820 million.

Involvement in Trade Associations and Organizations by Mega Group

Mega 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 Managing Directors of the Bankers Association of the Republic of China and the Bankers Association of Taipei. The Chairman of Mega Securities also serves as the Director of Taiwan Securities Association and the convener of its International Affairs Committee. The Company has actively participated in projects or committees of trade associations to share information and its practical experience in business and corporate social responsibilities. 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 2021, Mega Group has participated in nearly 39 associations at the organization level, with 17 senior executives of Mega Holdings serving a concurrent position in these associations.

Participation in Associations/Organizations	Concurrent Positions Served by Senior Managers of the Group
The Bankers Association of the Republic of China	Managing Director, Director
The Bankers Association of Taipei	Managing Director, Director
Chunghwa Finance Research and Development Association	Director
Asian Bankers Association (ABA)	Director
Trust Association of R.O.C.	Director
Taiwan Securities Association	Managing Director
Securities Analysts Association, Chinese Taipei	Supervisor
Chinese National Futures Association	Director
R.O.C. Bills Finance Association	Chairperson, Director
The Non-Life Insurance Association of the Republic of China	Managing Director
Nuclear Energy Insurance Pool of the Republic of China	Chairperson, President
Risk Management Society of Taiwan	Managing Director
Insurance Society of the Republic of China	Managing Director
CR Classification Society	Supervisor
Engineering Insurance Association (EIA)	Managing Director
Chinese Insurance Service Association	Director
Actuarial Institute of the Republic of China	Director

0.2 Economic Performance

The Generated and Distributed Economic Value of Mega Group in Recent four Years

Unit: thousand NTD

Item		2018	2019	2020	2021
Direct Economic Value Generated (A)	Net interest revenue (C)	38,044,552	35,066,848	31,550,874	32,468,345
	Non-interest net revenue (D)	23,564,855	30,208,014	29,259,048	27,762,501
	Net Revenue (C + D) = Subtotal of Direct Economic Value Generated	61,609,407	65,274,862	60,809,922	60,230,846
Economic Value Distributed (B)	Operating costs	-10,338,544	-11,274,338	-9,282,236	-9,360,021
	Employee salary and benefits	-18,096,204	-19,538,641	-19,736,020	-20,146,203
	Donations	-167,177	-85,458	-82,300	-99,255
	Share dividend distributed to shareholders	-23,119,701	-23,119,701	-21,487,722	-19,039,754
	Income tax expense	-2,986,515	-4,699,474	-4,312,670	-2,925,343
	Subtotal of Economic Value Distributed	-54,708,141	-58,717,612	-54,900,948	-51,570,576
Economic Value Retained	Subtotal of Economic Value Retained (A - B)	6,901,266	6,557,250	5,908,974	8,660,270

Note: In 2021, Mega Group made donations 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 Recent four Years

Unit: thousand NTD

Item	2018	2019	2020	2021
Total Assets	3,542,059,361	3,683,547,780	3,856,376,532	4,168,264,859
Total Liabilities	3,227,803,932	3,359,486,532	3,529,787,572	3,839,865,976
Total Equity	314,255,429	324,061,248	326,588,960	328,398,883
Net Revenue	61,609,407	65,274,862	60,809,922	60,230,846
Net Profit after Tax	28,093,445	28,954,800	25,017,968	25,731,070

The Financial Performance of Mega Group in Recent four Years

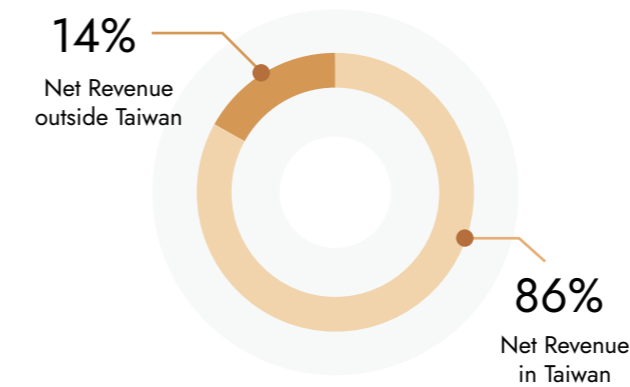
Unit: thousand NTD

Item	2018	2019	2020	2021
Return on Assets (%)	0.79%	0.80%	0.66%	0.64%
Return on Equity (%)	9.04%	9.07%	7.69%	7.86%
EPS (NT\$)	2.07	2.13	1.84	1.89

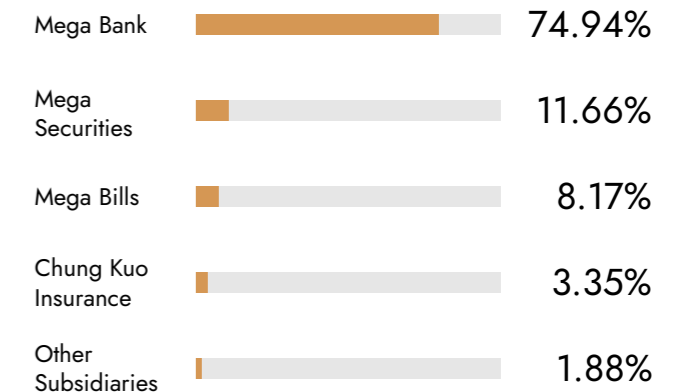
Note: Please refer to the Company's Annual Report, website, or the Market Observation Post System for information on the financial statements.

Income Structure

Net Revenue (%)



Percentage of Net Revenue by Business (%)



The Financial Performance of Mega Group Subsidiaries for 2021

Unit: thousand NTD

Company Name	Total Assets	Net Revenue	Net Profit after Tax	EPS (NT\$)
Mega Bank*	3,778,907,018	44,984,401	18,457,320	2.16
Mega Securities*	86,885,727	6,899,784	2,748,330	2.37
Mega Bills*	252,760,692	4,996,674	3,277,962	2.50
Chung Kuo Insurance*	20,060,087	1,975,198	505,111	1.68
Mega International Investment Trust*	947,335	400,521	82,959	1.57
Mega Asset Management	15,017,423	435,894	258,569	1.29
Mega Venture Capital	1,126,119	316,561	272,107	2.72

Note: *Please refer to the Market Observation Post System for information on the financial statements.

CH1 Sustainability Strategies



Material Topics

GRI 2-9、GRI 2-12、GRI 2-13、GRI 2-16

Targeted Stakeholders

All Stakeholders

1.1	Sustainability Framework	21
1.2	A Vision and Strategy for Sustainability	24
1.3	Sustainable Impact	28

1.1 Sustainability Framework

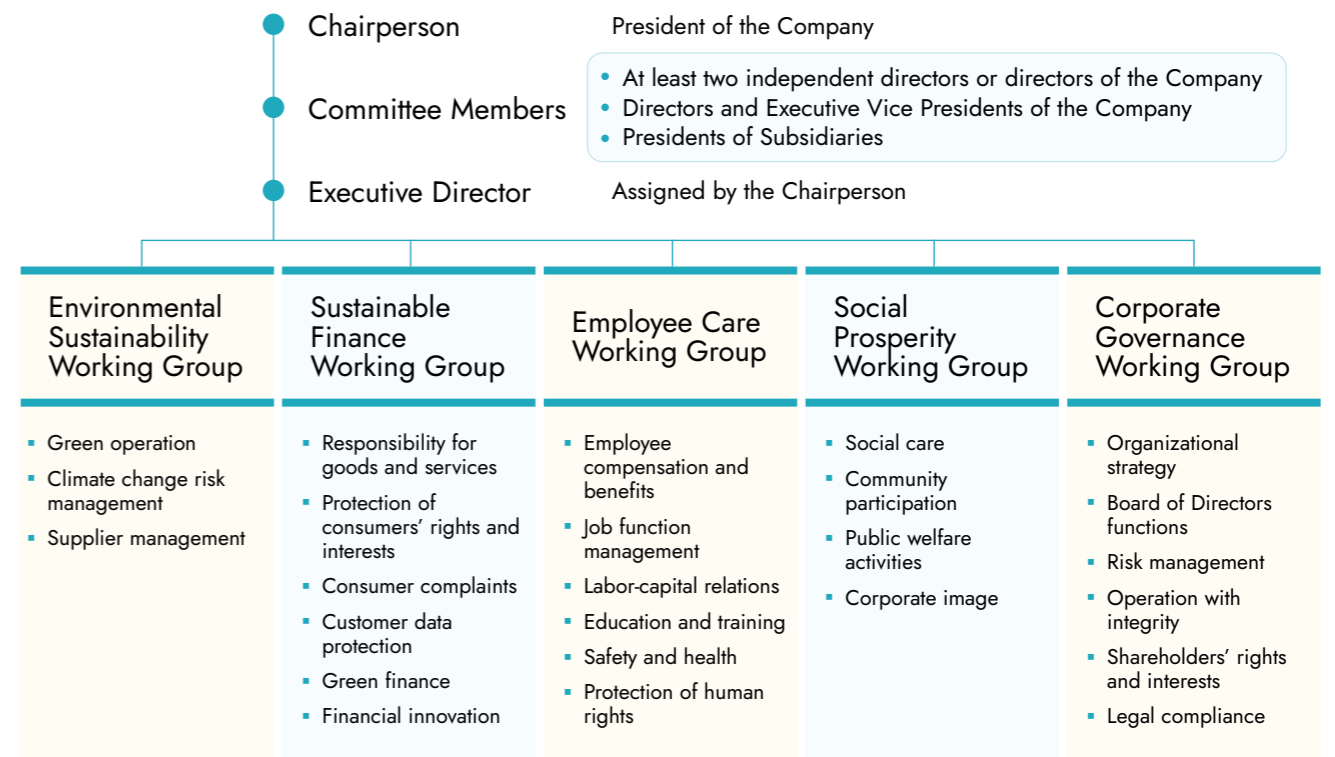
Mega Group is committed to ESG initiatives. Adhering to the philosophies of ethical management, stable growth, and sustainable development, Mega Financial Holding has established the “Sustainable Development Best Practice Principles” and “Sustainable Development Policy”, both of which have been approved by the Board of Directors. The Company has also set up a dedicated ESG unit and a Sustainable Development Committee to be in charge of proposing and enforcing the sustainability-related policies, systems, or relevant management guidelines, and concrete promotional plans, and regularly reporting the implementation status to the board of directors. To ensure the top-down implementation of the Group’s ESG development, we also invited suppliers and other business partners to join us in promoting developments in ESG and taking progressive steps to build a sustainable ecosphere.

Sustainable Development Committee

Mega Holdings 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 CSR Committee Establishment” was revised to “Guidelines for Sustainability Committee Establishment”. In December 2021 however, TWSE published amendments to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”. Therefore, in January 2022, 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 Vice President of Mega Financial Holding as Executive Director. Members include two directors and the 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 the Group. In principle, the Committee meets once every two months. In every monthly board meeting, the Committee reports material ESG issues that were discussed during the latest committee meeting. The Sustainable Development Committee convened meetings and presented sustainability issues during board meetings for a total of eight times in 2021. Issues communicated during the meetings included the Group’s ESG plans and goals and status of stakeholder engagement.

The Organizational Structure of the Sustainable Development Committee

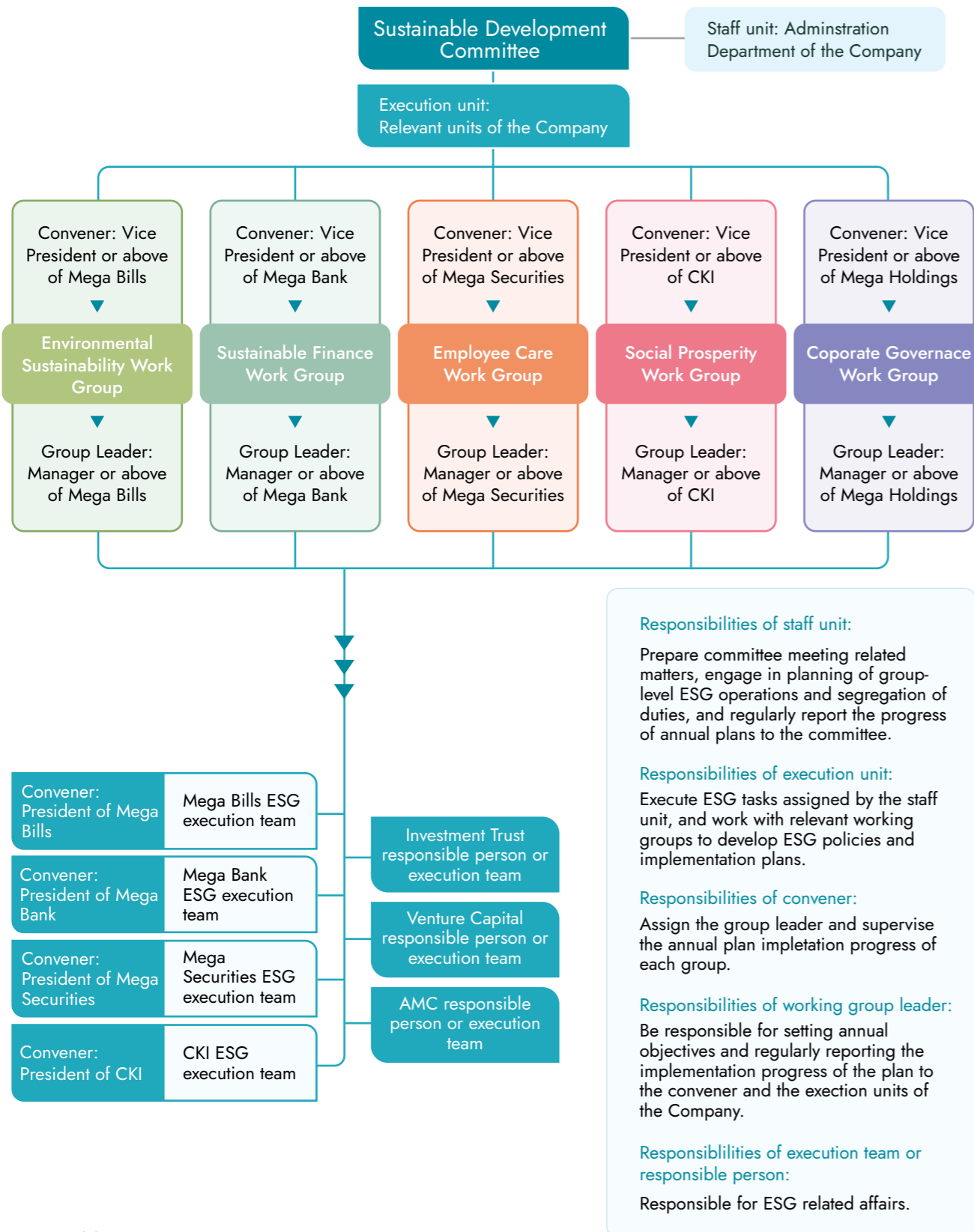


Note: The Social Prosperity Working Group includes the Mega Charity Foundation and the Mega Bank Cultural and Educational Foundation.

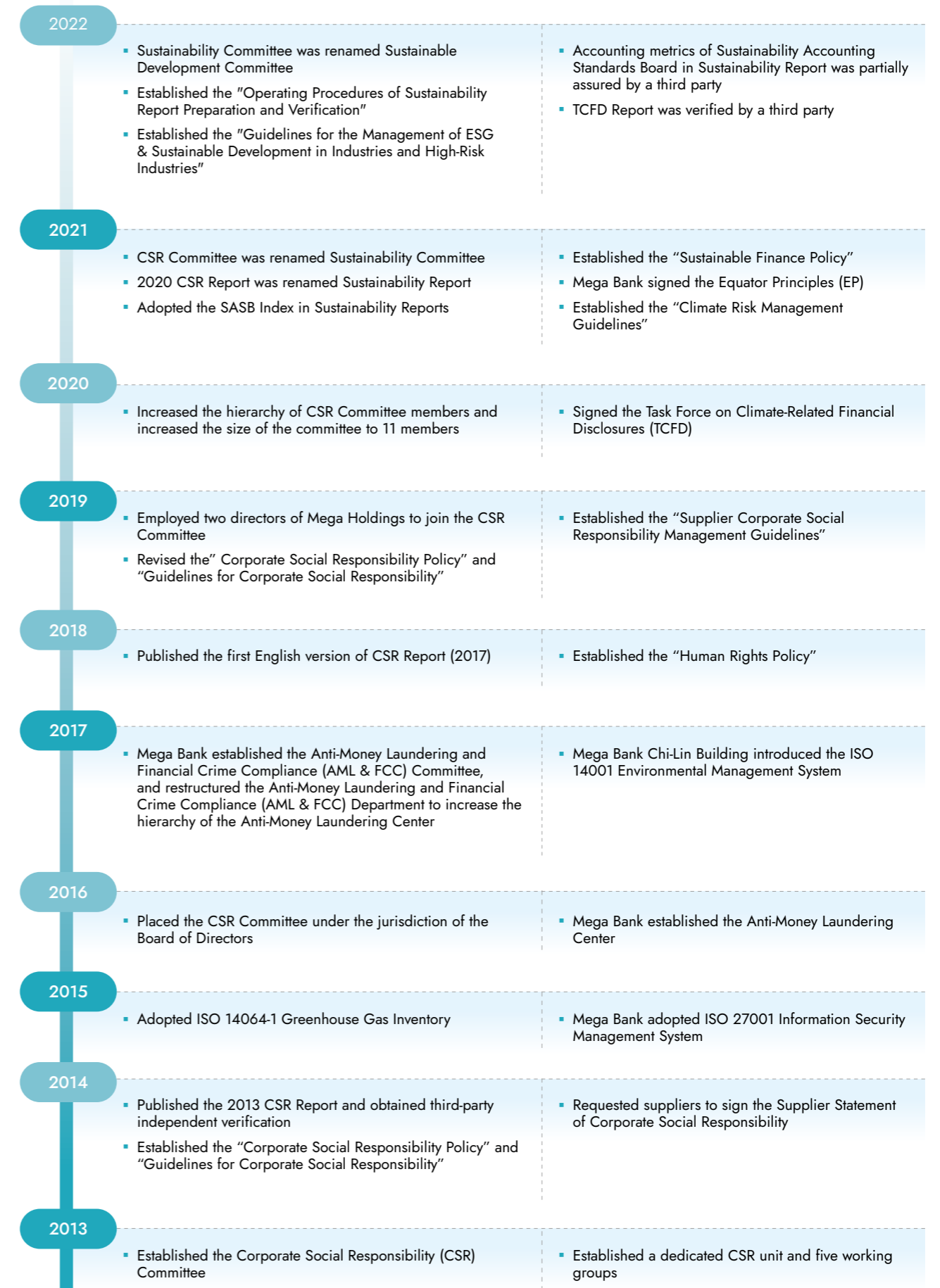
ESG Working Groups and Execution Team

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 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 size of the working groups, ESG execution team or responsible person are then 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



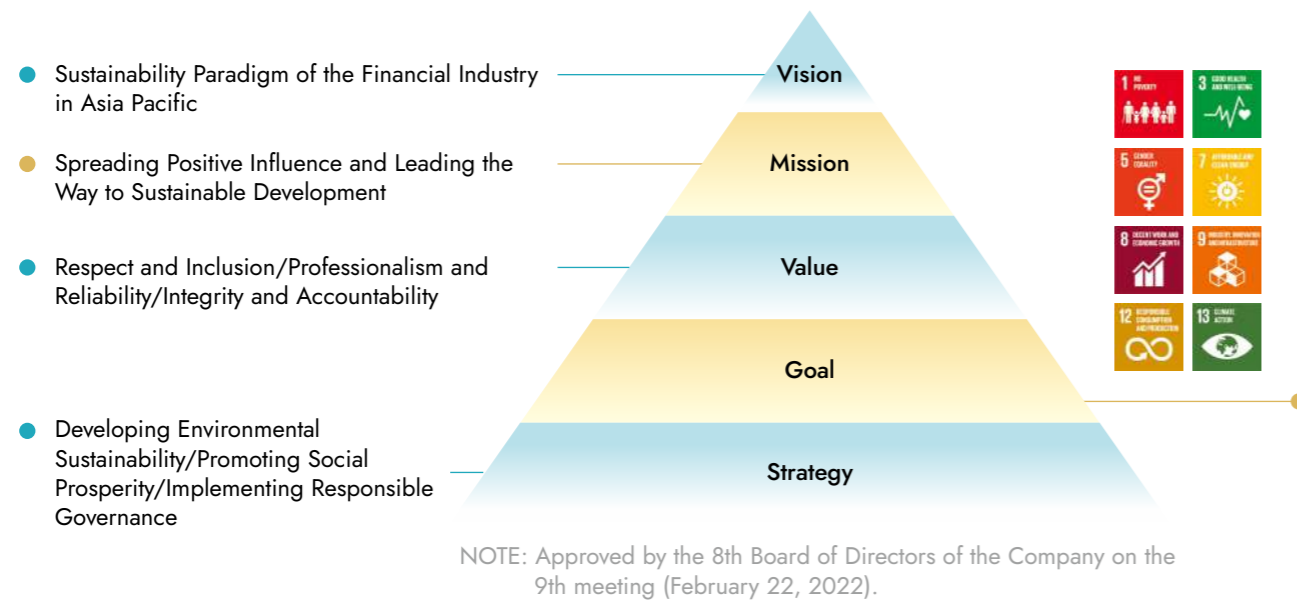
History of the Sustainable Development Committee



1.2 A Vision and Strategy for Sustainability

Mega Holdings 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, and 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.

Mega Sustainable Development Strategic Pyramid



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

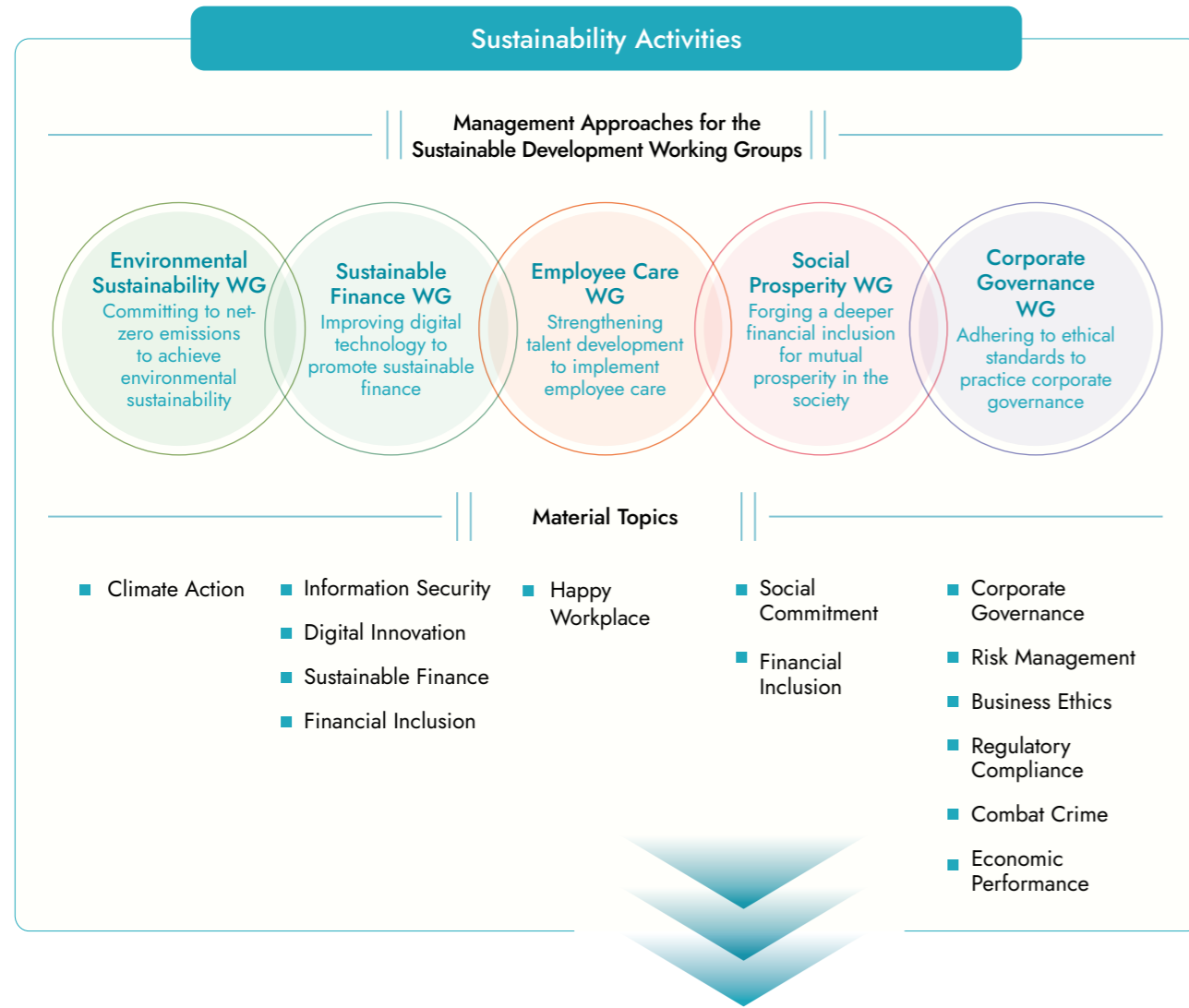
Guiding Principles of the Strategic Axes	SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (2022)	Mid-/Long-Term Goals (Up to 2026)
Committing to net-zero emissions to achieve environmental sustainability	1, 7, 12, 13	Climate Action	Improve employees' awareness of climate change	Organize one training course each year	Organize climate change-related reward mechanisms or activities
			Achieve GHG emissions (Scopes 1+2) reduction target	Reduce GHG emissions by 5% to 2020 Purchase 455 renewable energy certificates Replace 50% of company vehicles with hybrid or electric vehicles	Reduce 15% of GHG emissions (reduce 25% by 2030 and achieve net-zero emissions by 2050)
			Develop an ESG rating mechanism	Establish management guidelines and an ESG rating mechanism for ESG high-risk industries	Include ESG factors into credit lending, investments, and product review processes, and strengthen stakeholder engagement on sustainability
			Enhance sustainable lending services	Increase bank loans or bills made to renewable energy technology industries to NT\$82.3 billion Increase bank loans outstanding to five-plus-two key start-up industries to NT\$17 billion from the end of 2021	Support government policy which aims to have 20 GW of solar power capacity installed by 2025, which will open up business opportunities related to it
Improving digital technology to promote sustainable finance	8, 9, 12, 13	Sustainable Finance	Invest, issue, and underwrite domestic sustainable development bonds	Mega Bank, Mega Securities, Mega Bills Finance, and CKI to invest, issue, and underwrite a total of NT\$ 9.2 billion in domestic sustainable development bonds	Schedule issuing and underwriting sustainable development bonds and assist enterprises in acquiring working capital for sustainable development
			Issue credit cards that are made of eco-friendly materials	Mega Bank to issue 10,000 of these cards	Continue to make physical products out of eco-friendly materials
			Strengthen the business of SME loans	Mega Bank to increase the average of loans outstanding and total number of SMEs at the end of each month by 104% from the same period in 2021	Propose projects related to SMEs, build long-term partnerships, and assist with the development of medium enterprises
			Promote agricultural insurance and microinsurance	Generate a total of NT\$1.6 million in premium income from the persimmon insurance and microinsurance products of CKI	
Improving digital technology to promote sustainable finance	8, 9, 12, 13	Information Security	Strengthen information security, and personal information protection system and response procedural mechanisms	Carry out social engineering rehearsal twice a year and ensure employee coverage rate of 100% Mega Bank to integrate Internet banking and mobile app with a Business Continuity Management System (BCMS)	Include information security risk management into the internal corporate culture, with sustaining business operations and protecting the interests of customers as goals
			Adopt the international information security management system	Mega Holdings to complete the adoption and verification of ISO 27001 Mega Bank and CKI to complete the adoption of Personal Information Management System (PIMS) and respectively pass the BS10012:2017 and ISO27701:2019 verifications	Adopt active or preventive measures for information security maintenance to reduce the risks of potential vulnerabilities and threats, and enhance the defense mechanism of the company's trading systems
			Improve smart digital customer services functions	Mega Bank to install a new-generation smart customer service system CKI to launch a smart customer service involving online services provided by an actual person	Encourage employees to develop digital finance patents, thereby improving the overall competitiveness of Mega Group
			Increases online service usage rate	Mega Bank to progress the online applications of fund purchase to 80%, personal loans to 80%, and credit cards to 60%, respectively Mega Securities to complete 70% of transactions electronically, and Mega Investment Trust to achieve a cumulative total of NT\$1 billion in electronic transactions	Expand the scope of mobile insurance platform to include outsider salespeople and insurance brokerage channels, and plan the launch of mobile insurance claim services

Guiding Principles of the Strategic Axes	SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (2022)	Mid-/Long-Term Goals (Up to 2026)
Strengthening talent development to implement employee care	3, 5, 8	A Happy Workplace	Introduce the ISO 45001:2018 Occupational Health and Safety Management System	<ul style="list-style-type: none"> Mega Bank and Mega Securities to complete the adoption and verification of this system 	<ul style="list-style-type: none"> Mega Bank and Mega Securities to ensure the validity of ISO 45001
			Organize occupational safety training, health promotion activities and subsidies	<ul style="list-style-type: none"> Organize at least two health talks Provide employees paid leave for vaccination 	<ul style="list-style-type: none"> Hold 14 sessions of health talks and health promotion activities each year Organize occupational safety training each year and achieve a training completion rate of 100%
Forging a deeper financial inclusion for mutual prosperity in the society	1, 8, 10, 13	Social Commitment	Building a talent pool and increase the value of inclusion	<ul style="list-style-type: none"> Organize at least 5 events related to talent recruitment, such as internship programs or corporate visits for university students and activities for promoting finance knowledge and education, with a target number of participants of 6,000 or an investment of NT\$3.5 million Provide more than 200 internship opportunities to students 	<ul style="list-style-type: none"> Organize finance educational courses every year to promote finance knowledge and education Continue to offer well-performing interns the opportunity to work full-time at the company
			Showing the power and beauty of rural communities to the world	<ul style="list-style-type: none"> Sponsor NT\$8 million to the talent development of two sports teams or talented athletes Conduct 6 sports competition/arts and culture events or donate NT\$1.5 million to sponsor these activities 	<ul style="list-style-type: none"> Support local arts and culture activities, and promote the organization of music concerts in other counties or cities Train entry-level athletes and promote the development of sports that are prominent in Taiwan
			Supporting people in need and enriching the life	<ul style="list-style-type: none"> Adopt 15 children from disadvantaged families, and provide a total of NT\$200,000 lunch allowance for disadvantaged children Donate NT\$2.1 million for the provision of supplies that are needed by social welfare groups, long-term care, and emergency aid and for the promotion of microinsurance 	<ul style="list-style-type: none"> Adopt 15 children from disadvantaged families each year, and provide them lunch allowance for two semesters Collaborate with social welfare organizations on elderly care plans and support 8 to 10 cases each year
Adhering to ethical standards to practice corporate governance	5, 8	Business Ethics	Enhance the culture of ethical management	<ul style="list-style-type: none"> Achieve employee training completion rate of 95% Convene Ethical Management Committee meeting and present meeting minutes to the Board of Directors Request all (100%) directors and individuals in managerial level or above to sign the "Statement on Compliance with Ethical Standards" 	<ul style="list-style-type: none"> Organize training courses two times a year and achieve a training completion rate of 100% Include ethical management as an indicator of employee performance evaluations
			Establish a compliance culture and supervise the implementation	<ul style="list-style-type: none"> Educate and train employees and achieve a training completion rate of 95% Convene four meetings for the Compliance Officers of the Group 	<ul style="list-style-type: none"> Organize training for employees each year and achieve a training completion rate of 100% Regularly convene a steering committee meeting
			Strengthen the effectiveness of the whistleblowing system	<ul style="list-style-type: none"> Disclose the whistleblowing channels on the external and internal website, and compile complaints received report of the number and type every six months on 	<ul style="list-style-type: none"> Improve the whistleblowing channel and system to achieve a transparent corporate culture and sound business management

Guiding Principles of the Strategic Axes	SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (2022)	Mid-/Long-Term Goals (Up to 2026)
Adhering to ethical standards to practice corporate governance	5, 8	Risk Management	Strengthen the roles of the Board of Directors	<ul style="list-style-type: none"> Complete the performance evaluation of the Board of Directors and functional committees 	<ul style="list-style-type: none"> Increase board diversity and ensure that the number of independent directors is more than one third of the board Increase the gender ratio of the board to 40%–50% Evaluate the possibility of establishing a Nomination Committee
			Adopt the Stewardship Principles for Institutional Investors:	<ul style="list-style-type: none"> Achieve 90% in attendance rate during the shareholder's meeting of investee companies or electronic voting 	
			Develop a remuneration and reward mechanism of senior executives that links to sustainability performance	<ul style="list-style-type: none"> Include ESG as an indicator for evaluating the remuneration and reward of senior executives 	
			Improve risk management performance	<ul style="list-style-type: none"> Complete the automation of all risk-related operations and processes Mega Bank to adopt the internal ratings-based (IRB) approach and complete the integration of internal credit rating models for consumer banking 	<ul style="list-style-type: none"> Evaluate the physical and transition risks related to climate change in upstream activities, and report regularly to the Board of Directors the evaluation results, including mitigation measures and implementation status Mega Bank to initiate the integration of internal credit rating models for corporate banking; climate risks will be taken into consideration before January 2024
		Economic Performance	Disclose the financial performance and achieve steady revenue growth	<ul style="list-style-type: none"> Mega Bank conduct as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan 	<ul style="list-style-type: none"> Capture opportunities to expand the economy in Asia Pacific, develop wealth management services, and create business growth
			Improve knowledge and skills relating to AML/CFT and oversee the implementation of AML/CFT measures	<ul style="list-style-type: none"> Educate and train employees and achieve a training completion rate of 95% Convene six steering committee meetings 	<ul style="list-style-type: none"> Organize training for employees each year and achieve a training completion rate 100% Regularly convene a steering committee meeting
		Combat Crime	Optimize AML/CFT systems	<ul style="list-style-type: none"> Adopt a big data platform for identifying suspicious transactions, and develop an automatic review mechanism 	<ul style="list-style-type: none"> Continue to optimize systems and improve operating efficiency and effective monitoring processes

1.3 Sustainable Impact

Mega commits to the the Group sustainability vision and mission. Under the supervision of the Sustainable Development Committee, the Group actively invests in the six capitals (financial, manufactured, human, intellectual, social and relationship, and natural) and allocate these capitals appropriately by the business strategies of the Group. Through the five Working Groups of the Sustainable Development Committee, we translated the Group's input into outputs that effectively respond to the expectations of our stakeholders and expand the effects of sustainable investments, which will in turn spread positive influence and lead the way toward sustainable development.



The Six Sustainability Capitals	Inputs	Outputs
<p>Manufactured Capital The service locations of Mega Bank, Mega Securities, Mega Bills, CKI, and Mega Investment Trust provide satisfactory service experience</p>	<ul style="list-style-type: none"> Deployed 121 smart teller machines (STM) Operates 197 business locations in Taiwan and 39 overseas locations 	<ul style="list-style-type: none"> STMs served a total of 160,000 users; 180,000 customers opened an account, which reduced 3.23 million sheets of paper usage 85.28% overall customer satisfaction
<p>Intellectual Capital Intellectual properties relating to financial services include patents, license, R&D capability, and cooperation/negotiation, etc.</p>	<ul style="list-style-type: none"> Introduced Taiwan Pay to 6,633 new merchants NT\$6,909 thousand in R&D expenditure on digital finance patents Optimized and expanded Internet and mobile banking services Issued 347,000 carbon-neutral credit cards Financed 59 renewable energy projects Spent NT\$3,527 thousand to adopt the ISO 27001 Information Security Management System 	<ul style="list-style-type: none"> Introduced Taiwan Pay to new merchants, thus creating a mobile payment ecosphere in Taiwan Applied for 128 utility patents; 13 invention patents were approved, bringing our total number of approved patents to 400 Our digital accounts have 2.1 million users Our carbon-neutral credit cards helped to reduce GHG emissions by 280 metric tons The renewable energy projects that we financed provided environmental benefit by generating annually 915 million kWh of electricity Three of Mega Holdings' subsidiaries passed the ISO 27001 Information Security Management certification
<p>Human Capital The Company helps talented employees develop professional knowledge and capability, and gain more experiences through learning by doing 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</p>	<ul style="list-style-type: none"> Invested NT\$12 million in recruiting and hiring new employees Spent NT\$42.867 billion in total on employee training Provided NT\$730,000 in subsidy for professional licenses and certifications Spent NT\$20.146 billion on compensation and benefits expenses Achieved 67,000 hours of training on human rights 	<ul style="list-style-type: none"> Hired 639 (6.91%) new employees Employees completed 477,000 hours of learning 635 people were given subsidies for licenses and certifications 25.86% of open positions filled by internal candidates and employee engagement scored 3.54 points A total of 54,851 people underwent human rights training
<p>Social and Relationship Capital The relationship with value chain partners and stakeholders is maintained and managed to improve mutual benefits</p>	<ul style="list-style-type: none"> Invested a total of NT\$62 million in social investment and charitable activities (including cash contributions, in-kind giving, volunteering time expenses and management overheads) 	<ul style="list-style-type: none"> A total of 6,292 people participated in/interacted during the promotion of finance knowledge A total of 460,000 people attended the events sponsored/organized by Mega Holdings Each program benefitted a total of 9,363 people 440 customers participated 271 university students had interned/worked part-time at the Group Released 223 news articles
<p>Natural Capital The use of natural energy and resources includes electricity consumed in business operations</p>	<ul style="list-style-type: none"> Spent NT\$1.65 million to adopt environment-related ISO systems Purchased renewable energy certificates (T-RECs) in total cost of NT\$760,000 Promote the company's energy/water conservation and waste reduction measures to employees, installed water-saving devices, and replaced old equipment and petrol cars Green procurement totaling NT\$90.76 million 	<ul style="list-style-type: none"> A total of 192 business locations adopted and obtained the ISO14064-1 GHG Inventory Statement One of the Group's buildings obtained the ISO14001 Environmental Management System and ISO50001 Energy Management System certifications Obtained renewable energy certificate for 1% total GHG emission, bringing the total number of certificates to 380 Reduced GHG emissions by 2.78% Reduced annual water consumption by 3.15% Reduced annual waste generation by 13%
<p>Financial Capital The key to normal operations and providing products and services is maintained through investments and operations</p>	<ul style="list-style-type: none"> Manages NT\$4,168.265 billion of assets in total Spent NT\$29.605 billion on operating expenses Invested, issued, and underwrote NT\$10.917 billion of domestic sustainable development bonds Issued approximately 13.6 billion shares 	<ul style="list-style-type: none"> NT\$25.731 billion consolidated net profit after tax NT\$1.89 earnings per share NT\$1.58 cash dividend NT\$483.5 billion market value

CH2 Environmental Sustainability



Material Topics

GRI 302、GRI 303、GRI 306

Material Issues

Climate Action

Targeted Stakeholders

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

2.1	Climate Action	31
2.2	Green Operation	41
2.3	Sustainable Procurement	46

A Message from the Leader of the Environmental Sustainability Working Group

According to the 2022 Global Risks Report published by the World Economic Forum (WEF), climate change risks exist with all other risks, and environmental risks include extreme weather, climate action failure, human environmental damage, and biodiversity loss. Facing these climate change risks, Mega is committed to environmental sustainability and green operations. The Company continues to dive deep into its climate change risk management by introducing energy conservation and carbon reduction measures to all business locations, actively adopting international environmental and energy management systems, and implementing sustainable procurement and supplier management to achieve net-zero emission by 2050 and reduce the negative environmental impact of our business operations. In April 2020, the Company signed to be a supporter of TCFD; using the TCFD recommendations as a guideline, the Company discloses climate-related risks and opportunities, with the hope that Mega Group will exert a trickle-down effect that will make earth a better place to live.

2.1 Climate Action

Mega Financial Holding has established the “Mega Financial Holding Sustainable Development Best Practice Principles” and “Mega Financial Holding Sustainable Development Policy”, requiring compliance by all subsidiaries to implement the environmental sustainability management of the Group. With “Committing to Net-zero Emissions to Achieve Environmental Sustainability” as the guiding principle of our strategic axes, we took the following actions:

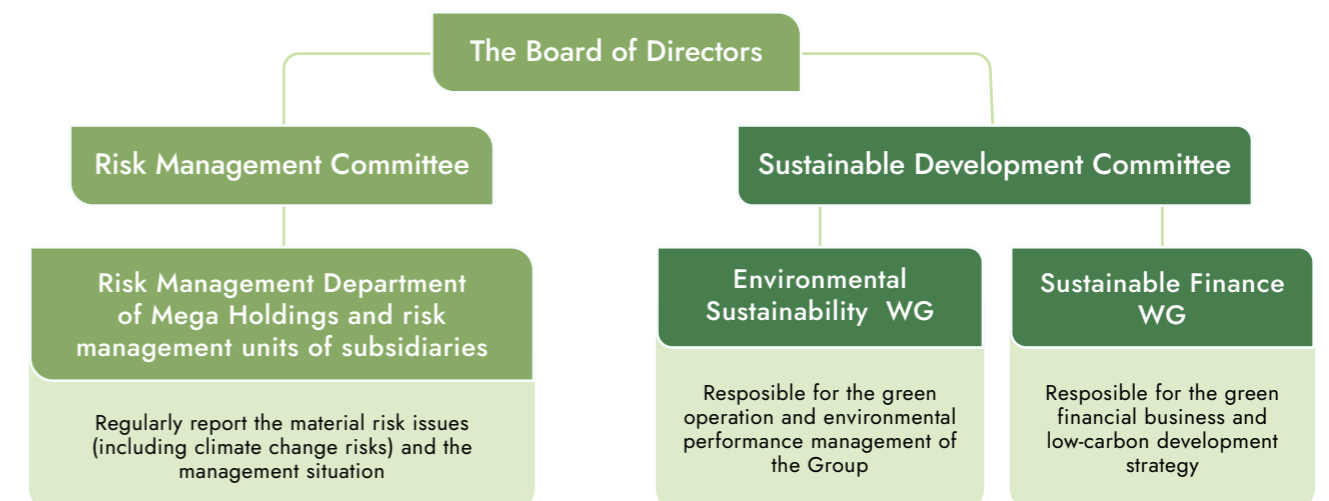


In November 2021, Mega Financial Holding established the “Mega Financial Holding Climate Risk Management Guidelines”, guiding our subsidiaries to develop related systems and specifications to effectively identify the physical and transition risks of climate change. Specifically, Mega Bank, Mega Bills, and CKI have established their respective “Climate Risk Management Guidelines;” and Mega Securities has established “Risk Management Rules” and “Regulations on Business Continuity Plan.” Various mitigation and reduction measures are adopted to reduce the impact of climate change, and sustainable finance is further developed to seize business strengths and opportunities to transition to a low-carbon economy. Major subsidiaries, including Mega Bank, Mega Bills, Mega Securities, CKI, and Mega Investment Trust have provided regular reports on the progress of climate risk management and target performance to the Group’s Risk Management Committee.

2.1.1 Climate Governance

Mega signed to be a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020, and followed the TCFD framework to disclose climate-related information in this Chapter. The Board of Directors of Mega Financial Holding is the highest climate governing body of the Company. It is responsible for supervising and reviewing Group-related risk policies, management systems, and capital expenditure plans. The Risk Management Committee and Sustainable Development Committee, which report to the Board of Directors, are responsible for managing climate change risks and opportunities.

The Governance Framework in which the Board of Directors Monitors Climate Change Issues



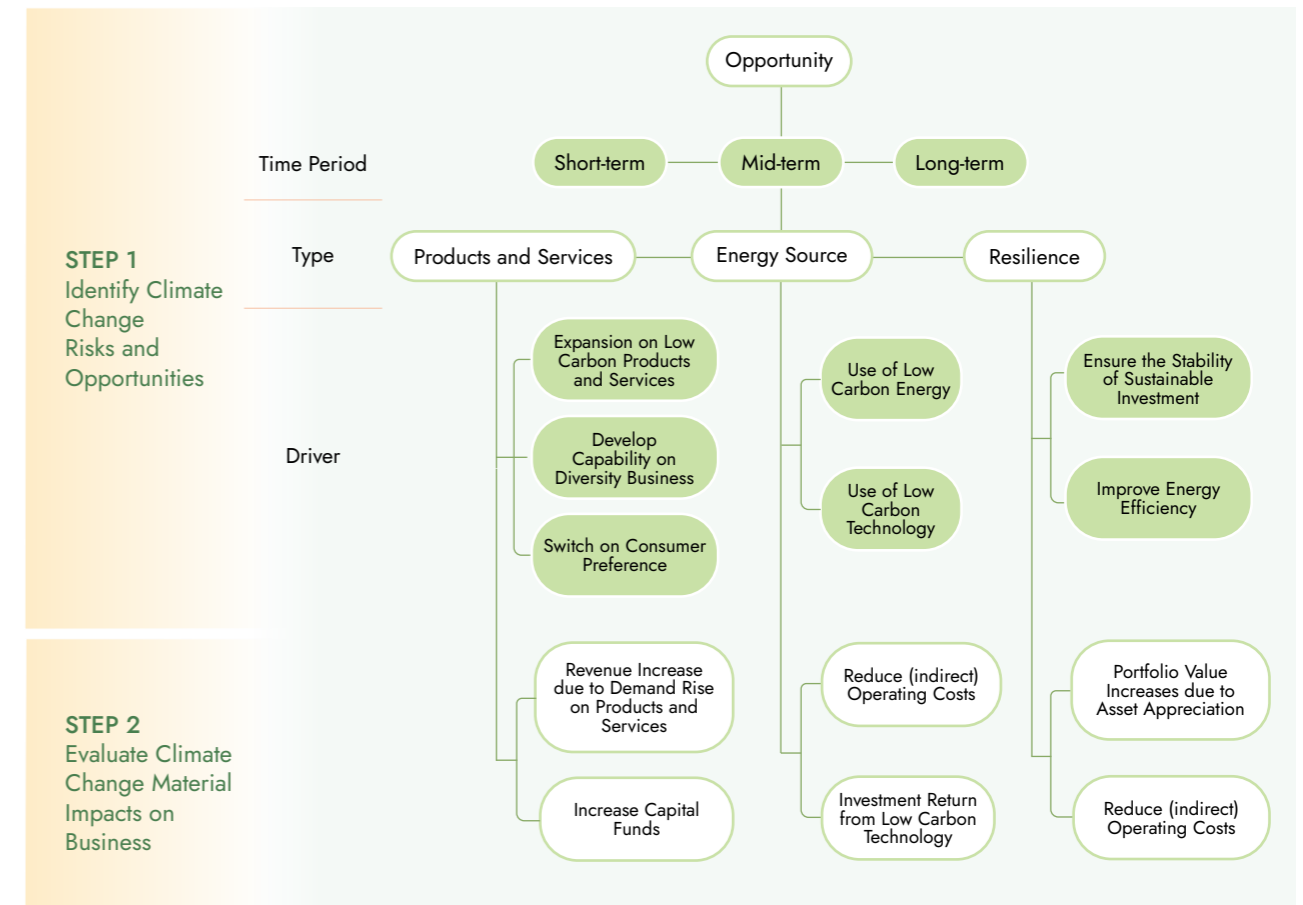
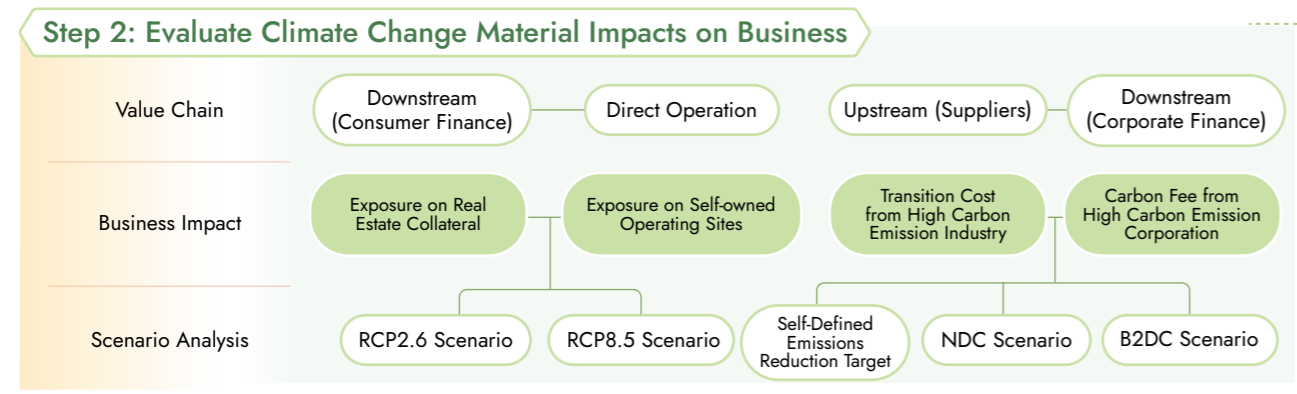
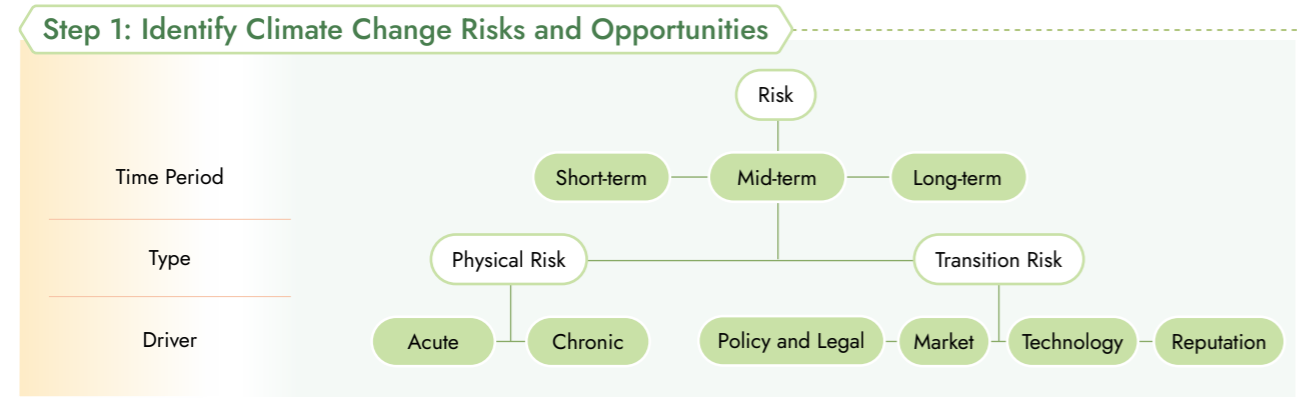
All climate-related capital expenditures of the Group under NT\$50 million are compiled into a meeting minute, which will be reviewed by the Sustainable Development Committee or Risk Management Committee depending on the nature of business and then presented to the Board of Directors. If the expenditures for the year or related commercial plans exceed the aforementioned amount, including IT equipment, purchasing of company 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. In 2021, Mega Group approved several action plans and allocated budget for it accordingly, including purchasing of low-carbon energy and renewable energy certificates, adoption of ISO environmental systems, application for green building label, TCFD consulting, and third-party verification expenses.

Managerial Roles



2.1.2 Climate Strategies

Mega pays close attention to global trends in climate change actions and industrial development. By developing appropriate financial products and services, we hope to help stakeholders reduce the impact of climate change, and identify new industrial opportunities for businesses, to mitigate global warming and promote the transition to a low-carbon society. For this reason, Mega actively supports the government's environmental policies (e.g., nuclear-free homeland, energy transition, and emission reduction policies) by setting different goals. Our short-term goals are to assist renewable energy companies in acquiring working capitals for their business, and to develop digital financial products and services to reduce carbon emissions in value chains. Our mid/long-term goals are to reduce the investment and financing risks of climate-sensitive industries, to increase the ESG awareness of industries, investors, and consumers, and promote environmentally friendly specifications and measures by combining the forces of our subsidiaries.



To comply with national policies, Mega followed the TCFD guidelines which were announced by the FSC for banking and insurance industries, and identified risks and opportunities that likely cause material financial impacts. The process of risk identification is as follows:



According to the type of physical and transition risks, Mega identified climate-related risks and opportunities over the short, medium, and long term, and referred to the time horizons recommended in the UNEP FI "TCFD Report Playbook" to classify the climate-related risks and opportunities by the length of time of their material financial impact:

Short-, Mid-, Long-Term Climate Risks

Relevant to Finance	Type of Risk	Credit risks		Market risks		Operational risks		Insurance risks	Description of Risk
		Assets Impacted	Credit	Real estate	Equity	Debts	Company operations	Proprietary buildings	
Climate Risk Driver	Short-term (likely to occur within 1 year)	Physical	✓ (Acute)			✓ (Acute)		✓ (Acute)	Extreme weather events cause reduced asset value or increased insurance premiums, loss of work days and business interruptions due to wind-related disasters causing loss of revenue, etc.
		Transition			✓ (Market)	✓ (Market)			Loss of opportunities in a niche market due to failure to develop low-carbon services and digital products in time for the market.
	Mid-term (likely to occur within 1 to 5 years)	Physical		✓ (Acute)			✓ (Chronic)		Increased flooding frequency causing water shortage in industry chains and increased pressure on water resources; increased typhoon intensity leading to greater disaster-caused damages.
		Transition	✓ (Policy and Legal)			✓ (Policy and Legal)		✓ (Policy and Legal)	Increased operating expenditure due to the collection of carbon tax/carbon price or increased water/electricity prices; loss of clients due to the requirement that obligors must sign a sustainable development commitment statement.
	Long-term (likely to occur after more than 5 years)	Physical		✓ (Chronic)		✓ (Chronic)	✓ (Chronic)		Rise in sea levels causes flooding risk to business sectors, and higher temperature threatens and affects loss of assets.
		Transition	✓ (Technology, Market)				✓ (Reputation)		Emission intensive industries fail to achieve carbon reduction target, which affects the reputation risk of Mega.

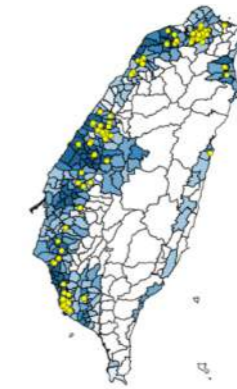
Short-, Mid-, Long-Term Climate Opportunities

Climate Opportunities Driver	Products and Services	Energy Source	Resilience
Short-term (within 1 year)	Expansion of green finance services and development of renewable energy investments/loans, green underwritings, and green fund products, to increase revenue and profits.	Use of low-emission sources of energy through encouragement and adoption of energy conservation measures.	Access to governmental rewards increases revenue and profits.
	Develop digital transformation of operations and transactions to reduce paper wastage.	Opportunities for energy conservation through organization of energy conservation and environmental protection competitions.	Reduced capital cost through issuance of green bonds.
Mid-term (1 to 5 years)	New disaster or climate-related insurance products introduced through the development of financial products involving renewable energy that promote environmental protection in response to climate change.	Undertaking of pollution insurance services through assistance with environmental pollution repair and maintenance.	Ex-ante evaluation of responsible investment/responsible lending increases the value and stability of assets and products and avoids bad debts or market value loss.
	Promotion of financing for urban renewal or old building restoration projects.		Simplification of complex procedures increases participation and willingness to purchase green products.
	Increase in green financing amount and cases promotes the development of renewable energy funds.	Gradual increase in use of electric vehicles as company cars.	The adoption of green building labels through improvements to the facilities of new buildings or old buildings.
Long-term (More than 5 years)	Increased reputation or stock performance due to consumer or market preference.		Comprehensive climate response measures contribute to a sound business foundation for the company.

Climate Scenario Analysis

Physical Risks (Estimation of Flooding Hazard)

Based on the historical data of natural disasters in Taiwan, "Typhoon Disaster" is the most common type of disaster in Taiwan, and extreme torrential rain is one of the causes of significant disaster-related damage to the society and economy of Taiwan. According to the National Science and Technology Center for Disaster Reduction (NCDR), flooding and pollution hazards in various township areas of Taiwan are classified into five levels (1=low, 2=moderately low, 3=moderate, 4=moderately high, 5=high) using the RCP 2.6 and RCP 8.5 Scenario (concentration pathway 2.6 and 8.5) in the United Nations' IPCC AR5. Based on these five levels, a scenario analysis of various operations (including business services, supply chains, location of operation, etc.) of Mega Group was performed to evaluate the physical risk of flooding.



● Location of Branches
■ Areas with Level 5 Risk of Flooding

1 Consumer Finance

By referring to the useful life in years for fixed assets as announced by the National Taxation Bureaus of the Ministry of Finance, Mega ensures that the company measures the possible impact that the physical risks of climate change have on the duration of collateral assets during the collateral credit period.

- Real Estate as Collaterals

The credit duration and the life of the real estate collateral are used for the assessment of physical risks. According to the IPCC 5th assessment report, RCP 2.6 and RCP 8.5 are used as the hypothetical scenarios, and the NCDR platform is used to analyze the climate sensitivity from three-dimensional level assessment Hazard, Vulnerability (flooding potential, sloping hazards), Exposure". The following table analyzes the distribution of real estate collateral in each risk level.

Climate Sensitivity Level	RCP 8.5 Scenarios		RCP 2.6 Scenarios	
	Number of Buildings	Proportion of Loan (%)	Number of Buildings	Proportion of Loan (%)
Level 5	2	0.23%	2	0.23%
Level 4	2	0.06%	2	0.06%
Level 3	230	3.46%	21	0.10%
Level 2	2,720	14.82%	1,210	5.72%
Level 1	97,093	81.43%	98,812	93.88%
Total	100,047	100.00%	100,047	100.00%

Note 1: According to the "Atlas Data of Key Indicators of Climate Change in Taiwan" published by the Ministry of Science and Technology of my country, the rate of change in the number of days with heavy rainfall is similar in the base year of RCP8.5 and the mid-century RCP2.6. Therefore, this report RCP 2.6 Scenario data is based on the simulation results of the RCP 8.5 base year.

Note 2: Climate sensitivity level: Hazard (level 1~3) x Vulnerability (level 1~10) x Exposure (level 1~30), and distinguish 5 levels.



2 Location of Operations

Mega analyzed climate sensitivity for each operating site. Using scenarios RCP 2.6 and RCP 8.5 as the hypothetical scenarios of risk, carry out the physical risk assessment in the middle of the century (2036~2065) (detailed in the table below). Analysis results in the scenarios of RCP 2.6 and RCP 8.5, the operating site are mainly located in the 1st to 2nd level.

Climate Sensitivity Level	RCP 8.5 Scenarios		RCP 2.6 Scenarios	
	Number of Business Units	Percentage of Business Units	Number of Business Units	Percentage of Business Units
Level 5	0	0.00%	0	0.00%
Level 4	0	0.00%	0	0.00%
Level 3	1	0.50%	0	0.00%
Level 2	15	7.54%	3	1.51%
Level 1	183	91.96%	196	98.49%
Total	199	100.00%	199	100.00%

Note: Climate sensitivity grade: Hazard (grade 1~3) x Vulnerability (grade 1~10) x Exposure (grade 1~10), and distinguish 5 grades.

Transition Risks (statistics on exposure to carbon-intensive industries)

The ratio of risk exposure of high carbon-emitting industries to the total risk exposure of the Group was statistically analyzed. Based on industry classification, high carbon-emitting industries include extraction of crude petroleum and natural gas, cement manufacturing, iron and steel refining, motor vehicles manufacturing, and power distribution. The carbon reduction targets of four carbon-intensive companies with respect to carbon price and carbon penalties were analyzed using the WB2C scenario to conduct a stress test on carbon prices; a self-defined carbon reduction scenario; the NDC and B2DS scenarios, etc. Currently, we analyzed the transition risks specific to industrial customers and suppliers by assessing carbon prices and carbon intensity.

1 Corporate Finance

Climate risk analysis was performed using the Paris Agreement Capital Transition Assessment (PACTA) tool, which was developed by 2° Investing Initiative (2DII). Based on the goal of ensuring that financial activities do not cause an increase in the global average temperature to well below 2°C above pre-industrial levels, the tool classifies petrochemical, cement, automotive, steel, and coal mining industries as climate-sensitive sectors and covers CO₂ emissions and potential losses under scenario analysis and stress testing. Mega took an inventory of the industries to whom the Group has extended credit. Considering the contribution of these industries to global carbon emissions, we defined the credits extended to climate-sensitive industries as carbon-related assets of the Group, thereby ensuring that our credit risk management under a climate change transition scenario is in line with the bank's risk management policy. The results showed that the credit risks of climate-sensitive industries were properly controlled.

The investment portfolio of Mega covered 93% (including cement, steel, oil and gas) of the climate-sensitive sectors defined in the PACTA. A stress test was conducted using the transition risk that entails policy and legal changes implemented to promote a transition to a lower-carbon economy. The results showed that under a climate stress test scenario, the transition risk may reduce the financial value of investment portfolios by about 0.39%. For details please refer to the Mega Holdings' TCFD-Based Report which will be published at the end of 2022.

Borrowers

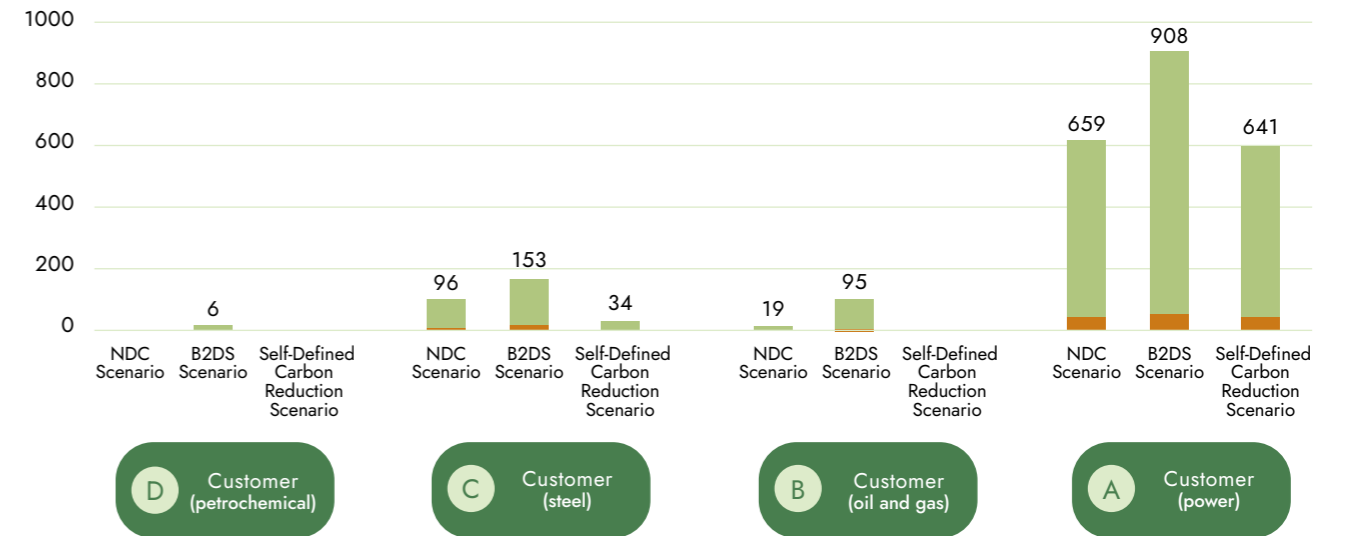
Four of the more emissions-intensive companies, which are subject to monitoring by the Environmental Protection Administration, were selected to conduct a scenario analysis of the transition risks of customers to whom the Group has extended credits. The financial impact of different scenarios on the four selected companies was analyzed using carbon price as a factor. The results can serve as a reference for the strategic planning and evaluation of future investments and financing. The scenarios are described as follows:

Base Scenario	Self-Defined Carbon Reduction Scenario	NDC Scenario	B2DS Scenario
<p>1. The rate of increase in emissions based on the company's annual carbon emissions is estimated as follows:</p> <ul style="list-style-type: none"> Customer A (power): About 2% Customer B (oil and gas): About -3.06% Customer C (steel): About 0.46% Customer D (petrochemical): About -1.68% <p>2. Based on the rate of increase in the carbon emissions of the aforementioned companies, the carbon emissions up to the years 2030 and 2050 are estimated.</p>	<p>A summary of each company's planned reduction target is provided below:</p> <ul style="list-style-type: none"> Customer A (power): With 2016 as base year, reduce 7% over short-term (to 2021); 15% over medium term (to 2025); and 20% over long-term (to 2030). Customer B (oil and gas): With 2005 as base year, reduce 30% and 56.7% by 2030 and 2050, respectively. Customer C (steel): With 2018 as base year, reduce 1% on a yearly basis over short-term (in 1 to 2 years); and reduce 7% over mid- and long-term (3 years or longer). Customer D (petrochemical): With 2018 as base year, reduce 10% by 2025. 	<p>The Nationally Determined Contribution (NDC) scenario refers to the following: Reduce 1.46% of emissions every year before 2030, and reduce GHG emissions by 50% by 2030, equivalent to an emission level 20% below that of 2005; and reduce emissions to at least 50% of the 2005 emission level by 2050.</p>	<ul style="list-style-type: none"> In the B2DS, if the world starts reducing carbon emissions every year starting from 2020, net-zero emissions will be reached by 2060 to limit future temperature increases to 1.75°C by 2100. The SBTi adopts the Absolute Emissions Contraction (AEC) scenario, which assumes a 2.5% annual reduction.

The carbon emissions of each company through to 2030 were estimated using the base scenario, and a scenario analysis on each company was performed using the self-defined carbon reduction, NDC, and B2DS scenarios. Among the for analyzed companies, Customer A (power sector) exhibited the most significant reduction effect, mainly due to the continuous increase in carbon emission by Customer A in the future, which requires an increase of NT\$64.1 billion, 65.9 billion, and 90.8 billion in carbon reduction cost in terms of carbon price and penalties under the self-defined, NDC, and B2DS scenarios, respectively.

Financial Impact on Companies by each Scenarios

Type: ■ Carbon Fine Statistic ■ Carbon Fee Statistic
Unit: 100 million NTD



Note: Carbon price was 100 NTD/ton CO₂e; and Carbon penalty was 1,500 NTD/ton CO₂e.

2 Suppliers

To determine that impact that climate-related risks have on suppliers transitioning to a lower-carbon economy, the Group's suppliers were grouped by industry to analyze the financial impact in each scenario. In terms of industry, the industrial and energy sectors in Scenario IV have a greater influence on Mega. The Company will form a response accordingly.

Scenario	Scenario I Assuming carbon price is NT\$100/ton	Scenario II Assuming carbon price is US\$10/ton	Scenario III Assuming carbon price is NT\$1200/ton	Scenario IV Assuming carbon price is NT\$1500/ton
Description	Price expected by domestic industries after the Environmental Protection Administration promulgated the GHG Reduction and Management Act	The expected initial levy as recommended in the Carbon Pricing Options for Taiwan, a report prepared by the London School of Economics and Political Science for Taiwan Environmental Protection Administration (Note 1)	The average price for each industry as recommended in the World Bank Report (Note 2)	The administrative fines stipulated in the current GHG Reduction and Management Act

Note 1: Source of data on the expected initial levy recommended in the Carbon Pricing Options for Taiwan: <https://csr.cw.com.tw/article/42020>

Note 2: World Bank State and Trends of Carbon Pricing 2021: Taiwan Updates, <https://theworldshouldbe.org/2021/06/25/carbon-pricing-2021-taiwan-updates/>

Industry	Carbon Emissions	GDP	Procurement Amount	Procurement Ratio	Pass-through Cost of Carbon Price (NT\$ million)			
	(million tons for 2019)	(NT\$ million for 2020)	(NT\$ million for 2020)	(%)	Scenario I (NT\$100/ton)	Scenario II (NT\$280/ton)	Scenario III (NT\$1200/ton)	Scenario IV (NT\$1500/ton)
Service Sector	27.03	9,858,774	637	0.006%	0.17	0.49	2.09	2.62
Industrial Sector	126.52	6,930,000	1,281	0.018%	2.34	6.55	28.05	35.07
Transportation Sector	36.2	589,761	21	0.004%	0.13	0.37	1.57	1.96
Energy Sector	37.53	299,891	166	0.055%	2.07	5.80	24.87	31.09
Residential Sector	28.38	1,611,448	155	0.010%	0.27	0.76	3.27	4.09
Total	255.66	19,289,874	2,259	0.093%	4.99	13.97	59.86	74.83

Note: Procurement amount is the contract number of key suppliers minus the agricultural sector of approximately NT\$5.62 million, plus the amount of energy purchased (or water, electricity, and gas if contract-less).

2.1.3 Climate Risk Management

To achieve the UN's SDGs and the Paris Agreement goals, the Company's climate risk management mechanism is based on the latest laws and regulations, including the international TCFD recommendations, Taiwan's Green Finance 2.0 Policy and "Climate Change Response Law" (formerly the GHG Reduction and Management Law), the UN's IPCC AR6, SBTi, and the national net-zero emissions target, etc.

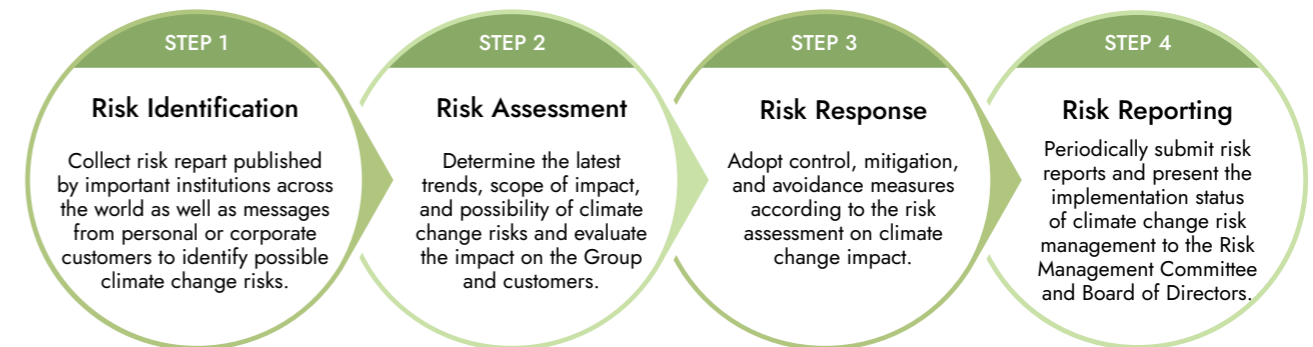
The Company's Board of Directors has approved the "Risk Management Policy and Guidelines" and other risk management rules for Mega Group. These rules stipulate that effective mechanisms for risk identification, measurement, monitoring and control, reporting, and response shall be established, risk management targets shall be set, and a follow-up of the implementation status shall be regularly conducted. The Company has also established management principles for 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.

In June 2019, Mega has incorporated the management of other new risks in its "Risk Management Policy and Guidelines," which state that the potential risks of climate change to the company's operations and finance shall be addressed and related risk factors integrated into existing risk management processes. For emerging risks, we referred to the WEF Global Risk Report, classifying potential risks that threaten the world in the future into five categories: economic, environmental, geopolitical, societal, and technological risks (with more than 30 risk factors). The subsidiaries are then required to examine the connection of these risks to their business activity, compile a summary of emerging risks that are relevant to the subsidiary, identify each risk in terms of probability of occurrence and degree of impact, and eventually assess and select the emerging risks that are most relevant to Mega Group.

Risk Management Process

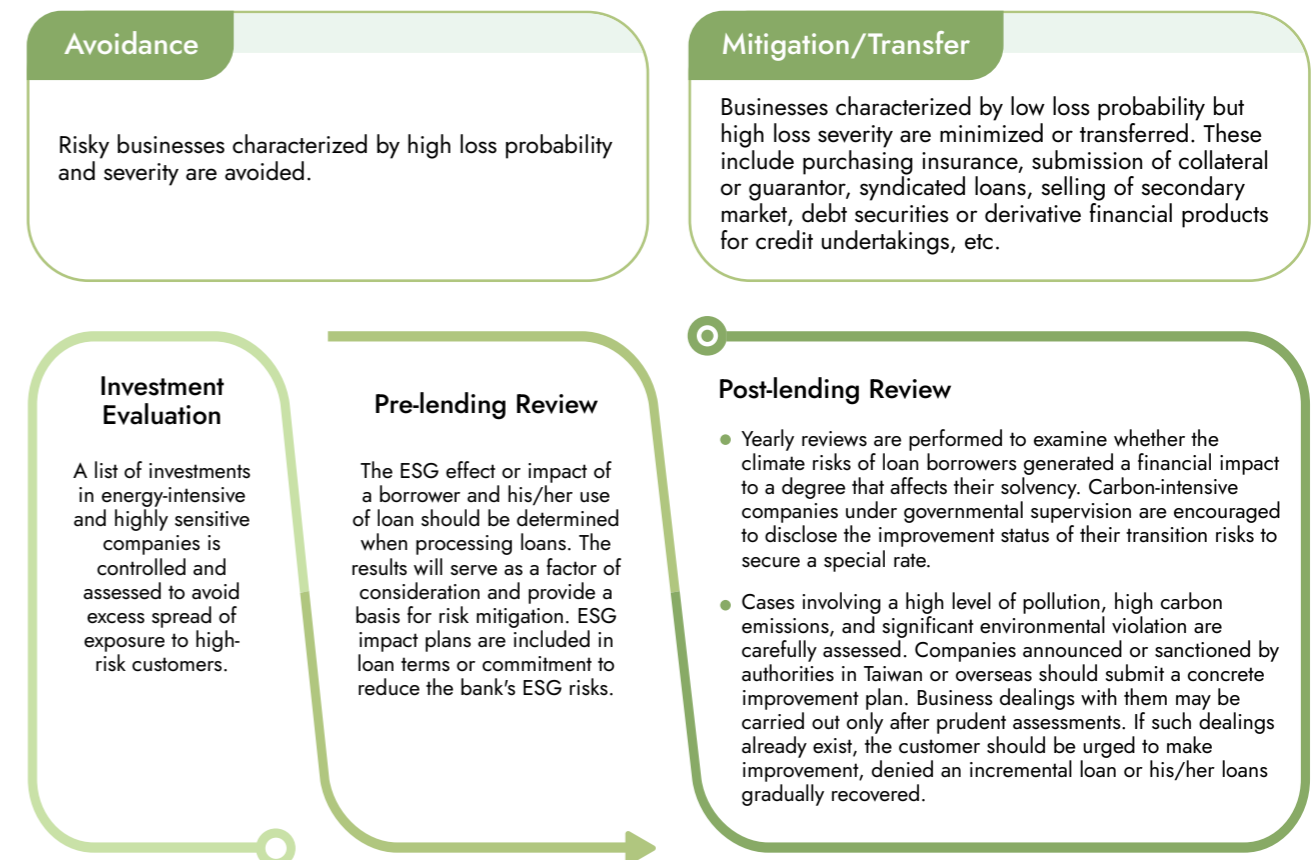
To oversee the effectiveness of the risk management mechanisms of Mega Financial Holding and its subsidiaries, climate risk scenario analysis or stress testing may be internally introduced in stages and adapted to the characteristic of the internal operation. With consideration to the impact of climate change, an appropriate risk scenario is selected, and a qualitative or quantitative approach is employed to assess whether a strategy (e.g., business management, products and services) is able to respond to climate risks and opportunities. The Board of Directors should recognize the risks associated with a business operation and monitor the results of such operation, and bears the ultimate responsibility for ensuring that an appropriate and effective internal control system is established and maintained.

In addition, Mega Financial Holding and major subsidiaries have all established a risk management unit. 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. 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.



Risk Management Procedures

Under its existing business and risk management systems, Mega adopts countermeasures when overall operation is exposed to climate-related risks. These measures include but are not limited to the following:



Integrated Management

With the declining environmental conditions around the world, Mega Holdings realized that climate-related risks and opportunities will eventually generate an impact on the Group's operations. For this reason, we considered the impact of climate-related risks and opportunities when setting our annual business goals and business strategies. The business and response measures covered in our climate strategy are as follows:

Pre-service Assessment

Loan applications with real estate provided as collateral are evaluated to mitigate the risk of extreme weather events which may incur loss of collateral value to the company, or to encourage the customer to purchase insurance to pass through costs or cover losses. Insurance purchase applications are evaluated to mitigate the risk of extreme weather events which may cause the company to lose a significant amount of claims or underestimate the insurance premium, or to adopt insurance to pass through costs or cover losses.

Business Continuity Plan

In accordance with the "Guidelines for Business Continuity Plan", 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.

Sustainable Supplier Strategy

Before purchasing from a supplier, Mega assesses whether the supplier has records of environmental and societal impact. Suppliers should sign a "Supplier Sustainability Statement" when entering into an agreement with Mega Group. Training or communication meetings are organized to determine how well the suppliers have followed the "Suppliers Sustainability Management Guidelines". If a supplier violates these Guidelines or engages in conducts that have a significant impact on the environment and society, we may terminate or rescind the contract at any time, and blacklist the supplier. Through sustainability self-assessment questionnaires and other mechanisms, major suppliers of the Group are encouraged to address climate risks and be prepared for it.

Customer Engagement Mechanisms

Mega attend the board meetings or shareholders' meetings of investee companies to express the importance that we attach to ESG issues and urge the company to transition or reduce risk impact. During annual contract renewal meetings with customers, the customer is encouraged to disclose information on climate risks so as to obtain a special interest rate.

Principles for Responsible Investment

Mega Securities has set a limit on investments in negotiable securities for emission-intensive industries. Mega Bank and Mega Securities have established rules for sustainable financial products to support companies that adhere to sustainable finance standards. Mega Group is encouraged to invest or issue green bonds or green products and create a sensitive or negative list for investments.

Equator Principles

Mega Bank adopted the Equator Principles (EPs) in 2021, using it to decide, measure, and manage the risks of project financing to the environment and society. Corporate customers are asked to refer to Paragraph 5 of Article 20 of the "Members' Credit Guidelines" when renewing their contract or applying for an incremental loan. The clause states that "when performing credit reviews, the bank is advised to consider whether the borrower has fulfilled environmental protection, ethical management, and social responsibilities."

Internal Carbon Pricing

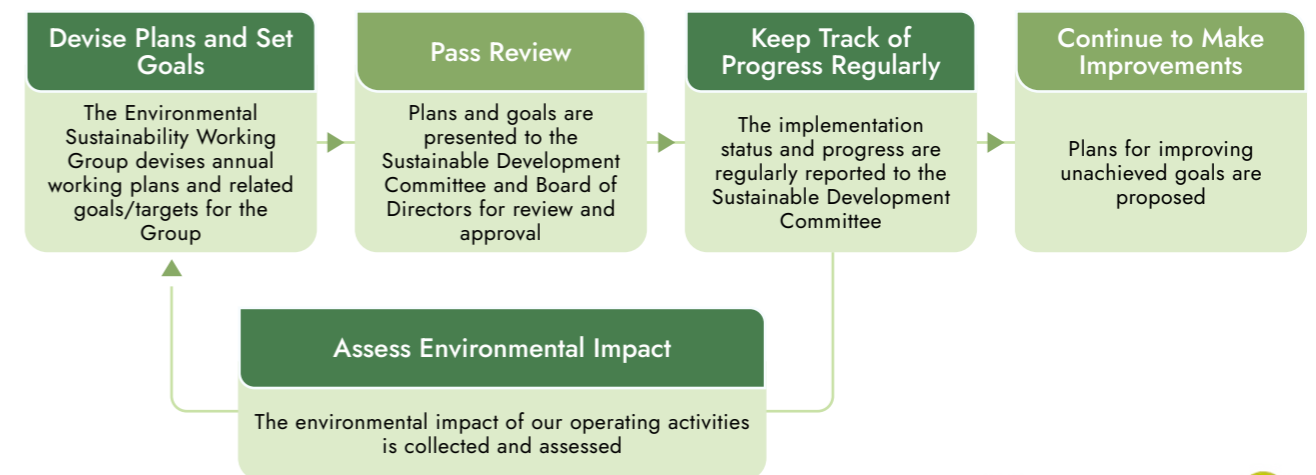
In order to achieve the Group's target of achieving net-zero emissions by 2050, Mega voluntarily introduced the "Internal Carbon Pricing (ICP)" in 2022 to actively improve the efficiency of energy use, thereby effectively reducing the Group's GHG emissions. We use the shadow pricing method to calculate the ICP by referring to the electricity consumption in 2021 and the cost of obtaining Renewable Energy Certificates (T-RECs). The ICP in 2022 is NT\$3,671.93 per CO₂e.

2.1.4 Climate Metrics and Targets

To monitor and manage the physical risks of Mega Group, we have set GHG emission targets and sustainable finance goals and regularly disclose GHG emissions every year. Since 2016, five office buildings of the Group have obtained ISO 14064-1 GHG inventory certification statements, with the scope of inventory expanding each year. In 2019, 139 locations in northern and central Taiwan have completed verification, for a coverage rate of 61%. In 2020, the Group expanded the scope of inventory to include 192 locations throughout Taiwan for a coverage rate of 84%, and obtained the BSI's ISO 14064-1:2018 GHG inventory certification statement in May 2021. Our mid-term goal (2021–2030) is to reduce GHG emissions (Scopes 1 and 2) by more than 25% by 2030 with 2020 as the base year. Our long-term goal (2021–2050) is to achieve net-zero GHG emissions (Scopes 1 and 2) by 2050 with 2020 as the base year. See **2.2.2 GHG Management** and **Appendix 7.3.1 Environmental Metrics** for details on our progress.

2.2 Green Operation

Through the Environmental Sustainability Working Group under the Sustainable Development Committee, Mega complies with the "Sustainable Development Policy" and "Sustainable Development Best Practice Principles" of Mega Financial Holding. 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 change, green operations, responsible procurement, and supply chain management). The progress of our goal achievements is regularly reviewed by the Sustainable Development Committee to implement the Group's environmental sustainability management.



2.2.1 Environmental Management System and Evaluation

Mega 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. Mega Group did not violate any environment-related laws and regulations in 2021.

Mega began adopting environment-related management systems and goals ever since we obtained the GHG inventories of our business locations across Taiwan in 2021. The headquarter buildings of each subsidiary have prioritized the adoption of ISO 14001 Environmental Management Systems and ISO 50001 Energy Management Systems. The headquarter building of Mega Bank (Chi-Lin Building) has completed verification in January and received its certificate in October. We plan to continue to expand the scope of adoption in 2022.

International Standard Certifications and Assessments

ISO 14001:2015 Environmental Management System

Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 14001 Environmental Management System in 2017 and gradually completed verifications between 2018 and 2020. In future, we will keep the certifications valid through annual review procedures. We also plan to introduce this management system to all subsidiary headquarters buildings before the end of 2022, and adopt it in 192 business locations in Taiwan by 2024.

ISO 14064-1:2018 Greenhouse Gas Inventory

In 2016, five office buildings of the Group have obtained ISO 14064:2006 GHG inventory certification statements, with the scope of inventory expanding each year. In 2019 139 locations have completed verification. In 2020, the Group adopted the new version of ISO 14064:2018 and expanded the scope to include all 192 locations throughout Taiwan. In 2021, we conducted a pilot inventory on overseas locations, and expects to complete the inventory of all overseas locations by 2024.

ISO 50001:2018 Energy Management Systems

Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 50001 Energy Management System in 2021 and completed verification in October. In future, we will keep the certifications valid through annual review procedures. Mega Financial Building, Mega Heng-Yang Building, Mega Securities Building, and Mega Insurance Building are also planning to adopt this system and obtain certification by 2022.

CDP Climate Change Questionnaire

Since 2017, the Company began completing the CDP climate change questionnaires of international NGOs 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 2021, we received a rating of B in the Management Level, the same as our industry peers (B) but better than the average performance of other companies in Asia (B-).

Note: please see [7.5 Verification Statement by External-Independent Parties](#) for the certification statements of ISO14001、ISO14064 and ISO50001.

2.2.2 Greenhouse Gas Management

Carbon Reduction Goal

To address climate change issues, Mega ramps up its energy and GHG management by setting energy conservation and carbon reduction goals, conducting inventory of resources and energy use, purchasing renewable energy certificates, and keeping track of goal achievement status to continuously improve our management policies and measures.

Taiwan's energy transition policy is aimed at reducing coal-fired electricity, increasing natural gas, promoting green energy, and achieving a nuclear-free homeland to reduce air pollution, conserve energy, and reduce carbon emission. To support this policy, the Company began setting an emission reduction target (Scopes 1+2) in line with the SBTi's criteria: "Reduce emissions by 25% by 2030 and achieve net-zero emissions by 2050" from a 2020 base year.



Renewable Energy Certificate

Mega belongs to the financial service sector where electricity in office buildings is the main source of energy used. This sector is not considered a major electricity user as defined in the "Renewable Energy Development Act" which was amended in 2019 (the Act stipulates that major electricity users who use a chartered capacity of 5,000 kW or more must complete 10% of renewable energy installation within five years). Regardless, we still voluntarily adopted various energy conservation and carbon reduction measures to implement environmental sustainability. For example, we purchased T-RECs, used eco-friendly cars, hybrid cars, and electric cars as company vehicles, and replaced old and energy-consuming machines and equipment.

We completed our first T-RECs transaction in 2019, purchasing 146 certificates, which is equivalent to approximately 146,000 kWh of renewable electricity. In continuing with and strengthening the promotion of green operations, we purchased 352 certificates in 2020, which is equivalent to 352,000 kWh of electricity, from Hakka Affairs Council and Kaohsiung City Animal Protection Office, respectively, through the network platform of the National Renewable Energy Certification Center. In 2021, we purchased another 413 certificates (390 from Hakka Affairs Council and 23 from the Jianan Psychiatric Center, Ministry of Health and Welfare), but we only received 380 certificates because the Council had a shortage of supply. We plan to buy another 455 certificates in 2022. Currently, we won the bid to purchase 300 certificates from National Penghu University of Science and Technology.

GHG Inventory

In 2015, Mega introduced the ISO 14064-1 GHG inventory to five main buildings for demonstration; later, we expanded the scope of the inventory and obtained certification. In 2019, 139 locations in northern and central Taiwan have completed verification, for a coverage rate of 72% (excluding overseas locations). In 2020, the scope of inventory was expanded to include 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 expect to complete the GHG inventory of all overseas offices within 3 years. Due to the characteristics of our industry, GHG emissions in the operating activities of Mega Group were mainly from electricity consumption (Scope 2). Our GHG emissions (Scopes 1+2) in 2021 were 2.78% lower than that in 2020, reaching our reduction target.

Energy Conservation and Carbon Reduction Measures

Mega began adopting energy-saving measures to reduce our carbon emissions in recent years. For example, we retrofitted older equipment/systems, replaced high and low voltage substations, purchased energy-efficiency variable-frequency chillers, installed IE3 energy-efficiency variable-frequency motors for air-conditioning systems, retrofitted elevators with permanent magnet variable-frequency motors, installed electrical power and air-conditioning control systems, used LED lights, and reviewed the output of light in a space.

Through these measures, the electricity usage in Mega Chi-Lin Building was reduced in 2020 from 1150 kW to 670 kW. T5 light bulbs in office areas were also replaced with LED lights, and simulations were conducted to examine whether the brightness of an office area is reasonable. A total of 1,041 lights generated an efficiency of 110 lm/W. All six old elevators were retrofitted with permanent magnet motors and regenerative power devices. In 2021, our Mega Chi-Lin Building received the ISO 50001 Energy Management Systems certification and consumed 5.94% less electricity in 2020 compared to 2019. Because of this, the Building received the Outstanding Award for the Industrial and Business Sector in the "2021 Taipei City Energy Conservation Leadership Award" (the award included a trophy and a cash reward of NT\$200,000).



Case Study: "Earth Hour" Lights Off Event



Mega Financial Holding actively participates in climate action initiatives, including the Earth Hour movement organized by the World Wildlife Fund, which took place at 8:30 to 9:30 p.m. on March 27, 2021, and the Tamsui River Convention organized by the CommonWealth Magazine. Through these actions, we hope to inspire climate awareness among employees and expand the impact of sustainability.

Case Study: Air Conditioner Replacement Plan



In 2021, Mega Group completed the replacement of air conditioning units in four of its main business locations: Mega Chi Lin Building, Mega Securities Building, Mega Bills Building (in Taichung), and Mega Insurance Building. In total, NT\$17,485,000 was invested. It is expected to reduce our carbon emissions by 96,949 tons of CO₂e, saving us about NT\$604,370 in electricity bill each year.

2.2.4 Waste Management

Because of the nature of our industry, we do not produce physical products, meaning that our business operations do not produce toxic wastes. Therefore, Mega does not exert a material impact on the environment. To fulfill our duties as a corporate citizen, we aim to reduce waste generation by 1% every year and actively sort, recycle and reuse our resources and wastes. Various environmental protection training and activities are organized to occasionally remind employees, building management, and cleaning companies to reduce and manage wastes. For details on the disposal of waste by the Group, see [Appendix 7.3 Sustainable Data](#).

Mega 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. Wastes generated are disposed of by certified waste disposal companies, recyclable wastes are transported to certified recycling plants, and general wastes are incinerated. In 2022, Mega Group began taking an inventory of wastes generated by all of its business locations in Taiwan. After this inventory is completed, a waste reduction target will be set to implement waste management.

Case Study: Say NO to Single-Use Lunch Boxes



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 the 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. In doing so, approximately 180 paper boxes can be saved every day and 900 boxes every week. About 44,640 single-use paper boxes were saved in 2021.

To keep the stainless steel boxes clean and sterile, the kitchen staff will discard any leftover food in the boxes, rinse the boxes, and wash and disinfect them in a 120°C tunnel-type dishwasher machine, before drying them in a 100°C oven.

Paperless Operations

Mega has launched mobile/online insurance services in recent years. We actively improve our digital services with simpler procedures to make purchasing insurance more convenient for customers. Through this, we also reduce the use of paper, thereby implementing the Group's idea of protecting the environment and reducing carbon emissions. By promoting paperless financial services, we reduce problems that may occur when filling out paperwork (e.g., missing information, incorrect premium calculations, etc.) and greatly improve the efficiency of our internal operations. Introducing electronic statements, digital accounts (Mega Life), and integrated financial confirmation information platforms also accelerate the process of going paperless and ensure that customers' data are more adequately protected. In 2021, we reduced the printing of approximately 24.11 million sheets of A4 paper, which demonstrate our continuous effort to creating eco-friendly services and playing our part to save our planet.

2.2.3 Water Resource Consumption

Mega belongs to the financial service sector, our operating activities consume mainly general domestic water, which poses minimal impact on the environment. However, because Taiwan is located in a water-stressed region, we set a target of saving 0.5% of water each year to achieve a 2.5% reduction by 2025 (mid-term goal) and 5% reduction by 2030 (long-term goal). We also manage water resources in our business operations by using multiple channels to urge employees to save water and by purchasing/replacing water-saving devices (e.g., sensor taps and dual flush toilets). In 2021, the water consumption of the Group reduced by 3.15% compared with 2020, which has reached the target. For details on the consumption of water by the Group, see [Appendix 7.3 Sustainable Data](#).

Case Study: Protect the Ocean and Earth with Love



Starting with marine waste issues, Mega adopts a behavior-based solution, encouraging employees to develop a habit of cleaning up after themselves. We promote "12 Ways to Reduce Single-use Plastics", placing emphasis on not only picking up wastes but also reducing them. We also recommend eating-in and avoiding take-outs. Beach clean-up activities are organized to make employees aware of how plastic wastes (plastic bags, PVC bottles, polystyrene, disposal tooth brush, straws, etc.) are polluting the marine ecology.

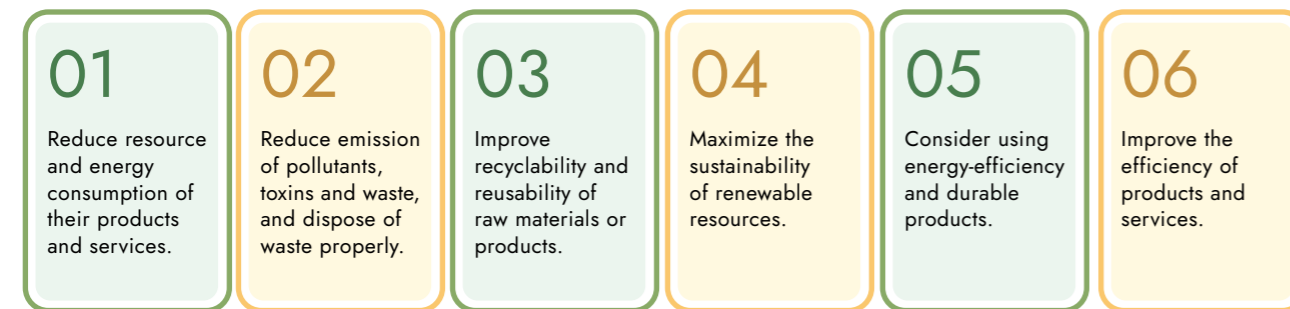
In November 2021, the Chairman of the Board and President of the Company gathered subsidiary executives and managers to clean up a beach in Shimen District of New Taipei City. Together, they cleared about 300 kg of trash. We hope to lead by example and motivate everyone in the Group to be aware of the waste they produce and reduce waste as part of their daily routine.

2.3 Sustainable Procurement

Mega purchases eco-friendly products and makes responsible purchases in accordance with Subparagraph 3 (Prioritize green procurement and use products with environmental protection certification) of Paragraph 4 (Environmental Sustainability) in Article 3 of the "Mega Financial Holding Sustainable Development Policy" and Article 15 of the "Mega Financial Holding Sustainable Development Best Practice Principles".

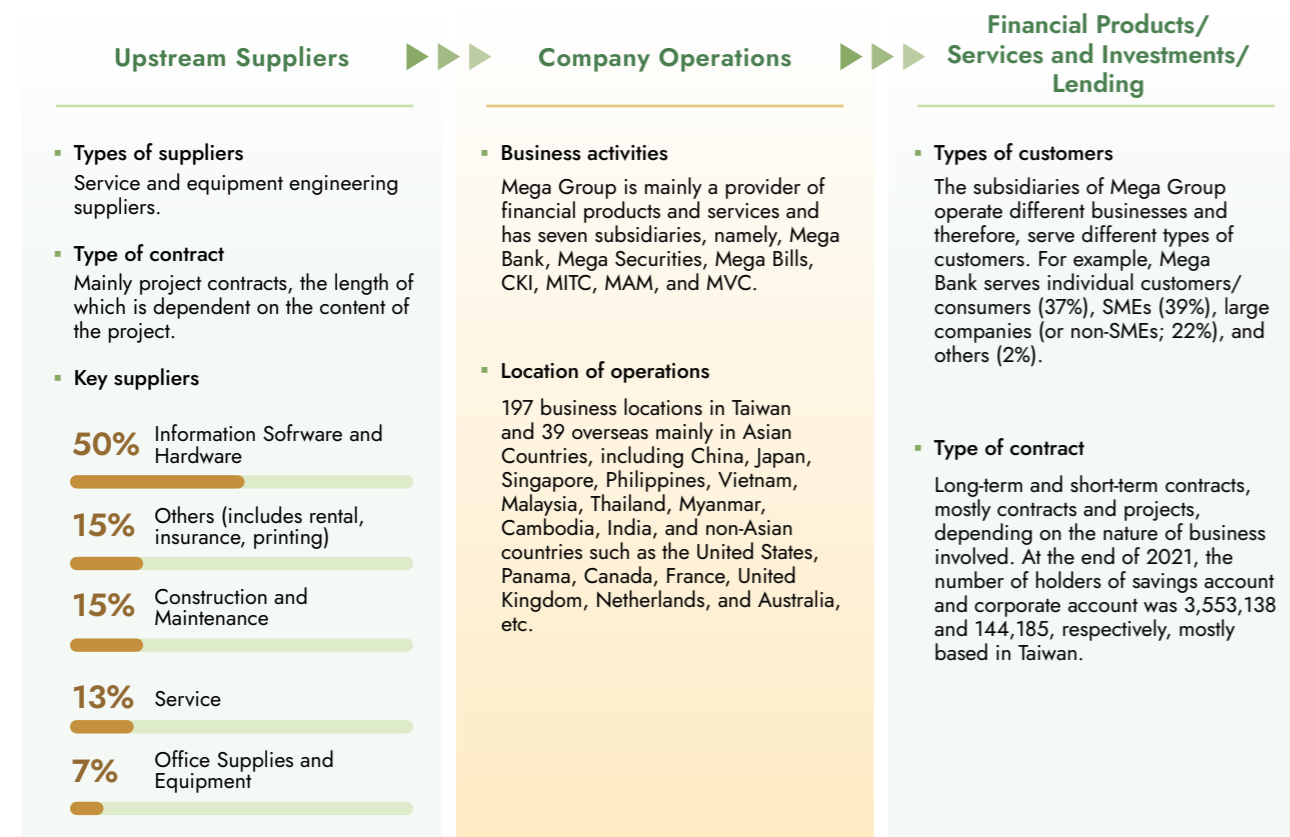
The Group is advised to consider the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct operations in accordance with the following principles to reduce the impact of its business operations on the natural environment and human beings:

The Company's Six Principles of Sustainable Procurement



2.3.1 Value Chain Engagement

Mega Holdings 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:



2.3.2 Supplier Management

Before officially cooperating with a supplier, we carefully assess and select suppliers by using the online inquiry systems of competent authorities (e.g., Ministry of Labor and Environmental Protection Administration of the Executive Yuan) to determine whether suppliers have records of negative impact on the environment or society. In addition, we prioritize local products with environmental protection certification during procurement.



To implement supplier management, Mega Financial Holding revised the "Supplier Sustainability Management Guidelines" in June 2021, 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, suppliers must sign the "Supplier Sustainability Statement" when entering into a contract with Mega Group. 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. In 2021, suppliers with whom we signed a contract did not violate any laws and regulations nor engage in conducts prohibited in the aforementioned Guidelines/Statement.

The Statement states that suppliers shall comply with related labor regulations, basic human rights of labor, and non-discrimination employment; establish and implement occupational safety and health regulations and procedures; ban on the use of child labor, ensure information security and protection of intellectual properties; adopt energy-saving equipment and various environmental management measures and engage in continuous improvement; and and meet the minimum statutory requirements on waste management to achieve corporate sustainability and avoid business relations that will otherwise generate a negative impact on the operations of Mega Group.

Supplier Sustainability Statement

To implement sustainable operations, the Company agrees to the following:

- 1 Comply with labor laws and regulations; respect internationally recognized basic labor human rights (including the "Universal Declaration of Human Rights", "Guiding Principles on Business and Human Rights", and ILO Declaration on "Fundamental Principles and Rights at Work"); prohibit the use of child labor; prohibit any form of discrimination; prohibit the use of forced labor; prohibit the trafficking of persons; implement equal pay for equal work; and protect employees' right to freedom of association and collective bargaining.
- 2 Comply with labor health and occupational safety and health laws and regulations; provide a safe and health workplace for employees; adopt appropriate training and preventive measures; keep track of and manage occupational injury and illness; and ensure its operating activities will not directly or indirectly endanger employees or others.
- 3 Comply with environmental protection laws and regulations; adopt measures to reduce the impact and pollution on the natural environment, including environmental impact assessment and management, climate change mitigation and GHG emission reduction, and green procurement practices, etc.
- 4 Comply with principles of ethical management; prohibit illegal activities; respect intellectual property rights; protect personal information and privacy; and adhere to laws on fair competition.

Supplier Sustainability Statement Status

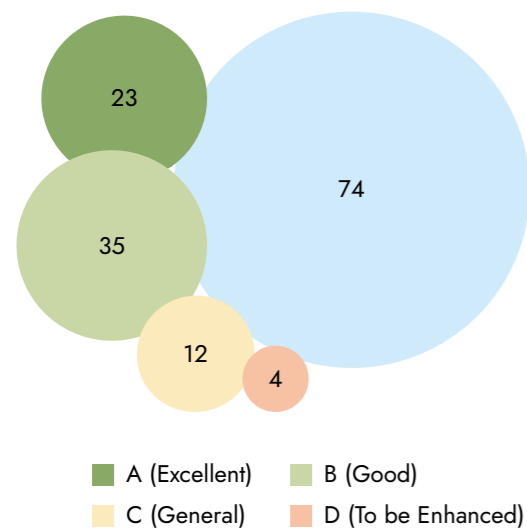
Item	Year	2019	2020	2021
Number of Contracts	(A)	952	579	559
Contract Amount (NT\$ thousand)	(B)	2,480,211	2,678,310	2,208,640
Number of suppliers who signed the Supplier Sustainability Statement	(C)	952	579	559
Contract amount of suppliers who signed the Supplier Sustainability Statement	(D)	2,480,211	2,678,310	2,208,640
Contract amount of suppliers who signed the Supplier Sustainability Statement in percentage (%)	(=D/B)	100%	100%	100%
Total Procurement Amount (NT\$ thousand)	(NT\$ thousand)	2,592,925	2,831,090	2,579,808
Contract number of suppliers who signed the Supplier Sustainability Statement as a percentage of total procurement amount (%)	(=D/F)	95.65%	94.60	85.61%

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

Supplier Sustainability Self-Assessment Questionnaire

To strengthen supply chain management and promote the benefits of supplier engagement, in 2021, Mega launched a "Supplier Sustainability 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 2021, we received 85 questionnaires in total, and 74 valid questionnaires.

Result of Self-Assessment from the Key Suppliers



First, an analysis of the questionnaires revealed that the Company's 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. In 2022, we will commit to improving the sustainable operation and development of our value chains by organizing a series of training programs, communication meetings, and supplier conferences to further improve the suppliers' knowledge and skills.

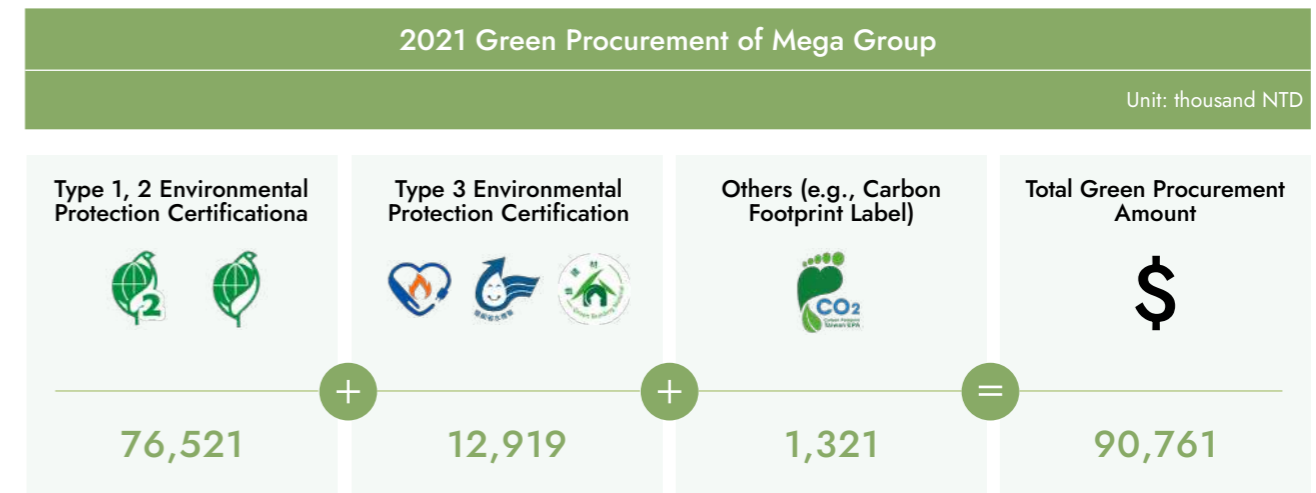
2.3.3 Responsible (Green) Procurement

Mega encourages members of the Group to purchase eco-friendly products or products with energy efficiency labels, specifically those defined by the Environmental Protection Administration of Executive Yuan, which requested enterprises, both private and public, to declare their green purchases, including Type I (Green Mark), Type II (Type 2 Green Mark) and Type III 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.

The amount of green procurement spent by the Group has been increasing on a yearly basis. In 2021, our green purchases accounted for 4% of our total procurement. In addition, Mega Bank 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 four consecutive years.



Green Procurement	
Item	Green Procurement Product
IT and Office Equipment	Products with environmental protection marks are chosen for the procurement of computer equipment (PCs).
Lighting Equipment	LED lighting equipment is prioritized for the replacement of old lighting.
Transportation Vehicles (Company cars and motorcycles)	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.
Air-conditioning and Electrical Appliances (e.g., refrigerators and water dispensers)	Our central air-conditioning systems use chiller models with coefficient of performance (COP) above 4 and split air-conditioners that have energy efficiency certification. The coolant may not contain controlled substances specified in the Montreal Protocol and models with energy labels are selected for water dispensers.



Note: The total procurement amount of the group was NT\$2,579,808,000 in 2021, of which green procurement accounted for 3.52% of the total procurement.

CH3 Sustainable Finance



Material Topics

GRI 201、GRI 203、GRI 418

Material Issues

Sustainable Finance, Financial Inclusion, Information Security, Digital Innovation

Targeted Stakeholders

Government and Regulators, Shareholders/ Investors, Customers

3.1	Sustainable Finance	51
3.2	Financial Inclusion	58
3.3	Customer Relationship	64
3.4	Information Security	68
3.5	Digital Innovation	71

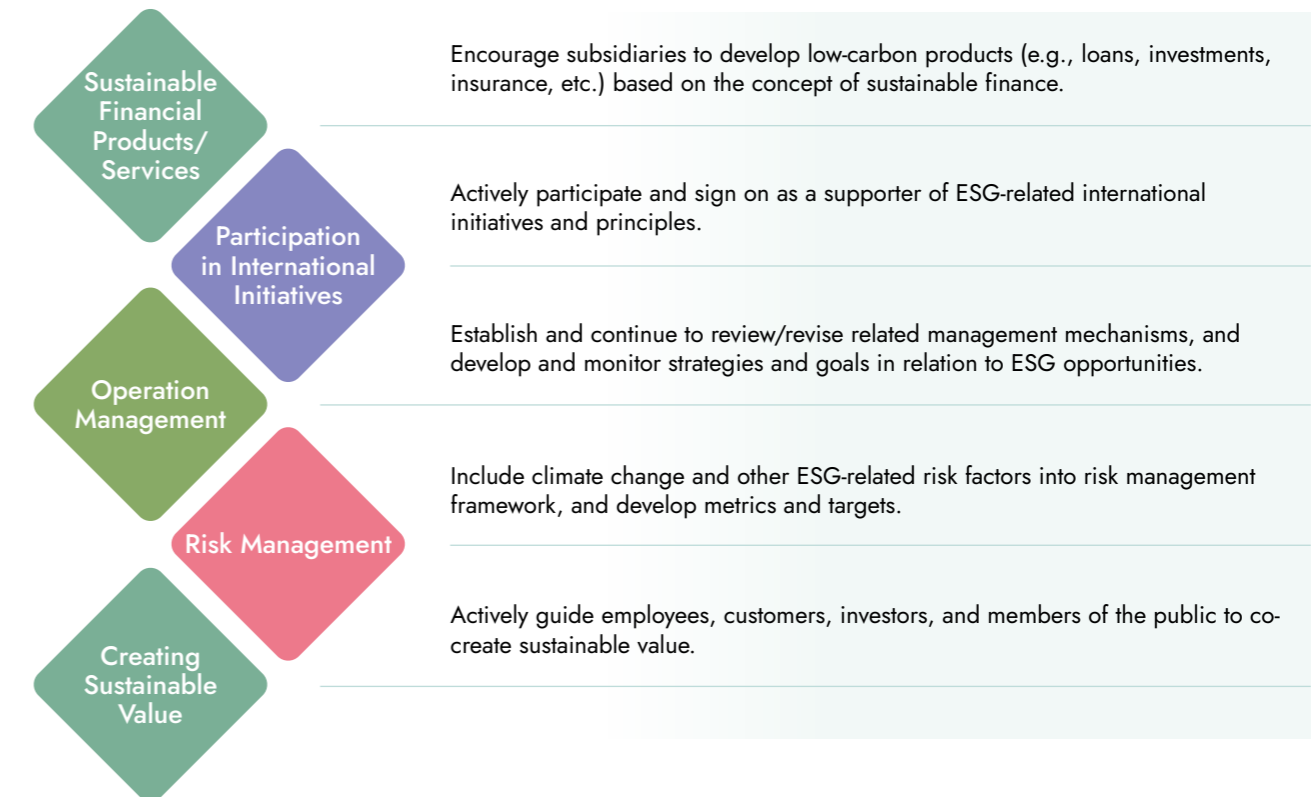
A Message from the Leader of the Sustainable Finance Working Group

In response to the UN SDGs and compliance with international sustainable finance initiatives and policies related to green finance from the regulatory authorities, Mega encourages subsidiaries to plan ESG-related investments and loan products or services, which will allow us to fulfill our roles in bridging the gap between the financial sector, environmental protection, and economic growth. Through the core business activities of the Group 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, the Company strives to exert a positive influence on shaping a sustainable society to fulfill corporate social responsibility and improve financial inclusivity. In August of 2021, Mega Bank signed the Equator Principles (EPs), incorporating ESG factors in its credit review procedures and assisting and encouraging loan borrowers to tackle and mitigate potential environmental and climate risks. With the idea of achieving net-zero transition together with Mega Group, corporate businesses are prompted to align their ESG efforts with international trends.

3.1 Sustainable Finance

To develop a business model that ensures economic growth and mutual prosperity with the environment and society, the Company has developed “Sustainable Finance Policy” for the Group, complying with international and domestic principles such as the “Stewardship Principles” for Institutional Investors, Credit Lending “Guidelines for Banking Associations”, the “Green Finance Action Plan” of the Financial Supervisory Commission, Equator Principles (EPs), Principles for Responsible Investment, Principles for Sustainable Insurance (PSI), and Principles for Responsible Banking (PRB). With these policies, we attempt to leverage the power of the financial industry through the core businesses of the Group and ultimately create a sustainable society that spreads positive influences.

Mega’s Five Principles of Sustainable Finance

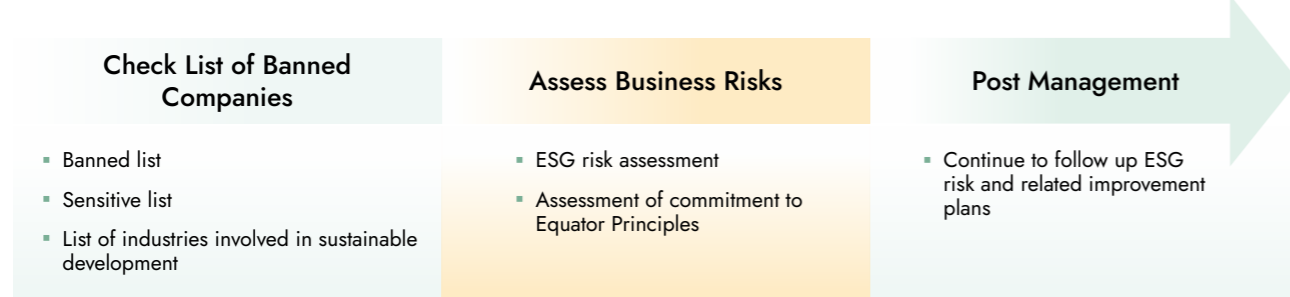


3.1.1 Sustainable Finance Management

To practice sustainable finance, Mega checks banned or sensitive lists before carrying our lending, investment or insurance businesses to control the ESG risks of customers, and provides support to customers who are involved in industries that contribute to sustainable development. When assessing risks, Mega also places emphasis on KYC (know your customer) and CDD (customer due diligence), incorporating ESG-related risks such as human rights violation, intense carbon emission, environmental pollution, industrial safety, food safety, and labor disputes, etc. Mega Bank officially adopted the Equator Principles in August 2021, and since then, it has reinforced the assessment and control of environmental and social risks when financing EP-based projects. 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 ask the customer to provide 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. We also apply the above process in our advisory and origination business. The ESG advisory income for 2021 is around NT\$1.45 million.

Management Policy	Applicability	Degree of Application
<ul style="list-style-type: none"> ▪ Policies, standards, guidelines related to responsible lending. ▪ Policies, standards, guidelines related to responsible investment and stewardship. ▪ Policies, standards, guidelines related to sustainable insurance. 	<ul style="list-style-type: none"> ▪ Corporate lending, personal loans ▪ Investment businesses ▪ Insurance 	<h1>100%</h1>

Sustainable Finance Management Process



Applying Equator Principles

Mega Bank officially became a member of the Equator Principles Financial Institutions (EPFIs) on August 17, 2021. An assessment of applicable projects based on the Equator Principles and 3 financial settlements had been done. The ESG risks associated with these projects (total of 20,633 projects) were internally reviewed and approved. In 2021, We participate in a syndicated loan case for A company's development of a 296 MW Ground-mounted PV Systems in Tainan, which TÜV Rheinland Taiwan Ltd. served as the independent third-party assessment organization; a syndicated loan case for B company's development of a 77.5 MW PV Systems in Tainan, which TÜV Rheinland Taiwan Ltd. served as the independent third-party assessment organization; and a syndicated loan case for C company's development of a 300 MW Off-shore WP Systems in Changhua, which ERM Taiwan Co Ltd served as the independent third-party assessment organization.

The Flowchart of the Equator Principles



Credit Cases for Equator Principles in 2021	Category		
	A (High Risk Cases)	B (Medium Risk Cases)	C (Low Risk Cases)
7	1	3	3

Sustainability Communication with Customers

Mega Bank actively communicates ESG risks and opportunities to customers. In 2021, ESG engagement was made with 41.25% firms and 31.22% individual customers through application forms, seminars, website, and promotional materials, etc.

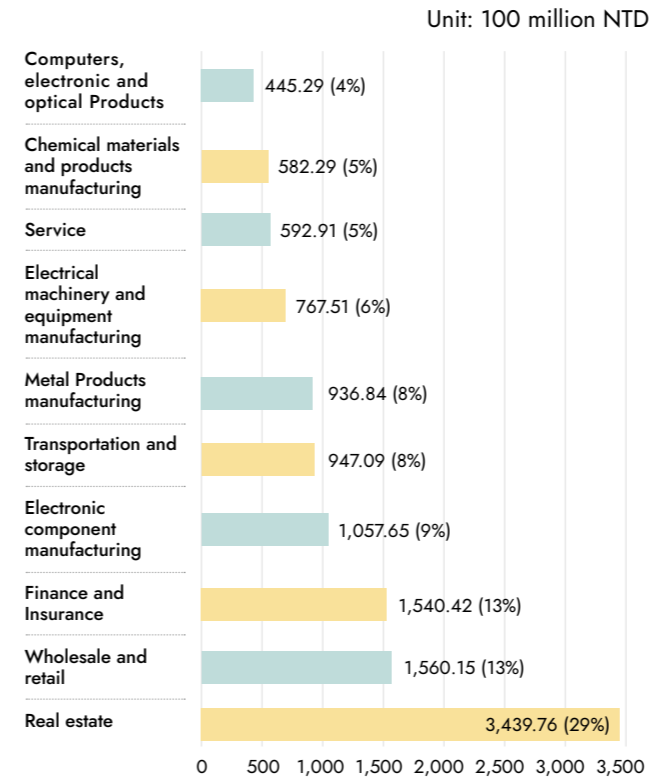
Type of Custome	Percentage of ESG Risks and Opportunities Engagement	Communication Channel
Corporate Loans	41.25%	<ul style="list-style-type: none"> Communicate through loan application form (e.g., the applicant shall adhere to environmental protection and social welfare regulations). A series of ESG seminars on "Achieving Net-Zero Transition Together with Mega " to which customers and employees of Mega Bank were invited to learn about sustainability trends.
Personal Loans	31.22%	<ul style="list-style-type: none"> Company website, Facebook fan page, EDM publications or email or newsletters about relief loans for workers, loans for young entrepreneurs, and government's mortgage rules, etc.

Note: Percentage of Customers with whom ESG Risks and Opportunities were Communicated = Number of Customers Communicated/Total Number of Customers.

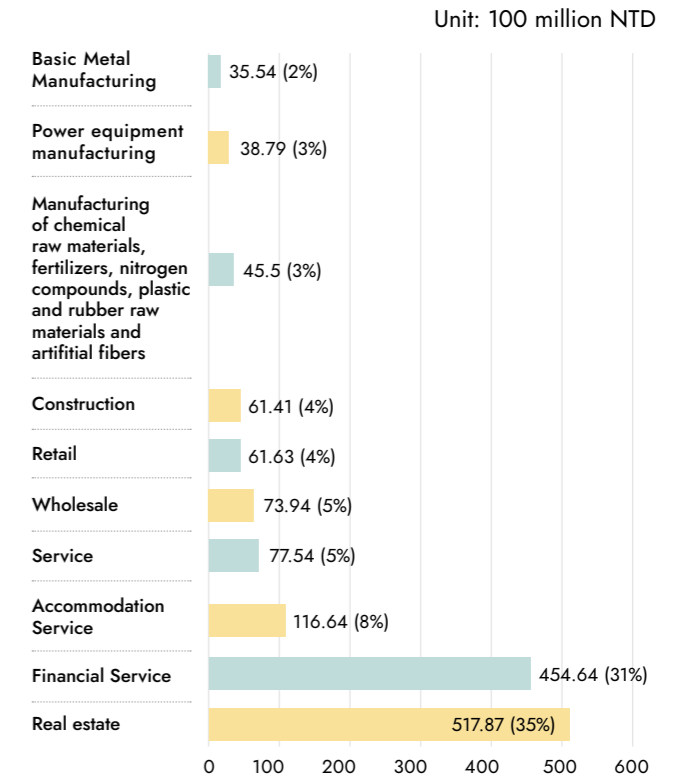
3.1.2 Sustainable (Green) Loans

Mega Bank and Mega Bills have incorporated ESG risk factors into their credit reviews and systems, to facilitate follow up and management by business units. When a negative event or other risk issue is involved, the cause and improvement progress are adequately ascertained and determined. Apart from the risk management of individual loans, an inventory of credit lending status was also taken in 2021 to identify the top ten riskiest industries, which help us understand Mega's credit lending businesses that might be affected by climate risks.

Mega Bank's Top 10 Credit Industries by Exposure Scale in 2021

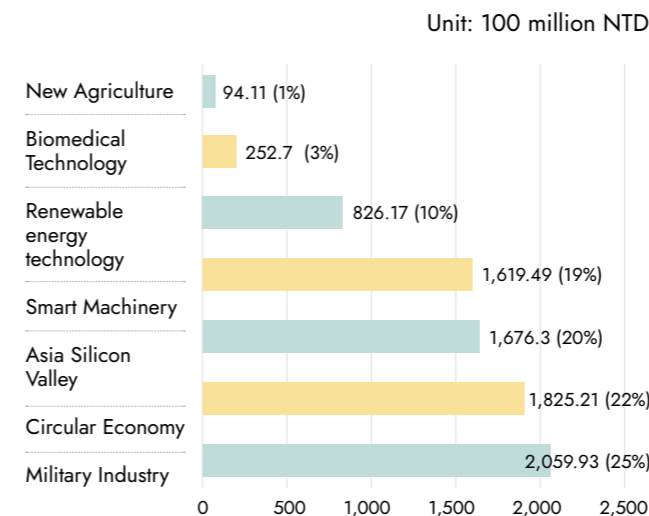


Mega Bill's Top 10 Credit Industries by Exposure Scale in 2021



Corporate Loan

Loans to "Five plus Two" Innovative Industries by Mega Bank in 2021



Mega Group is a long-time supporter of governmental programs, such as those involving the promotion of economic transformation, the "Five plus Two" innovative industries, and national constructions. At the end of 2021, loans outstanding to innovative industries totaled NT\$425.6 billion, up 183% from 2020, accounting for 38.48% of total corporate loans in Taiwan. In 2021, 59 applications for loans to renewable energy industry were approved, the balance of loans as of the end of the year was NT\$4.5 billion, and these are expected to generate 915 million kWh of electricity in a year. Loans outstanding to major construction projects related to ESG totaled NT\$7.5 billion at the end of 2021.



Distribution of Loans to Renewable Energy Industries by Mega Bank in 2021

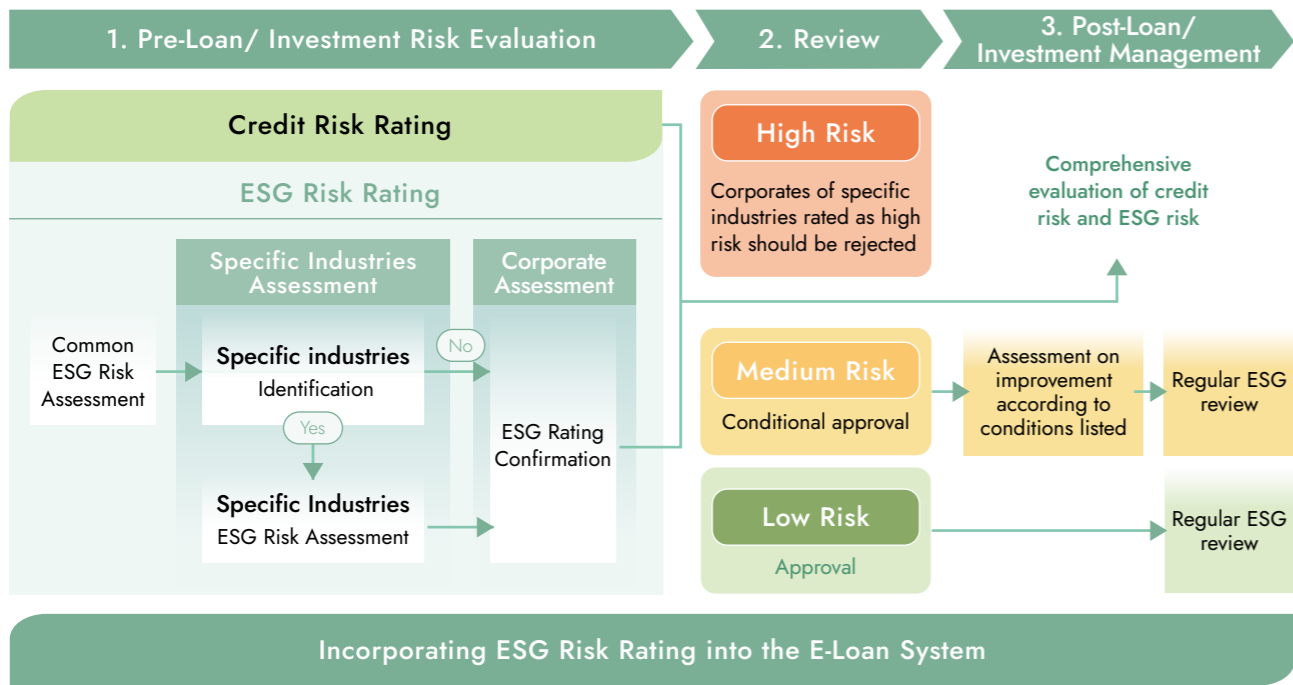
Type of Loan	Number of Applications Processed	Loans Outstanding at the End of 2021 (Unit: 100 million NTD)	Environmental Benefits	
			Total Installed Capacity (MW)	Total Electricity Generated (kWh/year)
Photovoltaic Power	57	39.07	646.11	9.15 million
Offshore Wind Power	1	1.60		
Land-based Wind Power	1	4.14		

Distribution of Loans to Infrastructure Construction by Mega Bank in 2021

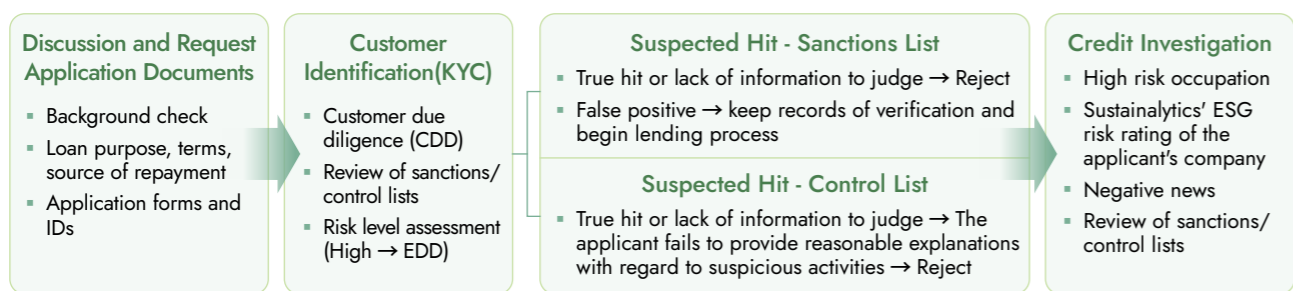
Type of Loan	Number of Applications Processed	Loans Outstanding at the End of 2021 (Unit: 100 million NTD)	Metrics of Environmental/Social Benefits	Performance of Measures of Environmental/Social Benefits
Low carbon transportation construction	1	437.89	Total number of passengers transported	6,678,407 (people/year)
Waste disposal and biomass energy	1	4.22	Amount of waste disposed	37,022 (tons/year)
Underground sewage engineering	3	26.52	Number of user pipelines connected	171,260 (users)

Loan Review Process on ESG Risks

* Corporate Loans



* Personal Loans



* Personal Loans

Mega Bank launched a series of sustainable (green) finance products, such as personal loans, sustainable mortgage, and personal loans for employees of green enterprises. More than 25,000 applications were processed in 2021, and year-end credit outstanding amounted to nearly NT\$109 billion.

Distribution of Sustainable Loans by Mega Bank to Personal Loan Borrowers in 2021

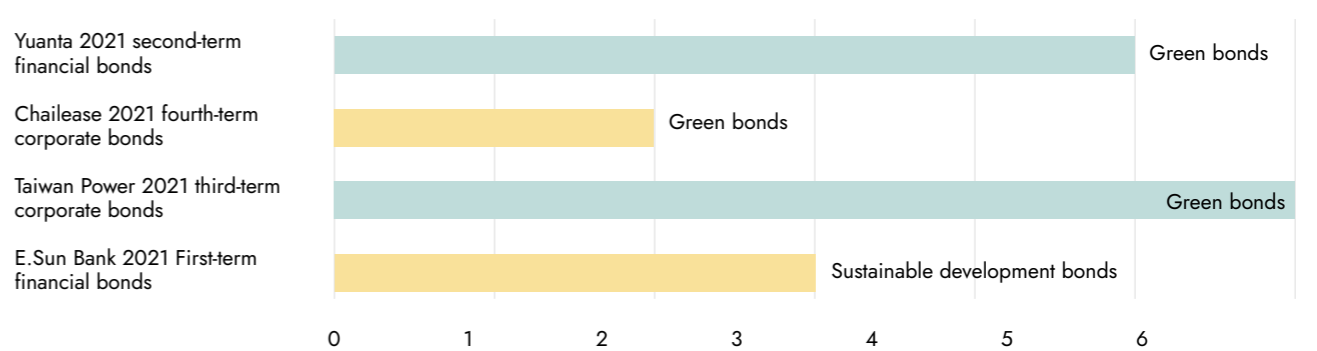
Type of Loan	Description	Number of Borrowers	Loans Outstanding at the End of 2021 (Unit: 100 million NTD)
Sustainable Mortgage	Mortgage is linked to environmental and social issues. A variety of mortgage plans that promote sustainable development is available, including green building mortgage, Government Concessional Loan for Youth Housing, various types of government concessional loans, and housing subsidies, etc.	25,078	1,087.75
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.	223	1.65

3.1.3 Sustainable (Green) Investments

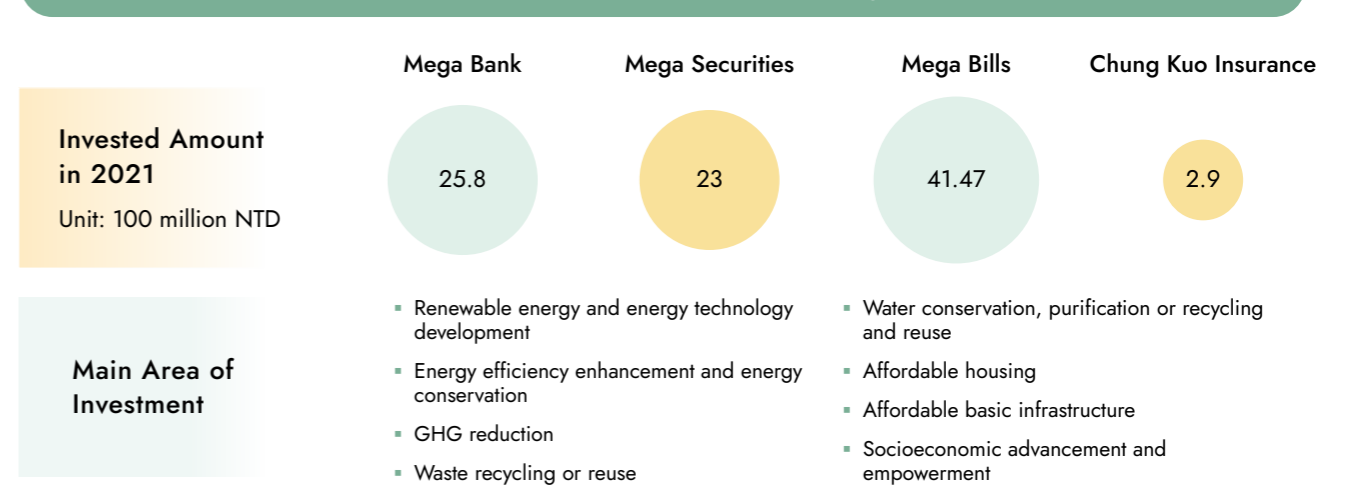
The "2021 Global Institutional Investor Survey" carried out by MSCI, a global provider of indexes, showed that 77% of global investors have increased their ESG investments. Mega Group also values the development of sustainable investments. In 2021, the Group underwrote NT\$1.6 billion in sustainable development bonds, investing a total of NT\$9.317 billion, bringing its total investment in domestic sustainability-related industries to NT\$97.5 billion; furthermore, the Bank do not currently finance any unconventional oil & gas in Taiwan.

Sustainable Development Bonds Underwritten by Mega Securities in 2021

Unit: 100 million NTD



Sustainable Development Bonds Invested in by Mega Group in 2021



Investments in Domestic Sustainability-related Industries by Mega Bank in 2021

Type of Industry	Number of Investments	Total Invested in 2021 (Unit: 100 million NTD)
Circular economy	75	530
Renewable energy technology	59	444.87

Note: Mega Bank does not currently invest any coal or unconventional oil & gas enterprise in Taiwan.

Case Study: Investment in Circular Economy by Mega Bank

In 2021, Mega Bank participated in an investment in a company that specializes in the prevention of airborne molecular contamination and sells filtration products that help firms to achieve the 3Rs (reduce, reuse, and recycle) in a circular economy and fulfill sustainability.

Case Study: Underwriting ESG Sustainability-linked Commercial Promissory Notes by Mega Bills

In 2021, Mega Bills participated in the underwriting of an ESG sustainability-linked commercial promissory notes; the fund will be used in the development of renewable energy and energy technologies, enhancement of energy efficiency and development of renewable energy related sectors, etc. The total amount was NT\$2 billion.

3.1.4 Sustainable (Green) Insurance

Chung Kuo Insurance (CKI) voluntarily complies with the "Principles for Sustainable Insurance (PSI)" and is committed to providing business owners, farmers, and the general public with more protection through sustainable insurance products. In 2021, CKI continues to launch sustainable insurance products, including comprehensive insurance for electronic equipment (solar power producers and citizens who set up their own solar panels for self-use), insurance for offshore wind power (co-insurance), agricultural insurance (persimmon farmers), and public accident liability insurance with additional coverage for accidental pollution.

The Sale of Sustainable Insurance Products by CKI in 2021

Insurance	Description	Number of Enrollment	Insured Amount (Unit: NTD)
Solar power	Comprehensive insurance for the installation of solar panels and insurance for electronic equipment	99	12,259,332,803
Environmental pollution liability insurance	Liability insurance for operators of toxic chemical substances and liability insurance for carriers	42	7,782,500,000
Natural disaster risks	Basic insurance for residential fire and earthquake; additional clause for excess typhoon and flood insurance; car body loss insurance; additional clauses for typhoon, earthquake, tsunami, hail, flood or accumulation of rainwater insurance	1,727	31,267,246,016
Bicycle injury and public accident liability insurance	Encourage the usage of public transports with an extra layer of protection	1	556,818,000,000

3.1.5 Other Sustainable (Green) Financial Products

Green Credit Cards

Mega actively implements the concept of sustainability in its operations and business management to keep pace with global trends of sustainable development. In 2020, we calculate the carbon and water footprints throughout the life cycle of the credit card that we issue, from raw materials, manufacturing, distribution, use, to the final disposal. Our credit cards have been verified by the third-party and passed ISO14067 Carbon Footprint and ISO14046 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, respectively, providing consumers with a new low-carbon option. Mega takes a further green step by cooperating with carbon credit institutions that develop renewable energy in Taiwan. Through purchasing Taichung wind power carbon offsets, every credit card of Mega is upgraded to a "Zero-carbon Credit Card." In 2022, Mega will join the "Mastercard Priceless Planet Coalition", working together with financial institutions worldwide to plant 100 million trees in five years. In addition, Mega also carry on cooperating with Gogoro to issue the "Gogoro Co-branded Card", which offers all types of special offers for buying an electric scooter. This green credit card is aimed at working tirelessly with customers to strive for a low-carbon life.

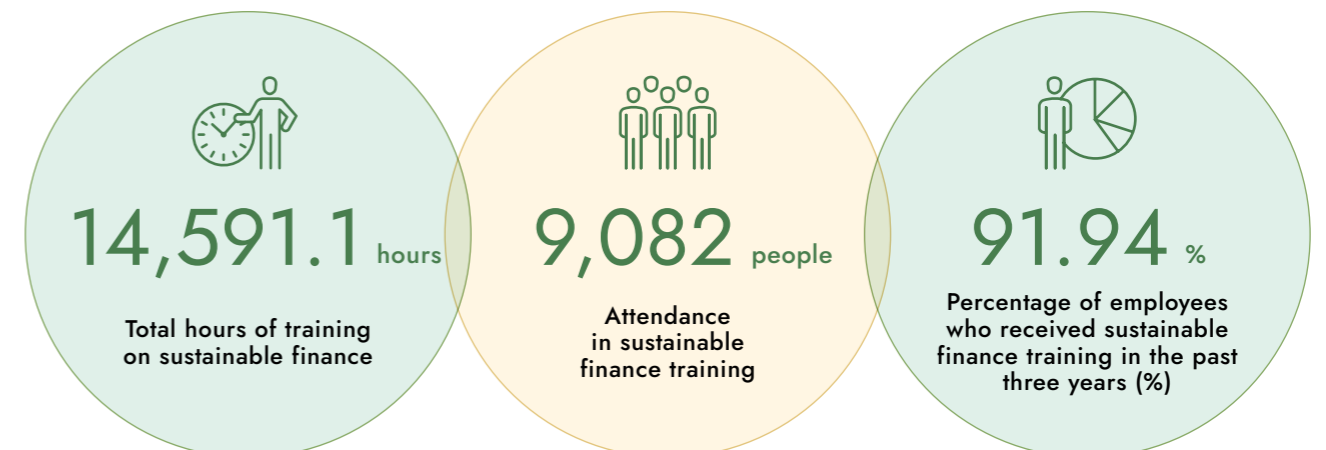


Wealth Management Products

With the premise that an investment yields the expected return, Mega Bank sells sustainable development bonds or green funds (including stocks, bonds, stock-bond balanced funds or ETFs) that are associated with environmental protection, energy conservation, renewable energy technology, and high expected investment return. In 2021, the Company offered 205 sustainable wealth management products (including 203 funds and 2 ETFs), managing about NT\$2.6 billion in asset.

3.1.6 Sustainable Finance Talent Development

To comply with the government's Green Finance 2.0 policy and facilitate the development of sustainable finance talents in Mega Group, we actively devise relevant business strategies for the Group and establish profitability models to effectively oversee the management of talent development by subsidiaries. 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.



3.2 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 ultimately increase the inclusiveness of the economy, improve wealth gaps and standard of living, and promote social equality and public welfare.

A Summary of Key Performance in Financial Inclusion in 2021

Concerned Topic	Products/services	Business Performance	Social Performance
Elderly Group	Happy LOHAS-Reverse Mortgage	NT\$465 million in cumulative amount approved	52 borrowers accumulated
	Retirement Trusts	NT\$4.922 billion in cumulative scale of property	1,145 of beneficiaries accumulated
Youth Group	Government Concessional Loan for Youth Housing	NT\$98.345 billion in cumulative amount approved	21,580 borrowers accumulated
	Youth Entrepreneurship and Start-up Loans	NT\$1.986 billion in cumulative amount approved	2,110 borrowers accumulated
Gender Equality	Personal Loan for Women	NT\$274 million in cumulative amount approved	374 borrowers accumulated
SMEs	Small and Medium Business Loans	NT\$596.6 billion loans outstanding at the end of the year	20,841 borrowers
Disadvantaged Group	Micro Insurance	NT\$1,242 thousand in insurance premium	780 cases processed
Farmers	Agricultural Insurance	NT\$1,173 thousand in insurance premium	26 cases processed

3.2.1 Inclusive Financial Products

Banking Services

Reverse Mortgages

In September 2020, the FSC launched the Trust 2.0 the "Promotion Plan for Full Functions of Trust Services", which is expected to guide financial services firms to gradually elevate the functions of their trust departments and develop a comprehensive type of trust business that provides customers with services tailored to their everyday needs. In response to aging society, 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.

Mega Bank has sold "Reverse Mortgage" to a cumulative total of 52 individuals at the end of 2021, amounting to NT\$465 million, which is a 20.89% growth compared to 2020.

Processing of Reverse Mortgage by Mega Bank

Unit: 100 million NTD

Year	Cumulative Number of Borrowers	Cumulative Amount Approved	Difference	Growth Rate (%)
2019	34	2.38	+1.83	331.51%
2020	45	3.85	+1.47	61.49%
2021	52	4.65	+0.80	20.89%

Retirement Trusts

To prepare for the advent of an aging society, Mega Bank has launched a "Retirement Trust" in the form of reverse mortgage and 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 real estate leasing, care, and aging-in-place services. Mega Bank has sold "Retirement Trust" to a cumulative total of 1,145 individuals in 2021, amounting to NT\$4.922 billion, which is a 6.42% growth compared to 2020. As a result, the competent authority awarded Mega Bank an "Outstanding Bank Award for providing property trust services for the elderly and people with disabilities".



Processing of Retirement Trust by Mega Bank

Unit: 100 million NTD

Year	Cumulative Number of Beneficiaries	Cumulative Scale of Property	Difference	Growth Rate (%)
2019	824	7.69	+2.04	36.11%
2020	1,066	46.25	+38.56	501.43%
2021	1,145	49.22	+2.97	6.42%

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 young homeowners and breadwinners. Following the extension of this policy implementation, we reduced the floating interest rate to 1.40%. Mega Bank's "Government Concessional Loan for Youth Housing" has been granted to 21,580 applicants as at the end of 2021. The cumulative amount of loans approved was NT\$98.345 billion, up 5.21% from 2020.

Processing of the Government Concessional Loan for Youth Housing by Mega Bank

Unit: 100 million NTD

Year	Cumulative Number of Borrowers	Accumulated Amount Approved	Difference	Growth Rate (%)
2019	19,752	886.33	+53.57	6.43%
2020	20,678	934.71	+48.38	5.46%
2021	21,580	983.45	+48.74	5.21%

Youth Entrepreneurship and Start-up Loans

The Small and Medium Enterprise Administration of the Ministry of Economic Affairs launched the "Youth Entrepreneurship and Start-up Loans" program to create a startup-friendly environment for young adults, promote entrepreneurship, and boost economic development. As a dedicated supporter of government programs, Mega Bank has granted the "Youth Entrepreneurship and Start-up Loans" to 2,110 applicants in 2021. The cumulative amount of loans approved was NT\$1.986 billion, up 245.99% from 2020.

Processing of Youth Entrepreneurship and Start-up Loans by Mega Bank

Unit: 100 million NTD

Year	Cumulative Number of Borrowers	Accumulated Amount Approved	Difference	Growth Rate (%)
2019	154	1.78	+0.07	4.09%
2020	1,004	5.74	+3.96	222.47%
2021	2,110	19.86	+14.12	245.99%

Personal Loan for Women

The government in Taiwan has been addressing financial inclusion and sustainability issues to actively promote gender equality and build a female-friendly employment and entrepreneurial environment. In response, Mega Bank offers a female-friendly loan service for female white-collar workers, providing actual financial assistance to support a female economy.

Processing of Personal Loan for Women by Mega Bank				
Unit: 100 million NTD				
Year	Cumulative Number of Borrowers	Accumulated Amount Approved	Difference	Growth Rate (%)
2021	374	2.74	-	-

Note: Difference and Growth Rate data were not available because it was a one-year short-term service.

Small and Medium Business Loans

According to the "2021 SME White Paper" published by the Ministry of Economic Affairs, there were 1,548,835 SMEs in Taiwan, and 9,311,000 people worked for SMEs, accounting for 80.94% of the total employed population in Taiwan. This shows that SMEs in Taiwan are the backbone of a stable economy and a cornerstone for employment creation. As of the end of 2021, Mega Bank has approved loans to 20,841 individuals, totaling NT\$596.6 billion in loans outstanding at the end of the year, which was a 11.81% growth compared to 2020. Specifically, outstanding loans to small-sized enterprises and community development with a capital of NT\$30 million or below totaled NT\$138.1 billion at the end of 2021, which was a 33.95% increase from the previous year. Moreover, the Bank received the 2020 "Award for Assisting with Regional Development" and "Award for Excellent Drawdown of Credit Guarantees", which were organized by the Small and Medium Enterprise Credit Guarantee Fund. This recognition shows that the Company spares no effort in assisting with the development of SMEs in Taiwan. Of the SME loans mentioned above, 162 cases were non-performing loans, totaling NT\$2.5 million or 0.00041% of the year-end outstanding loans to SMEs.

Investments in Domestic Sustainability-related Industries by Mega Bank in 2021				
Unit: 100 million NTD				
Year	Number of Borrowers	Loans Outstanding at the End of the Year	Difference	Growth Rate (%)
2019	12,693 (Including 8,135 small-sized enterprises and community development)	5,043 (Including 897 small-sized enterprises and community development)	+296 (171 small-sized enterprises and community development)	6.24% (23.55% for small-sized enterprises and community development)
2020	20,850 (Including 16,206 small-sized enterprises and community development)	5,336 (Including 1,034 small-sized enterprises and community development)	+293 (137 small-sized enterprises and community development)	5.81% (15.27% for small-sized enterprises and community development)
2021	20,841 (Including 16,255 small-sized enterprises and community development)	5,966 (Including 1,381 small-sized enterprises and community development)	+630 (351 small-sized enterprises and community development)	11.81% (33.95% for small-sized enterprises and community development)

Note 1: Small-sized enterprise and community development is defined as enterprise with a capital of less than NT\$30 million, according to the "2021 SME White Paper" published by the Ministry of Economic Affairs.

Note 2: The number of small-sized enterprises and community development loans in 2021 is totaled 21,489.

Types of Loans Offered by Mega Bank in 2021 (Domestic only, not including OBUs)			
Unit: 100 million NTD			
Type	Total Number of Borrowers	Loans Outstanding at the End of the Year	Percentage (%)
Personal Loans (consumer banking)	129,615	5,579	37%
SMEs Loans	20,841	5,966	39%
Loans to Large Enterprises	726	3,272	22%
Others	121	344	2%
Total	151,303	15,161	100%

International Micro Loan

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. Six microfinance loan applications or approximately NT\$2.11 billion were approved as of the end of 2021, and the credit outstanding amounted to NT\$1.478 billion.

Urban Renewal and the Reconstruction of Dangerous and Old Buildings

To effectively promote urban renewal projects, Mega offers all-inclusive, one-stop services by integrating its banking, financial holdings, and other external 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 2021, 75 loan applications were granted to urban renewal projects, providing NT\$70.39 billion of drawdown loan.

Processing of Loans for Urban Renewal and Reconstruction of Dangerous and Old Buildings by Mega Group in 2021						
Unit: 100 million NTD						
Company Name	Mega Bank		Mega Bills		Mega Asset Management	
Item	Number of Applications	Approved Loan Limit	Number of Applications	Approved Loan Limit	Number of Loan Applications Approved	Approved Loan Limit
Urban Renewal	39	507.71	0	0	3	23.34
Reconstruction of Dangerous and Old buildings	21	104.75	10	41.06	2	27.04
Total	60	612.46	10	41.06	5	50.38

Insurance Services

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.

Processing of Microinsurance by CKI				
Unit: NTD				
Year	Item	Insurance Premium	Difference	Growth Rate (%)
2019	1,821	676,172	144,275	21.34%
2020	1,394	609,247	-66,925	-10.98%
2021	780	1,242,309	633,062	103.91%

Agricultural Insurance

To increase farmers' protection, CKI also provides parametric persimmon farming insurance, which calculates claims on the basis of 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.

Processing of Agricultural Insurance by CKI				
Unit: NTD				
Year	Item	Insurance Premium	Difference	Growth Rate (%)
2019	74	3,248,212	-	-
2020	28	1,321,272	-1,926,940	-145.84%

Processing of Agricultural Insurance by CKI

Unit: NTD

Year	Item	Insurance Premium	Difference	Growth Rate (%)
2021	26	1,173,258	-148,014	-11.20%

Note: Very few claims were made in the first year of launch (2019) because there were minimal damages/losses from natural disasters, and this affected the intention of farmers to purchase persimmon insurance for the following two years.

- 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 2021, insurance premiums amounted to NT\$3,123,090 and 8,910 people were insured.

- 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. This insurance is applicable for people aged 60 to 80 years and can be renewed to a maximum age of 90. In 2021, the insurance premium amounted to NT\$1,629,023, equivalent to a total of 343 policies.

Pandemic Relief

Since the global outbreak of COVID-19 in 2020, Mega Bank has continued to provide business relief in accordance with government policies. In total, 18,362 applications for government relief loans or relief programs developed in-house were processed, and a total relief of NT\$145.1 billion was approved. Mega Bank discovered that startup businesses generally struggle to acquire funds because of qualification requirements. Through the "Program for Offering Financial Relief to New Startup Businesses" which was organized by the National Development Fund, a digital process characterized by efficiency, leniency, and simplicity was used, so that startup businesses are able to acquire funds and engage in innovation even during the pandemic. In less than half a year since its launch in mid-June 2021, Mega Bank has approved loans to more than 500 individuals, totaling NT\$5.1 billion. The number of undertakings and the total amount financed topped the financial industry in Taiwan. Mega Bank was therefore honored with the "Award for Credit Lending Banks with Excellent Performance in Offering Financial Relief to New Startup Businesses" and "Award for Manager Outstanding in Offering Financial Relief to New Startup Businesses," which were organized by the Ministry of Economic Affairs, Executive Yuan National Development Council, and SMEs Credit Guarantee Fund.

In addition, Mega Bank established a professional team to assist overseas Taiwanese SMEs in using the overseas credit guarantee fund and local government relief programs. As a result, Mega Bank received three major awards for helping businesses to overcome challenges brought by the pandemic: The Overseas Credit Guarantee Fund's 2020 "Special Award for Financing for New Southbound Nations", "Special Award for Total Credit Guaranteed for COVID-19 Programs", and "Excellence Award for Total Credit Guaranteed". In 2021, Mega Bank processed 181 applications for overseas credit guarantee fund and approved US\$81.86 million in total credit guaranteed, the highest among all banks, which represent a growth of 90.53% and 59.38%, respectively, compared with 2020 (95 applications and US\$51.36 million in total credit guaranteed).



Relief for Enterprises

- Leniency for Existing Corporate Loans**
Assist businesses that are struggling due to COVID-19 by extending existing loans and providing subsidies for reduction or waiver of interest payments.
- The NDC Program for Offering Financial Relief to New Startup Businesses**
Assist startup businesses that are struggling due to COVID-19 in obtaining relief and stimulus.
- Mega Holdings "Love Enterprise Loan" Program**
Mega Bank provides loans for SMEs to obtain working capital.



Relief for Individuals

- Leniency for Existing Personal Loans**
Provide extensions for the payment deadlines for principal and interest repayment for customers who face difficulties in repayment of loans and interests due to the impact of the epidemic.
- Deferral of Credit Card Bill Payments**
Provide deferral of credit card bill payments for customers; 1,657 applications for deferral were processed and approved.
- Relief Loans for Workers**
Mega Bank provides loans for general expenses or working capital to domestic workers affected by the epidemic. In 2021, the consumer banking unit processed 22,685 relief loan applications.

While considering the health and safety of employees during the pandemic and in cooperation with the government's various relief and stimulus measures to promote relevant pandemic prevention insurance products, CKI continues to provide comprehensive health insurance products for vaccination and protection against government-defined communicable diseases.

Item	Insurance Premium Generated in 2021 (Unit: NTD)	Total Number of Policies Signed in 2021
Pandemic Prevention Products	189,810,491	437,931
Vaccine Products	32,020,644	162,422

3.2.2 Inclusive Financing Services

- Accessible Services

Mega Bank provides a variety of convenient financial services for people with disabilities through a designated contact window and sets up a service bell and a guide at the entrance for any necessary assistance. As of 2021, a total of 461 Accessible ATMs have been set up, an additional 117 ATMs compared to 2020. A total of 10 ATMs designed for the visually impaired are also set up in airports and hospitals so as to provide accessible financial services for people with visual impairment. "Mega Bank Website", "Mega Securities Image Website" and "Mega Securities Wealth Management Website" have been awarded "Conformance Level A+ Accessible Web Accessibility Service" by the National Communication Commission, improving accessibility for the visually impaired and the hearing impaired.



- Bilingual Branches

The government's "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" was aimed to encourage the establishment of bilingual branches, improve employees' English proficiency, and create a friendly environment for accessing bilingual financial services. In response to this bilingual initiative, Mega Bank established a pilot branch, the Lanya Branch in Tianmu, in 2020. As of 2021, Mega Bank operates 25 bilingual branches, providing a wide range of services such as credit cards, deposits, foreign exchange and remittance, digital finance, 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 2022, Mega Bank plans to expand original 25 bilingual branches to 55 branches at 10 branches every six months. The original goal was to make all branches bilingual by 2028, but the Bank hopes to achieve this goal in advance by 2025 so that all 108 branches in Taiwan can become bilingual to provide accessible services for foreigners.

Retirement Planning Service

The "Retirement Planning Service" of Mega Bank, offers mobile wealth management advisor system on iPad with customized 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, allocate assets accordingly, and start taking steps to prepare for retirement.



The Retirement Planning Service Performance

Year	2019	2020	2021
Number of People Served	2,010	1,884	1,891

3.3 Customer Relationship

3.3.1 Management for Fair Treatment of Customers

Mega Group adheres to sustainable development value of "Professionalism and Reliability," and "Integrity and Accountability". In accordance with Chapter 2 of the "Financial Consumer Protection Act", the subsidiaries of Mega Group have developed policies, strategies, and implementation plans to "Fair Customer Treatment Principles", which are supervised and managed by the Board of Directors, in order to improve employees' legal knowledge and compliance, enhance the confidence of our financial consumers and ensure consumer interests.

Fair Treatment of Customers Policy and Operation of Each Subsidiary

Mega Bank, Mega Securities, Mega Bills, and CKI voluntarily disclose and protect the interests and rights of their customers, has set up "Principles for Fair Treatment of Customers" or "Financial Consumer Protection" section on their website. By setting up a Friendly Financial Services section, CKI additionally provides disabilities-friendly measures to provide environment, products, services, communication, and information for people in need. Mega Securities was ranked in the Top 20% Securities Firms in 2021 evaluation on the "Principles for Fair Customer Treatment" by the Financial Supervisory Commission.

Mega Bank	Policy	"Principles for Fair Treatment of Customers Policy" and "Guidelines for Fair Treatment of Customers Strategy and Consumer Protection", to help employees understand the importance of empathy and conduct relevant indicators. And organize an active annual routine training plan, which higher than statutorily required to continuously implement a corporate culture of treating customers fairly.
	Operations	"Care and Fair Customer Treatment Committee" is composed of various business management units convenes quarterly meetings to discuss mechanisms for the handling of significant complaints and continuous service improvement.
Mega Securities	Policy	"Principles for Fair Treatment of Customers Policy and Strategy"
	Operations	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' awareness on the protection to financial consumers.

Mega Bills	Policy	"Fair Treatment of Customers and Financial Consumer Protection Policy" and "Fair Treatment of Customers Strategy", which serve to protect the rights of financial consumers in a fair, reasonable, and effective manner and improve customer satisfaction.
	Operations	Professional lecturers are being hosted annually. In accordance with the nine principles of the "Important Issues to be Noted by Financial Institutions When Adopting the Principles of Treating Customers Fairly", Mega Bills periodically reviews internal regulations and agreements with customers, and reports the implementation status to the Board of Directors every year.
Chung Kuo Insurance	Policy	"Principles for Fair Treatment of Customers Policy", "Implementation Strategy for Fair Treatment of Customers", and "Guidelines for Handling Consumer Disputes"
	Operations	CKI has established "Fair Customer Treatment Working Group", which implements the policies through departmental participation. In accordance with the Company's "Guidelines for Handling Consumer Disputes", regularly monitors the progress in handling consumer disputes and complaints every month, and submits a summary report to leader for review. A quarterly summary of customer complaints or consumer disputes and improvement plans are presented to the "Fair Customer Treatment Working Group" during a meeting.
Mega International Investment	Policy & Operations	"Principles for Fair Treatment of Customers and Related Policies, Strategies, Rules, and Code of Conduct", which are based on the "Principles for Fair Treatment of Customers".

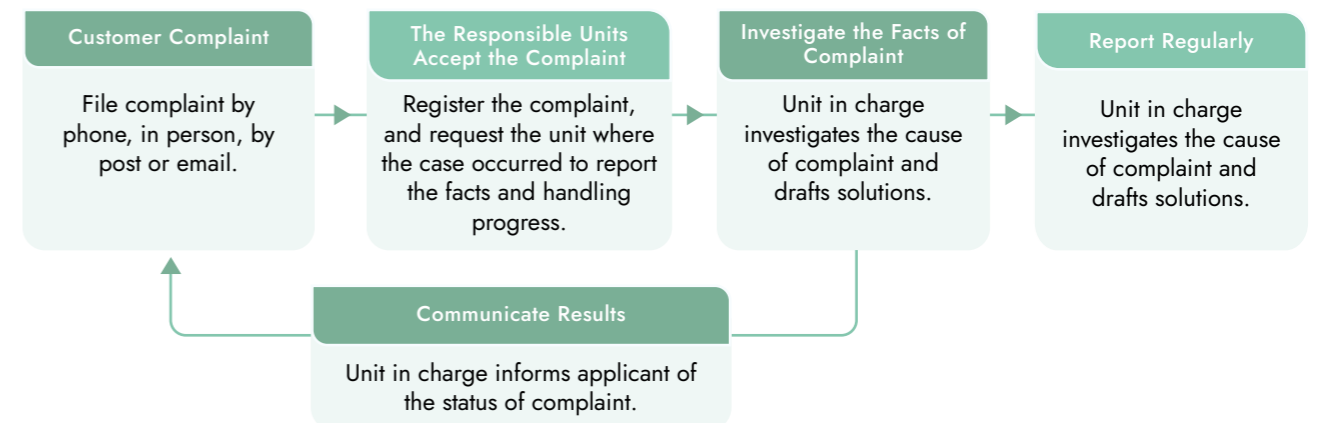
Training on Fair Treatment of Customers

To strengthen the compliance of financial personnel, their awareness, and knowledge on treating customers fairly, each year, the subsidiaries of Mega Group organize training on fair treatment of costumers, and improve customer relations and service quality by offering physical and online courses; moreover, integrating physical courses into a digital learning website for in-house employees. Regarding attendance in training on treating customers fairly, 46,729 employees completed training in 2021, and 60,826 hours of training in total were completed.

Company Name	Training Course Content
Mega Bank	Courses on "Code of Conduct", "Personal Data Protection Act", "Financial Consumer Protection Act" (including "Principles for Fair Treatment of Customers"), real-life cases of financial consumer disputes, ethical management, and employee confidentiality, etc.
Mega Securities	Courses on "Code of Conduct", "Financial Consumer Protection Act" (including "Principles for Fair Treatment of Customers", "Rules for Handling Financial Consumer Disputes", "Financial Consumer Protection Act", etc.), and "Personal Data Protection Act", etc.
Mega Bills	Courses on the "Financial Consumer Protection Act" (including Principles for Fair Treatment of Customers), "Rules for Handling Financial Consumer Disputes", "Personal Data Protection Act", etc. Case studies are provided as well, and employees are also asked to attend courses or seminars organized by external agencies.
Chung Kuo Insurance	Courses on "Principles for Fair Treatment of Customers in the Financial Services Industry", "Financial Consumer Protection Act", and "Personal Data Protection Act", etc.
Mega International Investment Trust	Courses on "Principles for Fair Treatment of Customers in the Financial Services Industry", etc.

3.3.2 Customer Complaint Mechanisms

Mega Group values customers' feedback, each subsidiary has established a mechanism, prosefure and goal for customer complaint. The Group complies with the "Financial Consumer Protection Act", a complaint shall be handled and closed within 30 days of the receiving date and informed the customer of its disposition. Mega Bank has set a time limit of 15 days for handling customer complaints, which is higher than the statutory requirement. The Bank has 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.



Procedures for Handling Customer Complaint and Communicate Channel

Mega Financial Holding	<p>The Company has stipulated that a subsidiary subject to customer complaint shall handle the matter and determine the cause, response to the Customer on that day, and reporting the situation to the Company on or no later than the next day of filing. The Company shall fill a customer complaint handling record sheet with the progress of handling the filed complaint, and contact the Customer to check whether the matter has been resolved and the customer's satisfaction when necessary.</p> <p>Unit in Charge: Administration Dept. Customer Service: (02)2357-8888 Ext. 116 Mailbox: web@megaholdings.com.tw</p>
Mega Bank	<p>Mega Bank has set up the 24-hour customer service center. Customers may contact the customer service center by phone or website email. In 2021, the customer service center had received an average of 85,701 calls per month (including customer service requests and complaints). Mega Bank assigns dedicated personnel to process and respond to the customer complaints. The main complaints involved credit card, deposits and transfers, and service attitude. Once a customer complaint is received, Mega Bank provides a quick response in a friendly manner, and also regularly analyzes the cause of customer complaints. The Care and Fair Customer Treatment Committee conducts internal reviews and proposes corrective measures, and reports to the Board of Directors on a quarterly basis to keep the Board aware, thereby complying with the "Principles for Fair Treatment of Customers."</p> <p>The Bank has an Administrative Unit Customer Complaint Reporting System, which logs all received complaints from different channels to keep a complete record of a filed complaint. The Bank implements timely control to ensure that a case has been properly handled and concluded. Apart from classifying a complaint by level of risk, the Bank furtherly protects the interest and rights of financial consumers by including "regulatory violation" as a risk management metric. This metric is reviewed monthly to ensure that operating procedures relevant to customer complaint have no possibility of unlawful conducts.</p> <p>Unit in Charge: Customer Service Center, Administration Division Customer Service: 0800-016-168 or (02)8982-0000 Mailbox: https://www.megabank.com.tw/about/customer-service/contact Other: Chatbot – Hsiao Meh</p>
Mega Securities	<p>Mega Securities has set up a customer service center. Customers can contact customer service personnel by phone or sending an email via the Contact Us page on its website. A dedicated personnel will then be assigned to process and respond to the customer complaints. In 2021, 29,407 calls and 1,353 emails were received.</p> <p>Unit in Charge: Customer Service Center Customer Service: (02)2351-7017 Mailbox: https://www.emega.com.tw/emegaTran/customerService.do</p>
Mega Bills	<p>Mega Bills provides various channels for customers complaint by phone, in person, in writing, or by email. When a complaint is received, the unit in charge will accept the complaint for processing, complete the "Financial Consumer Dispute Report Form," and request the unit involved to report the facts, handling status, and proposed solutions. Once a solution is established, the unit in charge will inform the applicant and close the case.</p> <p>Unit in Charge: Administration Dept. Customer Service: (02)2381-0033 Mailbox: mb01@megabills.com.tw</p>
Chung Kuo Insurance	<p>Customers may file a complaint by calling the 0800 hotline, email, in writing, or through the company's website. CKI has set up a contact window for receiving customer complaints. After a complaint is filed and accepted, CKI notifies the units involved and requests them to provide details, which are then sent to a cross-department consumer dispute working group or committee for discussion. The resolutions adopted by the working group or committee are provided to the units involved for implementation and tracked the handling progress. Additionally, the progress of handling complaint has been tracked monthly, and the units involved are requested to review and propose improvement plans, which are presented to the head for approval. The consumer dispute handling committee convenes quarterly meetings to review, analyze, and propose improvements with respect to the complaint and service in dispute. Meeting minutes are presented to the next meeting of the Board of Directors.</p> <p>Unit in Charge: Personal Insurance Claims Service Dept. Customer Service: 0800-053-588 Mailbox: e-service@mail.cki.com.tw</p>
Mega International Investment Trust	<p>MITC has established "Guidelines for Handling Business Disputes" and "Procedures for Handling Financial Consumer Disputes. Customer complaint" procedures are described on the company's website and in transaction contracts.</p> <p>Unit in Charge: Customer Service Group of Investment Planning Dept. Customer Service: 0800-062-668 or (02)2175-8368 Mailbox: service@megafunds.com.tw</p>

Mega Asset Management	<p>Customers may file a complaint by phone, post, fax, and email. A hotline and mailbox are also available. After a complaint is accepted, a person is appointed to handle the case and provide responses. The complaint is kept confidential. A summary report of filed complaints is regularly presented to the President, the Audit Office under the Board of Directors, and Sales Department for future reference.</p> <p>Unit in Charge: Administration Dept. Customer Service: (02)6632-6789 ext. 319 Mailbox: mamc@megaamc.com.tw</p>
Mega Venture Capital	<p>Customer Service: (02)2314-0878 ext. 23</p>

3.3.3 Improving Customer Satisfaction and Service Experience

As a financial service provider, the 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 company. The customer satisfaction coverage rate of the Group in 2021 is 90% (calculated based on the proportion of revenue within the scope of survey).

Company Name	2021 Surveys of Customer Satisfaction	Comparison with 2020 Results	Description
Mega Bank	90% Employee manners	Reduction of 2.63%	Mega Bank conducted a "Bank Clerk Telephone Etiquette Test" on 108 bank branches in 2021, and organized a "Customer Etiquette Contest". Customer satisfaction scored 90.31 points on average. In future, we will plan training courses on service etiquettes, and introduce new courses in orientation and professional trainings to improve the service etiquettes and attitudes of bank clerks.
Mega Bank	95% Satisfaction with counter services	Reduction of 3%	As part of our anti-epidemic efforts, Mega Bank conducted an over-the-counter customer satisfaction survey in August 2021, where customers who completed the survey were given a pack of face mask with Mega's logo. In total, 2,954 valid questionnaires were retrieved, reduction of 3% compared to 2020. This difference is probably related to the value of the gift and the pandemic prevention measures adopted in the bank. In future, we plan to training courses on service etiquettes, and introduce new courses in orientation and professional trainings to improve the service etiquettes and attitudes of bank clerks.
Mega Bank	82.44% Digital service satisfaction survey	0.44% increase	During June to July of 2021, Facebook and Line were used to conduct "Surveys of Digital Service Satisfaction" on general users. In total, 24,864 valid questionnaires were retrieved.
Mega Securities	97% Surveys of Customer Satisfaction	No difference	Surveys of Customer Satisfaction were completed in December 2021; 3,098 questionnaires were received.
Chung Kuo Insurance	90.28% Customer satisfaction with claims service	0.78% increase	Satisfaction surveys of customers who made claims on their automobile insurance or health/injury insurance were conducted in February, April, June, August, and October of 2021.
Mega International Investment Trust	91.75% Satisfaction with counter services	0.05% increase	Satisfaction survey was conducted on 300 customers in 2021.

The Average of Customer Satisfaction of Mega Group over the Years

Weighted Average Customer Satisfaction				Satisfaction Target
2018	2019	2020	2021	2021
85.00%	84.84%	84.26%	85.28%	85.00%

3.3.4 Responsible Marketing

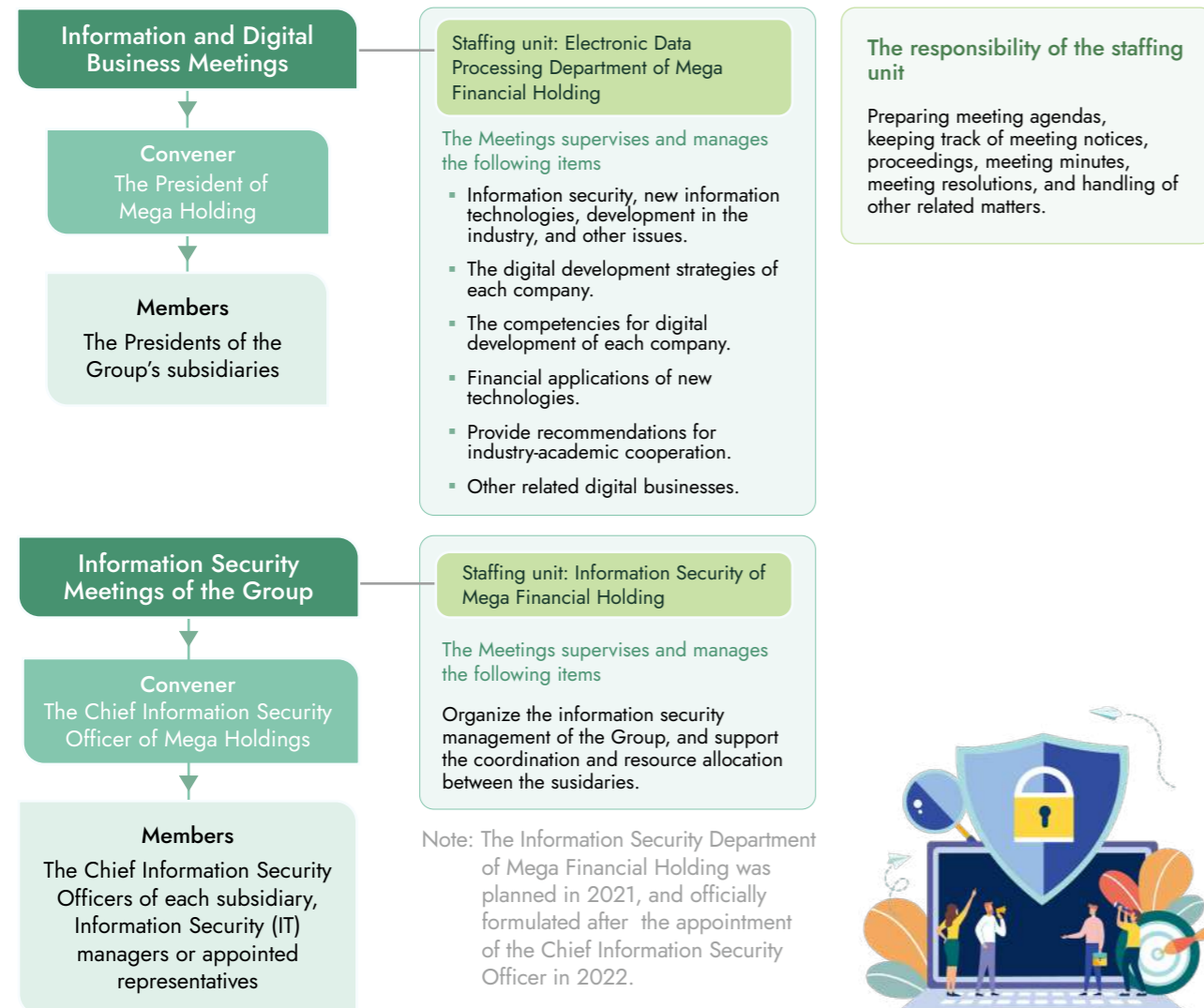
In recent years, the Financial Supervisory Commission has imposed penalties on a number of financial advisors for improper conduct. To avoid negative impacts, Mega actively strengthens employee training and reinforces financial advisor management measures. By using customer feedback surveys, disclosing information on company website, or sending emails, we remind customers of their interests and rights as part of our customer care practice. 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 Investment Trust have all mandated that the pre-market review process for new financial products and services shall involve design planning, review, preparation for sale, and other procedures, and shall be submitted to the Board of Directors for approval. In 2021, 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.

3.4 Information Security

3.4.1 Information Security Management

The financial industry is a high-risk sector that is subject to supervision and monitoring, data leakage may cause service disruption and misappropriation of personal identity information, intellectual property rights, financial data, and other highly sensitive information leakage. Thus, incurring costs relating to the repair or elimination of data system threats and litigious investigations, which in turn damage the company's reputation and negatively affect customer confidence.

To oversee the Group's information development and information security management matters and reduce information security risks, Mega Financial Holdings has established the "Information Security Policy" and "Guidelines for Information Security Management Operations". Pursuant to applicable regulations, Information and Digital Business Meetings are held, with the director of Mega Financial Holdings (who is also the President of the Company) serving as the convener, the Executive Vice President of the Electronic Data Processing Department as the deputy convener, and the President of each subsidiary as meeting members. Meetings are convened at least every six months and may be convened at any time based on business requirements. 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. To build a robust foundation for the information security of Mega Group, a Group Information Security Meeting is convened by the Chief Information Security Officer of Mega Holdings and attended by the Chief Information Security Officers of each subsidiary, Information Security (IT) managers or appointed representatives. This meeting is held once every three months 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 company's capacity to make decisions on security issues and reduce risks of information security.



3.4.2 Information Security Management Mechanisms and Measures

Mega continues to review and confirm 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, implement protection and monitoring mechanisms for important networks, conduct vulnerability scans and improvements from time to time, execute penetration tests, and organize social engineering rehearsals and information communication security training. By adopting ISO 27001 Information Security Management System and passed verification to ensure the appropriateness and effectiveness of its information security and network risk management.

Information Security Management Measures	The Implementation by Mega Group in 2021
Establish a 24/7 Security of Center (SOC)	Mega Bank and CKI have launched it; Mega Financial Holding expects it to be completed in 2022.
Perform Vulnerability Scan from Time to Time	For Mega Bank, vulnerability scan is conducted on network equipment, servers, terminal equipment, and Internet equipment. A third party is commissioned to complete a computer system information security assessment annually. For Mega Financial Holding, Mega Securities, Mega Bills, CKI, and MAM, the scans have completed twice a year; for MITC, the scan has completed once a year. After the scans, vulnerabilities were improved and will still be followed up and observed in the future.
Conduct Penetration Test from Time to Time	Penetration test is commissioned to a third party to check for any vulnerabilities in the company's service websites. For Mega Financial Holding, Mega Bank, Mega Bills, CKI, and MAM, the test has completed twice a year; for Mega Securities and MITC the test has completed once a year. The test results showed that there were no major risks or problems. Follow-up observations will continue in the future.
Conduct Social Engineering Drills from Time to Time	A third party is commissioned to conduct email social engineering rehearsal. For Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, CKI, MITC, and MAM, the drills have completed twice a year; for MVC, the drill has completed once a year. Test emails were sent to all full-time employees. The objective was to strengthen education on the security of information communications.
Business Continuity Plan	Business continuity test involves a drill of using backup systems in the event of major disasters leading to core system downtime. For Business Continuity Test, Mega Financial Holding has completed twice, and MAM has completed once in 2021. For Remote Backup Drills, Mega Bank has completed twice, and Mega Bills, CKI, MITC have completed once in 2021. The results showed no abnormalities or irregularities.
Adoption and Verification of ISO 27001 Information Security Management System	Mega Bank, Mega Securities, and CKI passed the re-certification of its ISO 27001 Information Security Management System (ISMS) in 2021. The verification results showed no non-compliance, so the companies' ISMS was still valid. Mega Financial Holding will complete the adoption and third-party verification of ISO 27001 in 2022 Q3.
Continue to Purchase the E-commerce Services and Information Security Liability Insurance	Mega Bank and CKI have completed renewing the insurance in 2021. Insurance is purchased to reduce risk and financial losses in the event of business disruption, to protect assets against cyber security threats, and help the Group to add an extra layer of protection for its information security management.

3.4.3 Information Security Reporting Process and Information Security Incidents

Mega Financial Holding has established the "Major Contingency Operating Procedure Guidelines" and "Guidelines for the Establishment of a Computer Information Security Incident Response Team (CSIRT)" to achieve the following: 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, a company's information security incident handling team shall effectively 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. After the event, the unit involved will convene a project meeting so as to prevent recurrence in the future. In the meeting, the progress of handling and a review report are presented.

Information Security Incidents of Mega Group

2019 ~ 2021

- Number of information security incident
- Number of financial loss event due to information security
- Number of information infrastructure incident
- Number of financial loss event due to information infrastructure

0

Data Breach Incidents of Mega Group

2019 ~ 2021

- Total number of data breach incidents
- The percentage of data breach incidents involving personal information
- Total number of account holders affected by data breaches
- Total number of employees affected by data breaches
- Amount of fines/penalties paid due to information security violation or other cyber security incidents

0

Information Security Training Implementation in 2021 of Mega Group

Company Name	Number of Courses	Total Training Hours	Course Enrollments	Total Number of Employees	Training Hours per Person
Mega Financial Holding	1	65	65	65	1.00
Mega Bank	3	19,323	19,335	6,441	3.00
Mega Securities	2	4,625	1,649	1,490	3.10
Mega Bills	3	880	660	220	4.00
Chung Kuo Insurance	3	3,111	1,037	796	3.91
Mega International Investment Trust	2	273	185	89	3.07
Mega Asset Management	4	174	87	24	7.25
Total	18	25,131	22,798	9,125	2.75

3.4.4 Policy and Management for Customer Privacy Protection

To protect customer privacy and ensure information security, Mega Group adopts the "Customer Data Confidentiality Measures" of Mega Financial Holding and each Subsidiary, which are established and maintained by the Compliance Department of Mega Financial Holding. The measures provide details on the collection, processing, and use of customer data by Mega Group in accordance with the "Personal Data Protection Act", "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 agency is commissioned to verify our personal data protection practice, thereby ensuring the effective protection of customer privacy and personal data.

To be our customers' most trusted partner, the Company enforced the "Mega Financial Holdings Employee Code of Conduct" and "Reward and Punishment Regulations". 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 an employee violates the Code, then depending on the severity of the circumstance, such violation will be reported to the company and handled in accordance with relevant punishment regulations.

In 2021, 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. Also, The Group did not use customer information in secondary marketing or access data related to customer privacy from the government.

3.5 Digital Innovation

With the trend of digital transformation and the impact of COVID-19, Mega believes that using Fintech to optimize digital experience and create ubiquitous services will facilitate the development of financial inclusion. Therefore, Mega is committed to providing thoughtful financial services by developing digital finance, with a focus on "Accelerating the Implementation of Branch Digitalization," "Enhancing Digital Financial Service Experience," and "Strengthening Digital Technology Capabilities."

Through stakeholder engagement, Mega has continued to promote various digital/mobile services in recent years based on the needs of customers. For example, we improved the functions of STM, introduced more cloud-based counter service channels, developed an all-inclusive business integration platform, improved operating efficiency, and enhanced customer service experience. In addition, personalized messages/notifications are sent to customers via LINE to keep customers up-to-date at all times. In 2021, Mega Group has obtained 400 patents related to digital finance.

The Axes Digital Finance Development

01

Accelerating the Implementation of Branch Digitization

- Establish Financial Confirmation Blockchain Platform
- Establish Smart Teller Machine (STM)
- Go paperless in over-the-counter account opening process

02


Enhancing Digital Financial Service Experience

- Expand the scope of mobile payment services
- Promote digital deposit account
- Expand the service scope of digital channels
- Utilize the function a service of social media platforms
- Add a new mobile banking function - Declare

03

Strengthening Digital Technology Capabilities

- Use AI technology and Internet of Things applications



3.5.1 Accelerating the Implementation of Branch Digitization

Establish the Financial Confirmation Blockchain Platform

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 Co., Ltd. to expedite confirmation, simplify manual operations, and reduce operating costs of branches. We established an automatic confirmation platform, integrating business system databases to significantly reduce confirmation response time. The platform generates an "Immediate" response, thus shortening the average operation time per case to less than one day. It effectively reduces manual processing time and achieves the goal of going "Paperless". Since its launch in 2018 to the end of 2021, 12,766 confirmations have been processed via blockchain, and the number of blockchain confirmations as a percentage of all confirmations is gradually increasing.



Establish Smart Teller Machine (STM)

Mega Bank has digitized and standardized all verification operations required for account opening procedures to accelerate overall review time. Since the launch of the 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 3,229,344 sheets of printed documents based on the total number of customers who opened a bank account. This service received three R&D patents in 2021. As at the end of 2021, 121 STMs were deployed, serving 158,018 people. In total, 179,408 people opened an account using STM.

Paperless for Account Opening Process

For its branches in Taiwan, Mega Securities has introduced a counter-based account opening platform, which is equipped with a digital writing board, media storage, and electronic signature function. It allows customers to open more than one account at the same time, and greatly reduces waiting time for customers. In 2021, a total of 5,471 customers have used the paperless platform to open a bank account.

3.5.2 Enhancing Digital Financial Service Experience

Expand the Scope of Mobile Payment Services

Mega Bank actively implements Taiwan Pay to promote mobile payment services, and cooperates with multiple electronic payment companies (JKOS, O'Pay, Gama Pay, LinePay Money, EasyCard, and EasyPay) to provide a direct debit service. The Bank continues to collaborate with more business owners to increase the visibility of mobile payment services. We also integrate marketing resources and work with strategic partners to jointly establish mobile payment application scenarios, thereby building a mobile ecosystem that satisfies consumers' need for mobile payment in different daily settings. In 2021, the annual sales target of Mega Bank was to have 4,560 merchants use Taiwan Pay service. In total, the sales unit of Mega Bank had convinced 6,633 merchants to use this service, achieving 145% of the target.

Promote Digital Deposit Account

Mega Bank provides customers a one-stop digital financial service, in which customers can open multiple accounts (digital deposit account, trust account, securities account, and sub-brokerage account) and also apply for Internet banking, debit card, and credit card all at the same time. This service is now available to minors under the age of 7 and sole proprietors. Mega Bank has opened NT\$123,967 and foreign currency accounts as of the end of 2021.

Expand the Service Scope of Digital Channels

Mega Bank's Internet banking and mobile app services have been completely transformed to incorporate a design service process that is based on customer experiences. Through data collection and analysis of network traffic and a study of remote user perception, the functions, menu, name, and architecture of these services were optimized. As of the end of 2021, Mega Bank has opened 1.23 million Internet banking accounts, up 11.35% from 2020, and approximately 850,000 mobile app accounts, up 20.02% from 2020.

Mega Securities continued to streamline its online account opening procedures, introduced a new account opening referral code and sub-brokerage online account opening function, and planned account opening marketing activities to keep up with the continuous popularity of the Taiwan stock market. As a result, Mega Securities has opened 16,528 accounts via digital channels in 2021, a growth of 226.19% from 2020.

Statistics on the Cumulative Number of Accounts Opened by Digital Channels in the Past Three Years of Mega Group					
Company Name	Item	2019	2020	2021	Difference Between 2021 and Previous Year (%)
Mega Bank	Number of Online Banking Accounts	Approx. 980,000	Approx. 1.1 million	Approx. 1.23 million	11.35%
	Number of Mobile App Accounts	Approx. 620,000	Approx. 700,000	Approx. 850,000	20.02%
	Total Number of Accounts	Approx. 1.6 million	Approx. 1.8 million	Approx. 2.08 million	14.74%
Mega Securities	Digital accounts	259	5,067	16,528	226.19%
Mega International Investment Trust	Digital accounts	6,570	6,779	7,299	7.67%

Note: Digital accounts includes margin account opening/contract renewal/limit adjustment, fund lending, securities lending, and wealth management.

Utilize the Function and Service of Social Media Platforms

Mega Bank's LINE official account provides 15 account notification services and issues an average of 5.46 million notifications each month. In addition to saving 91% of the cost of the SMS delivery, customers can also actively inquire foreign exchange rates, service locations, credit card services, and mortgage calculations on LINE official account. They can also use online text customer services to ask questions and receive answers. As of the end of December 2021, 2.91 million people have joined the account. Mega Securities continued to optimize its LINE account functions as well. In 2021, the company launched a Sub-Brokerage School website, which integrates the contents of analyses performed by Mega International Investment Trust.

New Internet/mobile Function – Declare Large Foreign Exchange Transactions

This function went live in December 2021, by completing an IXML certificate application on their mobile banking app. Customers can not only buy/sell foreign currencies equivalent to a value of NT\$500,000 or more, but also buy/sell 14 types of currencies if they complete the declaration of foreign exchange transactions. 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, and seize the opportunity to exchange currencies at the ideal rate.

3.5.3 Strengthening Digital Technology Capabilities

Use AI Technology and Internet of Things Applications

- Mega Bank

In response to the zero-contact need during the outbreak of COVID-19 this year, Mega Bank quickly developed a wide range of services that allow customers to "Bank at Home" and seize business opportunities with zero contact, including online loan application, video call service, mobile payment, online money transfer via mobile phone number, and online opening of digital accounts (sole proprietors). The Bank launched a robot wealth management service, called MegaBee, providing customers with easy access to one-stop financial services to meet their financial needs, such as making deposits or spending with credit card, investing in funds, and managing wealth. Furthermore, robotic process automation (RPA), application programming interface (API), optical character recognition (OCR), and image recognition technologies are used to continue to improve our service quality.



- Mega Securities

- Mega Securities integrates innovative technologies and artificial intelligence, and develops FinTech applications and scenarios by introducing Machine Learning (ML), Natural Speech Processing (NLP), chatbot, and other technologies. The company will continue to employ AI in financial products and services, including the "Mega Wealth Management Secretary" and smart customer service on the official website, etc.
- Mega Securities provides financial news services every day via Facebook and LINE accounts. Its LINE account also provides push notifications on customer-selected stocks, news on purchased stocks, real-time transaction price and volume alerts, transaction reports, and account inquiries, among other exclusive services. In 2020, the company launched a "Warrant Trading Website", enabling investors to quickly find warrants and seize investment opportunities. As of the end of December, 2021, Mega Securities' LINE official account currently has 56,723 members.



- Other Subsidiaries

Using RPA in anti-money laundering operations can reduce manual labor hours by approximately 50% to 66%. Therefore, Chung Kuo Insurance will adopt RPA in its insurance claims, wealth management, and price quote operations. Mega Asset Management will digitally transform its information management system and adopt a Company Document system, which will reduce delivery time by about 20% to 30%.

CH4 Employee Care



Material Topics

GRI 401、GRI 403、GRI 404、GRI 405

Material Issues

Happy Workplace

Targeted Stakeholders

Employees/Corporate Union

4.1	Talent Attraction	75
4.2	Talent Development	80
4.3	Happy Workplace	84
4.4	Human Rights Protection	94



A Message from the Leader of Employee Care Working Group

Employees are our most valuable assets of the Group, and are the backbone of Mega. Therefore, we provide comprehensive plans and assistance with respect to employee recruitment, development, retention, benefits, and retirement, through the Employee Care Working Group of the Sustainable Development Committee and human resource unit of Mega Financial Holding and its subsidiaries. Our ultimate objective is to take care of employees' health, and strive to be a happy enterprise, where employees and employers work together like partners and co-exist harmoniously to achieve mutual prosperity and success.

4.1 Talent Attraction

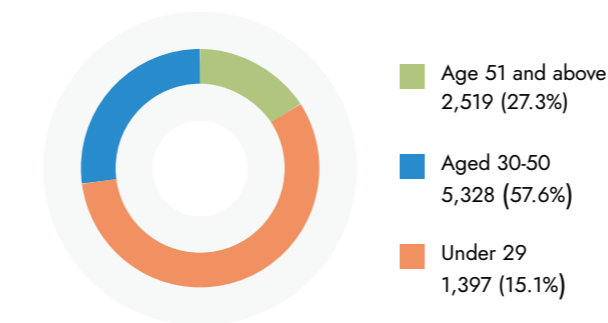
Employees are the most valuable assets of Mega, and are the foundation of the Group. Therefore, the Group provides comprehensive plans and assistance with respect to employee recruitment, development, retention, benefits, and retirement, through the Employee Care Working Group of the Sustainable Development Committee and human resource unit of Mega Holdings and its subsidiaries. Our ultimate objective is to take care of employees' health, and strive to be a happy enterprise.

4.1.1 Talent Resources and Structure

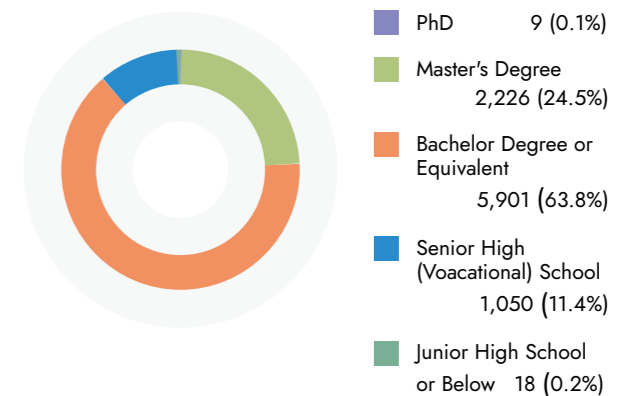
Mega complies with labor regulations and respect the internationally recognized principles of basic workers human rights, which are regulated in the "Human Rights Policy" of Mega Holdings. To ensure equal opportunity in recruitment, employment, salary benefits, and job promotion, Mega Group prohibits discrimination on the basis of nationality, race, class, language, thought, religion, etc. As of the end of 2021, Mega Group has 10,380 employees around the world, 9,244 of whom are full-time and 444 part-time (temporary). We have 8,449 employees (91.3%) in Taiwan and 795 employees overseas (8.6%). In general, most of our employees (n=5,328 or 57.6%) were aged 30 to 50 years.

Workforce Demographics			
Type	Aspect	Number of Employees	Ratio
Gender	Female	5,438	58.8%
	Male	3,806	41.2%
Job Location	Taiwan	8,449	91.4%
	Overseas	795	8.6%
Position	Management	2,787	30.2%
	Non-Management	6,457	69.8%

Age Structure

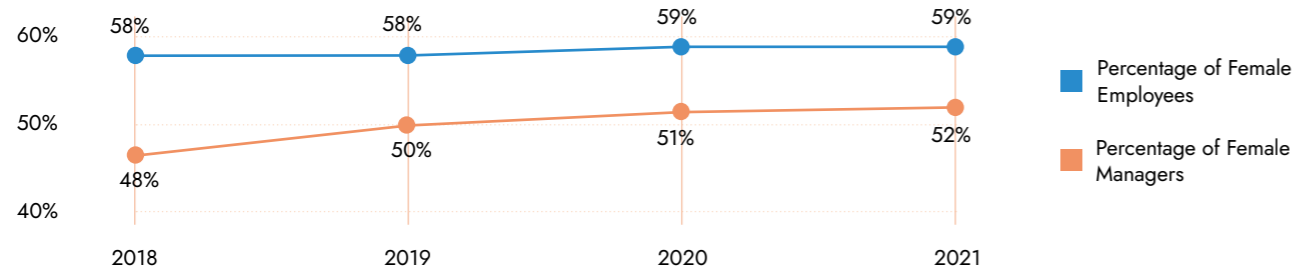


Education Level

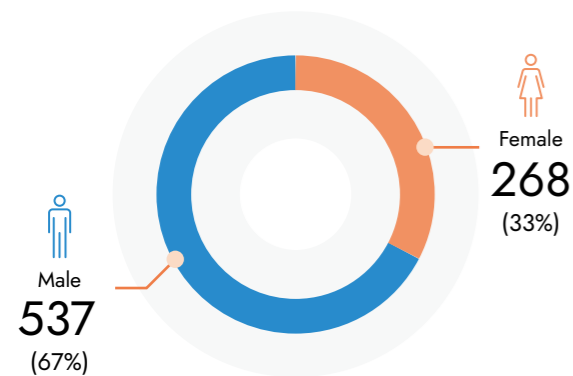


Note: Based on the full-time employees of Mega Group.

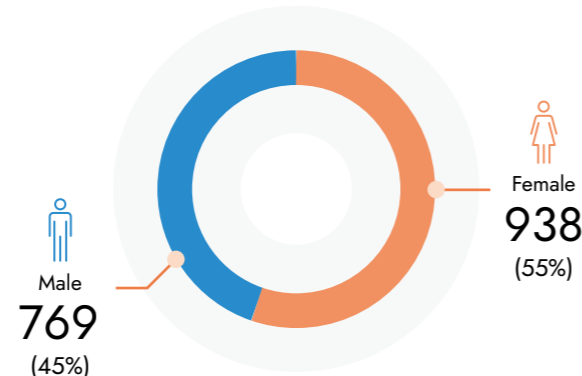
Mega is a long-time advocate of Gender Equality issues. In terms of our workforce structure, the Group currently has 5,438 female employees (58.8%). An overview of the past four years, Mega has kept its gender ratio more or less the same, with the ratio of female managers showing an upward trend, which is a testament to our effort in gender equality and also aligns with SDG 5: achieve gender equality and empower all women and girls. In addition, we have set a gender ratio target between 40% to 60% to maintain and implement gender equality in our workforce and the workplace.



Employees in STEM Roles by Gender



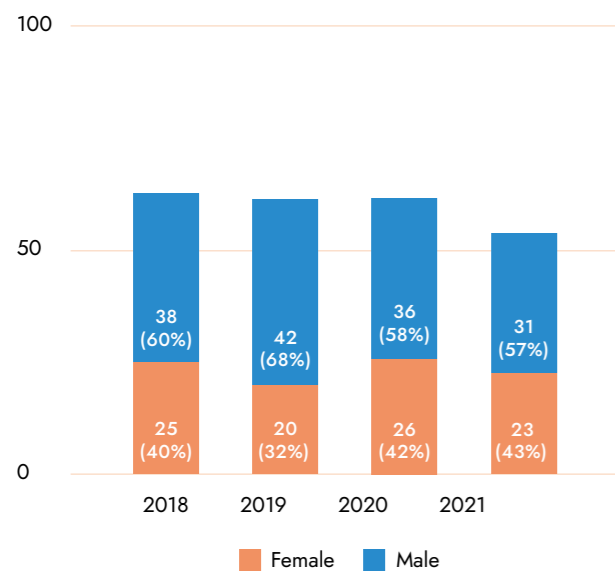
Managers in the Sales Department by Gender



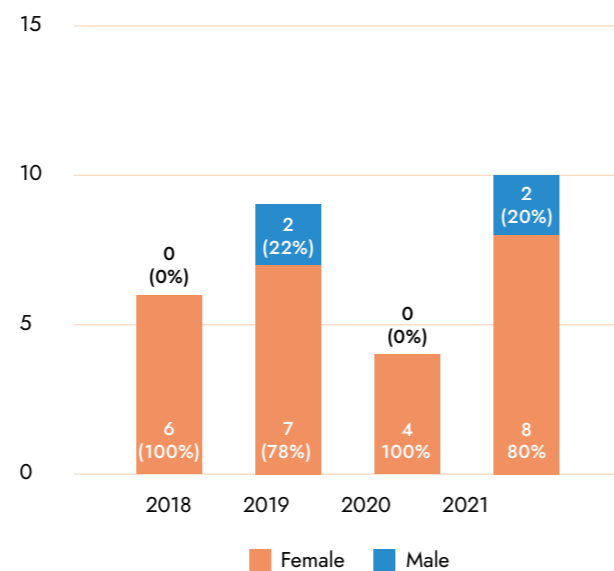
4.1.2 Employee Diversity

To implement corporate sustainable development, Mega is committed to creating a diverse and equal employment environment, where the right to work of different populations is protected and employees are allowed to demonstrate their uniqueness and differences. By the end of 2021, the Group has hired 54 employees with physical and mental disabilities and 10 indigenous peoples. In the future, we will continue to provide appropriate job vacancies and build a friendly and inclusive workplace.

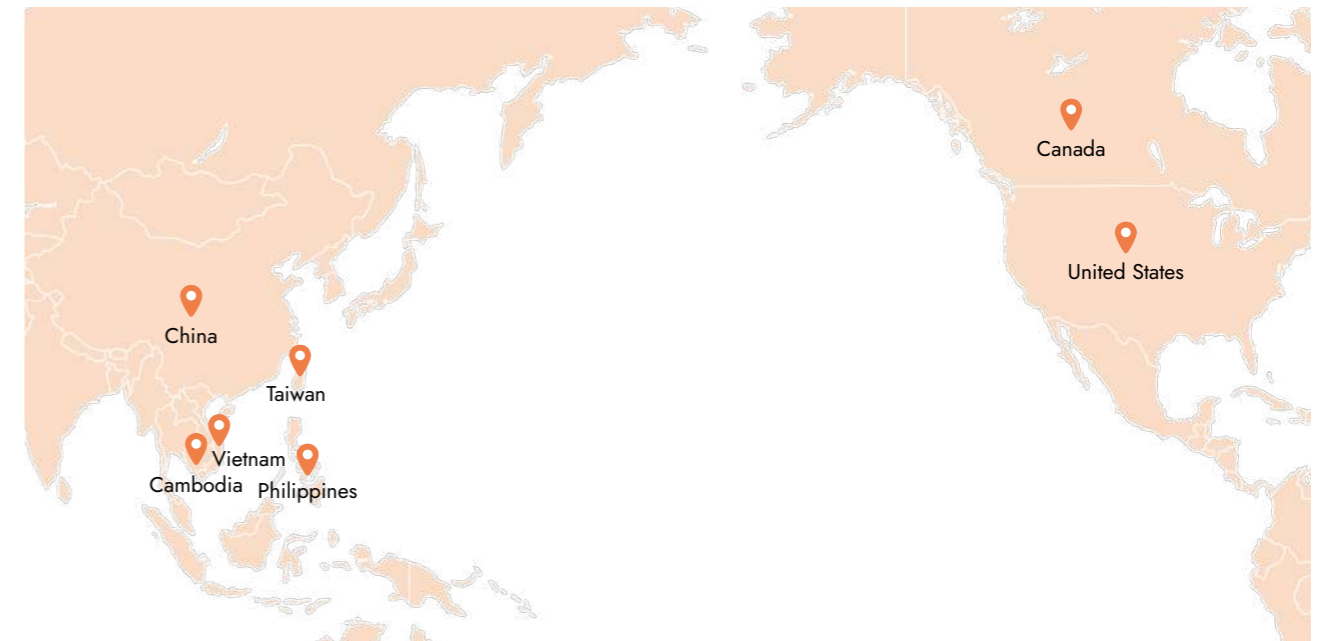
Disability Employees in Past 4 Years



Indigenous Employees in Past 4 Years



In addition, Mega operates all over the world and attracts global talents. At the end of 2021, Group employees globally represented 21 different nationalities, with the top 7 being: Taiwan, China, the United States, Cambodia, Vietnam, the Philippines, and Canada, accounting for 98.9% of our total employees globally. We also plan overseas internship and observational learning programs to improve employees' global perspectives and promote workplace exchange.



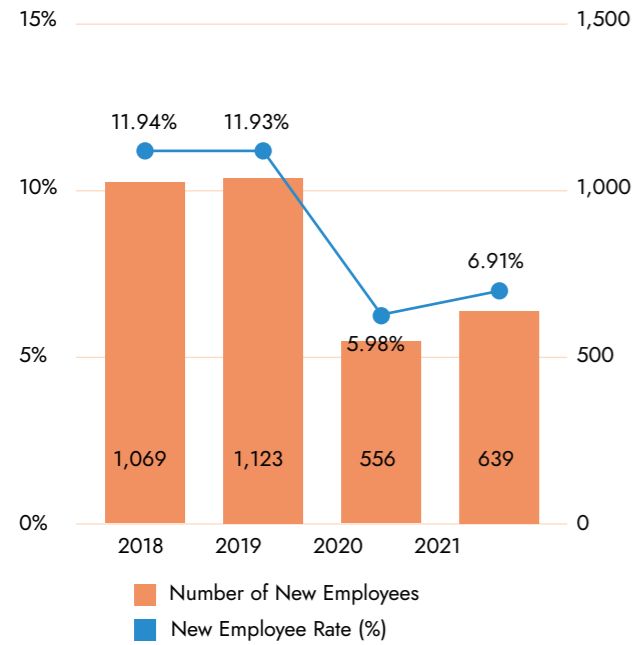
Nationality	Taiwan	China	United States	Cambodia	Vietnam	Philippines	Canada	Others
Employee Ratio	94.5%	1.5%	1.0%	0.9%	0.5%	0.3%	0.2%	1.1%

4.1.3 New Hired and Resigned Employees

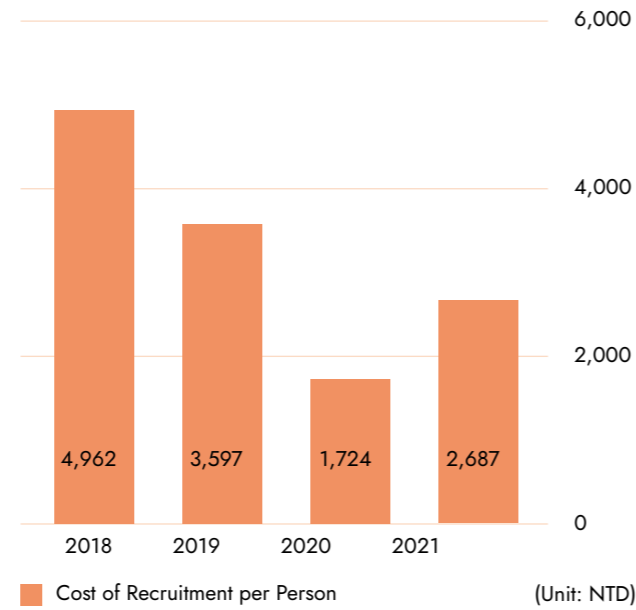
In 2021, the total number of new employees was 639 (6.91%, fewer or lower than that in 2020 due to COVID-19). Both new employee indicators increased in 2021. In addition to recruiting talents, we also continue to track turnover situations and analyze turnover rate to formulate relevant workplace improvement plans. An overview of the past four years revealed that the number of employees who resigned dropped every year; however, the number reach 491 in 2021. The turnover rate and voluntary turnover rate are 5.31% and 4.94%, respectively. The turnover rate has increased compared with 2020, mainly due to the workforce decline in some overseas branches and high movement from Covid-19 epidemic.



Global New Employees in Past 4 Years



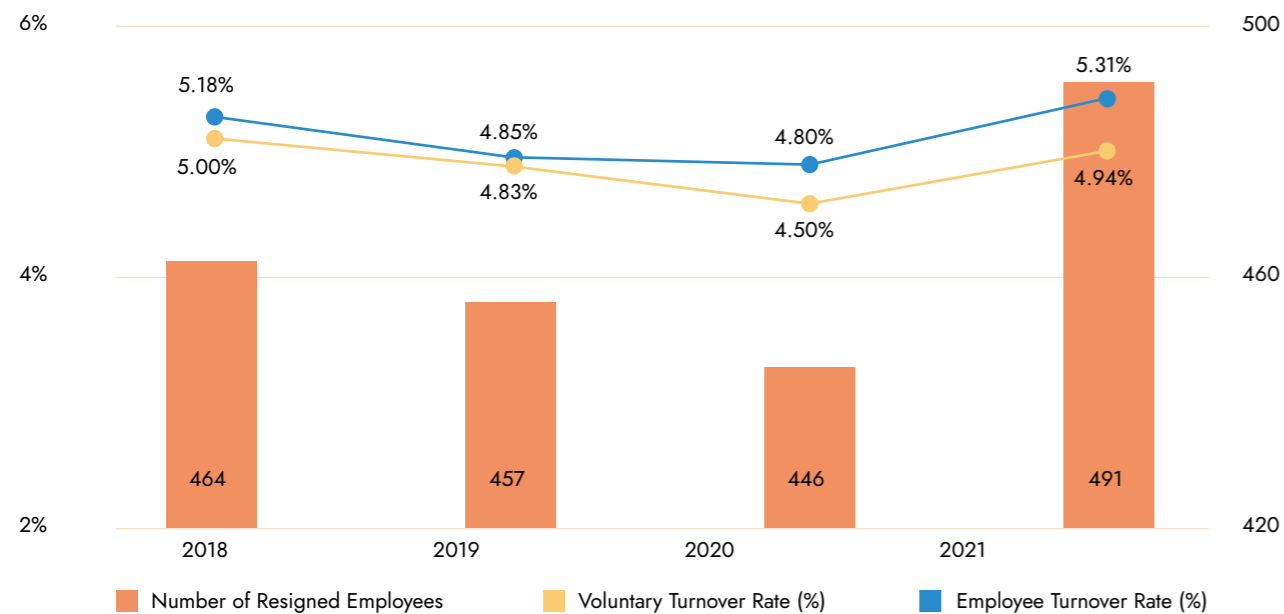
Cost of New Employee Recruitment per Person



Note 1: New employees refer to those who join the organization for the first time (reinstated employees are not included).
 Note 2: New employee rate = Number of new employees / Number of employees at the end of the year.

Note: Cost of recruitment per person = Cost of hiring a new employee for the year / Number of new employees.

Global Resigned Employees in Past 4 Years



Note 1: Number of employees who resigned includes employees who resign voluntarily or are laid off or die in service; it does not include employees who retire or are on extended unpaid leave.
 Note 2: Turnover Rate = Number of employee turnover / Total number of employees at the end of the year.
 Note 3: Number of employees who resigned and turnover rate increased in 2021 for the following reasons:
 (1) Our New York Branch had hired a considerable number of compliance (anti-money laundering) officers. The deficiency of our New York branch was gradually improved in 2016, leading to changes in the business activities of this branch, which prompted us to reduce the distribution of compliance (anti-money laundering) officers.
 (2) Because of COVID-19, Australia enforced a border ban on foreigners, causing supply and demand imbalance in the labor market, which led to substantially increased personnel changes in the local branch.
 Note 4: In 2021, the Group expanded the calculation of voluntary turnover rate to overseas, so the voluntary turnover rate for the previous four years has retrospectively corrected.

4.1.4 Recruitment Strategy

With the declining birthrate and the diversification of the financial industry, Mega places emphasis on the recruitment of talents in three major fields: Digital, Sustainability, and Diverse Finance. The Group recruits talented professionals by using a wide range of channels, such as job banks, media outlets, or referrals by employees. The recruitment process includes a review of written information and written tests or interviews. Applicants are subject to a rigorous review process so as to ensure that they are fit for the job.

Digital Talents

Objective

Digital talents are recruited in response to the vigorous development of digital finance 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 Performance

Mega Financial Holding recruited 2 new digital finance talents in 2021 to equip the Group with the ability to develop its digital finance business. Using the campus recruitment strategy, Mega Bank successfully recruited 54 new employees with expertise in information technology, information security, and digital technology. In addition, 2 new digital marketing and service experience designers, and 2 digital service and network developers were hired through external recruitment.

Sustainability Talents

Objective

Sustainability talents are recruited to keep up with ESG trends and to engage with various stakeholders to plan and execute the company's sustainability strategies and action plans, thereby achieving corporate sustainability.

Recruitment Performance

Considering the need for sustainable finance, Mega Financial Holding has hired two ESG specialists. To cooperate with the Group, each subsidiary has also appointed individuals to handle sustainable finance-related businesses to effectively integrate resources and promote corporate sustainable actions.

Diverse Finance Talents

Objective

Diverse finance 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 Performance

To develop a diverse business, Mega Bank will organize domestic and global talent recruitment programs in 2022, including private banking business talents, insurance product planning talents, trust and tax planning talents, credit card payment and planning talents, as well as private banking business executives or officers required for high-asset businesses, etc. In 2022, Mega Securities will recruit one "New Financial Product Development and Trading Personnel" and 1~3 "International Business Development Personnel" to improve the company's competitiveness.



Campus Recruitment

Apart from external recruitment, Mega also cooperates with colleges and universities to foster and recruit potential finance talents. For example, Mega Bank and the NTPU Department of Real Estate and Built Environment signed a Memorandum of Understanding (MOU) to cooperate in organizing a series of cooperative projects, such as setting up trust-related courses, providing scholarships, and hosting academic submissions or essay competitions on trust-related issues. The aim is to promote theoretical and practical exchange and increase opportunities for contact with talented students.

Mega Bills entered into an agreement with the National Taipei University of Business and Fu Jen Catholic University to recruit interns from students who attend nighttime classes. These students will work within the scope of business, providing internship opportunities related to bills, bond practices, accounting, bookkeeping, data entry, and other general affairs. Mega Securities also participates in campus talent development programs every year, such as attending the Financial Employment Public Welfare Class for College Students and the Youth Job Pilot Program organized by the Ministry of Labor. A review of its achievements in 2021, Mega Securities has filled in one job vacancy through the Youth Job Pilot Program and 20 vacancies through the Financial Employment Public Welfare Class for College Students.



4.2 Talent Development

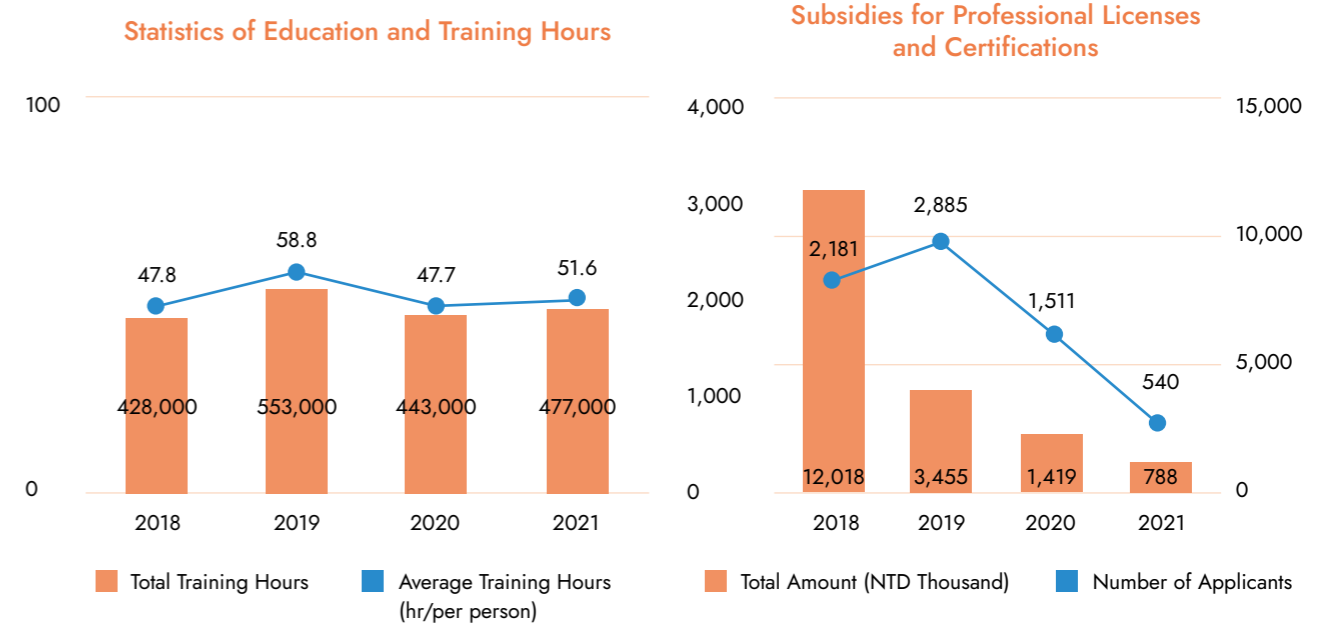
4.2.1 Employee Education and Training

Mega has spared no effort in employee education and training, providing employees with diverse and professional training courses and development plans. Mega actively strengthens on-the-job training for employees, plans and manages various finance-related professional courses, foreign language courses, study abroad programs, and seminars, etc. At the same time, we encourage employees to engage in self-learning. By establishing online learning resources, and providing professional license tests, foreign language proficiency test subsidies, and other measures, Mega has a proper self-learning mechanism in place to create a continuous learning and innovative work environment, thus enabling employees to continuously develop their competencies and reach their full potential.



Education and Training Cost			
Unit: thousand NTD			
Item	2019	2020	2021
Total Training Cost	100,959	59,556	42,867
Average Training Cost per Person	10.7	6.4	4.6
Percentage of Net Income (%)	0.15%	0.10%	0.07%

In 2021, each employee of Mega Group received 51.6 hours of training on average, totaling 477,000 hours of training. Compared with 2020, the average hours of training and total training hours increased by approximately 8%.



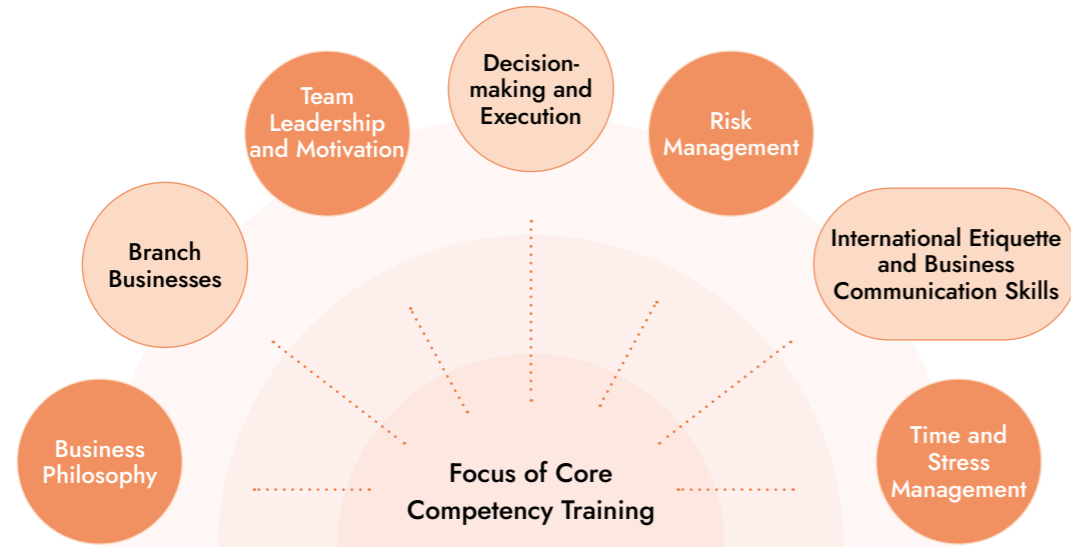
Registration fees and certification fees are covered, in full or in part, by Mega Group when employees participate in relevant professional certification or qualification examinations, such as the Certified Financial Planner (CFP), Associate Financial Planner (AFP), Certified Financial Service Auditor (CFSA), and Certified Anti-Money Laundering Specialist (CAMS), etc. In 2021, the Group has subsidized the professional certification of 540 individuals, paying nearly NT\$800,000 in subsidies. The number of certificates/licenses and monetary amount have gradually decreased in recent years, reflecting that most of the company's employees have successively obtained relevant certificates. In addition to continuing to provide subsidies, Mega will also arrange relevant training programs to provide professional support to employees.

4.2.2 Professional Talent Training Programs

To provide environment and resources that are fit for employees, Mega Bank regularly recommends outstanding intermediate-level employees who have the intention and potential; qualified employees will be given internal training courses and subsequent plans for external professional training to become reserve supervisors, cadres, or expatriates.

According to its "Annual Training Plan", Mega Bank organizes lectures based on a business category. It also organizes professional lecture courses from time to time according to company strategies, financial market trends, and regulatory changes, among other factors. These courses serve to strengthen professional competency training programs for employees. In 2021, approximately 11,436 employees attended 96 sessions of intrabank lecture courses in total. Additionally, to bridge the gap in its intrabank training, Mega Bank also appoints employees to attend professional training courses and conferences hosted by external institutions (e.g., Taiwan Academy of Banking and Finance, Bankers Association, Trust Association, Securities and Futures Institute, and Chung-Hua Institution for Economic Research, etc.). In 2021, approximately 4,258 bank employees attended 852 sessions of external lecture courses in total.

The Core Competency Training Provided by Mega Bank



Training Program	Program Description	Target	Business Benefits															
Unit Supervisor Training Program	At Mega Bank each year, unit supervisors recommend bank clerks with outstanding work performance and potential for development from each unit to take training courses on digital finance, financial markets, corporate syndicated loans, and information security. Expert scholars in the finance industry and consulting companies are invited to lecture on topics such as "Analysis of Recent Financial Laws and Regulations," "Study on Corporate Problems with Window Dressing and Financial Fraud," "Business Implications of Green Finance and ESG," and "Leadership."	Mega Bank Staff	<ul style="list-style-type: none"> Number of people trained in the past 6 years: 255 Number of people appointed in the past 6 years to work as a unit supervisor: 51 Number of people trained in 2021: 37 Number of people appointed in 2021 to work as a unit supervisor: 13 Total number of appointed as a percentage of total number of people trained: 20% <table border="1"> <caption>Kirkpatrick's Model Evaluation of the Program</caption> <tr><td>L5 ROI</td><td>ROI of Training</td><td>2.46</td></tr> <tr><td>L4 Results</td><td>Client Satisfaction</td><td>88.7%</td></tr> <tr><td>L3 Behavior</td><td>Retention Rate of Key Talent</td><td>100%</td></tr> <tr><td>L2 Learning</td><td>Completion of Training</td><td>100%</td></tr> <tr><td>L1 Reaction</td><td>Trainee Satisfaction</td><td>93.2%</td></tr> </table>	L5 ROI	ROI of Training	2.46	L4 Results	Client Satisfaction	88.7%	L3 Behavior	Retention Rate of Key Talent	100%	L2 Learning	Completion of Training	100%	L1 Reaction	Trainee Satisfaction	93.2%
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The 2021 Unit Supervisor Training Program of Mega Securities involved on-the-job training programs for mid-level and senior executives, which were hosted by Taiwan Securities Association and Chinese National Futures Association.	Mid/Top-Level Manager	<ul style="list-style-type: none"> Number of people participated in 2021: 97 Training hours in 2021: 1,509 hours 																
Cadre Training Program	Mega Bank organized the 11th "Cadre Training Program" in 2021 to provide training to outstanding intermediate-level employees under 45 who have the ambition and potential for further development. The program was launched in 2014 and covers topics about deposit and remittances, wealth management, AML, and other related bank businesses, as well as practical courses such as "Communication Skills", "Team Growth", and "Service Experience."	Intermediate-Level Managers	<ul style="list-style-type: none"> Number of people trained over the years: 730 Number of people trained in 2021: 79 <table border="1"> <caption>Kirkpatrick's Model Evaluation of the Program</caption> <tr><td>L5 ROI</td><td>ROI of Training</td><td>2.46</td></tr> <tr><td>L4 Results</td><td>Client Complaints (cases)</td><td>205</td></tr> <tr><td>L3 Behavior</td><td>Retention Rate of Key Talent</td><td>100%</td></tr> <tr><td>L2 Learning</td><td>Completion of Training</td><td>100%</td></tr> <tr><td>L1 Reaction</td><td>Trainee Satisfaction</td><td>95.5%</td></tr> </table>	L5 ROI	ROI of Training	2.46	L4 Results	Client Complaints (cases)	205	L3 Behavior	Retention Rate of Key Talent	100%	L2 Learning	Completion of Training	100%	L1 Reaction	Trainee Satisfaction	95.5%
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L1 Reaction	Trainee Satisfaction	95.5%																
The 2021 Cadre Training Program of Mega Securities included the GoPros training program on "Analysis of Trends and Industry Outlook" which was hosted by Securities and Futures Institute. The courses were aimed at fostering professionals in finance for innovative industries and enabling employees to better understand the risks, prospects, and opportunities associated with investments in innovative industries.		<ul style="list-style-type: none"> Number of people trained in 2021: 2 																

Training Program	Program Description	Target	Business Benefits
Overseas Reserve Talents Training Program	Mega Bank actively develops talents for overseas assignments. In addition to recruiting talents for overseas assignments and assigning them first to domestic business units for rotations and training, Mega Bank also offers overseas training schemes such as overseas rotation and branch internship programs so that domestic employees can learn how overseas branches operate and thus further enrich their work experience and professional competency.	Talents for Overseas Assignments	<ul style="list-style-type: none"> Number of talents recruited over the years for overseas assignments: More than 200 Number of people trained in 2021 through the Seminar on Overseas Branch Businesses: 37

Training Program	Item	2019	2020	2021
Unit Supervisor Training Course	Number of People Trained	36	38	37
	Training Hours per Person	33	35	34
	Training Expense (NTD)	207,445	182,820	119,978
Cadre Training Course	Number of People Trained	88	101	79
	Training Hours per Person	33	28	28
	Training Expense (NTD)	193,457	192,304	181,521
Seminar on Overseas Branch Businesses	Number of People Trained	31	70	37
	Training Hours per Person	33	33	33
	Training Expense (NTD)	125,375	91,219	51,750

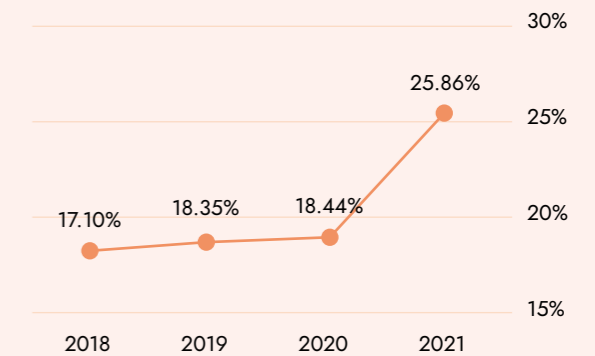
4.2.3 Job Rotation System

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, Mega mainly adopts "Internal Job Rotation and Talent Recruitment" and "Talent Exchange within the Group" as the method of job rotation for employees.

Internal Job Rotation and Talent Recruitment Mechanism

- Purpose**
To meet business needs, revitalize organizational functions, and foster outstanding talents by improving their job experiences, so that the right person is assigned the right position to reach their full potential.
- Description**
The Group's internal job rotation and talent recruitment is based on two types of mechanisms: internal job rotation and inter-unit rotation. Internal rotation refers to rotation within a unit; whereas inter-unit rotation refers to rotation between units. The internal job rotation mechanism enables employees to work in a position that suits them, thus helping Mega Group to build a pool of high-caliber talents and a mutual support system for busy seasons or when there is a shortage of staff. The Group's job rotation operation is compliant with the "Five Principles of Job Transfers" as specified by the laws and regulations.

Percentage of Open Positions Filled by Internal Candidates



Talent Exchanges within the Group

Purpose

To promote the exchange of talents between companies of the Group and enhance training of professional talents.

Description

In response to the need of cross-industry operations, Mega has established the "Group Talent Exchange Regulations", which outline the mechanism of using consultative transfer to provide talent exchanges within the Group.

4.2.4 Performance Evaluation System

Mega Financial Holding has a set of "Employee Performance Appraisal Guidelines" in place to organize performance evaluations for employees at the end of each year. The purpose of these evaluations is to attain performance targets of the organization and uncover the potential of employees. By examining the achievement of targets and KPIs, supervisors at all levels evaluate the job performance of employees through a rigorous operating procedure based on the principles of fairness and impartiality. Except for employees on probation and reinstated employees, 100% of the employees have undergone performance evaluation in the current year. In addition, "Job Promotion Rules for Employees" are established to promote outstanding employees, encourage the continuing education of employees, and refine professional knowledge and managerial skills.

Furthermore, Mega Securities ranked the performance of its securities brokers in 2021. Brokers who started working for the company before 2020 were ranked by their sales performance. Top 30 brokers for the year who have never received a minor demerit or a higher level of punishment, were given the title, Elite of the Year, and were rewarded accordingly. In 2021, 699 securities brokers were included in the performance ranking.

4.3 Happy Workplace

4.3.1 Remuneration and Benefits

Mega Group pay new employees different basic salaries depending on their position levels regardless of gender, age, race, religion, political standpoint, marital status, or membership. 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.

Since 2014, Mega has been selected as a component of the "Taiwan High Compensation 100 Index", which indicates that the salary paid to employees of the Company are superior to that offered by other 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.

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

Item	2019	2020	2021	Difference Between 2021 and Previous Year
Number of Full-time Non-managerial Employees	7,575	7,857	7,728	-128
Average Annual Salary of full-time non-Managerial Employees (NTD thousand)	1,435	1,426	1,450	23
Median Annual Salary of Full-time Non-Managerial Employees (NTD thousand)	1,138	1,134	1,173	39


Average and Median Difference in Remuneration and Bonus by Gender

Item	2021
Average Difference in Remuneration by Gender	19.23%
Median Difference in Remuneration by Gender	20.38%
Average Difference in Bonus by Gender	18.86%
Median Difference in Bonus by Gender	20.29%

In addition to a generous salary, year-end bonuses, and performance bonuses, various other benefits, including life insurance, health insurance, disability insurance, parental leave, retirement plans, employee share ownership, employee clubs, and travel subsidies, are also included, providing comprehensive care to employees.



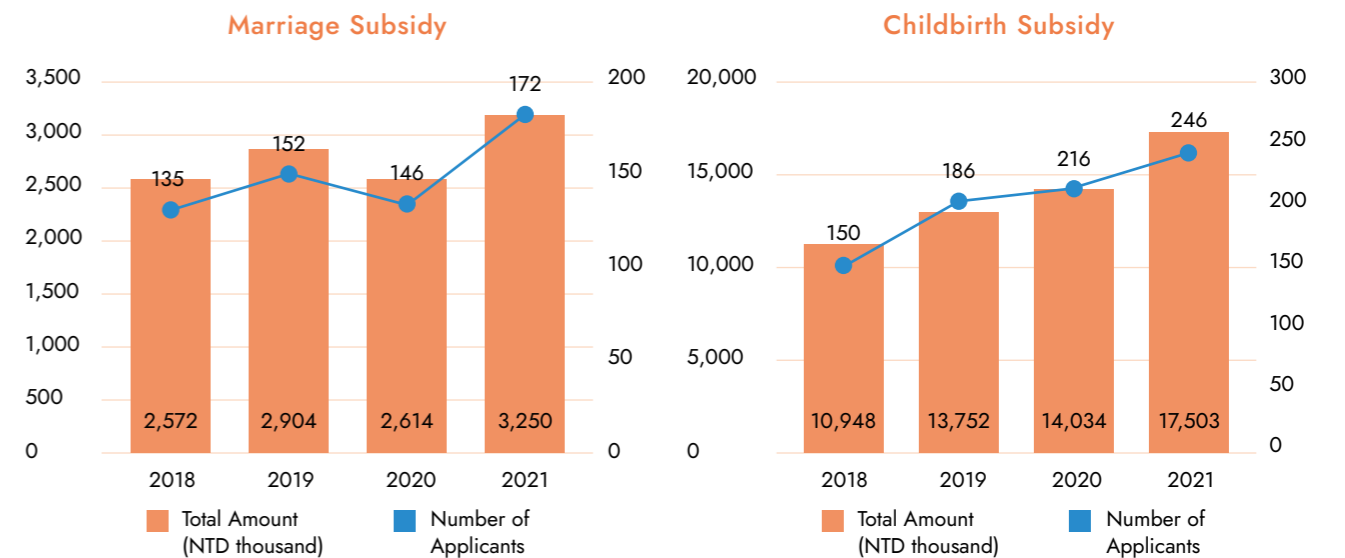
- Marriage / Childbirth / Educational subsidies
- Child care subsidy program
- Preferential insurance premiums for spouses and children
- Family day



- Health Examination
- Work flexibility
- Senior employee rewards
- Three Chinese festival bonus and birthday allowance
- Insurance for current and retired employees
- Employee preferential deposit and shareholding trust
- Subsidies for weddings and funerals, illness, travels, and clubs
- Others: Contracted stores, preferential loans, etc.

4.3.2 Family and Child Care Support

Mega Group not only take care of its employees, but also employees' family. The Group provide employees with up to NT\$30,000 marriage subsidy and NT\$80,000 childbirth subsidy to alleviate their financial burden, thus showing our support for the government's policy that encourages people of marriageable age to get married and have children. In 2021, the Group granted over NT\$3.25 million in marriage subsidies to 172 employees, and more than NT\$17.5 million in childbirth subsidies to 246 employees. Based on a statistic in the past four years, both marriage and childbirth subsidies presented an upward trend.



Parental Leave and Child Care

Mega Group adopt an effective parental leave system, which permit employees who meet the criteria specified in the “Act of Gender Equality in Employment” and other relevant regulations, to apply for unpaid parental leave and paid family care leave while keeping their right to work and ensuring that employees maintain a balance between work and family. In 2021, 315 employees were eligible for parental leave and 92 employees took unpaid parental leave. The reinstatement rate was 91%, the highest in the past four years. The retention rate was 75%. In addition, the Group also cooperate with external child care service agencies to provide child care services and child care assistance programs for the employees, so that employees can concentrate on work and lighten the worrying about the cost of child care. Mega Financial Holding has amended “Paternity Inspection and Paternity Leave” that are superior than the regulations, and provides employees with an extra day (8 days in total) of pregnancy checkup accompaniment and paternity leave paid in the second half of 2022.

Promotion of Workplace Flexibility

To improve the Work-Life Balance of employees, Mega Bank and Mega Securities have implemented a flexible work arrangement that aligns with the employee’s nature of work. When employees need to take care of their children or elder parents, they can choose when to start or finish work. Employees of Mega Bank usually take lunch breaks in turns. This arrangement can be adjusted as deemed fit by the unit supervisor.

The COVID-19 outbreak has made working from home (WFH) the new normal. To prevent the spread of infection at work, Mega Group implement the remote working and WFH mechanism, which allow the employees to work flexibility and minimize the risk of infection from the workplace. Mega Securities also established “Management Rules for Business Personnel Concurrently Holding or Part-time Duties”, which provides business personnel with options for holding current post or part-time position.

4.3.3 Retirement Life Protection

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

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.

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 Company sets aside NT\$1,000 for each employee participating in the employee stock ownership trust. 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.

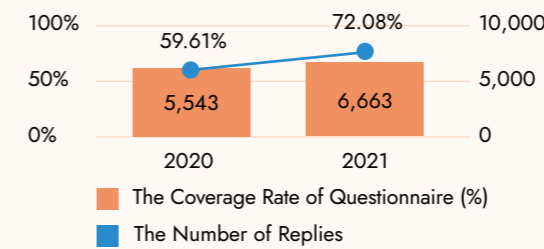
4.3.4 Employee Engagement

An employee engagement survey serves to shed light on the relationship between employee engagement/satisfaction and job performance within the company. In 2021, a professional agency was hired to conduct online questionnaire survey and interviews on Mega Group. On the premise that employees are satisfied with their job, the positive effect of employee engagement on job performance was examined.

Sample

For this questionnaire survey, 6,663 questionnaires were retrieved. The questionnaire coverage rate was 72.08%, a 20.9% growth compared to 2020, which indicates employees’ increased willingness to participate in the survey.

Statistics of Engagement Sample



Survey Method

Employee engagement survey was conducted using qualitative interviews and quantitative questionnaires. The questionnaire adopted a 5-point Likert scale. The questionnaire items were designed with reference to the Gallup and Towers Watson’s definition of employee engagement.

Survey Aspect

- Basic Needs
- Contribution
- Sense of Belonging
- Growth
- Cognition
- Affection
- Action

Survey Results

The results showed that employee engagement score was 3.54 points; and 72.1% of employees were actively engaged (those who scored 3.5 or above).

Item	2020	2021
Actively Engaged Employees	74.0%	72.1%

Specifically, male scored slightly, but not significantly, higher than did female, and managers scored considerably higher than did non-managers. Seniority exhibited positive correlation, meaning that higher position scored higher on employee engagement, satisfaction, and overall job performance.

Item	2020		2021		
	Sample	Score	Sample	Score	
Gender	Male	2,312	3.78	2,858	3.61
	Female	3,231	3.73	3,805	3.62
Position	Managerial	28	3.84	63	3.99
	Mid./Junior-level Manager	861	3.81	1,925	3.67
	Non-managerial	4,654	3.74	4,665	3.55
Total	5,543	3.87	6,663	3.71	

Management Recommendations

- Front office employees have to face customers, which can be stressful at times. They should be given support to relief stress when needed.
- Orientation training and care system for new employees should be strengthened.
- Assistance programs that support work and family balance should be offered.
- The company should improve its human resource development and talent management, and optimize supervisor selection, training, and mentorship systems.

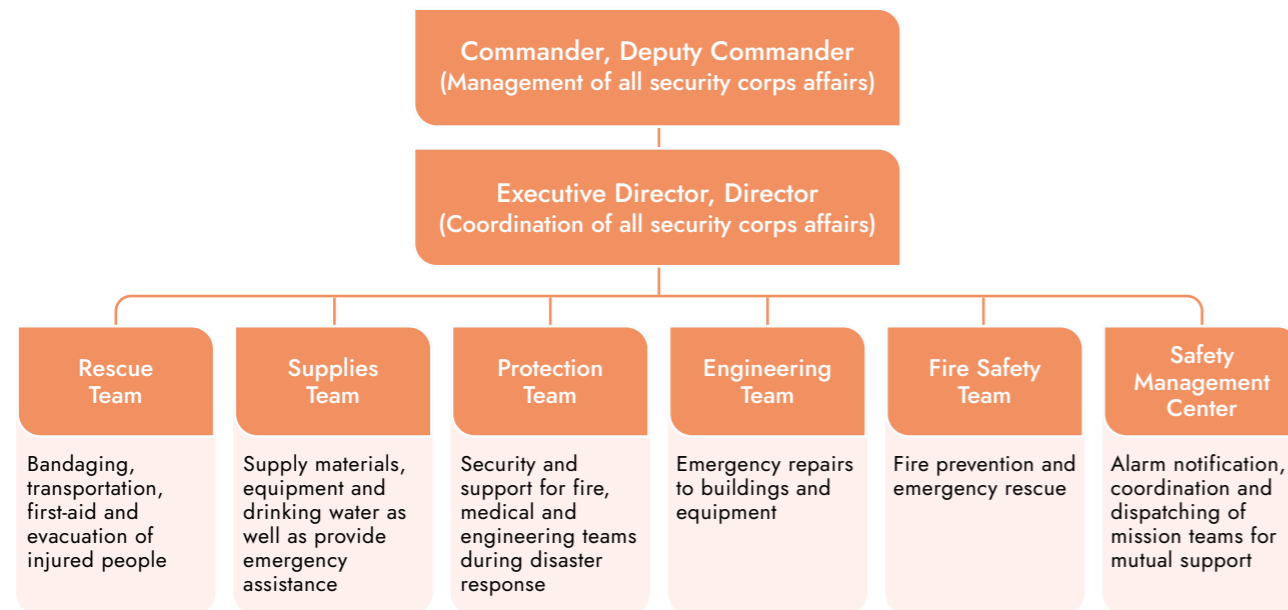
4.3.5 Occupational Health and Safety (OHS)

Mega Group has established an “Occupational Safety and Health Management Plan” in accordance with the “Occupational Health and Safety Act” to identify, assess and control potential hazards in the workplace; establish an OHS management system; prevent occupational hazards, protect the physical, mental, and spiritual health of 100% all employees of Mega Group, and ensure workplace safety; accordingly, promoting the safety and health of workers, increasing their safety and health awareness, and improving the workplace and facilities to create a zero-hazard environment.

Occupational Health and Safety (OHS) Management System

To prevent emergency incidents and disasters, Mega organizes security corps in accordance with requirements of the National Fire Agency, Ministry of the Interior. The security corps are in charge of information delivery, alarms, protection, rescue, fire safety, self-defense, and assistance in disaster relief. The Commander and Deputy Commander are persons in charge of the security corps. They are responsible for coordinating and supervising the tasks of the security corps. The Executive Director and Director are responsible for coordinating the operation of each working group, including work liaison and adjustment, workplace patrol, and guidance and assistance in safety and health education for relevant contracting businesses, so as to prevent occupational hazards.

Organizational Chart and Duties of Security Corps Task Forces



Mega sets up a safety and health organization according to the size of subsidiaries and appoints relevant personnel to implement safety and health management and automatic inspection measures. In particular, Mega Bank has set up a unit in charge of labor safety and health, and established the 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 convenes a meeting every three months to resolve and supervise the plans for employees' health and safety. The scope of Mega Bank's OHS Management System includes mainly full-time employees (the Group employee ratio 70.95%), but excludes temporary or part-time workers. It's because the Bank has reached an agreement with the dispatch agency that all relevant trainings and health examinations are the agency's responsibility.

In accordance with requirements of the National Fire Agency, Ministry of the Interior, Mega International Investment cooperate with the office premises (Sanxin Building) to conduct fire define security corps, which is divided into five classes: Notification, Fire-fighting, Evacuation Guidance, Safety Protection and Ambulance, to prevent emergency incidents and disasters. The security corps are in charge of rescue, supplies, protection, engineering team, fire safety, safety management center, responsible for coordinating and supervising the tasks of the security corps, and cooperate with building executive secretary, command and supervise the work of the protection team.

Occupational Health and Safety (OHS) Training Programs

According to Article 6 of the “Occupational Health and Safety Act”: “The employers shall adequately plan and adopt the necessary safety and health measures to allow for evacuation, first-aid treatment, rest, or other actions to protect the physical and mental health of laborers.” For this reason, Mega Group assigns each office building with security personnel or security guards, and sets up a 24-hour surveillance system to control personnel access and handle emergencies. The Group also requires a security company to organize training courses for security personnel every year according to contract. In 2021, all security personnel have completed training on safeguards, emergency treatment, and human rights.



Mega Group provides OHS training programs, including training for supervisors in charge of Occupational Health and Safety, fire prevention personnel training, and first aid training, to ensure workplace safety, which not only benefits employee solidarity but also enhances work efficiency and service quality. In 2021, the Group was not subject to penalties for violation of the “Occupational Health and Safety Act”.

To avoid emergency situations, Mega Group arranges workplace first aid activities, including equipping all office locations in Taiwan with automated external defibrillator (AED), and regularly organizes AED training. Fire and disaster prevention training courses with hands-on practices are organized every six months to strengthen employees' ability to handle emergencies and disasters.

Occupational Health and Safety (OHS) Training Results						
Item	2019		2020		2021	
	Number of Employees	Total Hours	Number of Employees	Total Hours	Number of Employees	Total Hours
Training for Supervisor in Charge of OHS	56	1,415	57	1,328	52	1,203
Fire Prevention Personnel Training	23	195	185	1,272	195	1,518
First Aid Personnel Training	33	393	46	333	63	924

Workplace First Aid and Labor Safety Activity							
Measures	Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	MITC	MAM
Provide Automated External Defibrillators (AED) in the Workplace		✓	✓		✓		
Provide First Aid Supplies and Devices	✓	✓	✓	✓	✓	✓	✓
Fire and Disaster Prevention Equipment	✓	✓	✓	✓	✓	✓	✓
Fire and Disaster Prevention Drills	✓	✓	✓	✓	✓	✓	✓

Health Promotion and Safe Workplace

Mega values the physical and mental health of employees. Life and work in the contemporary era can be stressful. To protect the health of employees against these stresses, we actively promote their physical and mental health by organizing Employee Assistance Programs (EAPs), providing health check subsidies, and hiring nurses and physicians to provide onsite medical services.



Regular Health Examinations

Description

Mega Group has cooperated with multiple hospitals to provide employees with regular health examinations that are superior to statutory requirements. Employees may apply for official 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 has a health check reminder system that mails employees a reminder to complete their health examination. Every year, the OHS Section collects employees' health information for the previous year and enters this information into the Bank's health management system. The system will then classify employees' risks based on the severity of their condition as indicated by their health information. Through onsite visits, onsite medical services, and resident physician services, etc., a health professional will interview these employees and give them medical advice. Follow-up management is done by the system to achieve early disease prevention.

Performance in 2021

- In total, 3,981 employees underwent health examinations. (For details, see Appendix 7.3 Sustainable Data)



Employee Assistance Programs (EAPs)

Description

Starting in the second half of 2019, Mega Group began employing a professional psychological consultation institution every year to provide psychological consultation services for employees. EAPs are provided with different channels, such as 0800 hot-line, email, or one-on-one consults. Employees of the Group can seek consultation with a psychologist to manage their stress or communicate and solve their problems.



Performance in 2021

- The 0800 hot-line and email consultation services have been used 52 times.
- The one-on-one consultation service has been used 19 times.
- The employees mainly consulted about issues concerning workplace stress and interpersonal relationships in the workplace.



Professional Medical Counseling

Description

Mega Bank has set up a medical room because of its large number of employees. Both Mega Bank and Mega Securities have hired a physician and nurse to provide on-site medical services in-house, including health consultation, simple injury or disease treatment, emergency treatment, and implementation of employee protection plan. Mega Bills and CKI regularly invite a physician and nurse to provide on-site health services to employees.

Performance in 2021

- On average, about 100 employees from Mega Bank and Mega Securities visit the medical room or consult an in-house physician every month.
- Mega Bills has organized on-site health services, two times by a physician and 24 times by a nurse 24 times, and implemented health service follow-up for 31 people.
- In CKI, 24 employees used the on-site health services.



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 2021

- Mega Bank regularly measured the carbon dioxide levels of 104 worksites (once every six months), and the test report complied with laws and regulations.
- Mega Bills regularly measured the carbon dioxide levels of 9 worksites (twice every year), and the test report complied with laws and regulations.

An Overview of Health Promotion and Safe Workplace Activities of Mega

Activity	Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	MITC	MAM
Health Talks	Non-scheduled (None in 2021)	✓	✓	✓	✓		✓
Health Examination	✓	✓	✓	✓	✓	✓	✓
Workplace Flu Vaccination	✓	✓					
Psychological Consultation	✓	✓	✓	✓	✓	✓	
Fitness Activity	✓	✓			✓		
Healthy Diet		✓	✓				
Breastfeeding Rooms	✓	✓	✓	✓	✓	✓	
Smoke-free Workplace	✓	✓	✓	✓	✓	✓	✓
Workplace Inspection	✓	✓	✓	✓	✓	✓	
Employee Health Insurance	✓	✓	✓	✓	✓	✓	✓
Health Service Provided by an In-house Physician		✓	✓ (On-site)	✓ (On-site)	✓ (On-site)	✓ (On-site)	
In-house Nurse		✓	✓		✓	✓	

Health Talk: Ways to Relieve Stress, Combat Fatigue, and Maintain Health for Office Workers



Fitness Activity



Four Protection Plans

In accordance with the four safety and health measures mandated in the "Occupational Health and Safety Act" (to prevent ergonomic hazards; to prevent ailments induced by exceptional workload; to prevent wrongful physical or mental harm; and maternal health protection), Mega identifies hazards and assesses risks by using a digital learning platform to distribute the necessary questionnaires or carries out on-site visits/inspections.

Measures to Prevent Ergonomic Hazards

At the end of 2021, Mega Bank introduced courses on the prevention of musculoskeletal disorders to its OHS training programs. In total, 5,722 people attended these courses and all of them (100%) responded to a questionnaire on musculoskeletal disorders. In 2021, Mega Bank plans to investigate and analyze pain levels. Those whose scored high on pain levels will be subjected to follow-up management. Nursing personnel and physicians will inspect the workplace and provide related human-factor engineering improvement guidance and health education information.

Maternal Health Protection

In 2016, Mega established a "Maternal Health Protection Plan". The plan is integrated in the human resource leave application system for follow-up management. In 2021, Mega Bank has 176 pregnant employees and 72 breastfeeding employees, all of whom have been listed as people who need follow-up care. These employees are subject to occupational risk and health assessment by a stationed physician and they are also provided with information on health guidance and childcare allowances so as to ensure that the health of mothers is protected.

Measures to Prevent Wrongful Harm Caused by the Actions of Others During the Execution of Job Duties

Mega established the "Anti-Discrimination and Anti-Harassment Guide", published a written statement prohibiting workplace violence and adopting a zero-tolerance principle for wrongful harm in the workplace, and included educational materials in the annual training courses and health talks for employees. Mega Bank conducted a statistical analysis of risk factor hierarchy in 2020, classified latent risks of wrongful harm into psychological violence, physical violence, verbal abuse, and sexual harassment, and performed a risk analysis. Risk analysis results are presented to the OHS Committee. We will continue to raise awareness on prevention through training, posters, and grievance process announcement. In 2021, Mega Securities received three reports of workplace violence. Following investigation by a task force, two of the cases were closed, and one was determined to be unrelated to workplace violence.

Measures to Prevent Ailments Induced by Exceptional Workload

The subsidiaries of Mega Financial Holding have successively established "Abnormal Workload-triggered Diseases Prevention Plan" since 2018 to prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours, for high-risk employees. During employee training in November 2021, Mega Bank administered an exceptional workload risk assessment questionnaire survey; 5,722 valid questionnaires were collected with a response rate of 100%. A statistical analysis will be performed on the questionnaires in 2022. The results revealed that 108 (to be determined) employees were at high risk of workload-triggered diseases. Thus, measures such as health examinations and lectures and interviews with stationed physicians and nurses were adopted, and health guidance and suitable work adjustments were arranged to ailments induced by exceptional workload and ensure the physical and mental health of employees.

4.3.6 Occupational Injury

The types of injuries employees of Mega Group sustained in the workplace in 2021 were mainly scratches and contusion caused by falling. There was no incident of serious occupational injury (time from injury to functional recovery is at least 6 months), and there were no incident involving injuries sustained by a contractor in the workplace. The Group reported an occupational injury rate of 3.26%, and lost day rate (LDR) was 36.85% which was 8.6% higher than that in 2020 (28.2%) mainly because an employee of Mega Securities was injured and therefore took an extended occupational sick leave.

For employees who are injured due to the performance of duties or accidents during commutes, Mega Group launches an investigation into the cause of incident and provides health care. Depending on the severity of the injury and in accordance with labor insurance related regulations, the Group helps the injured employee to apply for occupational outpatient services, hospitalization, injury/illness, and disability benefits, and grants occupational sick leaves. After the incident, our in-house nurse is tasked with keeping track of the employee's health status, and a statistical analysis of the cause of injury is performed to propose prevention and improvement measures to show that we truly care about our employees.

Statistics of Occupational Injury

Item	2021
Occupational Injury Rate (IR)	3.26%
Severe Occupational Injury Rate (excluding deaths)	0
Occupational Injury-Related Mortality Rate	0
Lost Day Rate (LDR)	36.85%
Absence Rate (AR)	0.3552%

Note 1: Occupational Injury Rate (IR) = (Number of Persons Injured x 1,000,000) / Total Working Hours. Injury rate does not include employee personal commuting accidents.

Note 2: Severe Occupational Injury Rate (excluding number of deaths) = Number of Serious Occupational Injuries (excluding number of deaths) x 1,000,000 / Total Working Hours.

Note 3: Occupational Injury-Related Mortality Rate = (Number of Occupational Injury-Related Deaths x 1,000,000) / Total Working Hours.

Note 4: Lost Day Rate (LDR) = (Total Number of Lost Working Days x 1,000,000) / Total Working Hours.

Note 5: Absence Rate (AR) = Total Number of Absent Days / Total Working Days) x 100%.

Note 6: For details, see Appendix 7.3.2 Workforce Metric Data.

COVID-19 Pandemic

In 2021, COVID-19 continued to impact the global industry and economic development. In light of such unprecedented impact and uncertainty, a Business Continuity Planning (BCP) seems increasingly important. Mega Group has organized its respective emergency task force, with the President of each subsidiary acting as the convener. Combined with the duties of relevant units, the task force ensures that emergencies are resolved quickly and effectively. In the future, social impacts and closing down of businesses caused by the pandemic and emergencies may become the "New Normal," with significant changes being made to existing work models and processes. There are several types of work models that companies may opt for, including working in offices, working off-site, working on alternate floors, and working from home where employees remotely connect to their workplace computer. The task force comprises continuous operation and system recovery teams to ensure business continuity, the security of remote data access, and real-time monitoring of various risks to implement sustainable development.

Six Management Mechanisms for COVID-19

<p>Access Control for Employees and Visitors</p> <p>Employees and visitors must have their body temperature measured and wear masks. Visitors must sign in (and complete a health declaration form in advance).</p>	<p>Employees Traveling Abroad Control</p> <p>Employees and all supervisors are advised to avoid traveling abroad for non-essential and unofficial businesses.</p>	<p>Employee Health Management</p> <p>Employees are asked to conduct self-health management every day, wash their hand regularly, and to pay attention to their respiratory hygiene and cough etiquette.</p>	<p>Floor Control</p> <p>Access control is implemented on every floor of the building.</p>	<p>Environmental Decontamination</p> <p>The frequency of decontaminating public areas such as elevators and conference rooms are increased.</p>	<p>Vaccination Leave</p> <p>Employees who have been vaccinated against COVID-19 are given paid "Vaccination Leave" or Official Leave.</p>
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4.4 Human Rights Protection

Mega established its “Human Rights Policy” in accordance with the Universal Declaration of Human Rights, UN Global Compact, United Nations Guiding Principles on Business and Human Rights, and International Labour Organisation regulations to fulfill our corporate social responsibility and protect the basic human rights of employees, suppliers, business partners, and other stakeholders. The Policy was revised at the end of 2021, demonstrating our commitment to diversity, equality, and friendly management practices to promote the sustainable development of the entire society.



Human Rights Policy QR Code

Protection of Human Rights by Mega Group



4.4.1 Due Diligence of Human Rights

To implement human rights risk management, Mega has outlined a due diligence process in its “Human Rights Policy” to regularly review the Group's human rights risks. We continue to follow up international human rights trends, analyze human rights issues that are of concern to sustainability rating agencies, select material issues concerning human rights as the main evaluation items, and design evaluation mechanisms with “Employees” and “Key Suppliers” as the main focus of investigation. For any high-risk human rights issues identified in the due diligence process, we also formulate relevant mitigation and compensation measures, and continued to track the improvement results.



Collect relevant human rights issues with reference to international trends, sustainability assessments, and information from industry peers, and identify seven material human rights issues.

Evaluate internal business operations, value chains, new business relationships (such as mergers and acquisitions, joint ventures, etc.) to identify potential human rights risks.

Formulate improvement and remedial measures based on the top four risks of human rights as identified in the risk assessment.

Regularly track the implementation coverage rate and improvement rate of the measures, and flexibly adjust the investigation process and improvement measures accordingly to implement high-risk human rights management.

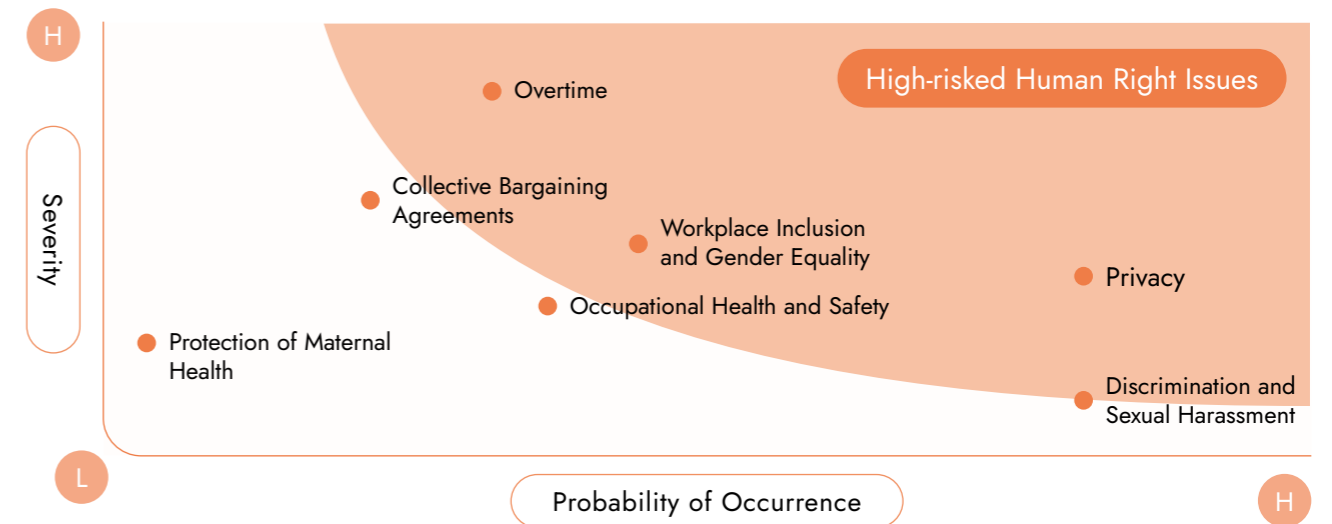
Assessment of Human Rights Risks by Mega Group

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	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	<ul style="list-style-type: none"> Employees Women Indigenous Peoples 	Due Diligence of Human Rights
Value Chain	Suppliers	Human Rights Policy of Mega Financial Holding and Supplier Sustainability Management Guidelines of Mega Holdings	Child labor, discrimination, forced labor, human trafficking, equal pay for equal work, freedom of association and collective bargaining, OHS	<ul style="list-style-type: none"> Children Women Indigenous Peoples Migrant Workers Third Party Workers 	Supplier Sustainable Operation Self-Assessment Questionnaire
New Business Relations	Business Partners	Human Rights Policy of Mega Financial Holding	Discrimination, forced labor, child labor, human trafficking, OHS, freedom of association, privacy	<ul style="list-style-type: none"> Children Women Indigenous Peoples Migrant Workers Third Party Workers 	Due Diligence of Human Rights

Note: The Group did not establish new business relations (e.g., merger and acquisition, joint venture, etc.) in 2021 and therefore did not conduct human rights due diligence on this subject.

Matrix of Employee's Human Rights Risk

In 2021, Mega Group conducted human rights due diligence on all employees involved in the Group's operations. According to the probability of occurrence and severity of occurrence of various human rights issues, we identified “Privacy”, “Workplace Inclusion and Gender Equality”, “Overtime Work” and “Discrimination and Sexual Harassment” as issues of high human rights risks (main human rights risk factors) of Mega Group. Accordingly, the Group's 2021 human rights issue risk matrix was created as follows:



Assessment of Suppliers' Human Rights Risks

By adopting the “Supplier Sustainability Management Guidelines”, Mega Group requires all of its suppliers to sign a “Supplier Sustainability Statement” as a show of their commitment to complying with international conventions on the basic rights of workers. In 2021, the Group conducted a supplier sustainability self-assessment questionnaire survey on all key suppliers. The main human rights risk factors examined in the survey include labor rights and human rights (including child labor, discrimination, forced labor, human trafficking, equal pay for equal work, and employees' freedom of association and collective bargaining, etc.), as well as OHS. In addition, we use the Violation of Labor Laws by Business Entities Inquiry System (Ministry of Labor) to perform a cross-comparison of whether a supplier has violated the “Labor Standards Act”, “Act of Gender Equality in Employment”, “Occupational Health and Safety Act”, and “Act for Protecting Worker of Occupational Accidents”, to check for facts of violation by a supplier. (See 2.3.2 Supplier Management for more information on the supplier sustainability self-assessment survey)

Assessment and Improvement on Human Rights Risks



Employees

Main Risk Factor	Mitigation Actions	Remediation Actions
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Privacy	<ul style="list-style-type: none"> Employees sign a confidentiality agreement and clearly understand their confidentiality obligations. We regularly organize personal data protection training and awareness-raising campaigns. We regularly implement information security protection measures such as information security drills and vulnerability scanning to prevent internal leakage of data. 	<ul style="list-style-type: none"> When leakage of personal data occurs, Mega Group will follow the "Personal Data Protection Act" and its internal regulations to adopt emergency response measures, determine the cause and affected parties, and coordinate negotiations.
Workplace Inclusion and Gender Equality	<ul style="list-style-type: none"> We continuously track the gender ratio; it is advisable to keep the ratio of a single gender within the Group between 40% and 60%. We hire the stipulated number of people with physical and mental disabilities in accordance with Paragraph 3, Article 38 of the "People with Disabilities Rights Protection Act". We implement the "Act of Gender Equality in Employment" and other relevant regulations, and strive to ensure gender equality in right-to-work and promote the spirit of substantial gender equality. 	<ul style="list-style-type: none"> We set the long-term goal of is to ensure that new recruits of all levels, both men and women, have equal pay. We set up employee complaint channels, and from time to time, remind employees the availability of these channels; when a dispute occurs, the relevant process is followed.
Overtime	<ul style="list-style-type: none"> We remind employees, either verbally or by a system, when it is time to go home, and instruct them to take a 30-minute break first if they need to work long hours. We remind employees, via announcements or emails, about attendance matters for the month. Employees must apply to work overtime before they can do so, and supervisors should be reminded to prepare job assignments; an employee should be asked to go home if he or she does not need to work overtime and is loitering in the office. 	<ul style="list-style-type: none"> We provide compensatory time off and overtime pay as required by law. We perform a monthly review of a department's overtime status to understand overtime work situations.
Discrimination and Harassment	<ul style="list-style-type: none"> We announce sexual harassment prevention information, posters or internal regulations by using bulletin boards, systems and other channels to raise employee awareness and promote prevention concepts. We develop anti-discrimination and anti-harassment guidelines for the Group. 	<ul style="list-style-type: none"> We have established internal regulations related to workplace sexual harassment prevention measures, complaints and punishments, to provide employees with a work and service environment that is free from sexual harassment, and to take appropriate preventive, corrective, disciplinary, and handling measures.

Suppliers



Main Risk Factor	Mitigation Actions	Remediation Actions
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Labor Rights and Human Rights	<ul style="list-style-type: none"> We continue to request our suppliers to sign the Supplier Sustainability Statement and abide by the Group's Human Rights Policy. We continue to follow up any labor and environmental safety sanctions against our suppliers. 	<ul style="list-style-type: none"> Suppliers whose self-assessment results are "to be improved" are required to correct their deficiencies. We promote the concept of corporate sustainability during every annual supplier conference. We step up efforts to raise the awareness of our suppliers and provide relevant training.
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> We commission external professional agencies to conduct comprehensive investigations (including supplier visits, communication meetings, etc.). 	

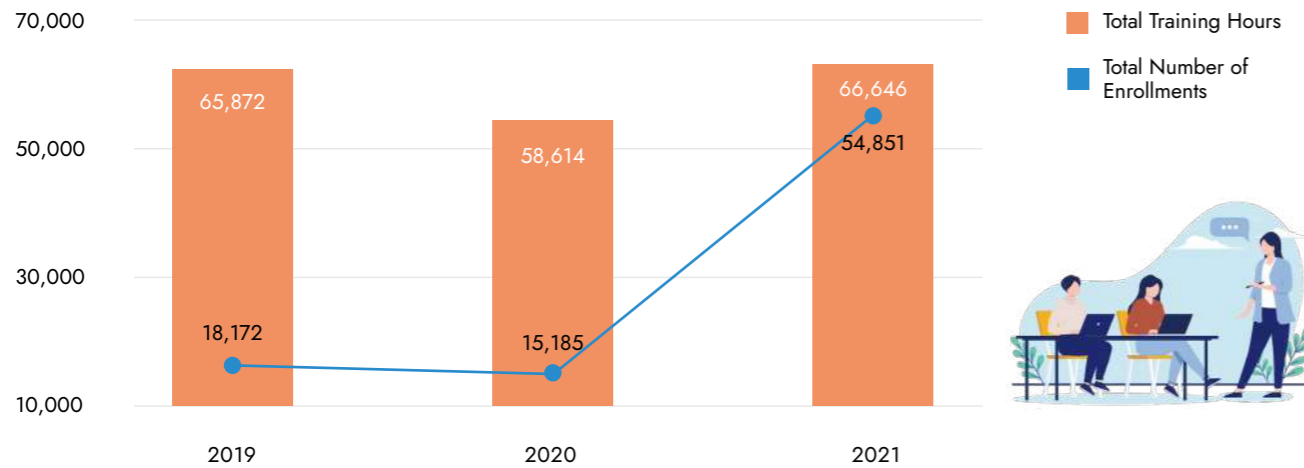
	Main Risk Factor	Hazard Rate (%)	Total Hazard Rate (%)	Implementation Ratio of Mitigation and Remediation Actions
Employees	Privacy	0%	2.63%	100%
	Workplace Inclusion and Gender Equality	0%		
	Overtime	2.60%		
	Discrimination and Harassment	0.03%		
	Main Risk Factor	Hazard Rate (%)	Total Hazard Rate (%)	Implementation Ratio of Mitigation and Remediation Actions
Suppliers	Labor Rights and Human Rights	1.35%	8.11%	100%
	Occupational Health and Safety (OHS)	6.76%		

Note 1: Percentage of Employees whose Human Rights are at Risk (%) = Number of Employees Affected by a Risk Event / Total Number of Employees.
 Note 2: Percentage of Risky Suppliers (%) = Number of Key Suppliers Subject to Labor or Environmental Safety Sanctions / Total Number of Key Suppliers.
 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.
 Note 4: All 100% of 236 business sites in Taiwan and abroad are covered in the measures adopted by the Group to mitigate or remediate the human rights risks of employees.

Advocacy and Education Training of Human Rights

To embed the concepts and practice of human rights protection in our daily operations, Mega Group continues to organize human rights training each year. Human rights courses include the Personal Data Protection Act, ethical management training, employee confidentiality training, theory and practice of the Fair Customer Treatment Principle in the Financial Industry, general employee safety and health training, and the Act of Gender Equality in Employment. In 2021, the Group recorded 54,851 people who attended human rights related courses, for a total 66,646 hours of training, showing 3.6 times and 13% increase compared to 2020, respectively, which highlights how much the Group values human rights issues and the effectiveness of its promotional efforts.

Statistics of Human Rights Related Training Course



Promotion and Protection of Human Rights

- Avoiding Forced or Compulsory Labor

Mega Group adheres to the "Labor Standards Act", which stipulates that employees shall not be forced to work outside of normal working hours for health or other legitimate reasons. In 2021, the Group reported two violations of the "Labor Standards Act", one of which was a failure to permit a worker to have a break for at least 30 minutes after having worked for four continuous hours (fined NT\$20,000). The other was a failure to pay overtime as required by law (fined NT\$20,000). Because Mega treats overtime work and adequate rest as critical human rights issues, we will take the following improvement measures:

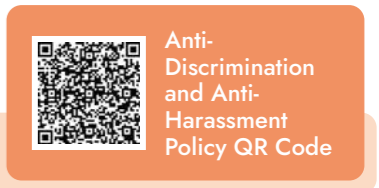
- During various meetings, compliance with labor laws and regulations will be emphasized. If overtime work is required, employees are asked to follow the company's employee overtime procedure and fill out the necessary application form. In accordance with law, employees may choose to get compensated with overtime pay or compensatory time off.
- Training (including tests) for mid/top-level managers as statutorily required by labor laws is organized.
- After the work-end of each day, the computer screen will display a 5-minute overtime reminder message.



- Gender Equality

To protect gender equality in employment, fulfill the spirit of the Constitution for eliminating gender discrimination, and promote actual equality of gender in the work place, Mega Group provides female employees with maternity leave when they give birth and set up breastfeeding rooms in accordance with the "Act of Gender Equality in Employment". In addition, employees may apply for unpaid parental leave before their children turn three and reserve 100% of their right to work. The Group has established the "Anti-Discrimination and Anti- Harassment Policy" and "Workplace Sexual Harassment Prevention Measures, Appeals, and Disciplines" to promote and achieve gender equality. We also post information (helpline and mailbox) regarding relevant guidelines and grievance channels in the office area to ensure that employees better understand how to prevent and respond to wrongful harm in the workplace.

In 2021, subsidiaries of Mega Group, Mega Bank received two reports of sexual harassment and Mega Bills received one; both cases have been dealt with. Following up on this, we will remind 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. The Group reported no penalties for violating the "Act of Gender Equality in Employment".



- Collective Bargaining Agreements

To facilitate labor relations, promote business development, and protect the interests and rights of employees, larger subsidiaries of the Group such as Mega Bank have entered into a collective agreement, which specifies labor conditions, such as remuneration, working hours, leaves, employment, transfers and dismissal, retirement and pensions, and health and safety issues. The smaller subsidiaries of the Group did not establish a union, but the interests and rights of their employees are protected by labor laws and regulations. To secure the employees' right to work, company shall inform 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, the company shall, according to the "Labor Standards Act", inform the employee of the termination of the employment contract at least 10~30 days prior to such termination.

The labor union of Mega is composed of employees, with (Representative) Meetings of Labor Union Members being the highest governing body. Directors (supervisors) will be appointed to form a 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. Mega Financial Holding, Mega Bank, Mega Securities, and CKI each have a labor union. The Mega Bank Union has 5,751 members, accounting for 88% of the total number of its employees (6,559), and Mega Financial Holding Union has 58 members, accounting for 85% of the total number of its employees (66). In total, 5,858 employees of Mega Group are members of a union, accounting for 64% of the number of full-time employees (9,244) in the Group at the end of 2021.

Mega has organized regular labor-management meetings with the union in 2021 to exchange and fully communicate opinions on various issues. Other communication platforms are adopted as well to reinforce the stability of labor management relations. These platforms include a union section on the company's internal website, or seminars held from time to time with union directors and supervisors.



CH5 Social Prosperity



Material Topics

GRI 413

Material Issues

Social Commitment

Targeted Stakeholders

Communities/Academic Institutions and Non-Profit Organizations

5.1 Social Commitment

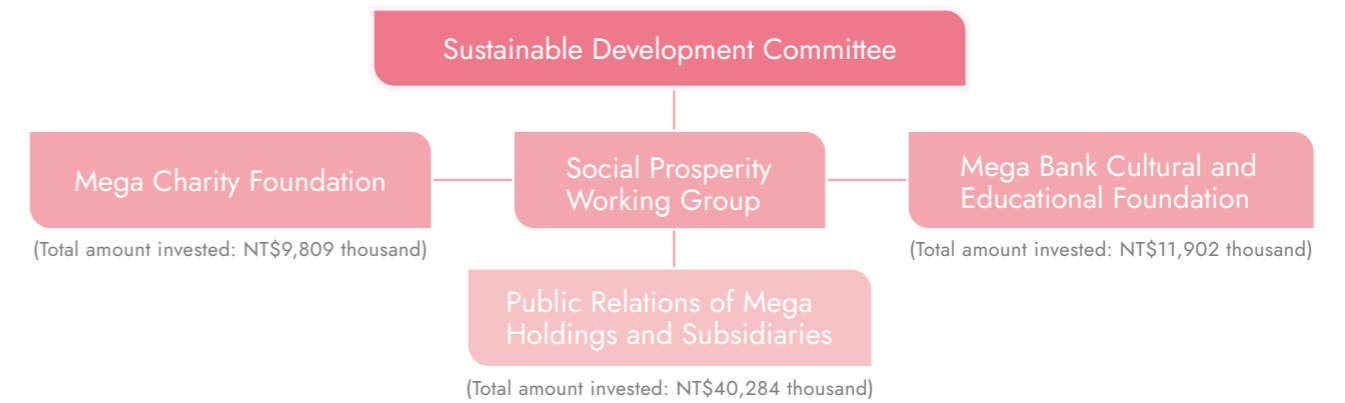
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5.1 Social Commitment

Mega'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, with "Promoting Social Prosperity" as our sustainability strategy for the social aspect. By drawing on four major axes of social prosperity: "Building a Pool of Talent to Increase the Value of Inclusion," "Supporting and Enriching the Life of Disadvantaged People," "Shining a Global Spot Light on the Power and Beauty of Rural Communities," and "Creating Mutual Prosperity in the Society," we adopt the UN SDGs to make positive impact.



By harnessing the resources and power of "Mega Charity Foundation", "Mega Bank Cultural and Educational Foundation", and each subsidiary, we provide people in need with support and assistance in the areas of financial education, care for disadvantaged people, sports, arts and cultural, and social welfare, thereby putting the four main axes of social prosperity into practice. In 2021, Mega Group invested nearly NT\$62 million in a wide range of charitable activities, committed to spreading love in every corner of the community.




Axes and Performance of the Social Prosperity Strategy

Axes of the Social Prosperity Strategy	Link to SDGs	Business Driver	Business Benefits and KPIs	The Social Impact of Mega	Social/Environmental Benefits and KPIs
<p>Building a Pool of Talent to Increase the Value of Inclusion</p>		<p>Given that talents are needed for the development of sustainable finance and digital banking, Mega actively organizes activities related to financial education for students and members of the public. While promoting education on financial inclusion and sponsoring finance-related seminars, we provide internship and part-time work opportunities, inviting college and university students and members of the public to understand what the Company has to offer. More elites with hidden potential can then be uncovered and attracted to join us, thereby ensuring that Mega has an abundant supply of diverse talents who will eventually become the driving forces of Mega's sustainability.</p>	<p>Cultivation of potential finance talents; strengthened social recognition and brand image; and increased opportunities to engage with potential talents/customers:</p> <ul style="list-style-type: none"> 271 university students had interned/worked part-time at the company 440 customers participated 41 news articles published 	<ul style="list-style-type: none"> Improve the financial literacy of citizens. Provide disadvantaged groups the opportunity to gain/access financial knowledge/education. Cultivate potential finance talent. 	<p>Improved the financial knowledge of citizens, and achieved SDGs Target 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:</p> <ul style="list-style-type: none"> 341 events sponsored/organized 13,893 people attended the events sponsored/organized by Mega Holdings 6,829 people participated in/interacted during the promotion of finance knowledge There were 571 disadvantaged people in the promotion of financial inclusion knowledge 526 students received scholarships NT\$8,300,000 in scholarship donated


A Message from the Leader of the Social Prosperity Working Group

Under the global impact of COVID-19 coupled with the environmental impact of extreme climate, "Protect the Earth" has become the responsibility of every global citizen, and ESG issues have garnered the attention of companies. Facing the endless environmental challenges, we hope to cohere corporate awareness, tap into our own expertise and resources from top to bottom, achieve sustainable goals in product, environmental, and social aspects, and participate in sustainable actions with empathy. We encourage employees to serve the public with their professional skills and devote their expertise for the betterment of the society, thereby expanding benefits to create a positive influence and realize the value of sustainability for the common good.

Axes of the Social Prosperity Strategy	Link to SDGs	Business Driver	Business Benefits and KPIs	The Social Impact of Mega	Social/Environmental Benefits and KPIs
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Supporting and Enriching the Life of Disadvantaged People



Mega launches micro-insurance and donates proceeds from micro-insurance premiums to economically disadvantaged individuals to ensure that they have access to basic insurance protection. By providing inclusive products and services, we hope to diversify our customer groups and increase the visibility of Mega's financial products. Each year, we organize sponsorship programs and activities for disadvantaged individuals, including providing lunch allowance for disadvantaged students, adopting children from the Taiwan Fund for Children and Families, and donating to nursing homes. These actions highlight Mega's commitment to society and to fulfilling its social responsibilities. In doing so, we can also improve our corporate brand image and strengthen the recognition of our customers.

Use of resources in the financial sector to assist disadvantaged groups in the society; strengthened social recognition and brand image; increased opportunities to engage with potential talents/customers; and increased employee recognition and solidarity when employees volunteer in charitable activities:

- 113 news articles published
- 1,516 hours of volunteering by employees
- 379 employees volunteered
- 9,479 social charity credit cards (HI-YES) issued (Note 1)

Develop financial inclusion to ensure that disadvantaged individuals enjoy the right to financial services.

Provide necessary resources and assistance to disadvantaged individuals.

Drawing on the concept of financial inclusion, we ensure that everyone have equal rights to basic financial services, and helps improve the life of disadvantaged individuals and low-income families through charitable activities and donations, thus achieving SDG Target 1.4 (ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources):

- 44 events sponsored/ organized
- 456 people attended the events sponsored/ organized by Mega Holdings
- NT\$14,382,159 donated
- NT\$123,040 in proceeds from social charity credit cards (HI-YES) donated
- NT\$1,773,218 worth of supplies donated
- Supplies donation: 101 boxes of staple food and suppliers
- 8,243 beneficiaries of charity programs
- 30 children/students adopted/ sponsored
- 23 units benefitted from charity programs



Shining a Global Spot Light on the Power and Beauty of Rural Communities



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 and help local communities increase their international visibility. We also continue to sponsor sports training and arts and cultural education activities every year. Mega cooperates with various sectors of the industry and sponsor sports events and arts and cultural activities, to ensure that students and young players in rural areas have access to different development opportunities and also to reinforce the ties that our business operations in rural areas have to various communities.

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:

- 52 news articles published

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 Targets 10.2 (empower and promote the social, economic and political inclusion of all) and 10.3 (ensure equal opportunity and reduce inequalities of outcome):


- 425 sports players trained
- 28 events sponsored/organized
- 448,636 people attended the events sponsored/organized by Mega
- NT\$31,557,000 donated
- NT\$226,000 worth of supplies donated



Axes of the Social Prosperity Strategy	Link to SDGs	Business Driver	Business Benefits and KPIs	The Social Impact of Mega	Social/Environmental Benefits and KPIs
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Creating Mutual Prosperity in the Society



Mega continues to monitor social dynamic, understand and address social concerns, enhance the corporate social responsibility image of Mega, and strengthen the ties between Mega and the society, such as purchasing home-grown agricultural products to help farmers overcome the imbalance between production and sales. We organize activities such as beach cleaning, tree planting, and donation to the Taiwan Black Bear Conservation Association to promote the conservation of life below water and life on land.

Participated in and organized various social welfare activities, developed relevant financial products, and broadened the social impact of Mega:

- 17 news articles published
- 41,558 environmental charity credit cards (e-Happy EasyCard Titanium Card/EasyCard Credit Card) issued (Note 2)

Raise people's environmental awareness.

Support home-grown agricultural products and mitigate production-sale imbalance.

- 45 saplings planted
- 170 kg of recyclables and 130 non-recyclables picked up during beach clean up
- NT\$537,991 proceeds from environmental charity credit cards (e-Happy EasyCard Titanium Card/EasyCard Card) donated
- 9 organizations (excluding customers and employees) received fruit donations
- NT\$31,557,000 worth of fruits purchased

Note 1: Every domestic or overseas spending of Mega HI-YES credit card, 0.1% is donated to the Noordhoff Craniofacial Foundation, helping children with craniofacial abnormalities to overcome the various challenges in life.

Note 2: For every non-online purchase made with e-Happy EasyCard Titanium Card/EasyCard Card, 0.1% is donated to Taiwan Black Bear Conservation Association to support the conservation and study of Formosan black bears.

Impact Evaluation

The Social Prosperity Working Group under the Sustainable Development Committee, formulates annual work implementation plans and goals for the Group to expand Mega's social influence through social investments and charity activities. We also regularly examine the implementation status and performance of each strategic axes, using the community investment evaluation mechanism of the London Benchmark Group (LBG) as reference to continuously review the forms and types of input involved in each axis. For example, forms of input include "Cash Contributions", "In-kind Giving", "Time (employee volunteering during paid working hours)", and "Management Overheads". Types of input include activities related to "Charitable Donations", "Community Investment", and "Commercial Initiatives". These are calculated to track and evaluate the social impact and benefits of Mega. In 2021, we invested approximately NT\$62 million in actions related to social prosperity, an increase of 15.5% from 2020, showing our continued efforts in various charity programs.



5.1.1 Building a Pool of Talent to Increase the Value of Inclusion

Mega continues to develop financial education, with the hope of imparting the correct financial knowledge through our financial competence, so that citizens understand how to utilize financial products and services to improve their standard of living. Our action also echoes UN SDG4 Quality Education. We hope to reduce the wealth gap in society by harnessing the power of financial knowledge, thereby improving the well-being of Taiwanese nationals.

Mega continues to organize financial education activities, incorporating elements of financial inclusion in various charitable activities to promote financial knowledge. For example, we had set up a booth during the “2021 Mega Cup Dream Come True Youth Baseball Championship in Yilan”, inviting young players to ask our employees questions about finance. Through this Q&A session, we help students to build their financial knowledge from a young age. Apart from the promotion of financial education, multiple internship or part-time work opportunities are also offered every year, enabling students to encounter financial practices at close range and apply the financial knowledge they learned at school in practice. Through these opportunities, we can also discover potential financial talents and continue to inject new energy into sustainable operations.

Financial Knowledge Promotion Lecturer Training Program

Mega Bank Cultural and Educational Foundation established “Guidelines for Implementing a Financial Knowledge Promotion Lecturer Training Class”, dig deeper into basic financial education, establish the correct financial spending and lending concepts in citizens, and effectively raise the awareness of different ethnic groups such as women, older adults, indigenous peoples, and new immigrants. In addition, we invite Taiwan Academy of Banking and Finance to set up classes or encourages employees to attend courses offered by the Academy, cultivating employees into seed lecturers through group discussions and video lessons, among other teaching methods.

In 2021, 45 employees of Mega Holdings received lecturer qualification. We also organized two financial knowledge promotion activities in Yilan Datong Elementary School and Lo Tung Baseball Stadium in Yilan. A total of 139 people participated in the activities. Basic financial knowledge combined with environmental practices and information about beach cleaning were taught during these activities, so that financial management and sustainability can start from a young age.

Mega Financial School



Mega Cup Yilan Dream Come True Youth Baseball Championship



Yilan Datong Elementary School

The Core of Strategic Axis	Stakeholders	Project Content and Outcomes
Education on Financial Inclusion	School Students/University students General Public Existing/Potential Customers Government	<ul style="list-style-type: none"> We organized a “Financial Knowledge Promotion Lecturer Training Class”, helped 45 volunteers obtain lecturer certificate, and hosted 2 financial knowledge promotion activities, which were attended by 139 people. By organizing a “College and University Financial Knowledge Lecture”, we helped college/university students to establish a sound investment risk concept and popularized education on finance. In addition, college/university students were invited to visit the company, allowing students to have an up-close encounter with financial practices. In total, 398 students benefitted from it. Mega organized, co-organized, or sponsored several activities, including the “2021 Mega Bank—Uni-Lions Baseball Theme Day” hosted by Uni-Lions, the “South Taipei Fun Carnival” hosted by the General Assembly of Chinese Culture, and “Mega Investment Forum: A Cautiously Optimistic Market Outlook”. During these activities, we interacted with guests through financial literacy games, and promoted financial knowledge online. In total, 6,258 participants interacted with Mega for financial inclusion. We organized 6 online events in total to help disadvantaged individuals understand how trust funds work. 34 people participated online. Mega and the National Taxation Bureau (NTB) jointly organized a series of seminars online, such as a “Seminar on the Practice of Repatriating Offshore Funds”, “Mega Bank—Taipei NTB Online Tax Talk”, and “Online Tax Talk for High-Asset Customers in Northern Taiwan”. Approximately 350 existing/potential customers participated, and shared knowledge and experiences related to repatriation of offshore funds, wealth management, and tax.
Internship and Part-time Work Programs	College/University Students	<ul style="list-style-type: none"> These programs allow students to experience financial practices and operations in a real workplace setting.
Financial Activity Sponsorship	General Public Existing/Potential Customers	<ul style="list-style-type: none"> We sponsored the “28th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management and the 14th NCTU International Finance Conference”, and the “Conference on Adopting IFRS 17: Rethink on the Future Direction of Management Strategies”, among other finance-related activities. In total, more than NT\$6 million in sponsorship has been provided, and over 2,000 people attended these events.
Scholarships	School Students/University Students	<ul style="list-style-type: none"> We donated NT\$1 million to the National Tsing Hua University to set up a “Mega Bank Scholarship”. Between 2020 and 2022 we plan to donate NT\$1 million every year or assist 20 university students with good conduct who come from a low-income family in completing their education. We donated NT\$300,000 to the “Charity Fund for Financial Services Industry Education”, which was established by the Taiwan Financial Services Roundtable, providing scholarships to students whose family suffered a serious incident, or who come from a disadvantaged or low-income family. In addition, finance-related courses on investments, wealth management, insurance, and loans for entrepreneurs were offered. Six students received such assistance.

5.1.2 Supporting and Enriching the Life of Disadvantaged People

Facing the impact of COVID-19 in 2021, many public welfare organizations in Taiwan have encountered numerous impediments in their operations. Disadvantaged people in society have long been at the back of our mind, even during these dire times. We therefore tapped into the power of our foundations, “Mega Charity Foundation” and “Mega Bank Cultural and Educational Foundation”, extending a helping hand to those in need.

Each year, Mega continues to donate money/supplies and provide volunteering services on festive occasions, such as Dragon Boat Festival, Mid-Autumn Festival, Christmas, and Lunar New Year. We also adopt disadvantaged children who are in dire need of assistance through family support centers. When a major accident or disaster occurs in Taiwan, we offer our assistance to affected families as soon as possible. During pandemic, we donated anti-epidemic supplies to various social welfare groups, working tirelessly them to overcome the difficulties of the pandemic. We hope that when disadvantaged individuals are in need, Mega will always be there to support them. In addition to adopting UN SDG1 No Poverty, we also take actions to help the poor and disadvantaged groups have equal rights to economic resources.

Year-End Charity Events

Large-scale year-end banquets, which were generally held after Christmas and in early 2021 just before the Lunar New Year, were cancelled due to COVID-19. This, however, did not stop our charitable endeavors. The Employee Welfare Committee of Mega Bank has been organizing charitable donations events for 12 consecutive years. At the end of 2021, the Committee took active care of disadvantaged groups by donating welfare fund proceeds from Mega Bank to charity and disadvantaged groups. More than 10 social welfare and public welfare organizations had benefitted.

The Chairman of Mega Financial Holdings, Chao-Shun Chang, encourages employees to volunteer and spread their love with actions. At the beginning of the year, we launched a “Year-End Charitable Event”, where we donated supplies, either by post or in person by our employees who volunteered their service, to over 300 households, including families who suffered a serious incident, older adults living alone, and other disadvantaged individuals. Through this activity, Mega Charity Foundation prepared a variety of staples and anti-epidemic supplies, and together with employees of Mega as well as social workers from Saint Francis Nursing Home, we visited older adults who live alone and disadvantaged people with disabilities in Toucheng, Yilan.

Although COVID-19 has made our lives more challenging, Mega continued to harness its power to take care of disadvantaged people, providing impoverished families with more practical assistance, thereby achieving social prosperity and fulfilling our corporate social responsibility.

Year-End Charitable Event



Christmas Charitable Event



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. Mega actively launches micro-insurance products to assist economically disadvantaged individuals, and continues to donate micro-insurance premiums to maintain their standard of living, thus enabling micro-insurance to cast its safety net at the first instance.

Chung Kuo Insurance 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 2021, Chung Kuo Insurance cooperated with the Miaoli County Government to plan micro-insurance for more than 2,000 disadvantaged people in Miaoli County to help them pass through risks. A maximum insurance coverage of NT\$300,000 is provided to maintain their standard of living and develop a sound social security mechanism.



The Core of Strategic Axis	Stakeholders	Project Content and Outcomes
Care for Disadvantage Individuals	General Public	<ul style="list-style-type: none"> We organized a range of charitable activities, including donating supplies and volunteering services during Mid-Autumn Festival, Christmas, and the Lunar New Year. More than 100 volunteers were invited to join us at the end of the year to visit several social welfare organizations and disadvantaged groups and distribute supplies and cash donations, bringing warmth to every corner of the society. We continued to adopt 30 disadvantaged children who are in dire need of assistance through family support centers. We organized a volunteering course to train individuals to provide emergency assistance and family visits. In total, 52 people signed up for it and completed the course. We pay attention to the needs of each social welfare organization, donating money, supplies or equipment to assist with the running of their operations.
Donation or Assistance in the Form of Financial Products	General Public	<ul style="list-style-type: none"> We donated NT\$937,000 in micro-insurance premium, providing basic insurance protection to 6,430 disadvantaged individuals. Proceeds, generated either by applying for our social charity credit card or using the card to make purchases in Taiwan or overseas, were donated to the Noordhoff Craniofacial Foundation. To date, 9,479 cards have been issued, and more than NT\$123,040 were donated.

5.1.3 Shining a Global Spot Light on the Power and Beauty of Rural Communities

Children living in rural areas in Taiwan have a passion and talent for sports and arts, but due to geographical limitations and uneven distribution of resources, their passion and talent are difficult to uncover. As a long-time supporter of sports, art and culture in Taiwan, Mega gives its utmost support to baseball, archery, weightlifting and other sports activities, and also promotes sports by organizing activities and competitions. It offers resources, through Mega Bank Cultural and Educational Foundation, to student choir groups and sports teams in rural areas. As a result, Mega was honored with the “Sports Contribution Award” hosted by the Ministry of Education Sports Administration.

Mega Makes Your Baseball Dreams Come True Program

Mega has sponsored the elementary school baseball team in Yilan area for several years, providing complete equipment and training funds, so that the baseball training project can take root and cultivate basic baseball talents. In order to help young baseball students in remote areas realize their dreams, we invited three professional baseball stars, including Wei-lun, Pan, An-Ko Lin and Jing-Kai, Lin, from the “United 7-ELEVEn Lions Team” of the Chinese Professional Baseball League (CPBL) Taiwan Competition to come to Yilan Luodong Baseball Stadium to guide 6 Yilan schools.

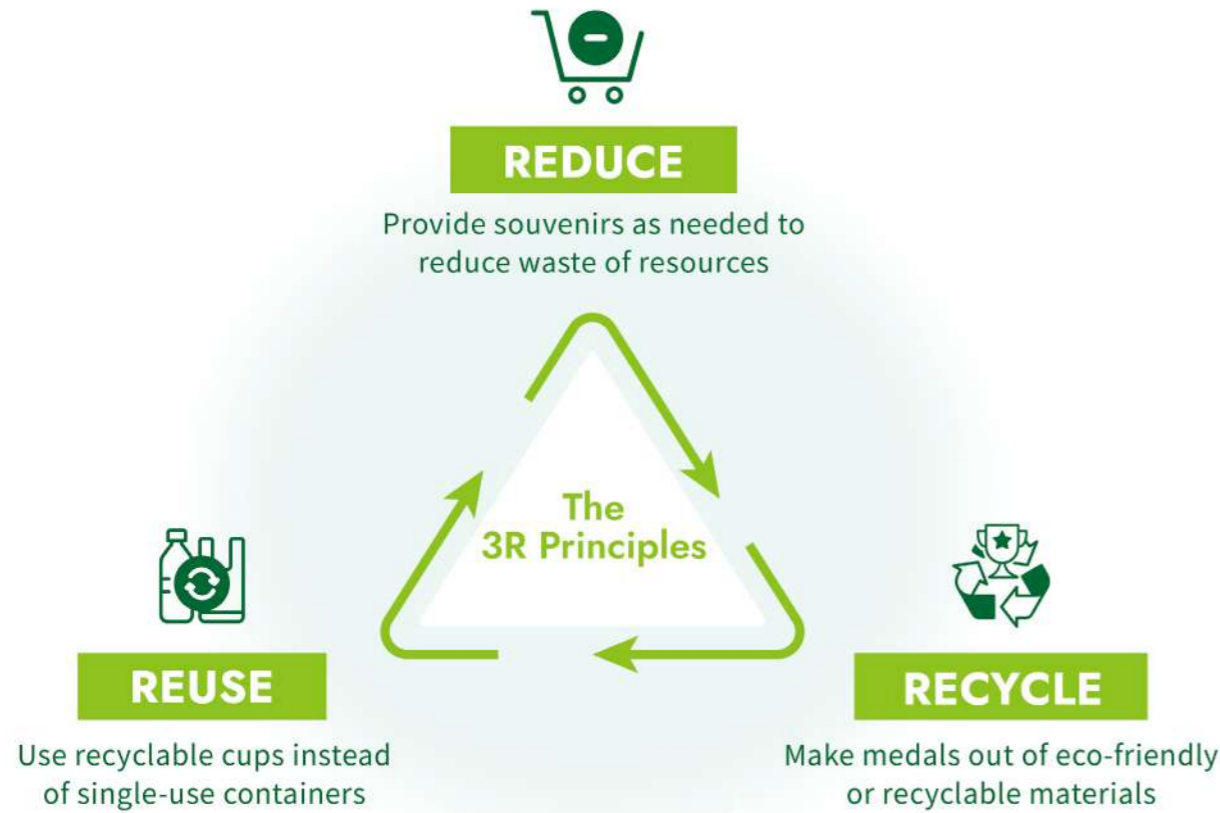
The young players participating in the Baseball Dreams Come True Program are from 6 junior baseball teams, including Samsung, Nan’an, Marseille, Hanxi, Qinggou and Penglai. They are all grass-roots baseball teams supported by Mega Bank Culture and Education Foundation for a long time. Through the cooperation with the United 7-ELEVEn Lions Team of professional baseball team, players are invited to go to the countryside for personal guidance and interaction, so that young players can not only learn more hitting and defense skills from the stars, but also get close interaction with them. By interacting with 3 stars, the children in remote areas can light up their baseball dreams, and strengthened their goals of becoming a professional player.

Mega Bank – Uni-Lions Makes Your Baseball Dreams Come True



Supporting Eco-friendly Sports Events

Chinese Taipei Association of Ultrarunners (CTAU) is long committed to keeping events eco-friendly, using the 3R principles (Reduce, Reuse, Recycle) to plan events and minimize the environmental impact of its events. During its Taiwan Ultra Trail event in 2021, the Association implemented environmental protection, providing recyclable cups and making medals out of recyclable materials. It also offered runners the option to not collect any souvenirs, and the cost saved from it is donated entirely to the Taiwan Motor Neuron Disease Association. Supporting the ideals of an eco-friendly event and ensuring the safety of the event, CKI cooperated with CTAU to provide public accident liability insurance and other plans for the Taiwan Ultra Trail event. The objective was to protect the event and runners against safety risks, and the Association against any hidden risks.



Taiwania Ultra Trail



The Sustainability of Arts and Culture

Indigenous culture and art are valuable assets of Taiwan. Mega has always valued the sustainability and education of tribal cultures, supported the cultivation of talented, professional indigenous performers, and sponsored indigenous culture and art education as well as music and dance performances. The Puzangalan Children's Choir is an indigenous choir group composed of Paiwan children. Mega Bank Cultural and Educational Foundation has been sponsoring this choir group for 9 years in a row since 2013, and offers its support whenever the group travels abroad for competitions to let the world hear the sound of Taiwanese music. Although the pandemic had reduced their chance to perform and compete overseas, the choir group still trained tirelessly, and our support remained uninterrupted.

The Core of Strategic Axis	Stakeholders	Project Content and Outcomes
Sporting Promotion	Students General Public	<ul style="list-style-type: none"> We hosted the "2021 Mega Cup Dream Come True Youth Baseball Championship" and "Mega Makes Your Baseball Dreams Come True: Baseball Stars Coaching Day", investing a total of NT\$880,000 and inviting 102 young players to participate. We provided NT\$300,000 in sponsorship for the purchasing of baseball gears for the baseball team of Kao-Yuan Vocational High School of Technology & Commerce and training of 150 players. In addition, we donated NT\$2.2 million to Yilan Sports Association for organizing the training of baseball players (currently 180 players) from 9 schools. Mega has provided NT\$1 million in sponsorship to Yuli High, Yuli Junior High, Sanmin Junior High, and Zhuoxi Junior High Schools for training their archery teams. To date, 45 excellent archers have been trained. We provided NT\$505,000 in sponsorship for the training of weightlifting teams from Tainan Daneiguomin Junior High School and Kaohsiung Municipal Gushan Senior High School, supporting the cultivation of 50 weightlifters. We provided NT\$400,000 in sponsorship for the team BEYOND GAMING to participate in the 2021 Summer game of the League of Legends Pro League. We were the sponsors of multiple sports competition and events, including the "Merida-MAXXIS Cup Changhua Classic Bike Festival", the "Golf Games of Taiwan Ladies Professional Golf Association (TLPGA)", and the "Ministry of Finance 2021 Invoice Cup for Road Running", among others, donating over NT\$14 million in funds.
Arts and Cultural Education	Students General Public	<ul style="list-style-type: none"> We donated NT\$200,000 to Puzangalan Children's Choir 2021 Training Program, supporting the choir training of 48 students. We hosted 13 Lunar New Year events in celebration of the year of the Ox. Total expenses amounted to NT\$226,000, and 845 people collected Chunlian spring couplet scrolls. We sponsored a number of arts and culture activities in Taiwan, including the "Yoshitomo Nara in Taiwan Exhibition" and "South Taipei Fun Carnival", both hosted by the General Association of Chinese Culture, as well as the "Taipei Music Festival". A total of NT\$11 million in sponsorship was provided.

5.1.4 Creating Mutual Prosperity in the Society

Mega continues to monitor social dynamics. Upon finding that society needs our help or an issue warrants our attention, we will scrutinize the issue at hand from our perspective and act accordingly. From thereon, we will concentrate and disperse the social impact of Mega, thereby injecting a positive energy to every social issue that needs to be addressed and resolved. Mega has no operational activities that have significant actual or potential negative impact on the local community. On the contrary, we proactively deepened our local connection with various regions through various public welfare and charitable activities.



Protect the Ocean and Love the Earth

Globally, humans produce 300 million tons of plastic waste every year, and up to 8 million tons of these waste will enter the ocean. Flanked by the sea, Taiwan is home to an abundance of marine ecosystems and resources. To mitigate the damage that marine litter causes to marine habitats and landscapes, Mega called on its senior executives and employees from each subsidiary, and together, led by Chao-Shun Chang, Chairman of Mega Financial Holdings, they cleaned the beach on the coast of Shimen in New Taipei City.

In this activity alone, 170 kg of recyclables and 130 kg of non-recyclables were removed. Apart from doing our part for the environment, we hope that these environmental activities will inspire participating employees to reflect on how much waste—plastic bags, plastic bottles, polystyrene, disposable toothbrush, and plastic straws—we produce on a daily basis. Therefore, Mega also continues to promote 12 ways to reduce single-use plastics, placing emphasis on not only picking up wastes but also reducing them. We also recommend eating-in and avoiding take-outs. Beach cleaning is not merely an activity of removing litter in the environment, it is also a means of establishing deep-rooted awareness of the environment in employees and in turn motivate them to reduce waste at the source.



Mega Loves Earth: Hand in Hand to Protect Our Mountains and Forests



Mega Brings Warmth and Plant Trees in Winter



Planting a Tree for Earth

In light of the increasingly frequent extreme weather events around the world, Mega takes the lead to conserve energy and reduce emission, setting an example hoping to bring our influence into the society. Considering that GHG emissions can be mitigated through "Carbon Sequestration" by plants, Mega began working with business partners from various sectors of the industry. Our goal is to make planting trees an integral part of our social involvement.

In 2021, Taichung Metropolitan Park and Taiwan Reforestation Association hosted a Mother's Day tree planting event, hoping that by planting trees and plants native to Dadu Plateau every year, they can effectively improve habitats and biodiversity. In response, Mega called on 48 of its volunteers to attend this event, working with everyone to plant a total of 460 saplings. By ingraining the concept of ecological conservation into the minds of people, we hope to create a better environment for our next generations. At the end of 2021, we along with 30 other volunteers planted a number of fruit trees in St. Joseph Home. This act is not only of environmental significance, but as these trees grow, the garden will be transformed into a beautiful recreational space for the residents of St. Joseph Home. We hope that after 2 years, we are able to witness the fruits of our labor with our friends in St. Joseph Home.

The Core of Strategic Axis	Stakeholders	Project Content and Outcomes
Environmental Protection and Community Development	General Public	<ul style="list-style-type: none"> We participated in the Mother's Day tree planting charity event hosted by Taichung Metropolitan Park, working with volunteers to plant 460 saplings. 85 volunteers from Mega Group cleaned up the beach on the coast of Shimen, removing 170 kg of recyclables and 130 non-recyclables. 0.1% of non-online purchases made with e-Happy Card was donated to "Taiwan Black Bear Conservation Association", totaling NT\$540,000. To support Taiwanese farmers and overcome the imbalance between production and sales, we purchased home-grown pineapples and mangoes from local farmers, spending a total of NT\$3.391 million. The fruits were then gifted to employees, customers, charity organizations, schools in rural areas, as well as Taoyuan Hospital of the Ministry of Health and Welfare to show our gratitude for the selfless contributions and services of our health professionals.

CH6 Responsible Governance



Material Topics

GRI 205 \ GRI 206 \ GRI 2-27

Material Issues

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

Targeted Stakeholders

Government and Regulators, Shareholders/Investors

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A Message from the Leader of the Corporate Governance Working Group

In 2021, Mega Financial Holding was ranked top 5% among 905 listed companies that were rated, delivering yet again another top performance in the Corporate Governance Evaluation. This achievement highlights our continued efforts and recognition in corporate governance. Mega insists on continuing to implement and improve corporate governance, focusing particularly on ethical management, compliance, anti-money laundering, and risk management. We also make use of the professionalism, diversity, and independence of directors to create a safe and effective business environment and an open and transparent governance system and provide the management team with comprehensive recommendations for decisions, secure profitability, and competitive advantage, with the aim of becoming an Asia regional financial group.

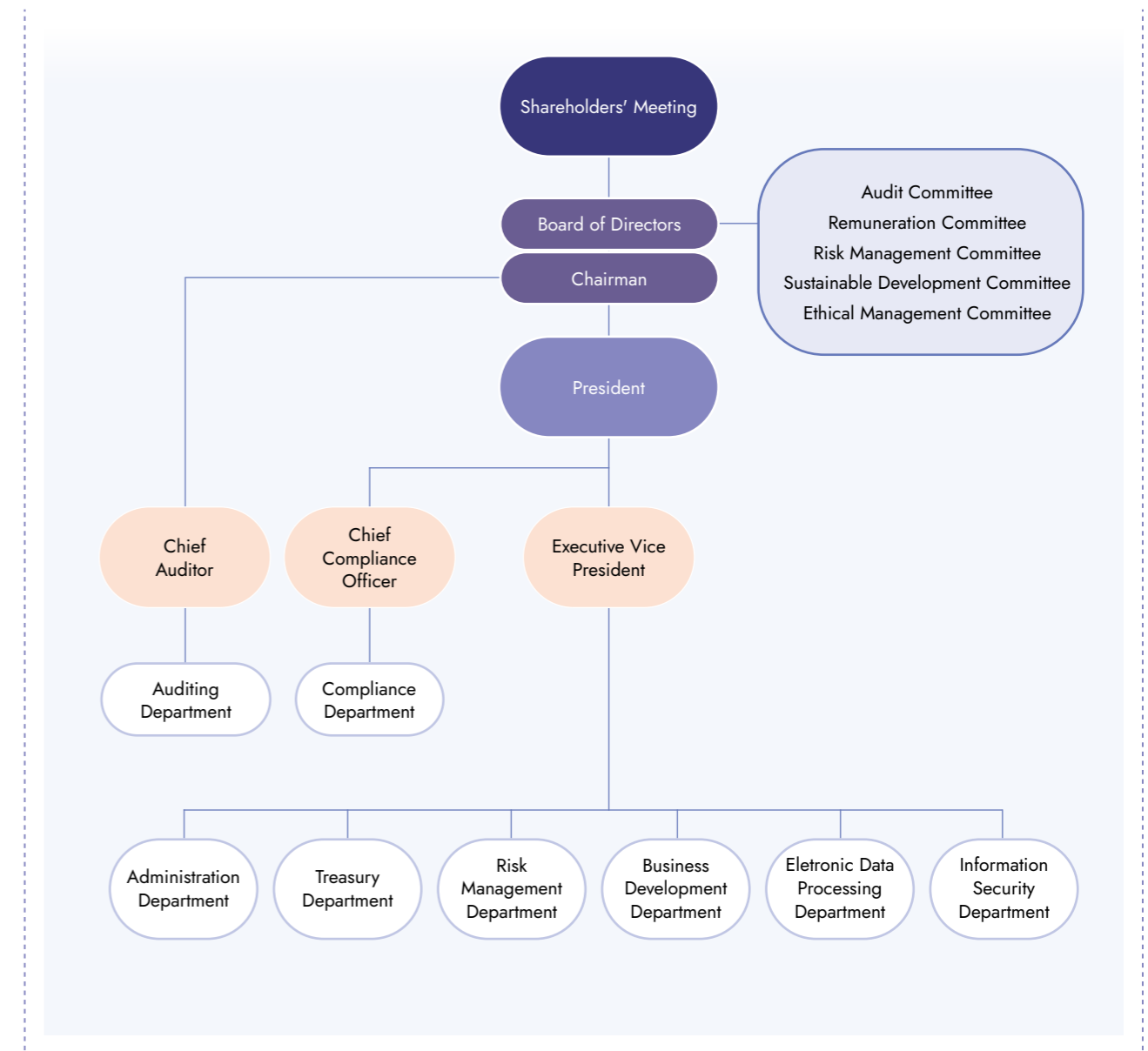
6.1 Corporate Governance

Mega Financial Holding has been selected as a constituent of the "Taiwan Corporate Governance 100 Index" for four consecutive years, showing our determination in advancing our corporate governance.

6.1.1 Corporate Governance

Mega Financial Holdings has established a sound corporate governance structure. The Shareholders' Meeting is responsible for the distribution of dividends, amendments to Articles of Incorporation and internal regulations, and the election of directors, etc. 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 Mega'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 Audit Committee, the Remuneration Committee, the Risk Management Committee, the Sustainable Development Committee, and the Ethical Management Committee have been established under the jurisdiction of the Board of Directors to help deliberate proposals and ensure the quality of board decisions.

Corporate Governance Framework



Committee Information

Name of Committee	Members	Authority	Frequency of Meeting
Audit Committee	5 independent directors	Review of the internal control system, compliance, appointment/dismissal or remuneration of CPAs, transactions of material assets or derivatives transaction, offering or issuance of equity-type securities, annual and semiannual financial statements, and appointment or dismissal of financial, accounting, or internal audit officers.	At least one meeting each quarter (A total of 8 meetings were held in 2021, and director attendance rate was 100%)
Remuneration Committee	3 independent directors	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.	At least two meetings each year (A total of 5 meetings were held in 2021, and director attendance rate was 100%)
Risk Management Committee	The Chairman of Mega Financial Holding serves as the meeting 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	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.	At least one meeting each quarter (A total of 5 meetings were held in 2021, and director attendance rate was 100%)
Sustainable Development Committee	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	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 various ESG projects.	At least one meeting every two months (A total of 8 meetings were held in 2021, and director attendance rate was 100%)
Ethical Management Committee	3 independent directors	Review the "Ethical Corporate 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.	At least one meeting each year (A total of 1 meeting was held in 2021, and director attendance rate was 100%)

6.1.2 Board of Directors

The composition of the members of the Board of Directors of Mega Financial Holding is based on requirements for Mega's operations, business models, and development. Among the 10 directors and 5 independent directors in office as of the end of 2021, only 2 directors are managerial officers of Mega Group. The rest of the directors were from government agencies, financial sector, and academia. For detailed backgrounds of board members, please see the Annual Report of Mega Financial Holding or the Corporate Governance section on our official website.

Election of Directors

Since 2013, Mega Financial Holding has been using the candidate nomination system to elect directors every three years in accordance with the Articles of Incorporation and Regulations Governing the Election of Directors. The qualifications of all director and independent director candidates must be reviewed by the Board of Directors in accordance with the "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

To facilitate the objective performance of independent directors, Mega's "Corporate Governance Best Practice Principles" stipulate that independent director may not serve more than three consecutive terms to ensure that independence is not reduced by extended association. The five current independent directors have served for less than one year on average. Among the five independent directors (8th-term), four were newly elected. The average terms of independent directors (6th-term and 7th-term) were 5 years and 3 years, respectively, and there were no cases where the independent directors served for more than nine years. Mega values the independence of directors. The Chairman and President are not the same individual or have relations such as spouses or relatives within the first degree of kinship. Directors also do not have relations within the second degree of kinship. 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 board independence, Mega also evaluates the independence of external directors, setting its board independence target to be 80% of the total seats. In 2021, 93.33% of the board members met the independence criteria, which is above the set target. Specifically, the Chairman Chao-Shun Chang did not concurrently serve as the Company's manager for 5 years and 4 months since he took office in September 2016 to the end of 2021, 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. Additionally, Mega has established clear regulations on the avoidance of conflicts of interests for directors who shall uphold a high level of discipline. When the resolutions listed by the Board of Directors have an interest in themselves or the legal person they represent, they shall explain the important content of their interest in the current board meeting, and withdraw from the discussion and voting, and do not exercise voting rights on behalf of other directors.

Board Diversity



Mega attaches a high level of importance to board diversification. The professional background of its directors includes banking, economics, accounting, finance, law, information security, digital finance, and corporate sustainability, among other professional industry experiences and knowledge. In its "Corporate Governance Best Practice Principles" and "Rules Governing the Election of Directors", Mega stipulates its board diversification policy shall be based on the company's business operations, operating dynamics, and development needs, taking board diversification into consideration.

In July 2021, Mega Financial Holding elected the Board of Directors of the 8th-term, appointing 10 directors and 5 independent directors to serve on the board. As of the end of March 2022, 7 of the 15 directors were women, accounting for 47% of the board, which is above the set target of 25% for female directors.

Background Information of the Directors

Name	Title	Independence (Note 1)	Nationality	Gender	Age	Industry Experience (Note 2)	Professional Background and Skills				
							Risks	Finance	Law	Digital	ESG
Chao-Shun Chang	Chairman	Independent Director	Taiwan (R.O.C.)	♂	>50	Finance	■	■			■
Kuang-Hua Hu	Director (Concurrently serves as President)	Executive Director	Taiwan (R.O.C.)	♂	>50	Finance	■	■		■	■
Chia-Chung Chen	Director	Independent Director	Taiwan (R.O.C.)	♂	>50	Finance				■	
Pei-Chun Chen	Director	Independent Director	Taiwan (R.O.C.)	♀	30-50	Finance	■		■		■
Yih-Juan Wu	Director	Independent Director	Taiwan (R.O.C.)	♀	>50	Finance		■			
Chun-Lan Yen	Director	Independent Director	Taiwan (R.O.C.)	♀	>50	Finance		■			
I-kan Chiu	Director	Independent Director	Taiwan (R.O.C.)	♂	30-50	Finance		■			
Ke-He Shih	Director	Independent Director	Taiwan (R.O.C.)	♂	30-50	-			■		■
Hong-Mo Wu	Director	Independent Director	Taiwan (R.O.C.)	♂	>50	Finance				■	■
Hui-Chuan Chen	Director (Appointed on January 7, 2022)	Independent Director	Taiwan (R.O.C.)	♀	>50	-		■			
Hung-Ju Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	30-50	Finance					■
Tsai-Jyh Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	>50	Finance	■	■			■
Chi-Chang Yu	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	>50	Finance		■	■	■	■
Ying Wu	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	>50	Finance		■		■	■
Chang-Ching Lin	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	30-50	Finance		■		■	■

Note 1: The Board of Directors of Mega Holdings adopts the one-track system. The independent status of external directors adopts the following criteria. It must satisfy at least 4 items in following 9 items, and at least 2 items in the first 3 items:

- The director must not have been employed by the company in an executive capacity within the last one year.
- The director must not accept or have a family member who accepts any payments from the company or any subsidiary of the company in excess of US\$60,000 during the current fiscal year, other than those permitted by SEC Rule 4200 Definitions.
- The director must not be a family member of an individual who is employed by the company or by any subsidiary of the company as an executive officer.
- 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.
- The director must not be affiliated with a significant customer or supplier of the company.
- The director must have no personal services contract with the company or a member of the company's senior management.
- The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- The director must not have been a partner or employee of the company's outside auditor during the past one year.
- 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: 67% of directors were aged 51 and above, and 33% were 30 to 50 years of age, averaging a term of office of 1.53 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: The attendance of the members of the eighth-term Board of Directors was 100% (including attendance by proxy) in 2021, which was above the 90% attendance rate requirement.

Note 6: Please refer to the Annual Report of Mega Financial Holdings for information on the directors.

Continuing Education of Directors

Mega provides diverse continuing education courses in external institutions for board members in accordance with international corporate governance development trends and the latest compliance and AML regulations to strengthen their skills needed for the execution of their duties and advance with the times. In 2021, board members continued to attend training courses in accordance with the Directions for the "Implementation of Continuing Education for Directors and Supervisors of TWSE listed and TPEX Listed Companies". All 15 8th-term directors completed 173 hours of training in total, each averaging 11.53 hours. Three newly appointed directors/independent directors (refer to those serving for the first time as a director of a TWSE or TPEX listed company) completed 47 hours of training, each averaging 15.67 hours. The remaining 12 board members received 10.5 hours of training on average. 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 2021 has been disclosed on the Market Observation Post System and the website of Mega Financial Holding.

Board Performance Evaluation

To implement corporate governance and strengthen the functions of the Board of Directors, Mega established the "Guidelines on the Performance Evaluation of the Board" in 2015 and had the Guidelines published on its 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 strengthen the integrity of the performance evaluation and implement related information disclosure requirements for the Corporate Governance Evaluation of the Taiwan Stock Exchange Corporation, Mega amended the title and certain articles of the "Board of Directors Performance Evaluation Guidelines" in July 2019 to improve the information transparency of the evaluation guidelines and evaluation results.

The performance of Mega Financial Holding's Board of Directors was last evaluated in 2018. In 2021, board performance evaluation was commissioned to EY Advisory Services Inc. in accordance with law. The evaluation results were presented to the Board of Directors in February 2022. The evaluation methods and results are disclosed in the company's annual report. The results of the Company's board performance evaluation in 2021 are also published on the website of Mega Financial Holding.

6.1.3 Remuneration and Shareholding Policy

Directors (including Independent Directors) Remuneration Policy

Director

Remuneration includes directors' compensation and travel allowance. Directors' remuneration is calculated in accordance with Article 31-1 of the "Company'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, 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".

Executive Managers (High-Level) Remuneration Policy

- Remunerations paid to managers are determined based on the “Company’s Articles of Incorporation”, business performance, contribution to company operations, and industry standards with due consideration to the individual performance of managers and the company’s future risks. Reasonable amount of remuneration is paid and includes salary, pension fund, various bonuses, employee remuneration, as well as business expenses such as rent and fuel expenses. Remunerations related to managers are reviewed and approved by the Remuneration Committee and Board of Directors of Mega Financial Holding. The Remunerations are issued after evaluating the following factors:
 - Promotion of the Group’s ESG (including climate change, business ethics and regulatory compliance, etc.) plans: Lead the subsidiaries to establish a stable and sustainable governance structure; continue to conduct ISO14064-1 GHG Inventory for 192 operating sites in Taiwan and pass the Third-party verification; guide Mega Bank to join the Equator Principles Association in August 2021, becoming the second public bank in Taiwan. In addition, Mega has listed in the top 5% of the listing group for Corporate Governance Review, and won a great improvement in the international ESG evaluations.
 - Total shareholder return value (TSR): The TSR in 2021 has reached 24.18%; this means, for shareholders, the return on capital gains in 2021 has increased significantly compared with the TSR 2.94% in 2020.
- In addition to 2-month annual bonuses, performance bonus is also paid to individual employees based on a comparison of such indexes as pre-tax profit margin and earnings per share (EPS), return on equity (ROE), return on asset (ROA) with industry standards.
- In order to align the long-term interests of senior managers and shareholders, and reduce the risk of wrong decision-making, senior managers are encouraged to purchase and hold a certain amount of the company’s stock during their tenure.

Shares Held by Executive Managers (As of 12/31/2021)

Name	Executive Position at Mega Financial Holding	Number of Shares Held
Kuang-Hua Hu	President	0
Jui-Yun Lin	Executive Vice President	208,762
Kuo-Pao Chen	Executive Vice President	1,697,437
Yu-Mei Hsiao	Executive Vice President	200,000
Hui-Lin Wu	Chief Compliance Officer	55,000
Jui-Ying Tsai	Chief Auditor	262,766

Basic Information on Remuneration Paid to Executive Managers

Unit: NTD

Item	2020	2021
Average Remuneration of All Employees Other than President	2,377,235	2,103,491
Median Remuneration of All Employees Other than President	2,072,661	1,725,339
Increase in Median Remuneration of All Employees Other than President in 2021 (%)		1.95%

Basic Information on Directors’ Remuneration in 2021

Unit: NTD

Name	Fixed Remuneration	Change in Remuneration
Chao-Shun Chang	0	0
Kuang-Hua Hu	3,353,388	2,092,818
Chia-Chung Chen	87,500	0
Pei-Chun Chen	240,000	0
Yih-Jiuan Wu	89,387	0
Chun-Lan Yen	102,000	0
I-kan Chiu	87,500	0
Ke-He Shih	96,516	0
Hong-Mo Wu	240,000	0
Hung-Ju Chen	302,500	0
Tsai-Jyh Chen	292,500	0
Chi-Chang Yu	292,500	0
Ying Wu	308,500	0
Chang-Ching Lin	854,000	0

Basic Information on Remuneration Paid to Executive Managers

Unit: NTD

Name	Executive Level at Mega Holdings	Fixed Remuneration				Variable Remuneration			
		2020		2021		2020		2021	
		Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation
Kuang-Hua Hu	President	3,246,984	0	3,353,388	0	2,239,303	0	2,092,818	0
Jui-Yun Lin	Executive Vice President	2,954,472	0	3,029,292	0	2,195,853	0	2,196,604	0
Jui-Ying Tsai	Chief Auditor	2,901,888	0	2,964,300	0	2,102,308	0	2,161,542	0
Hui-Lin Wu	Chief Compliance Officer	2,938,128	0	3,001,488	0	2,126,137	0	2,130,125	0

6.2 Business Ethics

Mega Group has established the "Principles for Ethical Management", "Procedures for Ethical Management" and "Guidelines for Conduct", "Codes of Ethical Conduct", and "Code of Conduct for Employees", as part of its corporate management practice (anti-corruption, fair trade, donations, avoidance of conflicting interests, and keeping trade secrets and other intellectual properties confidential) to develop an effective corporate governance system and shape an ethical culture. The compliance status of ethical management is regularly reported to the Board of Directors. As of 2019, all directors and senior executives ranking Executive Vice President and above of Mega Group are required to sign the compliance statements for the "Ethical Corporate Management Policy". In 2021, 100% of the aforementioned individuals have signed the statement. Any employees engaging in unethical conduct shall be punished in accordance with the relevant provisions of the "Company's Regulations Governing Rewards and Penalties" according to the severity of the violation. In addition, the implementation of relevant training programs and other improvement measures is reinforced to prevent recurrence. Furthermore, we regularly host educational training and awareness activities in line with internal control and internal audit measures, so that all employees are educated on the company's ethical corporate management policy, prevention plans, operating procedures, and consequences of unethical conducts, and that ethical management is internalized into our corporate culture.

The Implementation of "Principles for Ethical Management" of Mega Group's Business Partners and Subsidiaries

Entity	Scope (%)	Signed Statement (%)	Provided Training (%)
Mega Group	100%	100% (Signed by top-level managers, including the executive vice president of the Group and higher positions)	100% (Provided to 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: "Principles for Ethical Management" include details about anti-corruption and fair trade. All directors have received training on the content of these Principles.

Training on Code of Conduct of Mega Group in 2021

Type of Training	Training Hours	Number of People Trained
Anti-corruption, Ethical Management	9,432	9,096
Regulatory Compliance	83,063	43,552
Anti-money Laundering	75,121	41,535
Total	167,616	94,183

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

To implement a corporate culture of ethical management, Mega Financial Holding has established "Donation and Sponsorship Management Regulations". Mega Group refuse all forms of bribery and direct or indirect political contributions.

Political Contributions to Mega Group in 2021

Unit: NTD

Lobbyist/organizations, interest groups	0
Political organizations and candidates	0
Industry/trade associations and think tanks created for the purpose of political influence	0
Others (e.g., expenses related to election agenda and public ballots)	0

Whistleblowing System

Mega has established "Whistleblower Case Handling Guidelines", appointed the Compliance Department to take charge of handling complaints, and specified the whistleblowing hotline, whistleblowing mailbox, and protective measures for whistleblowers. Employees and any outsiders may use these internal/external channels to report violations of laws or regulations directly to the designated acceptance unit. Each subsidiary has its own reporting lines as well, which can directly report to the Compliance Department through the compliance system of Mega Group. In 2022, a 24/7 whistleblowing hotline, available in English and Chinese, has been set up for stakeholders in different languages. If a complaint is found to be true, relevant units of the Company shall review the internal control system and operating procedures and propose corrective measures to prevent recurrence. When a filed report is found to involve material misconduct or likelihood of material impairment to the company, the unit handling the whistleblowing system shall immediately prepare a report and present it to the Board of Directors. If the filed report involves a major contingency or violation, it shall be handled in accordance with the "Major Contingency Operating Procedure Guidelines" and reported to the applicable authorities. A whistleblower will be rewarded if his/her report is found to be true and has contributed to the company in one way or another.

Incidents Involving Breach of "Code of Conduct" of Mega Group in 2021



Note: See 6.4.2 Punishment Imposed by Competent Authority for details about the incident and corrective actions taken.

6.3 Risk Management

Mega Group provides banking, securities, bills, property insurance, investment trust, and asset management services, which are associated with credit, market, operational, and liquidity risks. The emergence of new issues such as technological developments and climate change in recent years has created new business opportunities and also impacted the business activities of corporate entities. The Group carefully assesses relevant latent risks and incorporates risk management in day-to-day operations and decision makings by using a complete and independent risk management organization and control system in order to reduce the possibility and impact of risks.

Mega Group has developed rigorous risk management policies and procedures for controlling internal operations. Dedicated units are appointed to be in charge of monitoring the implementation status of the Group's risk management policy. Risk management mechanisms are examined periodically through assessment reports, scenario analysis, and stress testing methods. Response strategies, control objectives, internal control systems and procedures, and allocation of responsibilities are established to effectively manage the company's various operational and sustainability risks.

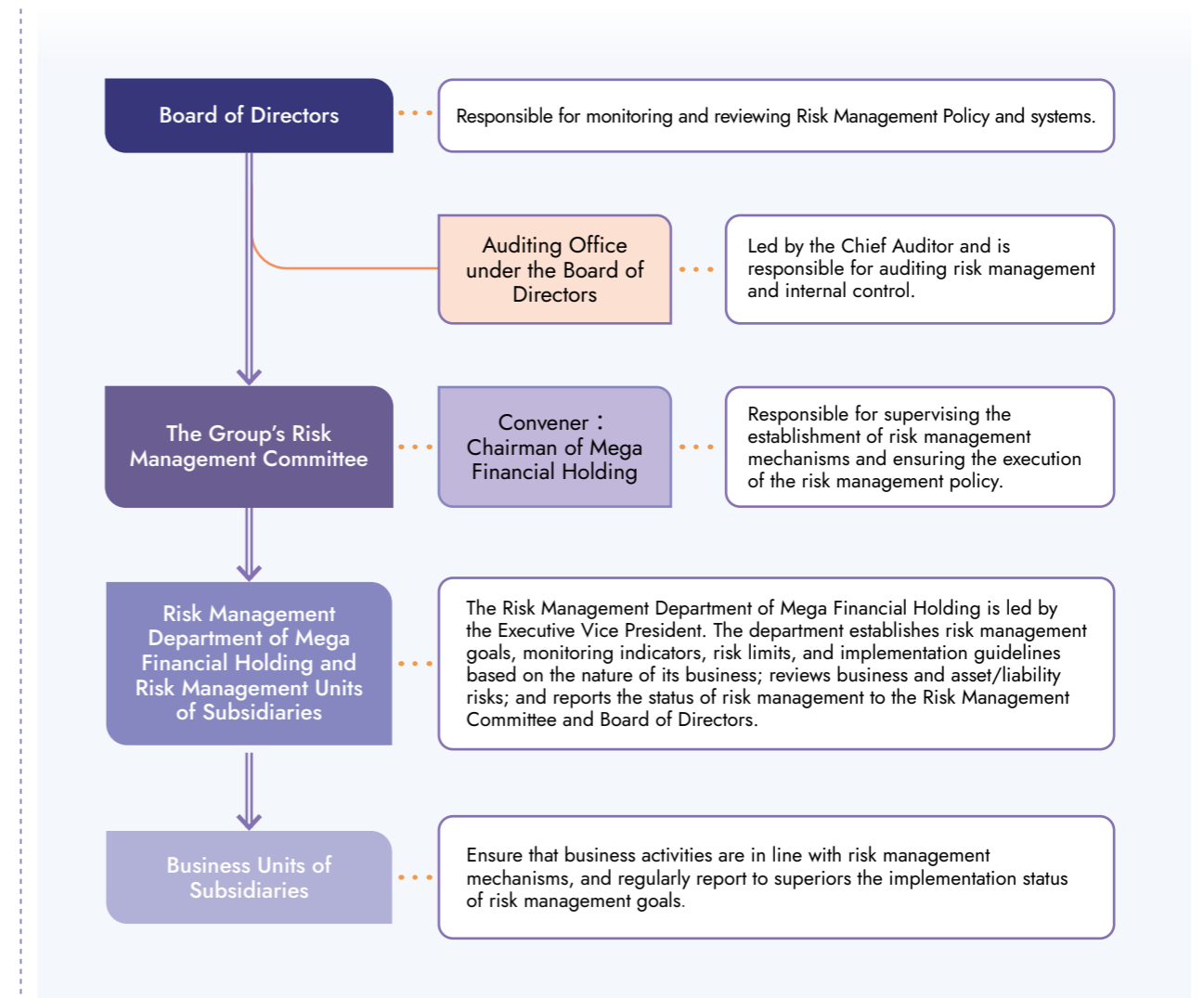
6.3.1 Risk Management System

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



6.3.2 Risk Management Framework

To ensure that the risk management mechanisms of Mega Group are effective, the Board of Directors of Mega Financial Holding is appointed as the highest-ranking decision-making unit for risk management of the Group. It is responsible for the approval of the risk management policy, guidelines, organizational structure, risk preferences, internal control system, and relevant material cases. The Risk Management Committee, which reports to the Board of Directors, is responsible for supervising the establishment of risk management mechanisms and ensuring the execution of the risk management policy. According to the "Risk Management Policy and Guidance Principles", the Chairman shall be the convener, and members shall 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 quarter and may convene meetings whenever deemed necessary. In addition, Mega Financial Holding and major subsidiaries have all established a risk management unit. 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. 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.



Risk Policy

"Risk Management Policy 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. 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. In June 2019, Mega Financial Holding has incorporated the management of other new risks in our "Risk Management Policy and Guidelines", which require us to address the latent risks of climate change to the company's operations and finance and integrate related risk factors into existing risk management processes. In November 2021, Mega Financial Holding developed "Climate Risk Management Guidelines" to enhance the climate-related financial disclosures of the Company and subsidiaries, reinforce our climate risk management mechanisms, and reduce the impact of climate change risks, thereby achieving sustainable development.

Risk Culture

To raise employees' risk awareness and create a risk management culture where the Group's Risk Management Policy is effectively implemented, the Company 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 Holdings' "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 of Mega Group in 2021

Total Hours of Training on Risk Management / **50,084.2**

Total Number of People in Risk Management Training / **16,471**

Reporting Mechanism

Regarding major contingencies in the Group and critical breaches of contract or credit risk event exposed by the media or other sources of information, Mega Financial Holding has established the "Major Contingency Operating Procedure Guidelines" and "Major Credit Risk Incident Immediate Report Procedures" to quickly learn about major contingencies, evaluate the impact of the incident, formulate response measures.

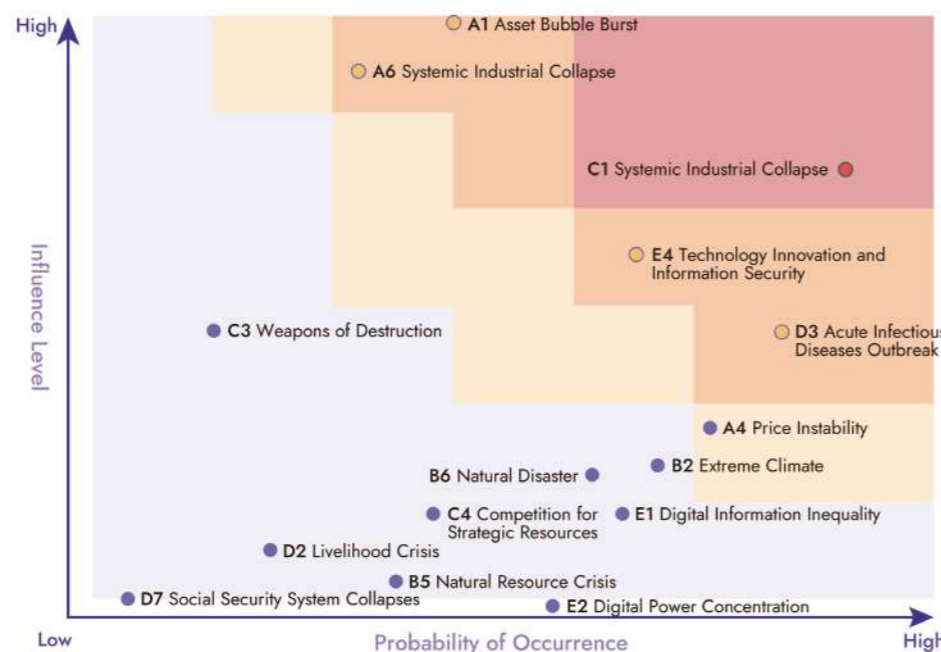
In response to the rapidly changing financial environment and local regulatory requirements of various business locations, Mega has established appropriate corporate governance and internal control procedures, which would enable the Company to effectively mitigate impact and quickly resume normal operations when a business crisis occurs that endangers the business operations of the Group, or to effectively dispose of assets and settle debts when overseas business units close down, thereby instilling confidence in our stakeholders.

Risk Assessment

The increased complexity of the financial environment has exposed Mega Group to a number of emerging risks such as digital technology and cyber-security risks, regulatory changes, climate change, and international trade war. To ensure the quality of the company's financial services and the security of customer assets, Mega has included emerging risks in the "Risk Management Policy", focusing its day-to-day risk management on maintaining system security and preventing cybercrime and cyberattacks. All subsidiaries must report any material risk issues (including emerging risks) in meetings with the Board of Directors and Risk Management Committee. In response to the impact of climate change on bank buildings, personnel, and corporate customer production activities, Mega adopted preventive measures on risks that may affect its own operations and actively support important projects or programs of enterprises or social organizations that improve the environment. We continue to provide opportunities for business collaboration and collect risk reports published by important institutions across the world as well as messages from personal or corporate customers to determine the latest development trends for emerging risks and adopt effective tiered management.

6.3.3 Assessment and Management of Emerging Risk

Mega incorporated emerging risks into risk management, and identifies emerging risks with the Global Risks Report (WEF), including economic risks (A), environmental risks (B), geopolitical risks (C), social risks (D), and technological risks (E). etc. Mega invited all subsidiaries of the group to conduct assessment, and identify the emerging risks according to the probability of occurrence of risks and the degree of impact. Finally, the "Technological Innovation and Information Security Risks", "Risks of an Acute Infectious Disease Outbreak", "Geopolitical risks-China-US Trade War and Financial Sanctions," has formulated comprehensive risk mitigation and response measures, and continued to monitor and manage to enhance the resilience of risk.



Risk Factor	Potential Impact	Response Measures	Quantify Impact
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Technological Innovation and Information Security Risks

FinTech innovation can strengthen digitization capabilities, which in turn improves customer experiences, forges stronger customer relations, and creates novel business service models. In practice, innovative FinTech applications are also associated with a number of information security risks, such as money laundering, terrorism financing, frauds, fraudulent transactions, and network security.

- Money laundering or terrorist financing transactions:** The rapid development of digital finance may increase the risks of money laundering or terrorist financing transactions. For example, virtual currencies are difficult to trace and track. Consequently, a company may turn into a hotbed for financing illicit acts, which severely impacts the company's reputation.
 - Establish early warning mechanism: Establish an early warning mechanism to share information security intelligence in real time, provide necessary historical security incident information, and keep abreast of suspicious money laundering accounts and terrorist financing transactions.
 - Implement KYC customer due diligence mechanism: Adopt database inquiry system and due diligence to keep abreast of customer information and access national and international sanction and watch lists thereby achieving the goals of AML/CTF.
- Breach of personal data:** Breach of data poses a serious negative impact on the company's operations and reputation, which in turn affects the confidence of customers and investors, and also leads to risks such as legal litigations.
 - Raise employees' awareness on information security: Reduce possibility of data breach by continuously providing information security training to raise employees' risk awareness, and strengthening program testing and information security structure before a new product is launched.
 - Prevent high-risk network operations: Analyze employees' online behaviors and monitor network traffic to report and block violations and prevent data theft in a timely manner.
- Hacker attack:** Fintech is one of the main incentives motivating hackers to attack. By attacking networks, hackers may steal customer deposits or steal confidential information and extort companies to pay a ransom, which would incur serious financial losses for the company.
 - Adopt the ISO 27001 Information Security Management System: Mega Bank, Mega Security and CKI have respectively obtained ISO 27001 Information Security Management System certification, and established contingency plans, reporting procedures, and response plans for information security incidents.
 - Strengthen information security network: Step up efforts to safeguard the information security platform to reduce the risk of malicious attacks (e.g., Distributed Denial of Service (DDoS)), conduct regular risk assessments, implement information security drills, and enhance training to improve employees' awareness on risk management for information security.

1. There will be no major information security incidents from 2019 to 2021.
 2. In 2021, there will be 5 reports of information security related operational risks and major incidents, with a loss of about 1.2 million dollars (mainly due to special inspection and punishment in 2020).



Geopolitical Risks-China-US Trade War and Financial Sanctions

Political or trade relations between major powers are confrontational, resulting in higher tariffs or restrictions on import and export, restrictions on corporate investment, listing, and supply chain origin, affecting market transactions and disrupting industrial supply chains, leading to financial market shocks.

- Increased operating costs:** Trade wars or financial sanctions have caused the soaring oil prices. In the future, Taipower will increase electricity bills or increases fuel taxes, and operating costs.
 - Implement energy conservation and carbon reduction measures: Assess the optimal installed capacity of a power supply system, and adjust the usage of air-conditioners to seasonable temperatures; and use energy-labeled high-powered lighting equipment (e.g., LED, high-powered energy-efficient light tubes) to increase energy efficiency.
 - Adopt the ISO Environmental and Energy Management System: Mega will expand the scope of adoption of ISO 14001 Environmental Management System and actively assess the adoption of ISO 50001 Energy Management System to strengthen its management mechanisms and mitigate the environmental impact of its business activities.
- Policy and regulatory risks:** Opposition or uncertainty in political or trade relations, with specific countries being targeted for reductions, resulting in illiquid bonds and plummeting stock prices.
 - Country risk monitoring: According to the international credit rating, set the group country-specific credit risk limit and regularly review and report to the board of directors for approval.
 - Market risk assessment: Perform the group's market liquidity stress test by for each month, monitor market risk limit or financial asset evaluation losses caused by stock and bond market fluctuations, report to the risk management committee and the board of directors.

In 2021, the Mega electricity and fuel costs are about 136 million dollars. If the average electricity price/oil price for the whole year increases by 50%, it is estimated that Mega's operating costs will increase by about 68 million dollars.

National risk:
 1. In China (excluding Hong Kong and Macau), the amount of exposure was 120.1 billion dollars in 2021 year, down 21% from the end of 2020.
 2. Russia has no credit risk by the end of 2021.

Risk Factor	Potential Impact	Response Measures	Quantify Impact
	<ul style="list-style-type: none"> Investment and credit risks: Opposition or uncertainty in political or trade relations, with specific countries being targeted for reductions, resulting in illiquid bonds and plummeting stock prices. 	<ul style="list-style-type: none"> ESG risk assessment in pre-investment/credit granting stage: In order to reduce investment, financing and credit risks, a list of negative report will be established for the customers of high ESG risks, and relevant units will be notified to strengthen prudent assessment before investment and lending. Risk monitoring in the post-investment/lending stage: Regular review mechanism, re-examine the financial status and credit risk changes of investment and financing customers, and dynamically adjust internal credit ratings to monitor changes in credit risk. 	
 <p>Risks of an Acute Infectious Disease Outbreak</p> <p>In light of the global coronavirus pandemic, the risk of infectious diseases cannot be underestimated because it causes many businesses to discontinue operation and increases customer default, among other problems, thus severely impacting the global economy.</p>	<ul style="list-style-type: none"> Interruption of operations: The outbreak of COVID-19 has, on the one hand, threatened the health of employees and, on the other hand, caused a shortage of manpower due to lack of adequate health and safety gears in the workplace, resulting in the interruption of business operations. 	<ul style="list-style-type: none"> Establish the Epidemic Response Working Group: To reduce the risk of disease cluster, Mega initiated the "Uninterrupted Operation Plan", which involved establishing an Epidemic Response Working Group to supervise and execute various protection measures, including supporting and receiving reports from various units, and swiftly and effectively dissolve the risk of business interruptions. Implement remote work for employees: Mega implement remote backup work, video conferences, VPN remote monitoring exercises and office work for transactions and important operations, review and amend their business continuity plan. Overseas branches also activate relevant response measures such as working from home based on local conditions of the epidemic and the requirements of the competent authority. 	<p>1. In 2021, Mega didn't have any business locations or business suspensions from the COVID-19 epidemic.</p> <p>2. In 2021, 50 employees were infected by the virus (including overseas branches).</p>
	<ul style="list-style-type: none"> Default risks of loan customers: Many countries have adopted border control measures to prevent the spread of COVID-19. Companies face difficulties in large-scale suspension of operations and reduced shifts, which resulted in a sharp decline of demand. These developments have impacted the profitability of banks, reduced the solvency of bank customers, and increased the default risks of loan customers. 	<ul style="list-style-type: none"> Conduct survey of operations of Taiwanese business borrowers: Focus first on important overseas Taiwanese customers, explore response measures to further learn about the views of upstream and downstream industries and those of competitors for combined analysis to determine risks, and formulate interview records and analysis conclusions. Strictly contain the risks of borrowers in affected areas: Monitor the proportion of credit risks in high-risk industries each month, implement flexible adjustments for high-risk industries, if necessary, and establish the concentration limit ratios and early warning ratios for all high-risk industries. Carefully review high-risk industries, industries with unknown outlook, and the signatures of borrowers, and implement post-loan management to reduce credit risks. 	<p>In 2021, the industries affected by the epidemic include transportation, tourism, etc., and the credit risk insurance is about 146.3 billion dollars (3.4% of the group's risk exposure), and 4.9 billion dollars be assessed for credit (including overdue loans of 605 million dollars).</p>

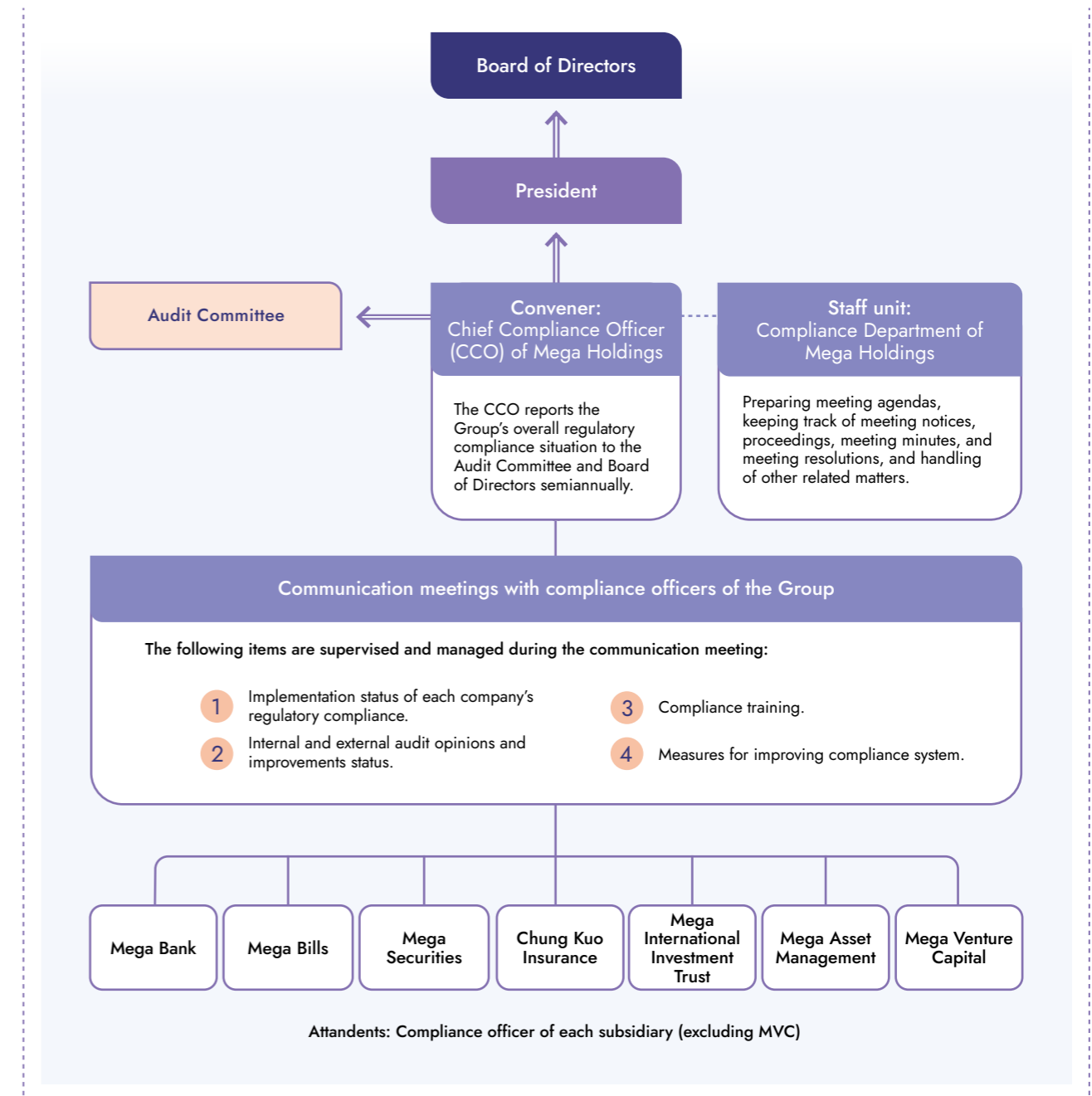
6.4 Regulatory Compliance

6.4.1 Regulatory Compliance Management Mechanism

Regulatory compliance is the focus of Mega Financial Holding's internal control system. A regulatory compliance system is established in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The Compliance Department is designated as the unit in charge of regulatory compliance and affiliated with the President of the Company. The department is responsible for the planning, management, and adoption of regulatory compliance system and for supervising the compliance works of subsidiaries. To strengthen the independence of compliance, Mega Financial Holding has since July 2019 separated legal affairs from regulatory compliance, and thus, the Legal & Compliance Department was renamed the Compliance Department. Mega appoints a Chief Compliance Officer (CCO) to take charge of overseeing compliance affairs and reporting to the Audit Committee and Board of Directors every six months. If a material violation is discovered or there is a rating downgrade by the competent authority, the CCO shall immediately report to the directors and report to the board of directors any matters relating to compliance with applicable laws and regulations. All subsidiaries (excluding MVC) have appointed a compliance officer to be responsible for the planning and promotion of compliance works.

Mega has convened quarterly communication meetings for compliance officers of the Group since 2017 to strengthen the compliance of subsidiaries. The CCO chairs the discussion of the implementation status of the compliance system by each company, audit opinions in internal and external audit and improvement status, compliance training, measures for improving compliance system, and related matters. A total of four Group Compliance Committee Meetings were held in 2021.

Compliance Framework



Employee Compliance Training of Mega Group in 2021

Total Hours of Compliance Training / 9,432

Total Number of People in Compliance Training / 9,096

Internal Audit

In accordance with the "Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," Mega Financial Holding has established "Implementation Rules for the Audit System of Mega Financial Holdings" and a chief auditor system, and set up an internal audit unit under the Board of Directors. The unit assists the Board of Directors and the management in auditing and assessing the effectiveness of the internal control system. The internal audit unit formulates the annual audit plan based on the subsidiaries' level of overall risks, nature of their business operations, and the implementation status of their internal control system. It conducts a general audit of Mega Financial Holding's businesses once a year and a special audit of Mega Group's finance, risk management and compliance once every six months. The internal audit unit keeps a tab on the deficiencies until improvement is made, and regularly reports business implementation status to the Audit Committee and the Board of Directors. In accordance with regulations relevant to the supervision of the Company's subsidiaries, the unit supervises the audit operations of the subsidiaries, and evaluates the effectiveness of the subsidiaries' internal audit operations every year. The results are presented to the Audit Committee and Board of Directors of Mega Financial Holding, before each subsidiary is requested by post to submit their results to their respective Board of Directors, which will serve as the basis for employee performance evaluation.

Employees of Mega Group with Professional Auditor Certification or who Passed Relevant Test

Number of Employees



6.4.2 Punishment Imposed by Competent Authority

Case	Description	Fine (NTD)	Other Punishments	Corrective Measures
Mega Bank	Deficiencies in credit check and post-loan management operations	None	Corrective action	<ol style="list-style-type: none"> Strengthen the analysis and financial forecast of a borrower's industry, organize training for relevant personnel, establish a control and financial reporting platform, and reinforce post-loan management and control over cases involving changes to the terms and conditions of a syndicated loan. Control the credit risks of future syndicated loans by developing measures for punishing entities that broke their commitment.
	Deficiencies in processing mortgage loans	10 million	None	<ol style="list-style-type: none"> Strengthen and add relevant control measures, monitor suspicious transactions through systems and reporting mechanisms, and reinforce review mechanisms. Monitor and keep track of all mortgage applications suspected to be made by dummy accounts.
	Obtained commissions from an insurance company without actually engaging in insurance solicitation	1.5 million	Correct in 1 month	<ol style="list-style-type: none"> Relationship with the insurance company has been terminated. Regularly collect and review information on disciplinary actions taken by the regulatory authority against peer industry, as well as relevant regulatory changes, to ensure that the bank's internal control measures comply with regulatory requirements and prevent the bank from making the same or similar mistake again.

Case	Description	Fine (NTD)	Other Punishments	Corrective Measures
Mega Securities	Failed to implement internal control related to securities broker management.	240,000	Corrective action	<ol style="list-style-type: none"> The personnel involved has been dismissed. Supervisors/managers will perform a patrol-style management, pay more attention to the well-being of employees, and observe whether business personnel behaved abnormally, and fulfill their duties as supervisor or manager. Customer care interviews will be carried out in business locations. In this way, supervisors can determine whether there are abnormal transactions taking place between a salesperson and customer, and a mechanism to prevent inappropriate conduct by salespersons is implemented to strengthen control over salespersons.
Chung Kuo Insurance	Deficiency in the review of e-commerce system projects	1.2 million	Two corrective actions	<ol style="list-style-type: none"> A deadline for making improvements has been set. Implement information security management and step up efforts to urge directors and supervisors to actively review information security governance. Establish or revise relevant management specifications and instructions, increase the labor force for information security and information system maintenance and operations, and purchase management systems. Vendors are asked to assist in checking repair operations and self-healing systems. Continue to ask IT technicians to attend training courses.
Mega International Investment Trust	Deficiency in the internal control of its trading rooms	None	Corrective action	<ol style="list-style-type: none"> Increase control over trading rooms. Strengthen review mechanisms related to the quality management of entrusted securities firms in overseas stock trading.

6.5 Combat Crime

6.5.1 Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

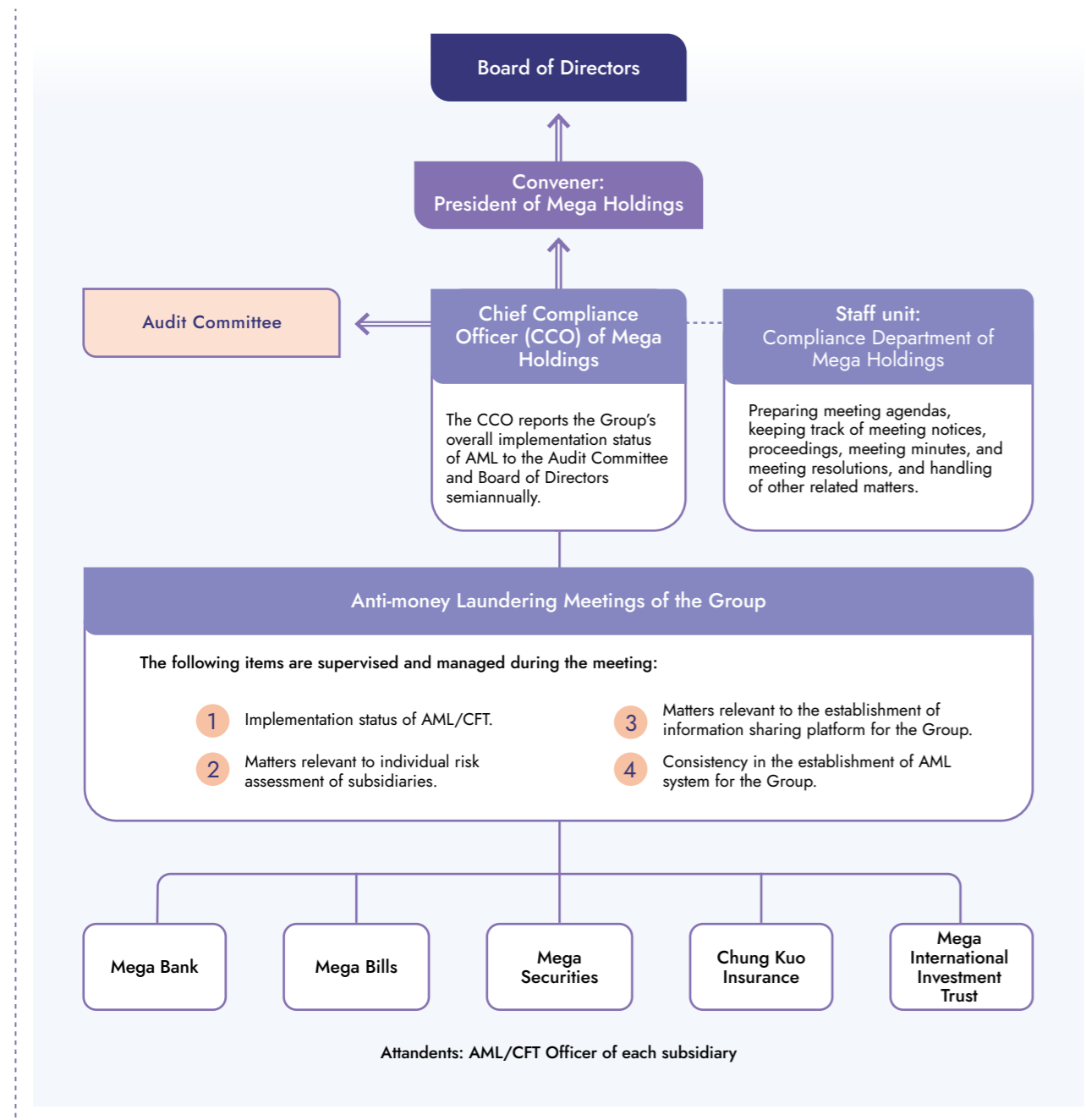
Pursuant to the "Money Laundering Control Act", "Counter-Terrorism Financing Act", "Regulations Governing Anti-Money Laundering of Financial Institutions", and other regulations, Mega adopts the Group's management mechanisms and "Anti-Money Laundering Policy" to supervise subsidiaries' implementation of customer due diligence, transaction monitoring, and training by subsidiaries, to establish systems for AML monitoring and watch list screening, and to provide comprehensive training for AML personnel.

To effectively monitor and manage the AML/CFT practices adopted by subsidiaries, Mega Financial Holding delegates its President to regularly convene AML meetings and supervise each subsidiary's AML/CFT practices. The scope of supervision includes regular review of clients, employee training, reporting of suspected money laundering or terrorist financing transactions, case study of money laundering or terrorist financing transactions, AML meetings and group operations, risk appetite and risk limits of money laundering and terrorist financing activities, and testing of compliance with "Money Laundering Control Act". Six AML meetings were held in 2021.

The Board of Directors appoints the Chief Compliance Officer (CCO) to be in charge of supervising the group's AML/CFT practices, and reporting the implementation status of AML/CFT to the Audit Committee and Board of Directors every six months. In addition, bank, securities, bills, property insurance, and investment trust subsidiaries have established an AML/CFT committee or working group to facilitate the delegation of tasks for managing the group's AML/CFT operations.

Mega appoints the Compliance Department as the dedicated unit in charge of formulating and reviewing relevant policies and processes, and establishes an information sharing platform for the group. Using an AML/CFT platform, subsidiaries regularly share and collect such information as lists of high-risk customers and cases of de-identified reporting of suspected money laundering or terrorist financing transactions, to implement the principles of consistency in AML/CFT. Independent third-party(CPA) conduct independent assessments annually to evaluate our anti-money laundering process and our internal control.

Combating Crime Management Framework



Combat Crime Measures

To comply with the regulations of the competent authority, regulate its operating procedures, and effectively prevent money laundering and insider trading activities, Mega has established the "Mega Financial Group, Anti-Money Laundering and Anti-Terrorism Financing Policies", "Mega Financial Group Overall Anti-Money Laundering and Countering Financing of Terrorism Plan", and "Mega Financial Group Anti-Money Laundering and Countering Financing of Terrorism Information Sharing Procedures", among other regulations that meet the consistency requirements of the Group.

In accordance with the laws and regulations of Taiwan and the consistency requirements of the Group and with reference to the 40 recommendations of the Financial Action Task Force (FATF), all subsidiaries have developed sound organizational structures, policies, and procedures to effectively identify and assess various risks of money laundering and terrorist financing so that the identified risks and vulnerabilities can be controlled to meet the requirements of international regulations. Implementation procedures include customer due diligence (customers of physical and digital entity), review of terrorist list, review and monitoring of politically exposed persons (PEPs), and review of senior management engaging with customers from high ML/TF risk countries or regions.

Key Combat Crime Measures adopted by Mega Bank

At least once every year, Mega Bank conducts a bank-wide assessment of risks associated with money laundering, terrorism financing, weapon proliferation, and sanctions. The risk assessment results are analyzed using quantitative and qualitative methods. Risk assessment reports, internal control evaluation matters, and improvement plans/timelines are compiled, and presented to the Compliance Committee and Board of Directors to strengthen the bank's compliance with AML and sanction-related laws. In doing so, management will be able to understand, in a timely and effective manner, the risks that Mega Bank is exposed to in relation to money laundering, terrorism financing, weapon proliferation, and sanctions. Once they understand the risks, management will then determine what mechanisms should be established, develop appropriate mitigation measures, and distribute resources effectively and accordingly.

Mega Bank produces a "Sanction/Control List Check Handbook" and "Checklist of Suspected Money Laundering or Terrorism Financing Transactions" to compare counterparties and related parties against a terrorist list, and to check and control the transactions with them. Additionally, transaction contents are analyzed, and a list of parties involved or sanctioned and high ML/TF risk countries is created in-house. Mega Bank has also established "Directions Governing Know Your Customer Procedures for Anti-Money Laundering and Countering the Financing of Terrorism for Domestic Branches", "Handbook for Domestic Branches to Identify Politically Exposed Persons", and "Handbook for Domestic Branches to Identify Real Beneficiaries and Bearer Shares", among other specifications for compliance by business units.

To identify and control money laundering threats and vulnerabilities, Mega Bank establishes various AML systems, including transaction monitoring and list scanning, to prevent money laundering and terrorism financing.

Mega Bank has joined the "Association of Certified Anti-Money Laundering Specialists (ACAMS)". As a further testament to its resolve to combat illicit acts, the Bank also discloses on its website the "Statement of AML and Sanctions Risk Appetite" and "Statement of Internal Control System on AML/CFT".

Achievement of Mega Bank in Combating Crime

Number of Cases of Fraud Blocked by Mega Bank for Customers / 61

Amount (NTD) / 36,499,548

Training on Combating Crime

Mega Group strives to combat money laundering and terrorism financing. Every year, experts inside and outside of the organization are invited from time to time to provide training, lectures, and courses on AML/CFT, either in person, digitally, or via video call. Thus, the professional knowledge and skills of AML/CFT officers can be improved. All AML/CFT officers have completed the statutory required hours of training on AML.

Employee Training on Combating Crime of Mega Group in 2021

Item	Total Hours of Training on Combating Crime	Number of People Trained on Combating Crime
Regular, on-going intranet-based training with case studies	5,996	4,675
Computer-based training sessions with self-assessment check	56,579	32,716
Face-to-face training by compliance/legal officers	2,933	1,646
Face-to-face training by specialized external firm	5,120	1,674
Mandatory annual refresher training	4,493	824
Total	75,121	41,535

Employees of Mega Group who Received Combat Crime Certification or Passed Relevant Test

Certified AML Specialists (CAMS) / 3,281

Professional Exam for AML/CTM Specialist / 676

6.6 Tax Policy

In 2017, 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, achieve the sustainable development of the company, enhance corporate value, and fulfill our corporate social responsibility. 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 deliberate the 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.

Country-by-Country Report (CbCR)

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

Tax Jurisdiction	Main Business	Number of Employees	Net Income	Profit before Income Tax	Income Tax Accrued	Income Tax Paid
Taiwan	Bank, Securities, Bills, and Property Insurance	8,623	514.82	233.05	31.04	21.55
Australia	Bank	47	10.96	8.57	2.58	1.68
Hong Kong	Bank	80	10.05	8.43	1.26	0.03
United States	Bank and Property Insurance	193	20.50	7.39	0.46	0.46
Japan	Bank	35	7.07	5.90	1.79	1.58
Cambodia	Bank	102	6.49	5.03	1.03	0.90
China	Bank	102	7.80	4.79	1.19	1.23
Thailand	Bank	174	6.50	3.97	0.81	0.55
Vietnam	Bank	54	3.51	2.50	0.49	0.50
U.K.	Bank	10	2.08	1.74	0.30	0.18
Singapore	Bank	29	3.51	1.57	0.24	0.81
Others	Bank and Others	145	9.02	3.62	0.50	0.66

Tax Information

(1) Income Tax Rate

Effective Tax Rate and Cash Tax Rate of Mega Group in 2020 and 2021			
Unit: thousand NTD			
Items	2020	2021	Average
Profit before Tax	29,330,638	28,656,413	28,993,526
Income Tax Expenses	4,312,670	2,925,343	3,619,007
Effective Tax Rate (%)	14.70%	10.21%	12.48%
Income Tax Paid	2,180,174	3,013,425	2,596,800
Cash Tax Rate (%)	7.43%	10.52%	8.96%

Note:

- The effective tax rate in 2021 is lower than that in 2020, mainly due to the IRS' approval of the income tax for the previous years, and Mega Group subtracted the difference from the income tax expenses accordingly.
- The cash tax rate in 2021 is higher than that in 2020, mainly due to the fact that the income tax paid in 2020 has been offset by the provisional tax paid in 2019. In 2020, according to the decree of the Ministry of Finance, profit-making enterprises can apply for exemption of provisional tax due to the impact of the severe epidemic (COVID-19). As a result, there was no provisional tax payment in 2021 to offset.
- The effective tax rate in 2020 is higher than the cash tax rate, mainly due to the income tax paid in 2020 has been offset by the provisional tax paid in 2019. In 2020, according to the decree of the Ministry of Finance, Mega Group applied for exemption of provisional tax, resulting in less income tax cash outflow in 2020.

(2) Income Tax Rate Analysis

Income Tax Rate Analysis of Mega Group in 2020 and 2021				
Items	2020	2021	Average	Global Banking Industry Average*
Effective Tax Rate (%)	14.70%	10.21%	12.48%	20.90%
Cash Tax Rate (%)	7.43%	10.52%	8.96%	21.28%

Marked *: Global banking industry average was based on data published by Robeco SAM.

Note:

- Mega Group mainly operates in Taiwan where the corporate income tax rate is 20%, which is lower than those stipulated by other countries.
- For 2020 and 2021, 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 18%-35% 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.

Mega Group's Resident Entities and Main Business Activities

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. SiliconValley 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	■			

Tax Jurisdiction	Name of the Resident Entity	Main Business Activity(ies)			
		Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Other
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	■			
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.				■

CH7 Appendix

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7.1 About this Report

Mega Financial Holding upholds the principle of integrity and transparency, values the interest and rights of stakeholders, takes Environmental, Social, and Governance (ESG) 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 nine consecutive years. The "2021 Sustainability Report of Mega Holdings", published in June 2022, discloses the status of Mega Group in relation to sustainable development, management approaches to material topics, response measures, and performance outcomes between January 1 to December 31, 2021.

Reporting Scope

The non-financial sustainability data in this Report include mainly cover business activities of Mega Financial Holding and our seven subsidiaries in Taiwan, which are 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. (MITC), 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. The Report does not cover overseas subsidiaries included in the Consolidated Financial Report.

The financial data in this Report are consistent with the scope of disclosure in the Consolidated Financial Report of Mega Holdings. All financial figures in the report are calculated in New Taiwan Dollars (NTD).

The scope of this Report has not changed significantly from that of last year. If the scope is different, relevant data and a note will be added.

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 (UNGC)
Sustainability Accounting Standards Board (SASB)	Code of Business Conduct-Commercial Bank
International Organization for Standardization (ISO)	ISO 26000:2010 Social Responsibility Guidance

See [7.4 Sustainability Standards and Index Comparison Table](#) for the chapters and page numbers corresponding to the Reporting Principles in this Report.

Reporting Quality

Category	Standard	Certifying/Assurance Organization
Sustainable Data	A limited assurance is provided by Deloitte & Touche in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board	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
	ISO 14001:2015 Environmental Management System ISO 50001:2018 Energy Management Systems	BSI Taiwan
Social Data	ISO 27001:2013 Information Safety Management System	SGS Taiwan

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: Mega Holdings Administration Department.

Address: 14-17F, 20-21F, No. 123, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

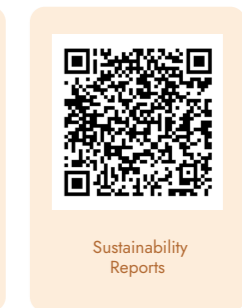
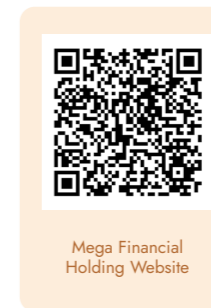
Contact person: Ms. Wong

Contact number: +886-2-2357-8888 ext. 804

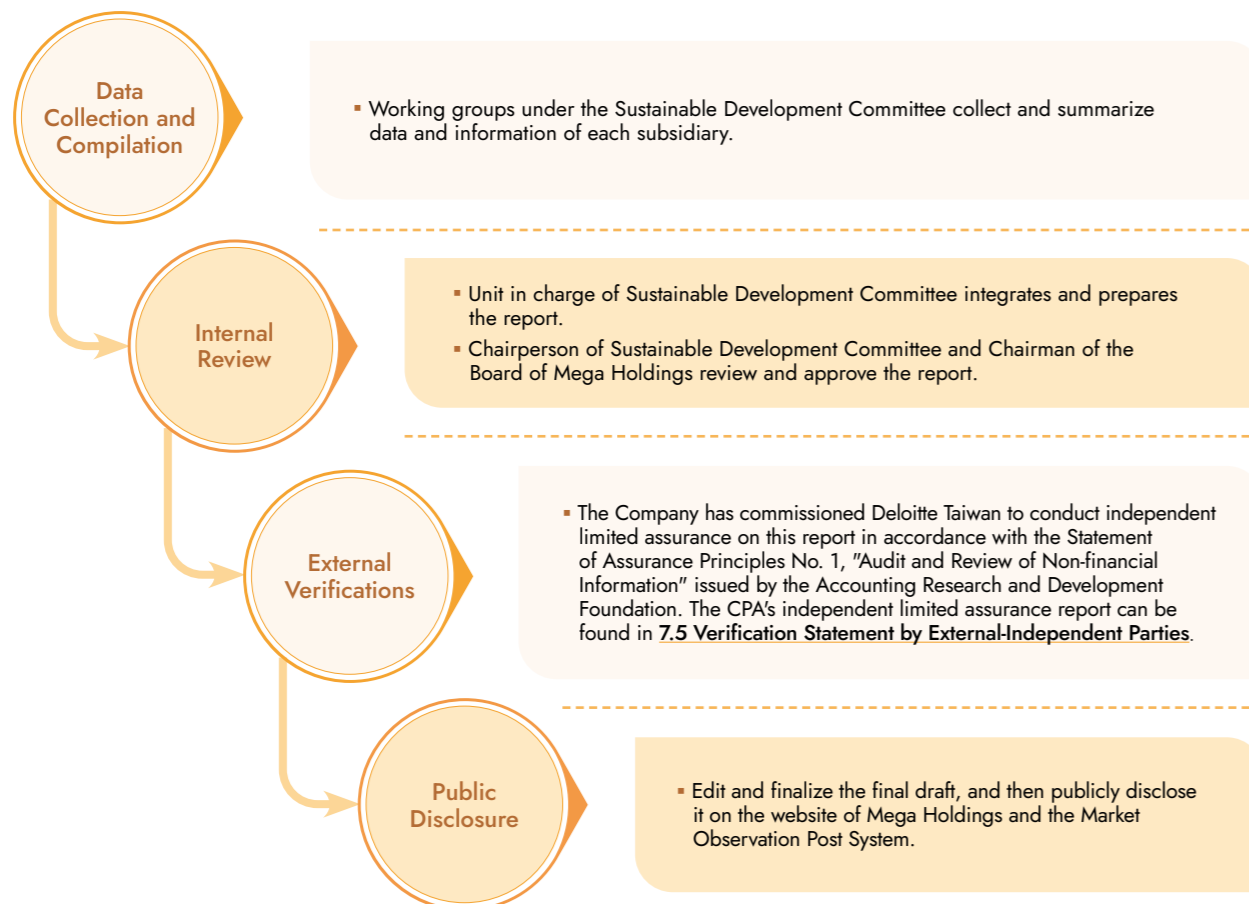
Fax: +886-2-3393-8755

E-mail: pr@megaholdings.com.tw

Sustainability section: <https://www.megaholdings.com.tw/tc/page.aspx?mid=129>



Management Procedures









7.2 Materiality Analysis and Stakeholder Communication

Mega 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 the company'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 this Report as needed to provide response and adopt appropriate response measures in a timely manner.

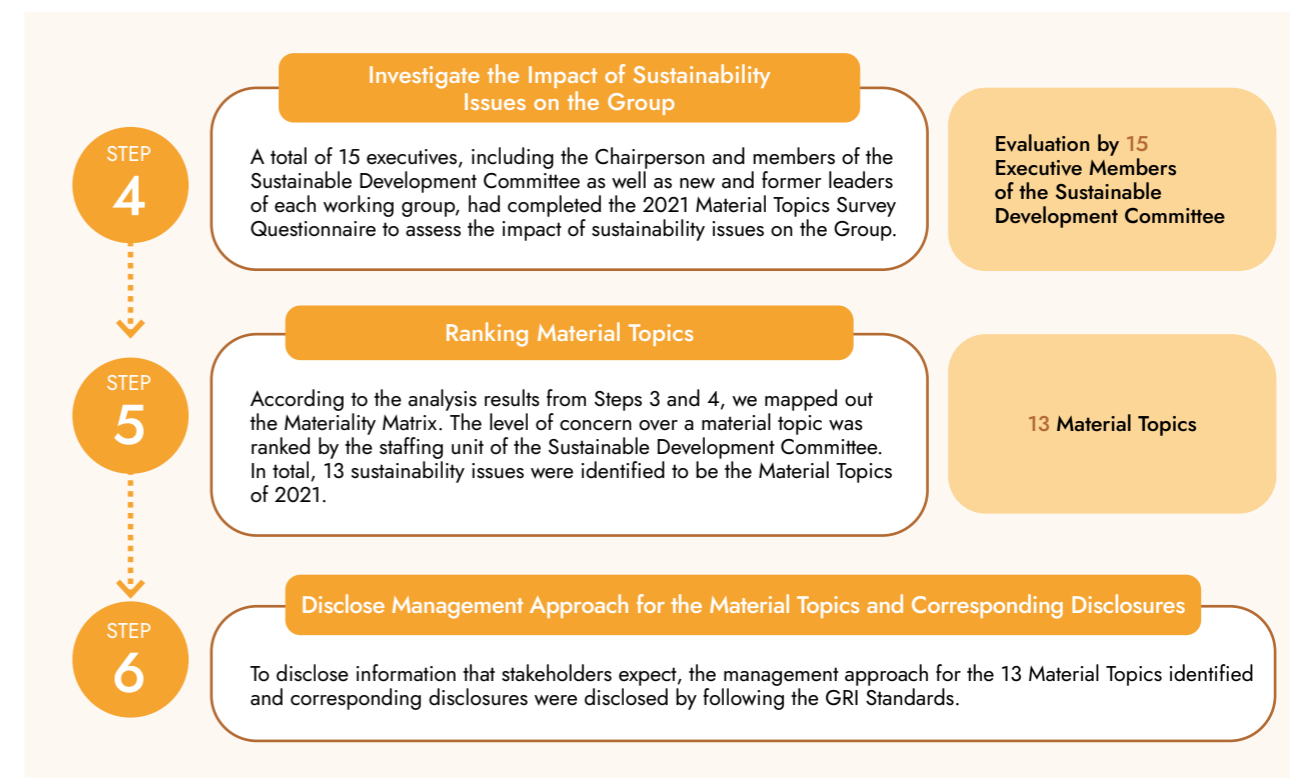
7.2.1 Stakeholder Communication

To ensure that the information disclosed in the sustainability report meets the expectations of our stakeholders, Mega adopts the GRI Standards 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 Holdings and its working groups, subsequently identifying seven primary stakeholders of the Group. 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 with each stakeholder, including the survey results concerning sustainability issues that are of concern to stakeholders, is periodically reported to the Board of Directors.

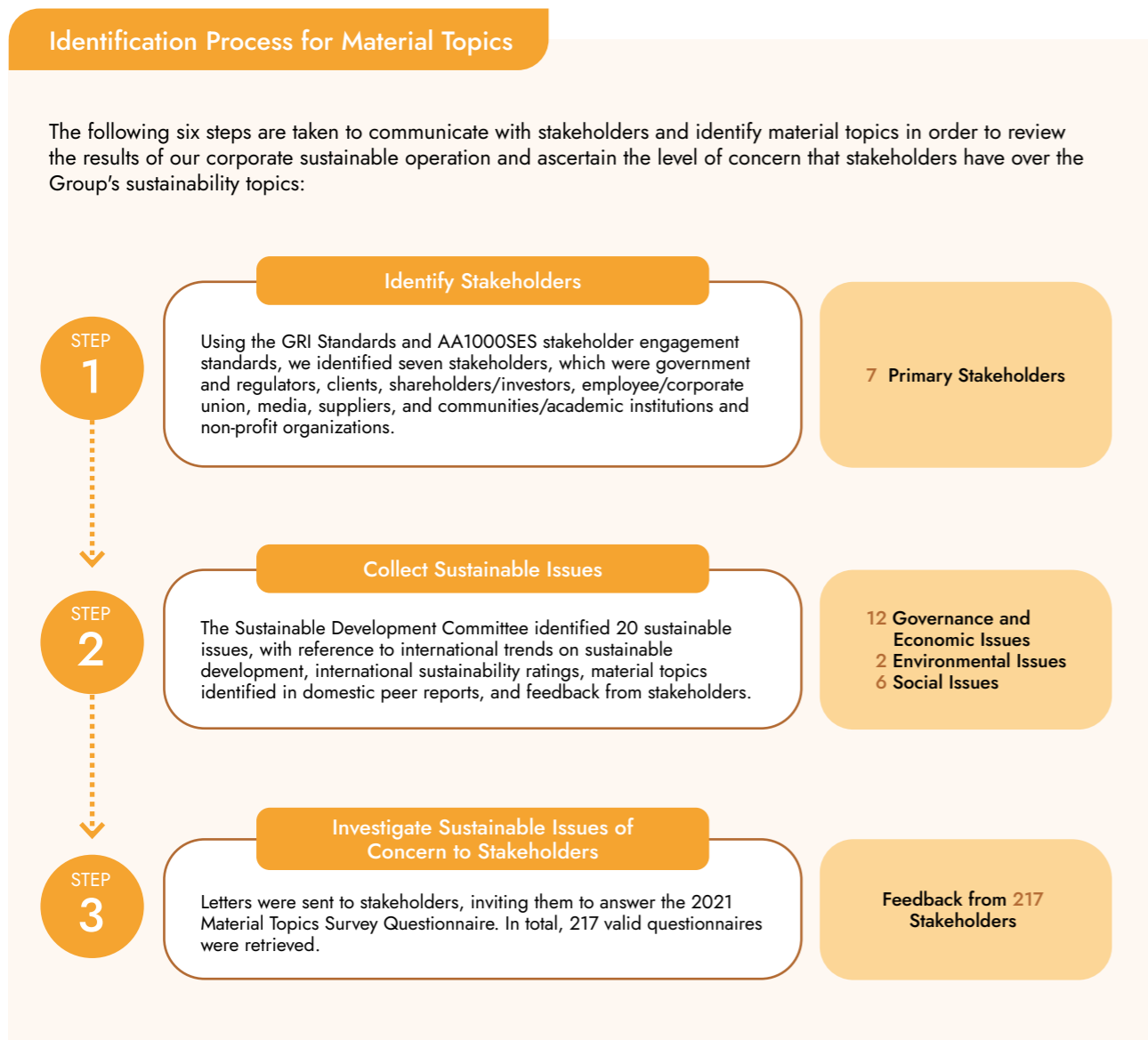
Stakeholders	Top 5 Sustainability Issues	Communication Channel (Frequency)	Communication Achievements
 <p>Government and Regulators</p>	<ul style="list-style-type: none"> Regulatory Compliance Corporate Governance Information Security Business Ethics Risk Management 	<p>regularly:</p> <ul style="list-style-type: none"> File information on regulators' websites <p>not regularly:</p> <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Mega Financial Holding continued to be 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. Mega Financial Holding was ranked among the top 5% of TWSE-listed companies in the 7th Corporate Governance Evaluation organized by Taiwan Stock Exchange Corporation. Mega Financial Holding and subsidiaries (except for MVC) have appointed Compliance Officers and Corporate Governance Officers.
 <p>Customers</p>	<ul style="list-style-type: none"> Information Security Customer Relationship Business Ethics Digital Innovation Risk Management 	<p>permanent:</p> <ul style="list-style-type: none"> Each subsidiary has set up a customer service and complaint hotline Announce contact information for complaints and feedback on the company website <p>not regularly:</p> <ul style="list-style-type: none"> Surveys of Customer Satisfaction Provide newsletters and investment research reports Organize seminars on investment and wealth management 	<p>Surveys of Customer Satisfaction:</p> <ol style="list-style-type: none"> Mega Bank <ol style="list-style-type: none"> Employee manners: 90% Satisfaction with counter services: 95% Satisfaction of digital customers: 82.44% Mega Securities: 97% CKI: 90.28% MITC: 91.75% <ul style="list-style-type: none"> Mega Bank, Mega Securities and MITC organized ad hoc wealth management and investment seminars which attracted the participation of thousands of customers.
 <p>Shareholders/Investors</p>	<ul style="list-style-type: none"> Economic Performance Information Security Regulatory Compliance Corporate Governance Business Ethics 	<p>monthly:</p> <ul style="list-style-type: none"> Disclose operational performance <p>annually:</p> <ul style="list-style-type: none"> Convene the shareholders' meeting, publication of annual report and sustainability report <p>not regularly:</p> <ul style="list-style-type: none"> Disclose information on the Market Observation Post System Organize domestic investor conference Attend investor conferences and investor relations meetings at home and abroad <p>permanent:</p> <ul style="list-style-type: none"> Set up the company 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 	<ul style="list-style-type: none"> Mega Group continues to ensure stable profitability, reporting a consolidated net profit after tax of NT\$25.731 billion in 2021, up 2.85% from 2020. 148 material information and announcements in Chinese and English. Mega Holdings organized 2 independent online investor conferences and participated in 5 investor conferences organized by domestic and foreign securities companies.

Stakeholders	Top 5 Sustainability Issues	Communication Channel (Frequency)	Communication Achievements
 <p>Employees/Corporate Union</p>	<ul style="list-style-type: none"> Information Security Regulatory Compliance Business Ethics Happy Workplace Economic Performance 	<p>regularly:</p> <ul style="list-style-type: none"> Seminars on employees' safety and health Labor-management meeting Meetings of the Employee Welfare Committee, Labor Safety and Health Committee, Supervisory Committee of Employee Retirement Reserve <p>not regularly:</p> <ul style="list-style-type: none"> Staff meetings Morning/evening business unit meetings <p>permanent:</p> <ul style="list-style-type: none"> The Union Discussion Forum has been set up in Mega Bank's intranet for employees to express their opinions Established employee complaint hotline, fax, e-mail Sexual harassment complaint hotline, fax, e-mail Whistleblowing mailbox 	<ul style="list-style-type: none"> Mega implemented workplace health promotion plans and employee assistance programs (EAP). In 2021, a total of 52 employees used the Group's consulting services by calling the 0800 hotline or sending an email, and 19 employees used the one-on-one consultation service. Most of them consulted on issues involving interpersonal relations and stress in the workplace. Mega conducted Employee Engagement Survey to determine how engaged employees are in their job and in turn assist with improving employee performance. In 2021, employee engagement scored 3.54 points on average. Mega 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.
 <p>Media</p>	<ul style="list-style-type: none"> Customer Relationship Sustainable Finance Regulatory Compliance Information Security Corporate Governance 	<p>permanent:</p> <ul style="list-style-type: none"> Establish spokesperson and PR personnel for liaising purposes <p>not regularly:</p> <ul style="list-style-type: none"> Organize press releases/conferences Provide information for media Disclose information on the Market Observation Post System 	<ul style="list-style-type: none"> Mega Financial Holding won the Commonwealth Magazine's 2021 Excellence in Corporate Social Responsibility Award and the Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award. Mega Bank won first place in the Customer Satisfaction Award, third place in the Best Financial Advisor Award, and third place in the Best Age-Friendly Service Award in Business Today's 15th Wealth Management Bank Evaluation. The Bank also received the Best Digital Mortgage Award in the 2021 Excellent Bank Evaluation organized by Excellence Magazine; and the Global Private Banking Innovation Awards and Best Private Bank for HNW Clients hosted by the Digital Banker in 2021. Mega Securities received Gold Award for Financial Management Consulting Business in 1111 Job Banks 2021 Happy Enterprise Awards.
 <p>Suppliers</p>	<ul style="list-style-type: none"> Information Security Sustainable Procurement Business Ethics Customer Relationship Risk Management 	<p>permanent:</p> <ul style="list-style-type: none"> Organize price negotiation meetings Reach agreements in contracts <p>not regularly:</p> <ul style="list-style-type: none"> Organize project meetings 	<ul style="list-style-type: none"> Mega established the "Supplier Sustainability Management Guidelines" to jointly increase the impact of their corporate sustainability. All 100% of suppliers of Mega Holdings have signed the Supplier Sustainability Statement. Mega conducted a Supplier Sustainability Self-Assessment Questionnaire Survey for key suppliers. 74 key suppliers completed the survey in 2021. In 2021, the Group's green procurement amounted to NT\$90,761,025 or 3.52% of total annual purchases.

Stakeholders	Top 5 Sustainability Issues	Communication Channel (Frequency)	Communication Achievements
Communities/Academic Institutions and Non-Profit Organizations	<ul style="list-style-type: none"> Financial Inclusion Social Commitment Climate Action Information Security Green Operation 	<p>regularly:</p> <ul style="list-style-type: none"> CDP climate change questionnaire <p>not regularly:</p> <ul style="list-style-type: none"> 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 ESG-related non-government organizations 	<ul style="list-style-type: none"> In 2021, Mega Charity Foundation, Mega Bank Cultural and Educational Foundation, Mega Financial Holding and subsidiaries invested approximately NT\$62 million in charitable activities. The total amount invested in charitable activities in 2021 was 15.5% more than that in 2020.
Contact person for public relations: alicia@megaholdings.com.tw			



7.2.2 Identification of Material Topics



Analysis of Material Topics

In the 2021 Sustainability Report, Mega incorporated an analysis of the Materiality Matrix, with the Y-axis representing "Level of Stakeholder Concern" and the X-axis representing "Impact on Mega Group." Using the matrix, the identified issues were ranked, revealing 12 sustainability issues to be the Material Topics of 2021. A 13th material topic, financial inclusion, was added to align with one of the axes of our ESG strategy – "Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society." The management approach and implementation results associated with these issues are disclosed in this Report.

The Sustainable Issues of 2021 included "Corporate Governance" and "Risk Management" to resonate with the international sustainability trends and the expectations of sustainability rating organizations for the financial sector. To showcase our achievements in ethical management and compliance, and highlight our value and commitment with respect to both issues, "Ethical Management and Compliance" was separated to form independent issues, "Business Ethics" and "Regulatory Compliance." See the table below (Description of Changes in Material Topics for 2021) for changes to other sustainable issues.



Description of Changes in Material Topics for 2021

Ranking	Material Topics	Difference
1	Business Ethics	Taken from "Ethical Management and Compliance" to be a standalone issue.
2	Information Security	Originally "Information Security and Personal Data Protection".
3	Regulatory Compliance	Taken from "Ethical Management and Compliance" to be a standalone issue.
4	Corporate Governance	A new topic.
5	Risk Management	A new topic.
6	Sustainable Finance	Originally "Green Finance".
7	Economic Performance	No change.
8	Combat Crime	Originally "Anti-Money Laundering and Anti-Corruption".
9	Digital Innovation	Originally "Innovation and Development of Digital Finance".
10	Social Commitment	A new topic.
11	Happy Workplace	Originally "Occupational Health and Safety".
12	Climate Action	Originally "Climate Change".
13	Financial Inclusion	Originally "Financial Inclusiveness".

List of Material Topics

According to stakeholder inclusiveness and materiality principles, Mega regularly identifies issues relevant to the sustainability of the Group every year. In 2021, we identified 13 sustainability issues as the material topics for the year. Based on the sustainability issues that we identified to be of concern to stakeholders from the "Stakeholder Communication", the material topics are listed below by degree of impact and level of involvement:

Ranking	Material Topics	Corresponding GRI Standard and Topic-Specific Standards	Impact on Value Chain (Relationship with Stakeholder) and Level of Involvement						
			● Actual Impact ○ Potential Impact ▲ Impact directly related to other business relationships						
			Internal			External			
			Operation	Procurement	Operation	Sales	Non-Operating Activity		
Employee/Corporate Union	Suppliers	Shareholders/Investors	Government and Regulators	Customer	Media	Communities/Academic Institutions and NPOs			
1	Business Ethics	<ul style="list-style-type: none"> GRI 3-3 GRI 205-2 to GRI 205-3 GRI 206-1 	●	▲	●	●	▲	○	○
2	Information Security	<ul style="list-style-type: none"> GRI 3-3 GRI 418-1 	●	▲	●	●	▲	○	○

Ranking	Material Topics	Corresponding GRI Standard and Topic-Specific Standards	Impact on Value Chain (Relationship with Stakeholder) and Level of Involvement						
			● Actual Impact ○ Potential Impact ▲ Impact directly related to other business relationships						
			Internal			External			
			Operation	Procurement	Operation	Sales	Non-Operating Activity		
Employee/Corporate Union	Suppliers	Shareholders/Investors	Government and Regulators	Customer	Media	Communities/Academic Institutions and NPOs			
3	Regulatory Compliance	<ul style="list-style-type: none"> GRI 2-27 GRI 3-3 	●		●	●	▲	○	○
4	Corporate Governance	<ul style="list-style-type: none"> GRI 3-3 GRI 205-2 to GRI 205-3 GRI 206-1 	●		●	●	▲	○	
5	Risk Management	<ul style="list-style-type: none"> GRI 3-3 Self-developed Topics 	●		●	●	▲		
6	Sustainable Finance	<ul style="list-style-type: none"> GRI 3-3 GRI 201-1 to GRI 201-4 GRI 203-2 	●		●	●	▲		
7	Economic Performance	<ul style="list-style-type: none"> GRI 3-3 GRI 201-1 to GRI 201-4 	●		●	●			
8	Combat Crime	<ul style="list-style-type: none"> GRI 2-27 GRI 3-3 GRI 205-2 to GRI 205-3 	●	▲	●	●	▲		
9	Digital Innovation	<ul style="list-style-type: none"> GRI 3-3 Self-developed topics 	●		●	○	▲		○
10	Social Commitment	<ul style="list-style-type: none"> GRI 3-3 GRI 203-2 GRI 413-2 	●				▲	○	○
11	Happy Workplace	<ul style="list-style-type: none"> GRI 3-3 GRI 401-1 to GRI 401-3 GRI 403-1 to GRI 403-9 GRI 405-1 	●						
12	Climate Action	<ul style="list-style-type: none"> GRI 3-3 GRI 201-2 GRI 203-2 GRI 305-1 to GRI 305-3 and GRI 305-5 	●	▲	●	●	▲		
13	Financial Inclusion	<ul style="list-style-type: none"> GRI 3-3 GRI 203-2 	●		○	●	▲		○

Management Approach to Material Topics

Material Topics	Management Approach					Corresponding Chapter and Page
	Material Reasons	Management Purpose and Approach	Policies and Commitments	Action Plan and Goals	Assessment Method and Results	
① Business Ethics	Mega abides by the principles of integrity and accountability, bases its policies on the principle of good faith, and establishes sound corporate governance, risk control and management mechanisms so as to facilitate corporate sustainable development.	Mega 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 company'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 Financial Holding and subsidiaries have established the "Principles for Ethical Management", "Procedures for Ethical Management 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. All (100%) directors and senior executives ranking Executive Vice President and above of Mega Group to sign the compliance statements for the Ethical Corporate Management Policy. 2. Have 95% of employees complete the group's annual ethical management training.	1. Review of target achievement: In 2021, the Group achieved its target, with over 95% of its employees completing the annual ethical management training. 2. A review of the Statement of Compliance with the Ethical Corporate Management Policy signed by senior executives: 100% of senior executives have signed the statement in 2021.	CH6 Responsible Governance (P112-P135)
② Information Security	Mega 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 company's reputation, which negatively affects customer confidence.	Mega 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.	Mega Financial Holding has established "Information Security Policy" and "Guidelines for Information Security Management". The Company 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. Achieve zero data breach incidents that would otherwise result in business discontinuation, information security problems, and infringement of privacy. 2. Adopt the ISO 27001 Information Security Management System. 3. Strengthen training courses on information security and applicable laws and regulations.	1. Regularly review data breach incidents that would otherwise result in business discontinuation, information security problems, and infringement of privacy: Mega Group reported no information security or data leakage incidents in 2021. 2. Adoption of ISO 27001: Mega Bank, Mega Securities, and CKI have adopted ISO 27001 and passed third-party verifications. 3. Training outcomes: In 2021, 22,798 employees in the Group had completed relevant training, with each person receiving 2.75 training on average.	CH3 Sustainable Finance (P50-P73)
③ Regulatory Compliance	Regulatory compliance is a priority for the Company. In addition to formulating compliance-related regulations, Mega Group have set up a whistle-blower system for major violations.	Mega strictly complies with the local laws and regulations of the area in which its business operates. We also keep ourselves updated of regulatory amendments, and propose improvements for violation incidents. In addition, mechanisms for reporting major violations are established to avoid negative impact on the rights and interests of our stakeholders.	Mega Financial Holding develops a compliance system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". Mega is committed to complying with legal and regulatory requirements to avoid possible financial losses and affect the company's reputation and operations. "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". Mega is committed to complying with legal and regulatory requirements to avoid possible financial losses and affect the company's reputation and operations.	1. Communicate and update related laws and regulations in a timely manner to ensure operating activities meet requirements in laws and regulations, and maintain the validity of relevant whistleblowing systems. 2. Improve employees' compliance knowledge and competence. 3. Regularly implement compliance self-assessments and tests.	1. Convened communication meetings with compliance officers of the Group: Supervise the implementation status of compliance by each subsidiary, and update internal regulations/ rules following external regulatory changes. 2. Training outcomes: In 2021, Mega Group recorded 48,160 people attending compliance training courses, for a total 89,943 hours of training. 3. Implementation status of compliance self-assessments and tests: Everyone in Mega Group (100%) has completed the compliance self-assessments and tests, which are carried out on a regular basis.	CH6 Responsible Governance (P112-P135)

Material Topics	Management Approach					Corresponding Chapter and Page
	Material Reasons	Management Purpose and Approach	Policies and Commitments	Action Plan and Goals	Assessment Method and Results	
④ 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 of the government and other stakeholders by practicing good corporate governance.	Mega adopts board diversification policy and evaluates the performance of the Board of Directors to strengthen the functions and performance of the Board of Directors. We bolster our corporate governance by protecting shareholders' rights and interests, and improving our information transparency.	Mega Financial Holding has established "Corporate Governance Best Practice Principles", using them 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. Mega continues to follow international trends in corporate governance and understand the latest changes in domestic legislation and strengthens continuing education for directors and professional training for corporate governance officers. 2. Mega continues to evaluate the performance of the Board of Directors and functional committees to strengthen board functionality.	1. Directors who completed the statutory required hours of training: Corporate Governance Officer has completed 27 hours of training on corporate governance. 2. Performance evaluation of the board as a whole and functional committee: The 2021 Performance Evaluation of the Board and Functional Committees was commissioned to an external professional agency and has been completed.	CH6 Responsible Governance (P112-P135)
⑤ Risk Management	In a rapidly changing financial environment where increasingly more diverse and complex technologies, products, and services are introduced, internal control and risk assessment/management systems are required to detect risks, comply with regulators' requirements, and effectively manage traditional operational risks and emerging risks.	Mega Financial Holding 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 Financial Holding has established "Risk Management Policy and Guidance Principles" to ensure that the Company and its subsidiaries develop an effective risk management system, and that each operational risk is kept within acceptable limits.	1. Step up efforts to identify and manage the physical and transition risks related to climate change. 2. Continue to analyze and apply information regarding credit risks, market risks, operational risks, and asset/liability management, and develop and optimize risk control processes and systems to enhance the Group's risk management performance.	1. Traditional risk assessment and management: In 2021, the risk management unit established by Mega Group continued to control and manage risks, and reported to the Risk Management Committee every three months. 2. Identify emerging risks: Three emerging risks were identified in 2021, namely, technological innovation and information security risks, climate change risks, and risks of an acute infectious disease outbreak. See CH6 Responsible Governance for detailed description of the emerging risks, their potential impact, and response measures.	CH6 Responsible Governance (P112-P135)
⑥ Sustainable Finance	Mega realizes that 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 2021 United Nations Climate Change Conference, 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 2.0 policy implemented by FSC, Mega 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 Financial Holding established the "Sustainable Finance Policy" in 2021, ensuring that the Group 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, insurance, and sustainability-related financial products, and to support the development and innovation of a low-carbon economy.	1. Continue to invest/issue/underwrite domestic green and sustainable development bonds. 2. Sign the Equator Principles. 3. Support loans for 5+2 Innovative Industries and renewable energy technologies.	1. Sustainable investments and products launched: Investments in domestic green/sustainable bonds in 2021 exceeded NT\$9 billion; Nearly NT\$2 billion worth of domestic green/sustainable bonds were issued/guaranteed. 2. Sign the Equator Principles: Mega Bank signed the Equator Principles (EP) on August 17, 2021 to spread the impact of the financial industry. 3. Loans to 5+2 Innovative Industries and renewable energy technologies: At the end of 2021, Mega Bank had NT\$425.6 billion and NT\$81.25 billion in loans outstanding to 5+2 Innovative Industries and renewable energy technologies, respectively.	CH3 Sustainable Finance (P50-P73)

Material Topics	Management Approach					Corresponding Chapter and Page
	Material Reasons	Management Purpose and Approach	Policies and Commitments	Action Plan and Goals	Assessment Method and Results	
⑦ Economic Performance	Mega understand that a company's core responsibility is to effectively manage the generation and distribution of economic value. Only when the economy is growing steadily can corporate social responsibilities in the areas of law, morality, and charity be fulfilled to achieve the goals of sustainable operation.	Mega 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 Financial Holding 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 new business growth models for Mega Group.	1. Ensure stable revenue growth. 2. Secure Mega Bank's status as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan.	Regular review of our financial positions and reporting of financial performance: Mega Group continues to ensure stable profitability, reporting a consolidated net profit after tax of NT\$25.731 billion in 2021, up 2.85% from 2020. In 2021, Mega Bank reported a net profit after tax of NT\$18.457 billion and EPS of NT\$2.16.	CH0 About Mega (P12-P19) CH6 Responsible Governance (P112-P135)
⑧ Combat Crime	Mega identifies 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 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.	Mega Holdings has established the "Mega Financial Group AML/CFT Policy", "Mega Group AML/CFT Information Sharing Procedures", "Mega Group Overall AML/CFT Plan", and "Mega Holdings and Subsidiaries Insider Self-Discipline Regulations" to prohibit money laundering and insider trading activities.	1. Achieve zero-incident. 2. Regularly convene AML meetings. 3. Ensure that all AML personnel complete the statutory required training hours.	1. Regular review of litigation pertaining to anti-competitive behavior and anti-trust and monopoly practices: There were no such cases in 2021. 2. Regular review of anti-money laundering meetings: Six anti-money laundering meetings were held in 2021. 3. Regular review of AML personnel training: In 2021, 100% of the Company's AML officers have completed the statutory required hours of training on AML.	CH6 Responsible Governance (P112-P135)
⑨ Digital Innovation	Mega is aware that the advent of a digital finance 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.	Mega keeps abreast of FinTech innovation trends, develops and optimizes digital services, improves operating procedures, and enhances service efficiency.	Mega 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, digital development, and information security incidents and also formulate policies, devise plans and goals, and review project progresses.	1. Accelerate the implementation of branch digitization. 2. Improve digital financial service experience. 3. Reinforce our digital technology capabilities.	1. Increase the number of STMs: As at the end of 2021, 121 STMs were deployed, serving 158,018 people. In total, 179,408 people opened an account using STM. 2. Set the annual sales target to have merchants use Taiwan Pay service: A total of 6,633 merchants used the service in 2021, achieving 145% of the target.	CH3 Sustainable Finance (P50-P73)

Material Topics	Management Approach					Corresponding Chapter and Page
	Material Reasons	Management Purpose and Approach	Policies and Commitments	Action Plan and Goals	Assessment Method and Results	
⑩ Social Commitment	Mega'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 mutual prosperity in society and to make a positive impact on the society.	Through the Public Relations Units of Mega Financial Holding and subsidiaries, Mega Bank Cultural and Educational Foundation, and Mega Charity Foundation, we integrate the resources of the group to help disadvantaged individuals in society and ensure that our support is available to whomsoever or wherever it is needed.	Mega focuses its support on financial education, care for disadvantaged individuals, sports and arts and culture, and community development. We plan strategies and targets to continuously provide support and resources.	1. Combine the financial expertise and professional competencies of Mega and assist with the promotion of financial education. 2. Improve volunteering services and take care of disadvantaged groups. 3. Host arts/sports activities and support arts and culture/sports talents.	1. Regularly examine the distribution of resources in social welfare initiatives by form and type of input: In 2021, Mega invested approximately NT\$6,200 thousand in social welfare initiatives. A breakdown of such input by form: (1) Cash Contributions: 82.07% (2) In-kind Giving: 3.81% (3) Time (employee volunteering during paid working hours): 3.07% (4) Management Overheads: 11.05% 2. A breakdown of such input by type of activity: (1) Commercial Initiatives: 57.42% (2) Community investment: 21.62% (3) Charitable Donations: 20.96%	CH5 Social Commitment (P100-P111)
⑪ Happy Workplace	Employees are a company's valuable social assets. To increase employee retention and build a happy and inclusive environment, Mega treats every employee equally and fairly, provides them with a good work environment, and ensures the physical, mental, and spiritual health of employees so that they can work and serve customers more efficiently.	Mega creates a harmonious workplace that is characterized by fair treatment, respect for the diversity of employees, legal labor conditions, open communication channels, and equal promotion opportunities. Mega also establishes measures to manage the occupational health and safety of employees (e.g., safe workplace, health-promotion activities, etc.), thereby taking complete care of employees.	Mega Financial Holding 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 established "Anti-Discrimination and Anti-Harassment Policy" in 2022, to respect the diversity of employees and deter any forms of discrimination and harassment. Regarding safety and health, Mega Holdings has an "OHS Management Plan" in place to show our commitment to effectively preventing occupational hazards and providing a positive working environment for employees to stay healthy physically, mentally, and spiritually.	1. Achieve zero complaints about issues relevant to human rights violations. 2. Implement training on human rights policies. 3. Continue organizing employee health examinations. 4. Organize Employee Assistance Program (EAP) services. 5. Implement various occupational safety and health training programs in accordance with the Occupational Safety and Health Act.	1. Review of complaints about issues relevant to human rights violations: In 2021, Mega Group received three reports of discrimination and harassment, all of which have been dealt with. We also strengthened internal training and awareness campaigns. There is no forced or compulsory labor, infringement upon the rights of indigenous peoples, or infringement upon the interests of employees within the Group; no child labor under 16 is employed. 2. Regular review of status of training on human rights policy: In 2021, Mega Group recorded 54,851 people attending human rights related courses, for a total 66,646 hours of training. 3. Regular review of employee health examinations: 3,981 employees in Mega Group had received health examinations in 2021. 4. Regular review of use of EAP services: In 2021, a total of 52 employees used Mega Group's consulting services by calling the 0800 hotline or sending an email, and 19 employees used the one-on-one consultation service. Most of them consulted on issues involving interpersonal relations and stress in the workplace. 5. Regular review of training on OHS: Relevant personnel of Mega Group have all completed the statutory required number of training hours. In 2021, there were no sanctions on the Group for violation of the Occupational Safety and Health Act.	CH4 Employee Care (P74-P99)

Material Topics	Management Approach					Corresponding Chapter and Page
	Material Reasons	Management Purpose and Approach	Policies and Commitments	Action Plan and Goals	Assessment Method and Results	
12 Climate Action	As governments and investors worldwide pay more attention to climate change issues, Mega prudently assesses 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 cannot overlook.	By signing the TCFD in support of climate actions, Mega identifies climate change risks and opportunities, prioritizes addressing high-risk issues, and discloses management practices in annual reports, sustainability reports, on the company's website, and in CDP questionnaires.	Mega Holdings incorporated the management of other emerging risks in our "Risk Management Policy and Guidance Principles", which require us to address the latent risks of climate change to the company's operations and finance and integrate related risk factors into existing risk management processes.	1. Introduce ISO14064 GHG Inventory to all of the Group's business locations and obtain third-party independent verification. 2. Continue purchasing renewable energy certificates (T-RECs). 3. Complete international CDP climate change questionnaires.	1. Regular review of ISO14064 GHG Inventory: Starting in 2020, Mega Group expanded the scope of its inventory to include 192 locations throughout Taiwan for a coverage rate of 100% (excluding overseas locations). 2. Renewable energy certificate target: With total Scopes 1 and 2 GHG emissions in 2020 being 1%, we purchased 413 certificates and achieved the target in 2021. 3. Regular review of CDP questionnaire results: In 2021, Mega Holdings' CDP climate change questionnaire received a B Management score.	CH6 Responsible Governance (P112-P135) CH2 Environmental Sustainability (P30-P49)
13 Financial Inclusion	Mega is aware that 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 provides universal access (including remote areas, disadvantaged groups, etc.) to a full range of effective and reasonable financial products and services.	Mega Financial Holding established the "Sustainable Finance Policy" in 2021. We strive to generate a positive influence through our core business activities and motivate industry peers to shape a sustainable society, thereby fulfilling our CSR and enhancing inclusive financing.	1. Strengthen the organization of SME loans. 2. Continue promoting Government Concessional Loan for Youth Housing. 3. Promote medical insurance for foreign disadvantaged groups.	1. Regular review of SME loans: By the end of 2021, Mega Bank has approved loans to 20,841 applicants, totaling NT\$596.6 billion, which was a 11.81% growth compared to 2020. 2. Regular review of Government Concessional Loan for Youth Housing: As at the end of 2021, Mega Bank has approved NT\$98.345 billion in loans, which was 5.21% more than that in 2020. 3. Regular review of medical insurance for foreign disadvantaged groups: In 2021, CKI earned NT\$3.12 million from insurance premiums; 8,910 people were insured.	CH3 Sustainable Finance (P50-P73)

7.3 Sustainable Data

7.3.1 Environmental Metric Data

Energy Consumption in the Past 4 Years					
Type of Energy	Item / Year	2018	2019	2020	2021
Purchased Electricity	Usage (kWh)	35,937,419	35,439,310	34,615,465	34,599,188
	Expenditure (NTD)	135,782,000	135,201,000	122,147,000	126,071,000
	Energy Consumption (GJ)	129,373	127,580	124,614	124,557
Gasoline	Usage (Liter)	432,264	435,193	427,130	419,442
	Expenditure (NTD)	11,238,864	12,707,636	10,891,815	10,338,000
	Energy Consumption (GJ)	14,114	14,209	13,946	13,695
Natural Gas	Usage (M ³)	28,549	29,906	25,523	36,868
	Expenditure (NTD)	427,073	445,365	299,774	241,258
	Energy Consumption (GJ)	956	1,001	855	1,235
Diesel (mobile)	Usage (Liter)	-	-	-	3,716
	Energy Consumption (GJ)	-	-	-	131
Diesel (fixed)	Usage (Liter)	-	-	-	3,480
	Energy Consumption (GJ)	-	-	-	122
Liquefied Petroleum Gas (LPG)	Usage (Liter)	-	-	-	3,832
	Energy Consumption (GJ)	-	-	-	106
Total Energy Consumption (GJ)		144,443	142,791	139,415	139,846
Energy Consumption per Capita (total heating value (GJ)/person)		15.90	16.67	14.07	15.08
Energy Intensity (total heating value (GJ)/ NT\$ million net revenue)		2.34	2.19	2.29	2.31

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). 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.

Procurement of Renewable Energy Certificates (T-RECs)								
Year	Company Name	Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Unit: kWh	
							Total	Total
2019		29,200	29,200	29,200	29,200	29,200	146,000	526
2020		7,040	242,880	66,880	14,080	21,120	352,000	1,267
2021		7,600	262,200	72,200	15,200	22,800	380,000	1,368

Note 1: In 2019, the certificates were allocated to Mega Financial Holding and 4 subsidiaries at 20% each.

Note 2: In 2020 and 2021, Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, and CKI were allocated 2%, 69%, 19%, 4%, and 6%, respectively, according to the kWh of electricity they actually used in the previous year.



GHG Emission in the Past 4 Years (verified by a third party)

Unit: Metric tons of CO₂e

Item / Year	2018	2019	2020	2021
Direct GHG Emissions (Scope 1)	718.84	2,527.63	2,550.75	3,011.15
Direct GHG Emissions (Scope 1)- Company Car	498.86	857.69	1,034.71	998.56
Energy Indirect GHG Emissions (Scope 2)	14,004.90	16,232.62	18,216.02	17,178.03
Scope 1+2 Emissions	14,723.74	18,760.25	20,766.77	20,189.18
Other Indirect GHG Emissions (Scope 3)	-	46.80	457,058.00	415,840.08
Other Indirect GHG Emissions (Scope 3)- Business Travel	-	-	238.99	141.72
Other Indirect GHG Emissions (Scope 3)- Investment	-	-	456,819.00	412,222.75
Number of Third-party Verified Locations	90	139	192	192
Number of Business Locations of the Group	227	228	228	228
Number of Business Locations of the Group (excluding overseas locations)	192	192	192	192
Third-party Verified Coverage Rate (%)	40%	61%	84%	84%
Third-party Verified Coverage Rate (%) (excluding overseas locations)	47%	72%	100%	100%

Note 1: The Group obtained a total of 146 renewable energy certificates (T-RECs) in 2019. The total emission measured by location base was 18,838.06 metric tons of CO₂e; the total Scopes 1+2 emission measured by market base was 18,760.25 metric tons of CO₂e.

Note 2: The Group obtained a total of 352 renewable energy certificates (T-RECs) in 2020. The total emission measured by location base was 20,945.94 metric tons of CO₂e; the total Scopes 1+2 emission measured by market base was 20,766.77 metric tons of CO₂e.

Note 3: The Group obtained a total of 380 renewable energy certificates (T-RECs) in 2021. The total emission measured by location base was 20,379.94 metric tons of CO₂e; the total Scopes 1+2 emission measured by market base was 20,189.18 metric tons of CO₂e.

Note 4: In 2019, inventory of Scope 3 emissions was conducted on Mega Financial Building, Mega Chi-Lin Building, Mega Securities Building, Mega Heng-Yang Building, and Mega Insurance Building; the category of emission was "Wastes Generated from Business Operations" in other indirect GHG emissions. In 2020, inventory of Scope 3 emissions was conducted on Mega Holdings and all subsidiaries; the category of emission was "Business Travel" and "Investments" in other indirect GHG emissions. In 2021, the range of Scope 3 emissions inventory was the same as last year; a new category of emission was added: "Externally Purchased Electricity Upstream."

Note 5: The external verifying unit for 2018 and 2021 was SGS Taiwan, and the verifying unit for 2020 was the BSI Taiwan.

Emission Reduction Practices in the Past 4 Years

Type of Activity	Year	Estimated GHG Reduction (Metric tons/CO ₂ e)	Compared to the Previous Year(%)	Input Cost (NTD)	Description of Emission Reduction Practices
Purchase Low-Carbon Energy	2019	77.82 (146 certificates)	-	262,800	In 2021, we purchased 390 renewable energy certificates from Hakka Affairs Council (but only actually received 357 certificates) and 23 renewable energy certificates from Kaohsiung City Animal Protection Office, totaling 380 certificates.
	2020	179.17 (352 certificates)	130.24%	704,000	
	2021	190.76 (380 certificates)	6.47%	700,457	
Reduce Scope1 Emissions: Reduce Gasoline Consumption	2019	N/A (Increase in GHG emission)	0.68%	12,383,000	The gasoline consumption was mainly from company cars. The action plan is as follows: <ul style="list-style-type: none"> 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.
	2020	19.03	-1.85%	10,261,000	
	2021	18.14	-1.80%	21,558,000	
Reduce Scope2 Emissions: Reduce Electricity Consumption	2019	1,020.18	-5.12%	135,201,000	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: <ul style="list-style-type: none"> Replace lighting equipment in offices and replace traditional lighting with LED lamps. Replace air-conditioners in four main business locations: Mega Chi-Lin Building, Mega Securities Building, Taichung Branch of Mega Bills Finance, and Mega Insurance Building. Replace 33 outdoor air-conditioning units in Mega Insurance Building, and use energy-efficiency air-conditioners with energy label and R410A refrigerant. 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.
	2020	1,269.88	-6.72%	122,147,000	
	2021	250.11	-1.42%	17,485,000	

Note 1: Estimated reduction of Scope 1 emissions was calculated using the "EPA GHG Emission Factor Management Table Version 6.0.4".

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.

Total Water Consumption in the Past 4 Years

Unit: Million Liter

Item		2018	2019	2020	2021
Water Withdrawal	Third-party Water (Taiwan Water Corporation)	183.317	187.616	194.041	187.920
Water Consumption per Capita		0.02018	0.02190	0.02186	0.02212

Note 1: The calculation of water consumption data is based on the month of the water bill, and the scope includes the 192 business locations 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 ($\leq 1,000$ 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

Metric tons		2018	2019	2020	2021
General Waste (non-recyclable)		108.593	128.606	144.588	125.756
Kitchen Waste		33.278	32.697	30.421	18.751
Recycled Resources	Paper Containers, Waste Paper	50.610	48.736	48.699	48.634
	Iron and Aluminum Cans	0.587	0.423	0.564	0.861
	Plastics	1.302	1.552	1.604	2.157
	Glass	N/A	N/A	N/A	0.027
	Batteries	0.125	0.147	0.169	0.180
	Light Tubes/Bulbs	0.986	0.890	0.909	0.454
	Total	53.610	51.748	51.945	52.313
Total Output		195.481	231.051	226.954	196.820
Reused		53.610	51.748	51.945	52.313
Directly Disposed		141.871	161.303	175.009	144.507

Note 1: The scope of data on wastes included the Group's five main office buildings (Mega Financial Building, Mega Chi-Lin Building, Mega Securities Building, Mega Insurance Building, and Mega Heng-Yang Building).

Note 2: The 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 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.

7.3.2 Workforce Metric Data

Global Workforce

Item		Number of Employees in 2019	Number of Employees in 2020	Number of Employees in 2021
Full-time	Female	5,494	5,455	5,438
	Male	3,922	3,843	3,806
	Taiwan	8,568	8,438	8,449
	Oversea	848	860	795
	Subtotal	9,416	9,298	9,244
Part-time (temporary)	Female	191	226	315
	Male	177	106	129
	Subtotal	368	332	444
Number of Employees in Subsidiaries which are not included in this Report		519	512	692
Total		10,303	10,142	10,380

Note 1: Dispatched workers are temporary (non-guaranteed hours) and part-time employees, 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: Mega Group has 183 other workers who are not full-time employees of the company; they include interns, contracted cleaners, and contracted security guards.

Note 3: Part-time (temporary) employees all work in Taiwan, so as the full-time workers in Taiwan are 8,449 (91.4%) and workers overseas are 795 (8.6%).

Global Workforce - Female Employees

Category	2019		2020		2021	
	Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Total number of female employees	5,494	58%	5,455	58%	5,438	58%
Women in all management positions	1,362	50%	1,380	50%	1,445	52%
Women in top management positions	18	39%	17	39%	16	38%
Women in middle management positions	111	32%	104	30%	104	30%
Women in junior management positions	1,233	53%	1,259	53%	1,325	55%
Women in management positions in revenue-generating functions	-	-	971	54%	938	55%
Women in STEM-related positions	-	-	167	29%	268	33%

Global Workforce - Employees with Physical and Mental Disabilities				
Item		Number of Employees in 2019	Number of Employees in 2020	Number of Employees in 2021
Gender	Female	20	26	23
	Male	42	36	31
Age	Under 29	3	2	1
	Aged 30-50	17	22	21
	Age 51 and above	42	38	32
Region	Taiwan Offices	61	61	53
	Overseas Offices	1	1	1
Position	Management	3	4	3
	Non-Management	59	58	51
Total		62	62	54

Global Workforce - Indigenous Employees				
Item		Number of Employees in 2019	Number of Employees in 2020	Number of Employees in 2021
Gender	Female	7	4	8
	Male	2	0	2
Age	Under 29	2	0	2
	30-50 years old	7	4	8
	Aged 51 and above	0	0	0
Region	Taiwan Offices	9	4	10
	Overseas Offices	0	0	0
Position	Managerial	0	0	0
	Non-Managerial	9	4	10
Total		9	4	10

Global Workforce in 2021 by Nationality				
Nationality	Employees		Employees with Managerial Position	
	Number of Employees	Ratio of Total Employees	Number of Employees	Ratio of Total Employees with Managerial Position
Taiwan	8,737	94.5%	2,718	97.7%
China	137	1.5%	18	0.6%
United States	88	1.0%	14	0.5%
Cambodia	86	0.9%	5	0.2%
Vietnam	46	0.5%	4	0.1%
Philippines	31	0.3%	4	0.1%
Canada	19	0.2%	3	0.1%
Others	100	1.1%	21	0.7%
Total	9,244	100%	2,787	100%

Global Workforce - New Hired Employees							
Item		2019		2020		2021	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	Female	651	58.0%	332	59.7%	387	60.6%
	Male	472	42.0%	224	40.3%	252	39.4%
Age	Under 29	407	36.2%	240	43.1%	303	47.4%
	30-50 years old	686	61.1%	289	52.0%	311	48.7%
	Age 51 and above	30	2.7%	27	4.9%	25	3.9%
Region	Taiwan Offices	978	87.1%	453	81.5%	546	85.4%
	Overseas Offices	145	12.9%	103	18.5%	93	14.6%
Total		1,123	100%	556	100%	639	100%

Global Workforce - Resigned Employees							
Item		2019		2020		2021	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	Female	189	41.4%	252	56.5%	292	59.5%
	Male	268	58.6%	194	43.5%	199	40.5%
Age	Under 29	177	38.7%	178	39.9%	160	32.6%
	30-50 years old	235	51.4%	228	51.1%	282	57.4%
	Age 51 and above	45	9.9%	40	9.0%	49	10.0%
Region	Taiwan Offices	361	79.0%	371	83.2%	347	70.7%
	Overseas Offices	96	21.0%	75	16.8%	144	29.3%
Total		457	100%	446	100%	491	100%

Training of Full-Time Employees					
Item		2020		2021	
		Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person
Gender	Female	259,219	47.5	275,617	50.7
	Male	184,266	48.0	201,506	52.9
Position	Management	161,443	59.2	184,554	66.2
	Top-level Manager	1,539	35.8	2,130	50.7
	Mid-level Manager	13,185	38.3	17,472	50.9
	Junior-level Manager	146,719	62.6	164,952	68.7
	Non-Management	282,043	42.9	292,570	44.8
Category	Internal Training	364,771	39.2	386,274	41.8
	External Training	78,714	8.5	90,849	9.8
Total		443,485	47.7	477,123	51.6

Note: Average training hours per person is calculated by dividing the total training hours of each item by total number of people trained. Average training hours per person by type of training is calculated by dividing the total training hours by total number of full-time employees.

Subsidies of Professional Licenses and Certifications							
Item		2019		2020		2021	
		Number of Employees	Total Amount (thousand NTD)	Number of Employees	Total Amount (thousand NTD)	Number of Employees	Total Amount (thousand NTD)
Gender	Female	1,820	2,220	962	794	329	391
	Male	1,065	1,235	549	625	211	397
Position	Management	569	1,025	201	224	109	240
	Non-Management	2,316	2,430	1,310	1,195	431	548
Total		2,885	3,455	1,511	1,419	540	788

Parental Leave									
Item	2019			2020			2021		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees eligible for parental leave	164	84	248	195	121	316	213	102	315
Number of employees who took unpaid parental leave	71	9	80	65	8	73	83	9	92
Number of employees who should be reinstated	62	10	72	99	11	110	72	6	78
Number of employees who were reinstated	54	7	61	73	4	77	65	6	71
Reinstatement Rate (%)	87.1%	70.0%	84.7%	73.7%	36.4%	70.0%	90.3%	100.0%	91.0%
Number of employees who were reinstated in the previous year	56	3	59	54	7	61	69	8	77
Number of employees still on the job 12 months after reinstatement in the previous year	49	3	52	50	7	57	53	5	58
Retention Rate (%)	87.5%	100.0%	88.1%	94.3%	100.0%	93.4%	76.8%	62.5%	75.3%

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%.

Health Examination				
Item		2019	2020	2021
Item	Female	2,075	1,905	2,092
	Male	1,900	1,800	1,889
Age	Aged 39 or Less	1,219	1,248	1,347
	40-49 Years	956	680	882
	Aged 50 or More	1,800	1,777	1,752
Region	Taiwan	3,841	3,664	3,922
	Overseas	134	41	59
Total		3,975	3,705	3,981

Occupational Injury				
Item		2019	2020	2021
Number of Persons Injured	Female	38	40	31
	Male	27	16	25
Type of Injury	Injury sustained in the workplace or during duty performance	Severe occupational injury	0	0
		Recordable occupational injury	14	13
	Injury sustained during commute	Severe occupational injury	0	0
		Recordable occupational injury	51	43
Total Number of Persons Injured		65	56	56
Total Working Days (days)		2,354,000	2,315,202	2,289,532
Total Working Hours (hours)		17,655,000	17,364,015	18,206,516
Total Working Days Lost (days)		698	489.3	633.6
Occupational Injury Rate (IR)		3.68%	3.23%	3.26%
Severe Occupational Injury Rate (excluding deaths)		0	0	0
Occupational Injury-Related Mortality Rate		0	0	0
Lost Day Rate (LDR)		39.54%	28.18%	36.85%

Note 1: Injury Rate (IR) = (Total Number of Persons Injured x 1,000,000) / Total Working Hours. Injury rate does not include non-work-related injuries.

Note 2: Lost Day Rate (LDR) = (Total Working Days Lost x 1,000,000) / Total Working Hours.

Note 3: Severe Occupational Injury Rate (excluding deaths) = (Number of Serious Occupational Injuries (excluding deaths) x 1,000,000) / Total Working Hours.

Note 4: Occupational Injury-Related Mortality Rate = (Number of Occupational Injury-Related Deaths x 1,000,000) / Total Working Hours.

Absence Rate				
Item	2018	2019	2020	2021
Absent Days (Day)	7,554	8,769	7,699	8,132
Absence Rate (AR) (%)	0.3401%	0.3725%	0.3325%	0.3552%
Data Coverage Ratio (%)	100%	100%	100%	100%

Note 1: Absence Rate (AR) = Total number of absent days / Total working days x100%.

Note 2: Absent Days refer to the total number of days lost due to all forms of absence, including occupational 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).

7.4 Sustainability Standards and Index Comparison Table

GRI Standards Index

Corresponding GRI Standards and Index		Corresponding Chapters / Description	Page
GRI 2: General Disclosure (2021)			
2-1	Organizational details	0.1 Background Information	P.13
2-2	Entities included in the organization's sustainability reporting	0.1 Background Information	P.13
2-3	Reporting period, frequency and contact point	7.1 About this Report	P.137
2-4	Restatements of information	7.1 About this Report	P.137
2-5	External assurance	7.1 About this Report 7.5 Verification Statement by External-Independent Parties	P.137 P.70
2-6	Activities, value chain and other business relationships	0.1 Background Information 2.3 Sustainable Procurement	P.13 P.46
2-7	Employees	7.3 Sustainable Data	P.151
2-8	Workers who are not employees	7.3 Sustainable Data	P.151
2-9	Governance structure and composition	1.1 Sustainability Framework 6.1 Corporate Governance 7.3 Sustainable Data	P.21 P.113 P.151
2-10	Nomination and selection of the highest governance body	6.1 Corporate Governance	P.113
2-11	Chair of the highest governance body	6.1 Corporate Governance	P.113
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainability Framework	P.21
2-13	Delegation of responsibility for managing impacts	1.1 Sustainability Framework	P.21
2-14	Role of the highest governance body in sustainability reporting	7.1 About this Report	P.137
2-15	Conflicts of interest	6.1 Corporate Governance	P.113
2-16	Communication of critical concerns	1.1 Sustainability Framework	P.21
2-17	Collective knowledge of the highest governance body	6.1 Corporate Governance 7.3 Sustainable Data	P.113 P.151
2-18	Evaluation of the performance of the highest governance body	6.1 Corporate Governance	P.113
2-19	Remuneration policies	6.1 Corporate Governance	P.113
2-20	Process to determine remuneration	6.1 Corporate Governance	P.113

Corresponding GRI Standards and Index		Corresponding Chapters / Description	Page
2-21	Annual total compensation ratio	6.1 Corporate Governance	P.113
2-22	Statement on sustainable development strategy	4.4 Human Rights Protection 6.2 Business Ethics 6.3 Risk Management	P.94 P.120 P.122
2-23	Policy commitments	4.4 Human Rights Protection 6.2 Business Ethics 6.3 Risk Management	P.94 P.120 P.122
2-24	Embedding policy commitments	6.2 Business Ethics 6.3 Risk Management	P.120 P.122
2-25	Processes to remediate negative impacts	4.4 Human Rights Protection	P.94
2-26	Mechanisms for seeking advice and raising concerns	6.2 Business Ethics 6.3 Risk Management	P.120 P.122
2-27	Compliance with laws and regulations	6.4 Regulatory Compliance	P.126
2-28	Membership associations	0.2 Economic Performance	P.18
2-29	Approach to stakeholder engagement	7.2 Materiality Analysis and Stakeholder Communication	P.139
2-30	Collective bargaining agreements	4.4 Human Rights Protection	P.94
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	7.2 Materiality Analysis and Stakeholder Communication	P.139
3-2	List of material topics	7.2 Materiality Analysis and Stakeholder Communication	P.139
3-3	Management of material topics	7.2 Materiality Analysis and Stakeholder Communication	P.139
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	0.2 Economic Performance	P.18
201-2	Financial implications and other risks and opportunities due to climate change	2.1 Climate Action	P.31
201-3	Defined benefit plan obligations and other retirement plans	4.3 Happy Workplace (Details of the 2021 benefit plan can be found in the 2021 Q4 Consolidated Financial Statements P.58 to P.62.)	P.84
GRI 203: Indirect Economic Impacts (2016)			
203-2	Significant indirect economic impacts	2.1 Climate Action 3.1 Sustainable Finance 3.2 Financial Inclusion 3.5 Digital Innovation 5.1 Social Commitment	P.31 P.51 P.58 P.71 P.101

Corresponding GRI Standards and Index		Corresponding Chapters / Description	Page
GRI 205: Anti-Corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	6.2 Business Ethics	P.120
205-3	Confirmed incidents of corruption and actions taken	6.2 Business Ethics	P.120
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	6.6 Tax Policy	P.132
207-4	Country-by-country reporting	6.6 Tax Policy	P.132
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	7.3 Sustainable Data	P.151
GRI 303: Water and Effluents (2018)			
303-3	Water withdrawal	7.3 Sustainable Data	P.151
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	7.3 Sustainable Data	P.151
305-2	Energy indirect (Scope 2) GHG emissions	7.3 Sustainable Data	P.151
305-3	Other indirect (Scope 3) GHG emissions	7.3 Sustainable Data	P.151
305-5	Reduction of GHG emissions	2.2 Green Operation 7.3 Sustainable Data	P.41 P.151
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	4.1 Talent Attraction 7.3 Sustainable Data	P.75 P.151
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Happy Workplace	P.84
401-3	Parental leave	4.1 Talent Attraction 7.3 Sustainable Data	P.75 P.151
GRI 402: Labor/Management Relations (2016)			
402-1	Minimum notice periods regarding operational changes	4.4 Human Rights Protection	P.94
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	4.3 Happy Workplace	P.84
403-2	Hazard identification, risk assessment, and incident investigation	4.3 Happy Workplace	P.84

Corresponding GRI Standards and Index		Corresponding Chapters / Description	Page
403-3	Occupational health services	4.3 Happy Workplace	P.84
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Happy Workplace	P.84
403-5	Worker training on occupational health and safety	4.3 Happy Workplace	P.84
403-6	Promotion of worker health	4.3 Happy Workplace	P.84
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Happy Workplace	P.84
403-8	Workers covered by an occupational health and safety management system	4.3 Happy Workplace	P.84
403-9	Work-related Injury	4.3 Happy Workplace 7.3 Sustainable Data	P.84 P.151
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	7.3 Sustainable Data	P.151
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	4.1 Talent Attraction 6.1 Corporate Governance 7.3 Sustainable Data	P.75 P.113 P.151
GRI 406: Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	4.4 Human Rights Protection	P.94
GRI 413: Local Communities (2016)			
413-2	Operations with significant actual and potential negative impacts on local communities	5.1 Social Commitment	P.101
GRI 415: Public Policy (2016)			
415-1	Political contributions	6.2 Business Ethics	P.120
GRI 417: Marketing and Labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	3.3 Customer Relationship	P.64
417-3	Incidents of non-compliance concerning marketing communications	3.3 Customer Relationship	P.64
GRI 418: Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy or loss of customer data	3.4 Information Security	P.68

SASB (Sustainability Accounting Standards)

SASB Commercial Banks (2018)				
Disclosure Topics	Indicator No.	Accounting Metrics	Corresponding Chapters / Description	Page
Information Security	FN-CB-230a.1	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of account holders affected	3.4 Information Security	P.68
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	3.4 Information Security	P.68
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	3.2 Financial Inclusion	P.58
	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	3.2 Financial Inclusion	P.58
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	N/A (accounts currently provided by banks in Taiwan are all no-cost retail checking accounts)	-
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	5.1 Social Commitment	P.101
Incorporation of ESG Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	3.1 Sustainable Finance	P.51
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	3.1 Sustainable Finance	P.51
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	6.4 Regulatory Compliance	P.126
	FN-CB-510a.2	Description of whistleblower policies and procedures	6.2 Business Ethics (There is no violation of whistleblowing laws during the reporting year.)	P.120
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	N/A (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	6.3 Risk Management	P.122
Activity Metric	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	3.2 Financial Inclusion	P.58

Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

Article Contents	Corresponding Chapters	Page
<p>Article 3</p> <p>A TPEX listed company that meets the requirements of Article 2 herein shall each year prepare a sustainability report for the preceding year by referring to the Global Reporting Initiative (GRI) Standards and Sector Disclosures issued by the GRI, and other applicable rules according to its sector features. The company's report shall disclose its identified material economic, environmental, and/or social topics, its management approach, its topic-specific disclosures for each material topic, and the reporting requirements for those disclosures, and shall be in accordance at least with the Core option set out in the GRI Standards.</p> <p>The "sustainability report" under the preceding paragraph shall include an assessment of ESG (environmental, social and governance) related risks and shall set out relevant performance metrics for managing its identified material topics.</p> <p>In the sustainability report, a TPEX listed company shall include a GRI Content Index, which specifies each of the GRI Standards to which the contents of the report correspond, and specify in the report whether the topic-specific disclosures have been assured or certified by a third party.</p> <p>The topic-specific disclosures referred to in paragraph 1 shall be measured and reported using the standards prescribed by the competent authority for the relevant industry. If the competent authority for the relevant industry has not issued applicable standards, the company shall use the measurement method customarily used in practice.</p>	<p>7.1 About this Report 7.2 Materiality Analysis and Stakeholder Communication 7.4 Sustainability Standards and Index Comparison Table 7.5 Verification Statement by External-Independent Parties</p>	<p>P.137 P.139 P.161 P.170</p>
<p>In addition to the content referred to in the preceding article, the sustainability report prepared by a listed company shall emphasize the following matters.</p>		
<p>The financial and insurance industry shall disclose the management approach, disclosure items and reporting requirements of material topics related to their business operation on information security, inclusive finance and sustainable finance.</p>		
<p>Item 3</p> <p>(1) Number of data breaches, percentage involving personally identifiable information (PII), number of account holders affected.</p> <p>(2) Number and amount of loans designed to promote small business and community development</p> <p>(3) Number of participants in providing financial education to underserved disadvantaged groups.</p> <p>(4) Products and services designed by each business unit to create environmental or social benefits.</p>	<p>3.4 Information Security 3.2 Financial inclusion 5.1 Social Commitment 3.1 Sustainable Finance 3.2 Financial inclusion</p>	<p>P.68 P.58 P.101 P.51 P.58</p>
<p>Article 4</p> <p>A listed company under Article 2 shall disclose the following:</p>		
<p>Item 4</p> <p>(1) The number of its full-time employees in non-management positions, the average and median salaries of the full-time employees in non-management positions, and the differences between these 3 figures and the figures of the preceding fiscal year.</p> <p>(2) Its governance around climate-related risks and opportunities, the actual and potential impacts of climate-related risks and opportunities, the processes used by it to identify, assess, and manage climate-related risks, and the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</p>	<p>4.3 Happy Workplace 2.1 Climate Action</p>	<p>P.84 P.31</p>

ISO 26000 Social Responsibility Guidance

Comparative Table of ISO 26000			
Main Issue	Disclosure Items	Corresponding Chapters	Page
Organizational Governance	Decision-making processes and structures	6.1 Corporate Governance	P.113
	Due diligence	3.4 Regulatory Compliance 4.4 Human Rights Protection	P.68 P.94
Human Rights	Human Rights Risk Situations	4.4 Human Rights Protection	P.94
	Avoidance of Complicity	6.2 Business Ethics	P.120
	Resolving Grievances	4.4 Human Rights Protection	P.94
	Discrimination and Vulnerable Groups	4.4 Human Rights Protection	P.94
	Civil and Political Rights	4.4 Human Rights Protection	P.94
	Economic, Social and Cultural Rights	4.4 Human Rights Protection	P.94
	Fundamental Principles and Rights at Work	4.4 Human Rights Protection	P.94
	Employment and Employee Relationships	4.1 Talent Attraction 4.4 Human Rights Protection	P.75 P.94
Labor Practices	Conditions of Work and Social Protection	4.3 Happy Workplace	P.84
	Social Dialogue	7.2 Materiality Analysis and Stakeholder Communication	P.139
	Health and Safety at Work	4.3 Happy Workplace	P.84
	Human development and training in the workplace	4.2 Talent Development	P.80
	Prevention of Pollution	2.2 Green Operation	P.41
Environment	Sustainable Resource Use	2.2 Green Operation	P.41
	Climate Change Mitigation and Adaptation	2.1 Climate Action 2.2 Green Operation	P.31 P.41
	Protection of the Environment, Biodiversity, and Restoration of Natural Habitats	2.2 Green Operation	P.41
	Anti-corruption	6.2 Business Ethics	P.120
Fair Operating Practices	Responsible Political Involvement	6.2 Business Ethics	P.120
	Fair Competition	6.2 Business Ethics	P.120
	Promoting Social Responsibility in the Value Chain	7.2 Materiality Analysis and Stakeholder Communication	P.139
	Respect for Intellectual Property Rights	6.2 Business Ethics	P.120

Comparative Table of ISO 26000

Main Issue	Disclosure Items	Corresponding Chapters	Page
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	3.3 Customer Relationship	P.64
	Protecting Consumers' Health and Safety	3.3 Customer Relationship	P.64
	Sustainable Consumption	2.3 Sustainable Procurement	P.46
	Consumer Service, Support, and Complaint and Dispute Resolution	3.3 Customer Relationship	P.64
	Consumer Data Protection and Privacy	3.4 Information Security	P.68
	Access to Essential Services	3.3 Customer Relationship	P.64
	Education and Awareness	3.3 Customer Relationship	P.64
	Community Engagement	5.1 Social Commitment	P.101
	Education and Culture	3.3 Customer Relationship	P.64
Community Involvement and Development	Employment Creation and Skills Development	3.5 Digital Innovation	P.71
	Technology Development and Access	3.5 Digital Innovation	P.71
	Wealth and Income Creation	3.2 Financial Inclusion	P.58
	Health	5.1 Social Commitment	P.101
	Social Investment	3.2 Financial Inclusion 5.1 Social Commitment	P.58 P.101

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.	2.1 Climate Action - 2.1.1 Climate Governance	P.31
	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.	2.1 Climate Action - 2.1.2 Climate Strategy	P.32
	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.	2.1 Climate Action - 2.1.3 Climate Risk Management	P.38
	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.	2.1 Climate Action - 2.1.4 Climate Metrics and Targets	P.41
	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.		

UNGC (UN Global Compact)

Comparison Table of UN Global Compact

	Disclosure Items	Corresponding Chapters	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	4.4 Human Rights Protection	P.94
	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.	4.1 Talent Attraction 4.4 Human Rights Protection	P.75 P.94
	The elimination of all forms of forced and compulsory labor.		
	The effective abolition of child labor.		
Environment	The elimination of discrimination in respect of employment and occupation.		
	Businesses should support a precautionary approach to environmental challenges.	2.1 Climate Action 2.2 Green Operation	P.31 P.41
	Undertake initiatives to promote greater environmental responsibility.	2.2 Green Operation 2.3 Sustainable Procurement	P.41 P.46
	Encourage the development and diffusion of environmentally friendly technologies.	3.5 Digital Innovation	P.71
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	6.2 Business Ethics	P.120

7.5 Verification Statement by External-Independent Parties

Third-Party Verification Statement for Sustainable Information

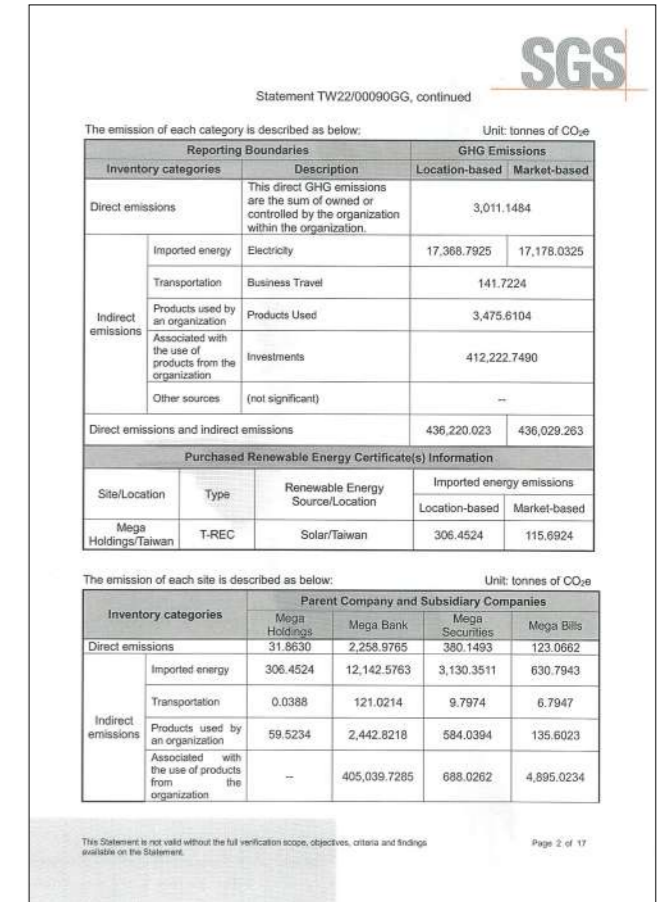
ISO 14001:2015 Environmental Management System



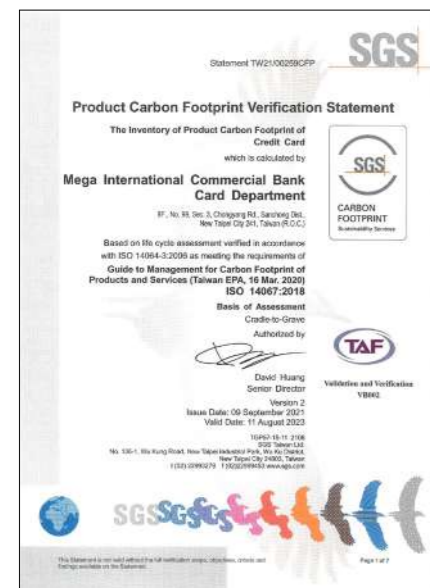
ISO 50001:2018 Energy Management System



ISO 14064-1:2018 GHG Inventory



ISO 14067:2018 Carbon Footprint



ISO 14046:2014 Water Footprint



PAS 2060:2014 Carbon Neutrality



ISO 27001:2013 Information Security Management System



2021 Independent Auditors' Limited Assurance Report (ISAE 3000)

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
Mega Financial Holding Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of Mega Financial Holding Co., Ltd. ("the Company") for the year ended December 31, 2021.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct 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:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Inherent Limitations

The subject information included non-financial information, which was under 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 Controls

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 contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of the Report.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 31, 2022

APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/GRI Standards/SASB ¹ Standards)	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 1/SASB FN-CB-230a.1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	3.4 Information Security	Number of incidents related to information security incidents, data breaches, personal data breaches, and number of customers affected by data breaches.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 2/SASB FN-CB-240a.1	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.2 Financial Inclusion	Number of loans for small-sized enterprises and community development and the loans outstanding at the end of the year.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	5.1 Commitment to Society	Number of participants in financial inclusion education including financial knowledge promotion activities, College and University Financial Knowledge Lecture and online events helping disadvantaged individuals understand how trust funds work.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 4	Products and services designed by individual operating units to create benefits for the environment or society.	3.1 Sustainable Finance 3.2 Financial Inclusion	Environmental and social benefits of loans to renewable energy industries and infrastructure construction.

¹ Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.

#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/GRI Standards/SASB ² Standards)	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
5.	Designated indicator 1	Code of conduct management system (1. The number of incidents involving breach of code of conduct 2. The number of training hours on code of conduct)	6.2 Business Ethics	The number of incidents involving breach of code of conduct and the number of training hours on code of conduct.
6.	Designated indicator 2	Gender pay indicators (average and median difference in remuneration and bonus by gender)	4.3 Happy Workplace	The percentage of average and median difference in remuneration and bonus by gender.
7.	Designated indicator 3	Absence rate	7.3 Sustainable Data	The statistical results and calculations of employee's absence rate.
8.	Designated indicator 4	Social and business benefits of financial inclusion	3.2 Financial Inclusion	The business and social performance of Happy LOHAS-Reverse Mortgage, Retirement Trusts, Government Concessional Loan for Youth Housing, Youth Entrepreneurship and Start-up Loans, Personal Loan for Women, Small and Medium Business Loans, Micro Insurance, and Agricultural Insurance.
9.	GRI 302-1: 2016	Energy consumption within the organization	7.3 Sustainable Data	Amount of energy consumed from purchased electricity, gasoline, diesel, natural gas, and liquefied petroleum gas (LPG) within the organization.
10.	GRI 303-3: 2018	Water withdrawal	7.3 Sustainable Data	Total volume of water (Taiwan Water Corporation) withdrawn with a breakdown by the sources.

¹ Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.



兆豐金融控股股份有限公司
Mega Financial Holding Co., Ltd.

📍 台北市忠孝東路二段123號14-17樓、20~21樓

14-17F, 20-21 F, No. 123, Section 2,
Jhongsiao East Road, Taipei, Taiwan, R.O.C.

☎ Tel/ 886-2-2357-8888

📠 Fax/ 886-2-3393-8755

🌐 <http://www.megaholdings.com.tw>

