



2022

# Sustainability Report

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## Message from the Chairman

The ongoing competition between US and China, resurgence of COVID-19, and the Russo-Ukrainian War have caused global supply chain bottlenecks, significant increases in global raw material prices, and sharp rise in inflation, filling the year 2022 with challenges. Mega Financial Holding maintained an attitude toward "Challenge (take on challenges), Change (embrace the changes), and Chance (seize the chance)", playing our role in the financial sector with a steady pace, and continued to implement ESG actions in partnership with our subsidiaries to deploy sustainable development strategies and strive toward the goal of becoming a regional financial group in Asia.

Mega Group's sustainable development strategy 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 Financial Holding 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.

### • Committing to Net-zero Emissions to Achieve Environmental Sustainability

Mega Group takes global climate change and emission reduction issues very seriously. In line with the SBTi and Taiwan's 2050 Net-zero Emissions Goals, we strive to reduce 25% of the Group's GHG emissions by 2030, ultimately achieving net-zero emissions by 2050. We also planned an Environmental Sustainability Pathway, which involves adopting systematic carbon reduction measures and incorporating international ISO standards and green building plans to improve the environmental and energy management efficiency of our operations. In 2022, 7 of our subsidiaries and 5 headquarter buildings have been doubly certified by ISO 14001 Environmental Management and ISO 50001 Energy Management Systems. In 2022, Mega Group also published its first TCFD Report, which was verified by a third-party certifying unit as Level 5: Excellence, the highest rating, and received an A- level in the international CDP Climate Change Questionnaire, all of which testify our commitment to green operations development.

### • Improving Digital Technology to Promote Sustainable Finance

Mega Group incorporated climate risks, social risks, and corporate governance as factors of consideration into investment and financing decisions. Ever since becoming a signatory to the Equator Principles in August 2021, we continued to make the financial sector more resilient to climate change risks. To raise ESG awareness, encourage ESG practices, and support the Financial Supervisory Commission's "Green Finance 3.0 Policy", Mega Financial Holding, with subsidiaries following its lead, developed a climate risk management and sustainable finance system, incorporating sustainability concepts into financial products, review systems, and asset allocation to plan a series of sustainability-linked investment/financial products and services. In 2022, Mega Bank processed 10 cases of sustainable term deposits, focused on lending to renewable energy and job-creating projects, and raised NT\$600 million in funds. Mega Group exerts positive influences on sustainable finance by continuing to issue and undertake sustainable development bonds, invest in/finance renewable energy technologies, issue green credit cards, reinforce SMEs loans, and provide microinsurance policies.

### • Strengthening Talent Development to Implement Employee Care

Mega Financial Holding has been consecutively selected as the constituent stock of "Taiwan Employment Creation 99 Index" and "Taiwan High Compensation 100 Index", which highlights how much we value talents. Mega Group is fully committed to the training and development of our employees. Each year, we organize an array of training courses and offer subsidies for employees to obtain professional certification. In 2022, Mega

Group invested NT\$60 million and 493,000 hours on employee training, and subsidized finance certifications or professional qualification tests, totaling approximately NT\$1.41 million. Mega Group also cares about employees' physical and mental well-being, with subsidiaries Mega Bank and Mega Securities having completed ISO 45001 Occupational Health and Safety System certification in 2022 and 2023, respectively. We are committed to creating a happy workplace where competitive salary and benefits are offered, including 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 and hosting labor-management meetings.

### • Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

In the spirit of giving back to society, Mega Group actively contributes to the society and keeps abreast of social issues. 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 focusing on the four main pillars of development: "Achieve Equality to Realize the Value of Inclusion", "Serve with Care to Make Life more Enriching", "Leave a Legacy and Commit to Sports", "Sustain Prosperity to Safeguard the Ecology". In 2022, Mega Bank received the Best Social Responsibility Award at the Faith, Hope & Love Awards of Insurance. CKI continued to organize specific activities in relation to general insurance policies, and supported major sports events such as the 2022 Taipei Ultra-Marathon, 2022 Taiwan Ultra Trail, and 2022 Yilan Dongshan River Ultra-Marathon, in hopes of unleashing our strengths to spread social impact.

### • Adhering to Ethical Standards to Practice Corporate Governance

Mega Group adheres to the spirit of implementing and improving corporate governance, focusing particularly on ethical management, compliance, anti-money laundering, and risk management. We also utilize the professionalism, diversity, and independence of board directors to ensure effective operations and open, transparent governance. In 2022, Mega Financial Holding was selected as a constituent stock of the "DJSI Emerging Markets Index" and "DJSI World Index", with scores in the top 5%, and also received "AA level on MSCI ESG Rating". These achievements show that the world recognizes Mega Group's efforts in corporate governance. In addition, Mega Financial Holding was selected as a constituent stock of the FTSE4Good "TIP Taiwan ESG Index" and a constituent stock of the TWSE "Corporate Governance 100 Index" for five consecutive years, received Commonwealth Magazine's Excellence in "Corporate Social Responsibility Awards" for three years in a row, and won the "Sustainability Report Platinum Award" at the Taiwan Corporate Sustainability Awards (TCSA). Under the global ESG trend, Mega Group envisions becoming the "Sustainability Paradigm of the Financial Industry in Asia Pacific" and strives for the mission of "Spreading Positive Influence and Leading the Way to Sustainable Development", to create a sustainable future with stakeholders.



Chairman of  
Mega Financial  
Holding Co., Ltd.

張光順  
Chao-Shun Chang



## Performance in Key Sustainability Issues

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

- Received **A- Leadership level** in **CDP** Climate Change Questionnaires
- Completed **ISO 14064-1** GHG Inventory on all business locations worldwide and obtained third-party independent verification
- 7 subsidiaries were double-certified for adopting **ISO 14001** Environmental Management and **ISO 50001** Energy Management Systems
- Purchased **298** renewable energy certificates, which are expected to reduce GHG emissions by approximately **151.68** metric tons of CO<sub>2</sub>e
- Green procurement amounted to a total of **NT\$323 million** or **9.30%** of total procurement
- 100%** of our suppliers signed the Supplier Sustainability Statement
- Co-organized, with the Forestry Bureau, a nationwide awareness campaign on bitter vine prevention and control and completed the removal of **260 kg** of bitter vine

### Improving Digital Technology to Promote Sustainable Finance

- 13 EP**-conforming financing projects undertaken by Mega Bank in 2022
- 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 190,000 cards in circulation
- Mega Bank began offering **sustainable term deposit services**, raising **NT\$600 million** in funds
- Mega Bank and Mega Bills underwrote **50 sustainability-linked financial products**, totaling over **NT\$40 billion**
- CKI completed the adoption and verification of **ISO 27701** Privacy Information Management System
- 178** invention patents approved, culminating in a total of **578** patents
- Nearly **50,000** employees have completed training on Treating Customers Fairly, totaling over **70,000** hours of training

### Strengthening Talent Development to Implement Employee Care

- Mega Bank and Mega Securities completed the **ISO 45001** Occupational Safety and Health Management System certification
- Continued to be included in the **Taiwan Employment Creation 99** Index and **Taiwan High Compensation 100** Index
- Employee training totaled **493,000** hours with each person receiving **52.3** hours of training on average, which is an increase of **1.4%** and **2.7%**, respectively
- Subsidized finance certifications or professional qualification tests for **911** people, totaling nearly **NT\$1,410,000**
- Nearly **61,000** people participated in human rights training for a total of **82,000** hours
- Provided over **NT\$4.02 million** in marriage subsidy and **NT\$18.79 million** in childbirth subsidy
- Provided **maternity/paternity leave superior to statutory requirements**

### Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society

- Invested **NT\$73.15 million** in social inclusion strategies
- Invested **NT\$9.508 million** in finance education; nearly **24,000** people participated
- More than **429** employees volunteered in charitable activities, spending over **1,600** hours on volunteering services
- Supported government policies on industry – academic cooperation programs by providing internship opportunities to **294** students

### Adhering to Ethical Standards to Practice Corporate Governance

- Selected as a constituent stock of the **DJSI Emerging Markets Index** and **DJSI World Index**
- Received **AA** level on MSCI ESG Rating
- 100%** of our top management signed the Statement on Compliance with Ethical Standards
- 100%** of employees completed training on code of conduct and risks
- Mega Bank blocked **100 cases** of fraud, equivalent to an amount of **NT\$70 million**





## Awards and Accolades

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

- Selected as a constituent stock of the "DJSI Emerging Markets Index" and "DJSI World Index", with scores in the top 5%, and included in the DJSI 2023 evaluation



- Received A- Leadership Level in CDP Climate Change Questionnaires



- Received AA Level on MSCI ESG Rating



- Selected as a constituent stock of the FTSE4Good "TIP Taiwan ESG Index" for 5 consecutive years



- Won the "Sustainability Report Platinum Award" at the Taiwan Corporate Sustainability Awards



- Received the Excellence in "Corporate Social Responsibility Award" from Commonwealth Magazine for 3 consecutive years

### Corporate Governance

#### Mega Financial Holding

- Selected as a constituent of the "Taiwan Corporate Governance 100 Index" for 5 consecutive years
- Included in Cathay MSCI "Taiwan ESG Sustainability High Dividend Yield ETF (00878)" for 3 consecutive years
- Selected as a constituent stock of the "TIP Customized ESG High Dividend Total Return Index" for 2 consecutive years, which is introduced by TIP in collaboration with the BCSD Taiwan
- Selected as a constituent stock of the "TIP Customized ESG Taiwan Dividend Highlight Index" for 2 consecutive years, which is compiled by TIP under the commissioning of SinoPac Investment Trust
- Selected as a constituent stock of the "TIP Taiwan Sustainability Value Index" for 2 consecutive years, which is compiled by TIP in collaboration with National Taipei University Research Center of Sustainable Development
- Included in the Yuanta "Taiwan ESG High Dividend TR ETN (020029)" for 2 consecutive years
- Won the National Sustainable Development Award, which was organized by Executive Yuan's National Sustainable Development Committee
- Chairman of the Board was selected as "Taiwan Top 100 Best-Performing Business Leaders" by Harvard Business Review

#### Mega Securities

- Included in the TWSE "Best List of Institutional Investors' Due Diligence Governance Information Disclosure" (Domestic Group) for 2 consecutive years
- Won the 19th "National Brand Yushan Award" (Outstanding Enterprise Category)

### Employee Care

#### Mega Financial Holding

- Received the RMI Educational Foundation's Insurance Talent Award in the "Best Financial Holding Companies for Finance Graduates" for 11 consecutive years
- Selected as a constituent stock of the "Taiwan High Compensation 100 Index" for 8 consecutive years
- Selected as a constituent stock of "Taiwan Employment Creation 99 Index" for 6 consecutive years

#### Mega Securities

- Received Gold Award for Financial Management Consulting Business in 1111 Job Bank's Happy Enterprise Awards for 2 consecutive years

#### Chung Kuo Insurance (CKI)

- Received the RMI Educational Foundation's Insurance Talent Award in the "Best Insurance Companies for Finance Graduates" for 11 consecutive years



## Social Prosperity

### Mega Bank

- Received the "Best Social Responsibility Award at the Faith, Hope & Love Awards of Insurance"
- Won the "Long-Term Sponsorship Award" and the "Silver Sponsorship Award", which were organized by the Sports Administration

### Chung Kuo Insurance (CKI)

- Won the "Care for People with Physical and Mental Disabilities Award" and the "Performance Excellence Award in the Micro Insurance Contest", which were organized by the Financial Supervisory Commission

## Environmental Sustainability

### Mega Bank

- Received the "Award for Performance Excellence in the Program for Promoting Green Procurement Among Private Enterprises and Groups" for 2 consecutive years, which was organized by the Department of Environmental Protection of Taipei City Government
- Received the 4th "National Enterprise Environmental Protection Bronze Award", which was organized by the Environmental Protection Administration of Executive Yuan

### Chung Kuo Insurance (CKI)

- Received the "Award for Performance Excellence in the Program for Promoting Green Procurement Among Private Enterprises and Groups", which was organized by the Department of Environmental Protection of Taipei City Government

## Sustainable Finance

### Mega Bank

- Received the "Award for Credit Lending Banks with Excellent Performance in Offering Financial Relief to New Startup Businesses", which was organized by the SMEs Credit Guarantee Fund
- Received the "Performance Excellence Award for SMEs reliefs", which was organized by the Central Bank

### Mega Securities

- Received the "Best Service Quality Award" in the Excellence Securities Rating

### Chung Kuo Insurance (CKI)

- Won Award of Excellence in Digital Innovation (Insurance Group) during Commercial Times' Digital Banking Award

## Business Performance

### Mega Bank

- Received the Overseas Credit Guarantee Fund's "Special Award for Financing for New Southbound Nations", "Special Award for Total Credit Guaranteed for COVID-19 Programs", and "Special Award/ Excellence Award for Total Insurance and Margin Fund Guaranteed" for 2 consecutive years; Won the "Excellence Award for Total Credit Guaranteed" for the first time
- Selected as the Bank with "the Best Syndicated Loan in Taiwan" for 2 consecutive years, which was organized by the Asia Pacific Loan Market Association (APLMA)

## Business Performance

### Mega Bank

- Received the "Award of Excellence for Financial Institutions in Insurance Enrollment and Referrals", which was organized by the Ministry of Finance
- Won the "Global Private Banking Innovation Awards", the "Best Private Bank – Taiwan", and the "Outstanding Private Bank for Growth Strategy" from the Digital Banker
- Won four honors at the Wealth Management Banking Awards hosted by Business Today magazine: 1st place for the "Best Innovative Marketing", 2nd place for the "Customer Satisfaction", 3rd place for the "Best Commodity", and the "Best Risk Management"
- Won three honors at the 11th Outstanding Financial Business Elite Awards: the "Best Corporate Financing Award", the "Best Overseas Development Award", and the "Best Risk Management Award"

### Mega Securities

- Received the 12th "Best Momentum Award" from TWKC
- Won the 12th "Top Warrant Market Maker" in the Economic Daily News' Warrant Millionaire Special Award
- Received the "Best Participation Award for Securities Brokers": Tainan Branch 1st place (February) and 2nd place (March) during the Taipei Exchange and Pioneer Stock Board Reward program
- Won two awards during TWSE's Qualified Investor Securities Promotion and Innovation Competition: Nanjing Branch 1st place in "Unrelenting Securities Broker Award"; and Nanjing Branch 1st place in "Leader of Securities Broker Award"
- Won Outstanding Award in Campaign Rally Contribution and Outstanding ESG Award in TWSE's competition and reward programs for listed/OTC-traded market makers

### Mega Bills

- Won the 11th "Best Bills Finance Award" at the Outstanding Financial Business Elite Awards

### Chung Kuo Insurance (CKI)

- Won the 24th "Best Communication Service Award" (Insurance Group) at Faith, Hope & Love Awards of Insurance

### Mega Funds

- Won the 25th TTF-Bloomberg Best Fund Award (Mega RMB Money Market Fund)





# CH1

## About Mega

### 1.1 Background Information

### 1.2 Economic Performance



#### Material Topics of GRI Standards

GRI 201

#### Corresponding Material Topics

Economic Performance

#### Targeted Stakeholders

All Stakeholders



Founded in 2002, Mega Financial Holding was listed on 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 integrating 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. By establishing an ESG platform for sustainability, we persist in creating value and profits for employees, customers, shareholders, and other stakeholders, thereby developing a sustainable business model for the Group to spread positive influences. In 2022, Mega Financial Holding continued delivering outstanding performance with a consolidated net profit after tax of NT\$18.335 billion and EPS of NT\$1.32, ranking fourth in Taiwan.

## 1.1 Background 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\$139.398 billion
Total Number of Employees	9,437 (Full-time employees)	Total Assets	NT\$4060.987 billion
Scope of Business	Mainly investment and management of investee companies; for subsidiaries, the scope of business includes a variety of financial services		

## Organization Structure

Members of the Mega Group include seven directly-held subsidiaries, namely, Mega Bank, Mega Securities, Mega Bills, Chung Kuo Insurance (CKI), Mega International Investment Trust (Mega Funds), Mega Asset Management (MAM), and Mega Venture Capital (MVC). In 2022, the Group's overall profits mainly come from return on investments by Mega Bank and Mega Bills. Our subsidiaries offer comprehensive range of financial products and services including banking, securities, bills, insurance, and investment trust. With the concerted efforts of our subsidiaries, we will continue to expand the business operations of each subsidiary, and use cross selling and other methods to help subsidiaries expand their businesses, thereby creating profit-powering engines to maximize synergy.







## 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 2022, Mega Group operates 235 business locations around the world, 196 of which are located in Taiwan. Mega Bank has 108 branches in Taiwan; and 39 overseas operations in 19 countries. Among the 39 overseas locations, 38 belong to Mega Bank, including 30 overseas branches and sub-branches, 3 overseas representative offices and business offices (Haiphong Representative Office in Vietnam was incorporated in 2022), 5 subsidiaries and branches in Thailand, and 1 Guam Representative Office of CKI.



Headquarter  
**Taiwan**



Local Operations  
**196 places**



Global Operations  
**235 places**







## Introduction of Each Subsidiary



### Mega Bank

- **Service Description**

The scope of business mainly includes commercial banking, corporate finance, international finance, trust, consumer finance, wealth management, investment, and agency businesses. Mega Bank is the only USD clearing bank in Taiwan's foreign currency settlement platform. As the earliest international bank in Taiwan, Mega Bank is well-known for its foreign exchange business and ranks the first among domestic banks in terms of foreign currency deposits and import/export businesses, with stable asset quality as a whole.

- **Business Performance**

In 2022, Mega Bank's unaudited net profit after tax was NT\$24.183 billion, ranking No.3 among domestic banks in Taiwan. The Bank's EPS was NT\$2.83, leading most of our competitors.



### Mega Securities

- **Service Description**

The scope of business mainly includes underwriting of securities, brokerage and proprietary trading of securities, stock agency, margin trading of securities, issuance of stock warrants, brokerage of overseas securities, futures introducing brokerage, and trust related business.

- **Business Performance**

Mega Securities' net profit after tax was NT\$603 million (unaudited) in 2022, with a market share of 2.82%, ranking No.10 in the brokerage services. Its average market share in margin trading was 5.47%, ranked No.4 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\$2.32 in 2022, ranking No.1 among the top three bills finance companies.



### Chung Kuo Insurance (CKI)

- **Service Description**

The scope of business mainly includes property insurance and regulator-approved accident insurance and health insurance.

- **Business Performance**

In 2022, CKI reported an increase of 10.86% (market share was 3.70%) in premium revenues compared to the previous year, ranking No.10 among 19 other insurance peers, up two spots compared to the same period of last year. Specifically, CKI was ranked No.1 in the marine hull insurance market (market share was 19.36%), up one spot compared to the same period of previous year, and No.3 in the aviation insurance market (market share was 13.91%).



### Mega International Investment Trust (Mega Funds)

- **Service Description**

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

- **Business Performance**

As of the end of 2022, the scale of public fund assets managed by Mega Funds reached NT\$79.731 billion, ranking No.16 among 39 investment trust companies in Taiwan. Mega Funds managed NT\$6.4 billion in private funds, ranking No.2 among 19 investment trust companies in the market.



### Mega Asset Management (MAM)

- **Service Description**

The scope of business mainly includes purchases and selling of financial institutions' loan assets, and obligations consolidation and advanced payments for urban renewal and renovation of old buildings according to government regulations.

- **Business Performance**

MAM's main business originally included the purchase of bad debts. It supports government policies by transforming its business to serve the interests of the public, such as providing obligations consolidation and advanced payments for urban renewal and renovation of old buildings. As of December 31, 2022, the balance of MAM's underwriting business was NT\$16.160 billion.



### Mega Venture Capital (MVC)

- **Service Description**

The scope of business mainly focuses on directly providing funding to investees and providing operational, managerial and consulting services to investees.

- **Business Performance**

In 2022, 6 new investments and NT\$163 million in investment were added. As of the end of the year, the total investment of MVC was NT\$832 million.

## Participation in Associations

Mega Group has actively participated in activities and committees of trade associations in the banking, securities, bills, property insurance, and investment trust businesses to promote the development of the domestic finance industry. The Chairmen of Mega Financial Holding and Mega Bank also serve as the Managing Directors of the Bankers Association of the Republic of China and the Bankers Association of Taipei. The Chairman of Mega Futures also serves as the Director of Taiwan Securities Association and the convener of its International Affairs Committee. The Group has actively participated in projects or committees of trade associations to share information and its practical experience in business and corporate sustainability. We also propose recommendations for government policies through the trade associations to promote the healthy development of the overall finance industry. As of the end of 2022, Mega Group has participated in nearly 43 associations at the organization level, with 17 senior executives serving a concurrent position in these associations.

Participation in Associations or Organizations	Concurrent Positions Served by Senior Executives of Mega Group
The Bankers Association of the Republic of China	Managing Director, Supervisor
The Bankers Association of Taipei	Chairperson, Managing Director, Director
Chunghwa Finance Research and Development Association	Director
Asian Bankers Association (ABA)	Director
Trust Association of R.O.C.	Managing Supervisor
Taiwan Securities Association	Managing Director
Securities Analysts Association, Chinese Taipei	Supervisor
Chinese National Futures Association	Chairperson
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

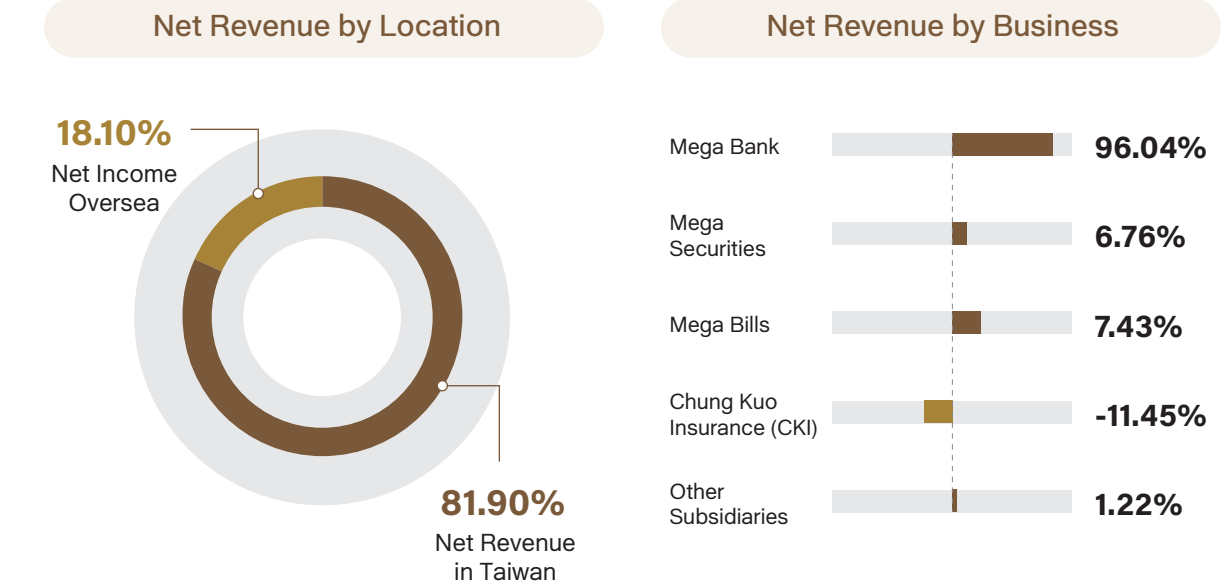


## 1.2 Economic Performance

The Generated and Distributed Economic Value of Mega Group in Past Four Years					Unit: thousand NTD
Item / Year		2019	2020	2021	2022
Direct Economic Value Generated (A)	• Net Interest Revenue (C)	35,066,848	31,550,874	32,468,345	37,683,094
	• Non-interest Net Revenue (D)	30,208,014	29,259,048	27,762,501	18,366,559
	• Net Revenue (C+D) = Subtotal of Direct Economic Value Generated	65,274,862	60,809,922	60,230,846	56,049,653
Economic Value Distributed (B)	• Operating Costs	-11,274,338	-9,282,236	-9,360,021	-10,084,126
	• Employee Salary and Benefits	-19,538,641	-19,736,020	-20,146,203	-19,586,824
	• Donations	-85,458	-82,300	-99,255	-113,612
	• Share Dividend Distributed to Shareholders	-23,119,701	-21,487,722	-19,039,754	-17,285,376
	• Income Tax Expenses	-4,699,474	-4,312,670	-2,925,343	-2,809,343
	• Subtotal of Economic Value Distributed	-58,717,612	-54,900,948	-51,570,576	-49,765,669
	• Subtotal of Economic Value Retained (A- B )	6,557,250	5,908,974	8,660,270	6,283,984
Note: In 2022, donations were mainly made to educational, cultural, public-interest, charity institutions or associations and charitable trusts. No political donations or other improper donations were made.					

The Financial Performance of Mega Group in Past Four Years					Unit: thousand NTD
Item / Year	2019	2020	2021	2022	
Total Assets	3,683,547,780	3,856,376,532	4,168,264,859	4,060,987,347	
Total Liabilities	3,359,486,532	3,529,787,572	3,839,865,976	3,761,177,894	
Total Equity	324,061,248	326,588,960	328,398,883	299,809,453	
Net Revenue	65,274,862	60,809,922	60,230,846	56,049,653	
Net Profit after Tax	28,954,800	25,017,968	25,731,070	18,334,958	
Return on Assets (%)	0.80%	0.66%	0.64%	0.45%	
Return on Equity (%)	9.07%	7.69%	7.86%	5.84%	
EPS (NT\$)	2.13	1.84	1.89	1.32	
Note: Please refer to the Company's Annual Report, website, or the Market Observation Post System for information on the financial statements.					

### Income Structure



The Financial Performance of Mega Group's Subsidiaries for 2022					Unit: thousand NTD
Company Name	Total Assets	Net Revenue	Net Profit after Tax	EPS (NT\$)	
Mega Bank *	3,687,085,514	53,440,698	24,181,435	2.83	
Mega Securities*	55,715,197	5,957,424	603,229	0.52	
Mega Bills*	245,396,163	4,227,066	3,040,283	2.32	
Chung Kuo Insurance (CKI) *	26,679,334	6,034,608	-9,523,769	-63.87	
Mega Funds*	927,367	359,581	74,006	1.40	
Mega Asset Management	16,470,196	479,760	222,527	1.11	
Mega Venture Capital	1,078,413	27,475	3,821	0.04	
Note: *Please refer to the Market Observation Post System for information on the financial statements ( <a href="https://mops.twse.com.tw">https://mops.twse.com.tw</a> ).					





# CH2

## Sustainability Strategies

### 2.1 Sustainable Governance Framework

### 2.2 A Vision and Strategy for Sustainability

### 2.3 Sustainable Impact



#### Targeted Stakeholders

All Stakeholders



## 2.1 Sustainable Governance Framework

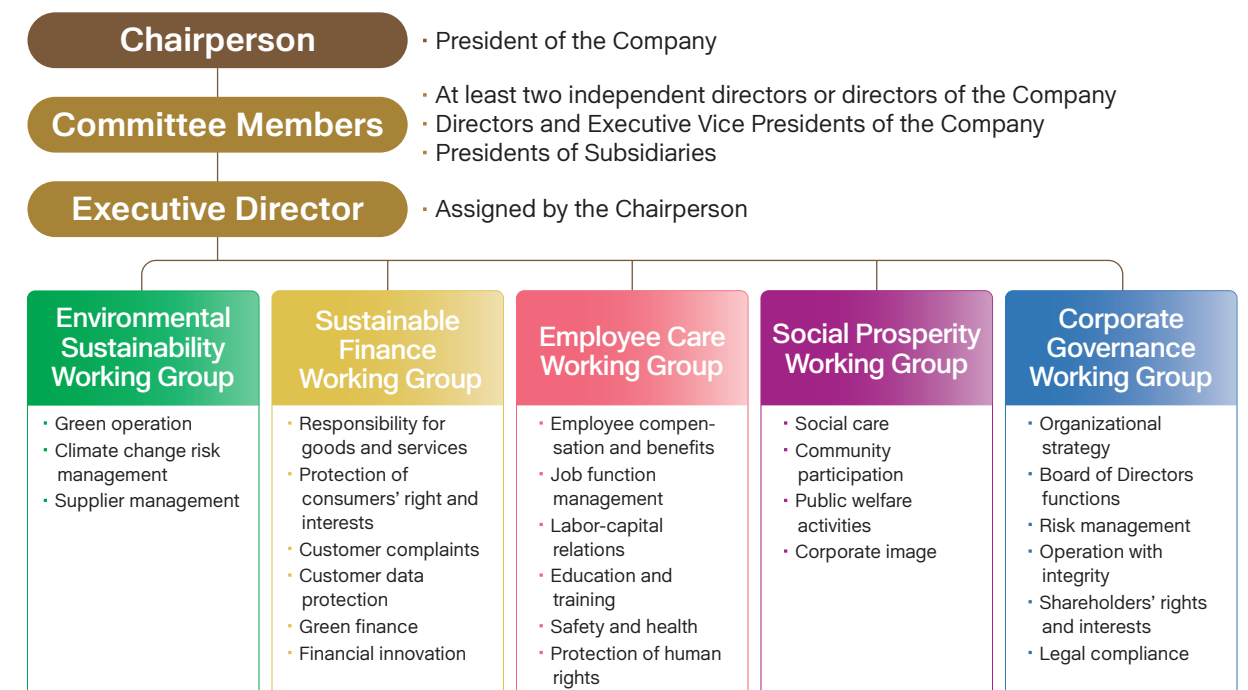
Mega Group is committed to ESG initiatives. Adhering to the philosophies of ethical management, stable growth, and sustainable development, Mega Financial Holding has established the "Sustainable Development Best Practice Guidance" and the "Sustainable Development Policy", both of which have been approved 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, management measures, and concrete promotional plans, and regularly reporting the implementation status to the Board of Directors. To ensure the top-down implementation of sustainable 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 ecosystem.

### 2.1.1 Sustainable Development Committee

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

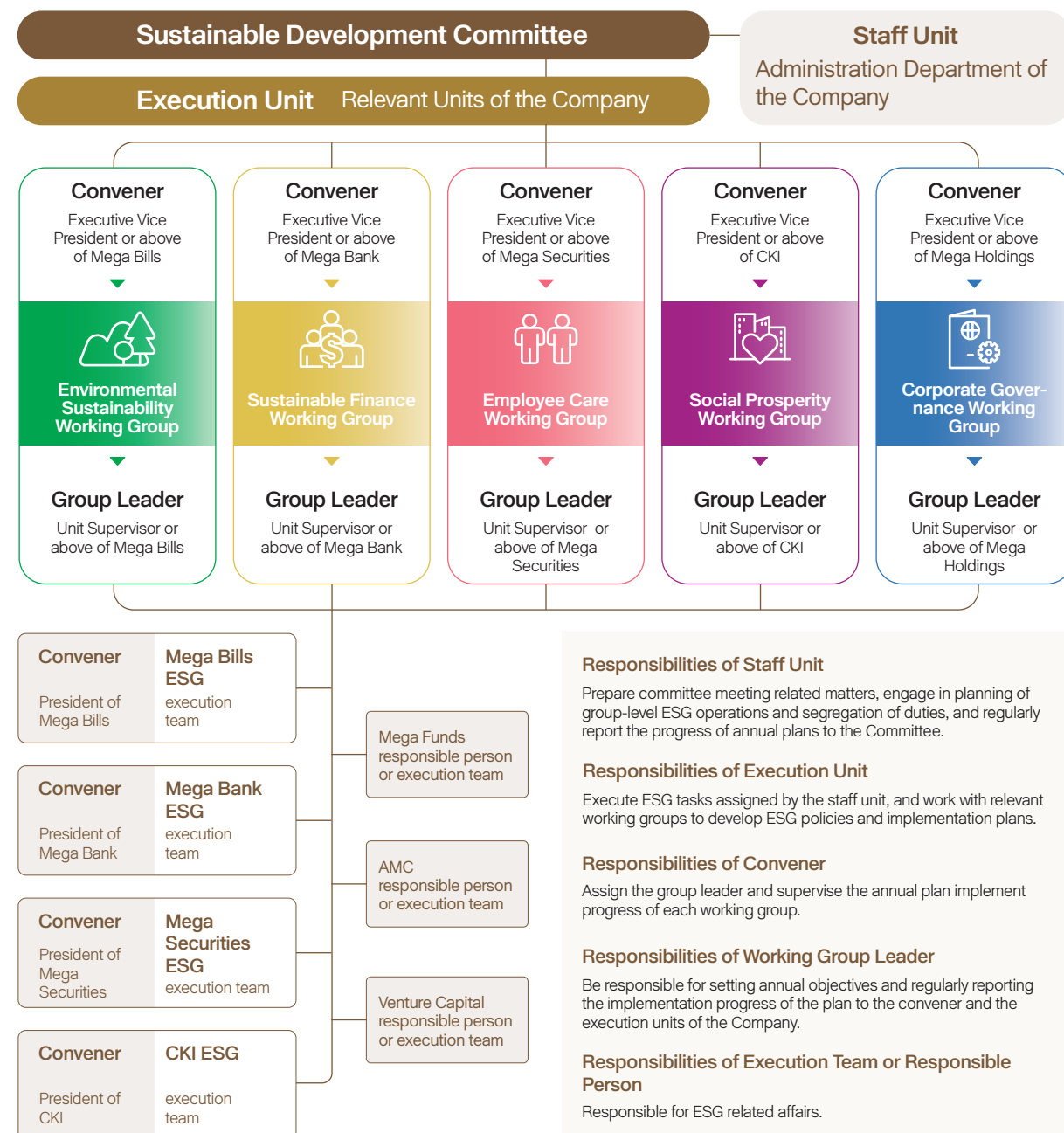
Our Sustainable Development Committee consists of five working groups: Environmental Sustainability, Sustainable Finance, Employee Care, Social Prosperity, and Corporate Governance. The Committee is chaired by the President of Mega Financial Holding, with the Executive Vice President as Executive Director. Members include two directors and the Executive Vice Presidents of Mega Financial Holding, and the President of each subsidiary. This composition is aimed at strengthening the supervisory roles of the committee members and facilitating the collective participation in making decisions on the sustainable management of Mega Group. In principle, the Committee meets once every two months. In board meetings, the Committee reports material ESG issues that were discussed during the latest committee meeting.

### The Organizational Structure of the Sustainable Development Committee





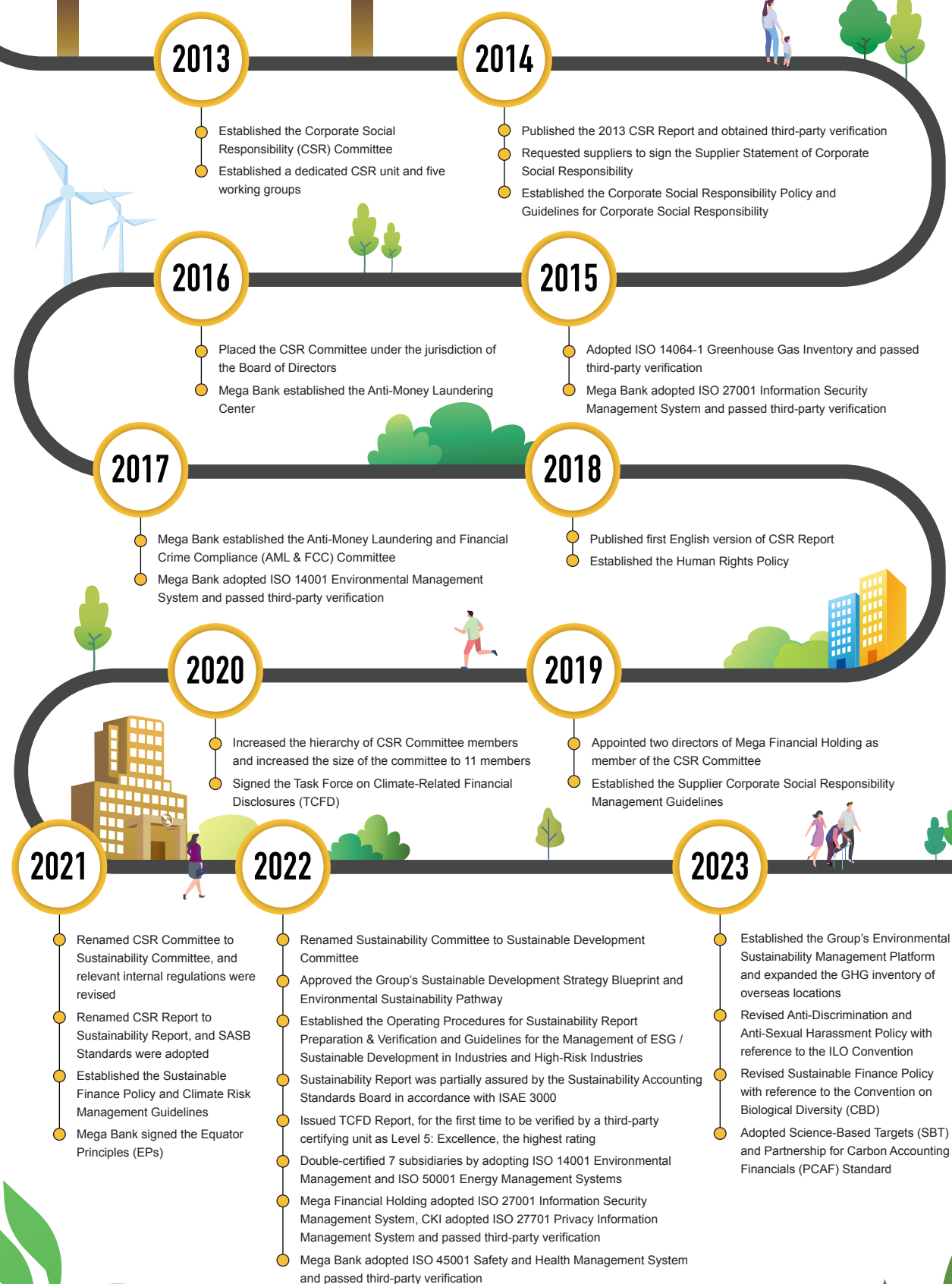
## The Operating Model of the Sustainable Development Committee



## ESG Working Groups and Task Force

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

## History of the Sustainable Development Committee

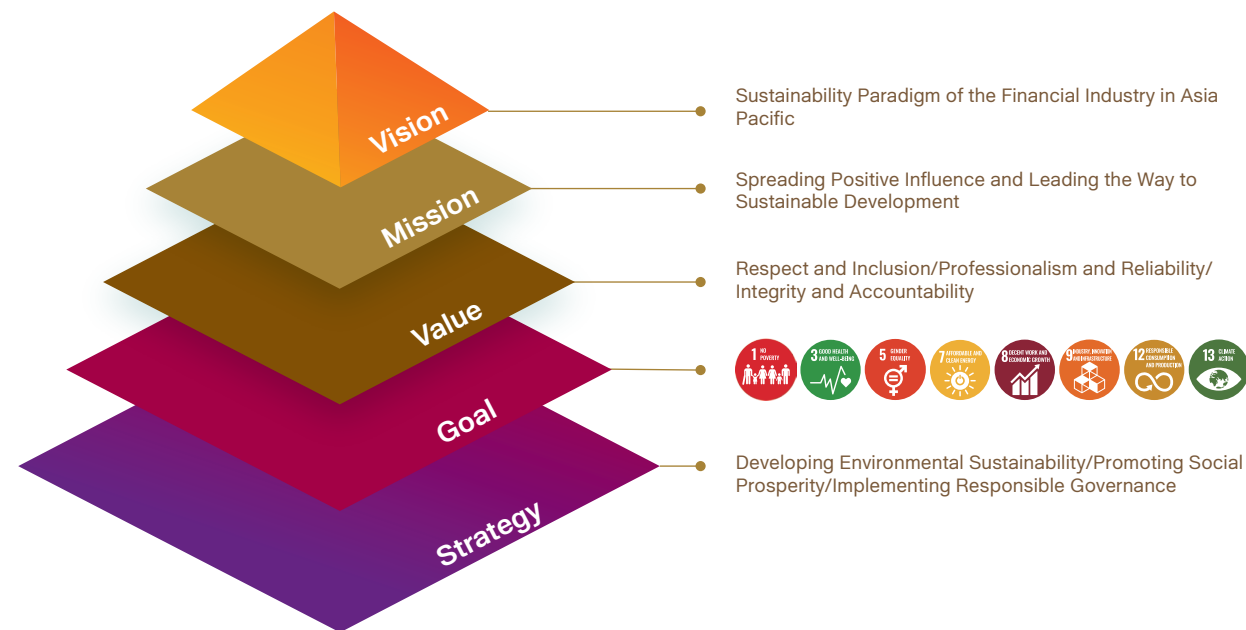




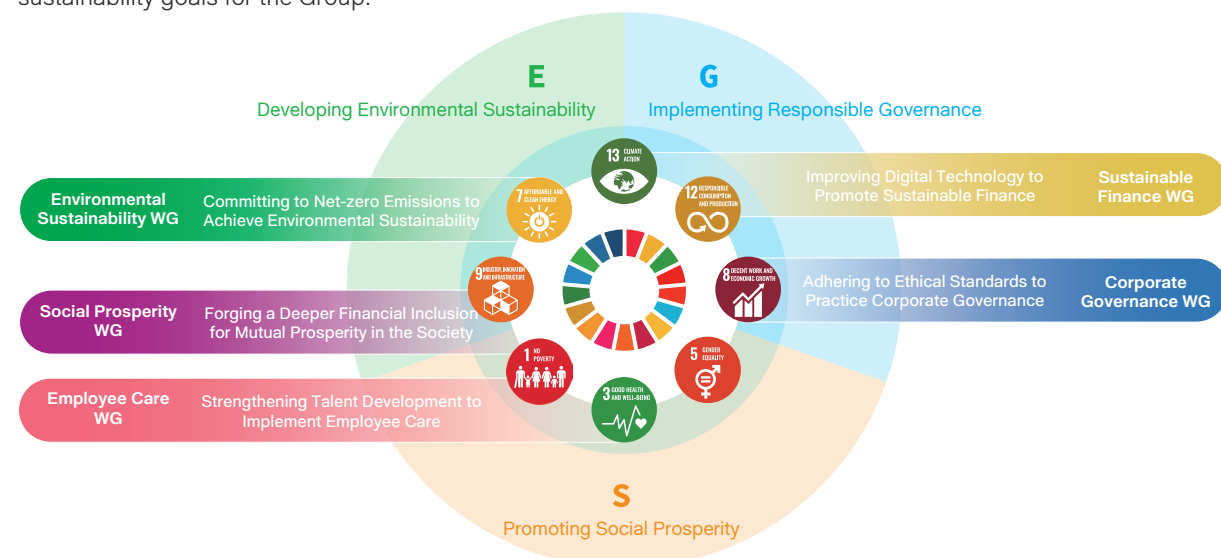


## 2.2 A Vision and Strategy for Sustainability

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



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



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

Guiding Principles of the Strategic Axes	Corresponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (up to 2023)	Mid- to Long-Term Goal (up to 2028)
Committing to Net-zero Emissions to Achieve Environmental Sustainability	7, 12, 13	Climate Action	<ul style="list-style-type: none"> <li>Improve employees' knowledge on climate change issues</li> <li>Continue to achieve the Group's GHG reduction targets (reduce 7.5% or more of total Scopes 1 and 2 emissions from 2020 level)</li> </ul>	<ul style="list-style-type: none"> <li>Group to organize at least one training course each year</li> <li>Subsidiaries (i.e., Bank, Securities, Bills, and CKI) to obtain Silver-class Green Building Label or higher for a total of 6 business locations</li> <li>Headquarter of Mega Securities to use more than 50% of renewable electricity; headquarter of Financial Holding, Bank, Bills and CKI to use more than 36% of renewable electricity</li> <li>Group to replace 70% of company vehicles with electric or hybrid vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Group to reduce 20% of GHG emissions (reduce 25% by 2030 and achieve net-zero emissions by 2050)</li> <li>Achieve Green Building Label for 20 business locations by 2025</li> <li>Headquarter of each subsidiary to use more than 60% of renewable electricity by 2025</li> <li>Group to replace 100% of company vehicles with electric or hybrid vehicles by 2026</li> <li>Set up solar-powered branches at 6 business locations</li> <li>Commit to setting a SBT and pass target review, and evaluate and set internal carbon price</li> </ul>
			<ul style="list-style-type: none"> <li>Establish decarbonization strategies and goals</li> </ul>	<ul style="list-style-type: none"> <li>Stop undertaking investment in and financing for coal mining and unconventional oil and gas industries</li> <li>Stop undertaking investment in power plants that generate more than 50% of electricity from coal</li> <li>Stop financing projects that involve coal-fired power generation plant</li> </ul>	<ul style="list-style-type: none"> <li>Complete withdrawal from investment and financing of coal-fired power plants by 2040</li> </ul>
Improving Digital Technology to Promote Sustainable Finance	1, 3, 5, 7, 8, 9, 12, 13	Sustainable Finance	<ul style="list-style-type: none"> <li>Implement "Principles for Responsible Investment (PRI)" and "Principles for Responsible Banking (PRB)", and increase the number of products to be subject to ESG review</li> </ul>	<ul style="list-style-type: none"> <li>100% of offshore fund companies whose products are marketed by Mega Group to sign the statement of compliance with "Principles for Responsible Investment (PRI)" or "Responsible Investment Declaration"</li> <li>Mega Bank to conduct ESG risk rating on corporate lending; Mega Bills to set maximum limit on high-risk industry investment/financing</li> <li>Commit to positive concrete actions on ESG-factored investments</li> </ul>	<ul style="list-style-type: none"> <li>Review annually maximum limits on investment and financing in precluded industries and industries with high pollution and high energy consumption</li> <li>Continue to develop sustainable finance-related business and gradually increase the proportion of this business</li> <li>From among domestic financing portfolios that are associated with emission-intensive companies, select 50% for engagement</li> <li>Mega Bank's outstanding sustainability-linked loan to account for 10% of total credit outstanding of domestic financial institutions; Domestic renewable energy loans outstanding to account for 75% of outstanding loans made to electricity supply industries</li> </ul>
			<ul style="list-style-type: none"> <li>Continue to strengthen sustainable (green) loan services</li> </ul>	<ul style="list-style-type: none"> <li>Increase bank's domestic renewable energy loans outstanding as a percentage of outstanding loans to electricity supply industries annually by 5%, and increase cumulative installed capacity financed annually by 20%</li> <li>Increase Bank's green building mortgage and personal loans to green enterprise employees by NT\$1.6 billion</li> <li>Mega Bill's green energy technology industry loans amounted to NT\$3 billion</li> </ul>	
			<ul style="list-style-type: none"> <li>Issue/invest/underwrite domestic sustainable development bonds</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank's issuance balance to reach NT\$3 billion, and the investment amount to reach NT\$2.5 billion</li> <li>Mega Securities to invest/underwrite a total of NT\$1 billion; Mega Bills to invest NT\$2.8 billion</li> </ul>	
			<ul style="list-style-type: none"> <li>Invest in domestic sustainable development (long-term) equity</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank, Mega Securities, and Mega Venture Capital to account for 16%, 15%, and 15.17% of total domestic long-term equity investments, respectively; Mega Bills to have a balance of NT\$800 million</li> </ul>	
			<ul style="list-style-type: none"> <li>Issue carbon-neutral credit cards</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank to issue 100,000 carbon-neutral credit cards</li> </ul>	
			<ul style="list-style-type: none"> <li>Help clients accelerate transition to low carbon and continue strengthening engagement with clients</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank to engage with 50% more enterprises annually and to issue 20% more sustainability-linked loans annually</li> </ul>	




















Guiding Principles of the Strategic Axes	Corresponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (up to 2023)	Mid- to Long-Term Goal (up to 2028)
<p>Improving Digital Technology to Promote Sustainable Finance</p>	      	Financial Inclusion	<ul style="list-style-type: none"> <li>Strengthen the SMEs loans</li> <li>Promote agricultural insurance and microinsurance</li> <li>Strengthen efforts to promoting urban renewal and the reconstruction of old and dangerous buildings</li> <li>Continue to support loan reduction for young adults who are not homeowners</li> <li>Strengthen the promotion of retirement trust services</li> <li>Enhance inclusive financing services</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank to obtain an average target achievement rate of 104% with respect to SMEs loans outstanding and total number of SMEs at the end of each month compared to the same period of last year</li> <li>Generate a of NT\$800,000 in premium income from the persimmon insurance and microinsurance products of CKI</li> <li>Mega Bank and MAM to approve a cumulative total of NT\$83 billion and NT\$6 billion in loans, respectively</li> <li>Mega Bank to draw NT\$4 billion in amount</li> <li>Mega Bank to introduce an additional NT\$240 million in scale of property</li> <li>Mega Bank to install 54 visual impairment-friendly ATMs in its domestic branches</li> <li>Mega Bank to set up to 75 bilingual branches</li> </ul>	<ul style="list-style-type: none"> <li>Transform all bank branches in Taiwan into bilingual branches</li> <li>CKI to continue promoting various agricultural insurance and microinsurance policies</li> <li>Mega Bank to continue promoting and developing different financial inclusion products, and promote green loans/micro loans across overseas branches</li> <li>Mega Bank to obtain an average target achievement rate of 104% with respect to SMEs loans outstanding and total number of SMEs at the end of each month compared to the same period of 2027</li> <li>Mega Bank to approve a cumulative total of NT\$98 billion in loans for urban renewal and old building reconstruction</li> <li>Mega Bank to install 108 visual impairment-friendly ATMs in its domestic branches</li> </ul>
		Information Security	<ul style="list-style-type: none"> <li>Strengthen information security, and personal information protection system and response procedural mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Carry out social engineering rehearsal at least twice a year and ensure employee coverage rate of 100%</li> <li>Organize at least one cybersecurity awareness training for all employees and achieve 95% training completion rate</li> </ul>	<ul style="list-style-type: none"> <li>Aim to achieve zero data breach incidents</li> <li>100% of employees to complete cybersecurity awareness training</li> <li>Continue to maintain and adopt information security management system standards</li> </ul>
		Digital Innovation	<ul style="list-style-type: none"> <li>Improve smart digital customer services functions</li> <li>Increases online service usage rate and paperless promotion</li> </ul>	<ul style="list-style-type: none"> <li>CKI to introduce mobile insurance and claim progress inquiry function</li> <li>Mega Bank to process 80% of fund purchases and personal loan applications online; and receive 60% online credit card applications</li> <li>Mega Securities to complete 70% of transactions electronically, and Mega Funds to process 70% of transactions electronically</li> <li>Mega Bank to have 70% of clients opt for electronic statement</li> </ul>	<ul style="list-style-type: none"> <li>Encourage employees to develop digital banking patent</li> <li>Continue to promote and encourage clients to opt for paperless services</li> <li>Streamline internal operating procedures (e.g., by adopting RPA or digital service experience) and improve customer service efficiency</li> <li>Mega Bank to gain 15% more SME clients through online channels by the end of 2028</li> </ul>
		Customer Relationship	<ul style="list-style-type: none"> <li>Conduct Surveys of Customer Satisfaction to strengthen service quality</li> <li>Increase hours of training on customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank, Mega Securities, CKI, and Mega Funds to conduct at least one Survey of Customer Satisfaction and achieve an overall satisfaction score of 85%</li> <li>Mega Bank and CKI to complete 6 hours of training on treating customers fairly; Mega Bank, Mega Securities, CKI, and Mega Funds to complete training 95% of elderly consumers</li> </ul>	<ul style="list-style-type: none"> <li>Continue to organize Customer Satisfaction Surveys and increase satisfaction scores annually</li> <li>Improve the implementation status of Principles for Fair Treatment of Customers in the Financial Service Sector and achieve top 25% ranking</li> <li>Continue to strengthen Know Your Product (KYP) and Know Your Customer (KYC) and implement principles for responsible marketing</li> </ul>

Guiding Principles of the Strategic Axes	Corresponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (up to 2023)	Mid- to Long-Term Goal (up to 2028)
<p>Improving Digital Technology to Promote Sustainable Finance</p>	      	Customer Relationship	<ul style="list-style-type: none"> <li>Adopt the Stewardship Principles for Institutional Investors</li> <li>Improve the implementation status of Principles for Fair Treatment of Customers in the Financial Service Sector</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank and Mega Securities to ensure that 100% of domestic fund companies whose products are sold at Mega Bank and Mega Securities sign the statement of compliance with the Stewardship Principles for Institutional Investors</li> <li>Mega Bank and Mega Securities to be selected as top 25% in the Treating Customers Fairly Evaluation</li> </ul>	
		Happy Workplace	<ul style="list-style-type: none"> <li>Acquire ISO 45001 Occupational Safety and Health Management System certificate</li> <li>Manage the Group's absentee rate to ensure stable manpower, and keep track of employee attendance</li> <li>Organize health and safety seminars or training and health promotion activities regularly</li> </ul>	<ul style="list-style-type: none"> <li>Mega Securities to complete the adoption and verification of this system</li> <li>Keep absentee rate (including overseas locations) under 0.56%</li> <li>Mega Bank, Mega Securities, Mega Bills, and CKI to organize at least 2 sessions of health promotion or on-site consultation activities</li> <li>Mega Bills to organize workplace environmental monitoring at least 2 times and occupational safety training 1 time each year</li> </ul>	<ul style="list-style-type: none"> <li>Continue to ensure the validity of ISO 45001</li> <li>Continue to organize Employee Assistance Program (EAP)</li> <li>Provide longer maternity leave and paternity leave that what is required by law</li> <li>Continue to provide employees with various subsidy plans, including subsidies for health examinations, marriage, and childbirth</li> <li>Organize at least 14 sessions of health talks or health promotion activities</li> </ul>
		Social Commitment	<ul style="list-style-type: none"> <li>Organize arts and cultural activities and support local cultural and economic development</li> <li>Support the cultivation of sports talent in Taiwan and sponsor activities and sports events</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to organize 3 music concerts and multicultural arts and cultural activities or provide NT\$2 million in funding for these events</li> <li>Mega Group to organize 1 indigenous cultural preservation promotion project or provide NT\$150,000 in funding for this project</li> <li>Mega Group to organize two projects involving the procurement of domestic agricultural/fishery products</li> <li>Mega Group to sponsor three sports teams and two green sports events or provide NT\$11 million in funding for these teams and events</li> </ul>	<ul style="list-style-type: none"> <li>Support local art and cultural activities, purchase agricultural and fishery products that are associated with production-and-sales imbalance, train entry-level athletes, support green sports events, promote group volunteering services, expand employees' social involvement, and address the needs of disadvantaged groups or social welfare organizations</li> </ul>





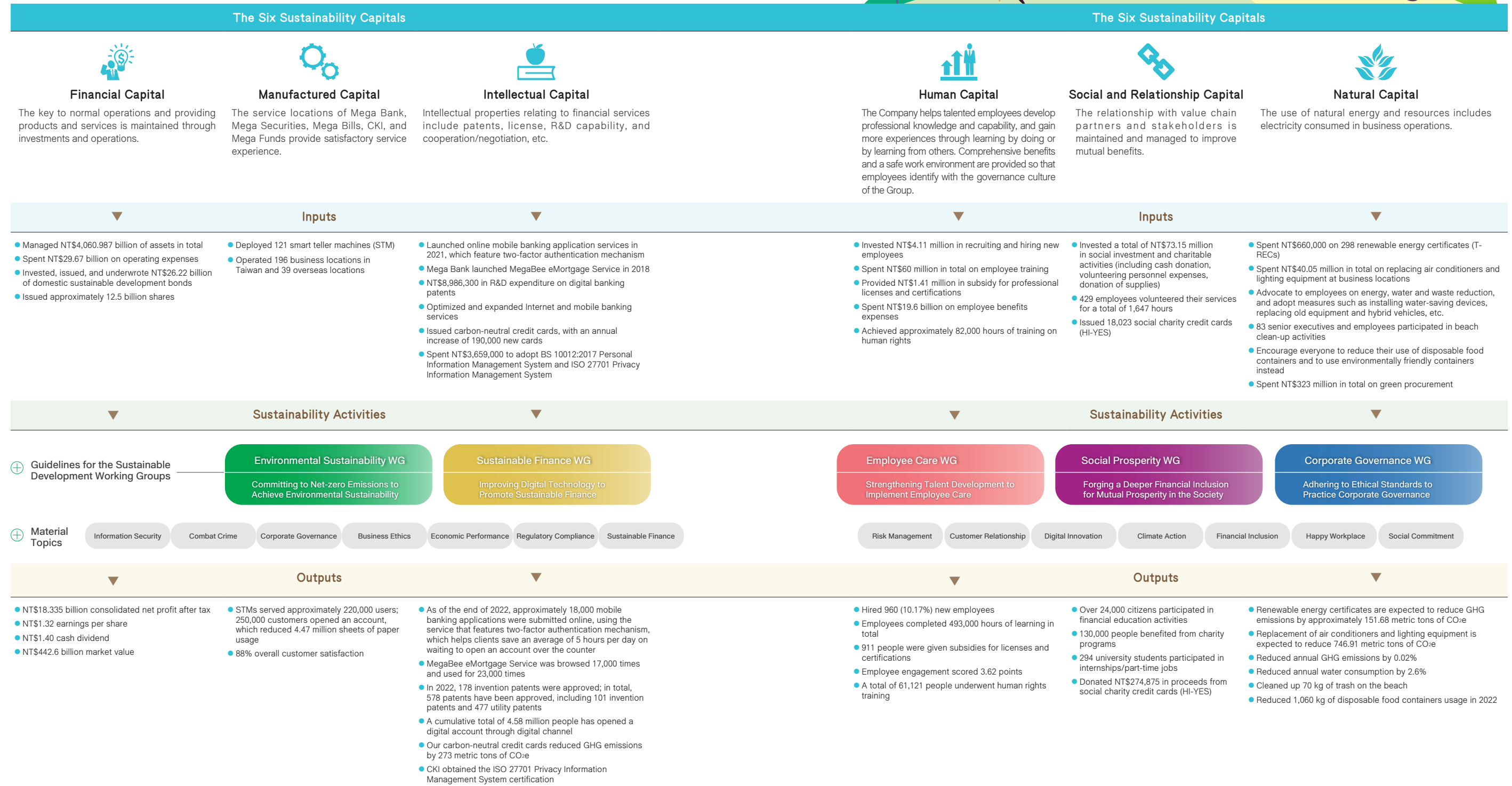
Guiding Principles of the Strategic Axes	Corresponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (up to 2023)	Mid- to Long-Term Goal (up to 2028)
 <b>Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society</b>	   	<b>Social Commitment</b>	<ul style="list-style-type: none"> <li>Establish volunteering service rules and improve volunteering services</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to establish volunteering service rules and encourage employee participation in community programs</li> <li>Mega Group to plan the organization of volunteering services and encourage at least 1,300 hours of volunteering services</li> </ul>	
			<ul style="list-style-type: none"> <li>Provide economic resources to children, teenagers, elderly people, and people with physical or mental disabilities, and promote various social assistance programs</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to provide disadvantaged groups and social welfare organizations with financial support of NT\$3.55 million</li> </ul>	
 <b>Adhering to Ethical Standards to Practice Corporate Governance</b>	 	<b>Business Ethics</b>	<ul style="list-style-type: none"> <li>Review ethical management policies and report implementation status to the Board of Directors regularly</li> </ul>	<ul style="list-style-type: none"> <li>Convene at least 1 Ethical Management Committee meeting, and report implementation status to the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>100% of Mega Group employees to complete training on ethical management, report implementation status of ethical management to the Board of Directors at least 2 times each year, and incorporate performance in ethical management into annual performance evaluation</li> </ul>
			<ul style="list-style-type: none"> <li>Conduct training on ethical management to raise employees' ethical awareness of honesty and integrity regularly</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to organize at least 1 training and achieve a training completion rate of 95%</li> </ul>	
		<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>Establish a culture of ethical management from top to bottom in which the concept, value and behavior of ethical management and fair customer treatment are honored</li> </ul>	<ul style="list-style-type: none"> <li>Request Mega Group directors and individuals in managerial level or above to sign the Statement on Compliance with Ethical Standards</li> </ul>	
			<ul style="list-style-type: none"> <li>Educate and train employees on compliance to improve their compliance knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure that compliance officers complete the training hours exceeding statutory requirement; Mega Financial Holding to have employees complete compliance training once and achieve a training completion rate of 95%</li> </ul>	
		<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>Establish a compliance culture from top to bottom and supervisor the Group's compliance implementation status</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to convene at least 4 meetings with the Group's compliance officers and disciplinary action and deficiency improvement task force</li> <li>Mega Financial Holding to give a presentation, during monthly business management meetings, government penalties imposed on financial institution peers</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure that individuals in charge of compliance complete longer hours of training than what is required by law</li> <li>Mega Financial Holding to continue convening regular meetings with the Group's compliance officers</li> <li>Mega Financial Holding to convene quarterly meetings with the Group's disciplinary action and deficiency improvement task force and to establish improvement tracking mechanism</li> <li>Present compliance implementation status to the Audit Committee and Board of Directors every six months, and each year, introduce 2 additional issues concerning legal compliance for presentation at meetings with the Audit Committee and Board of Directors</li> </ul>
			<ul style="list-style-type: none"> <li>Strengthen the effectiveness of the whistleblowing system</li> </ul>	<ul style="list-style-type: none"> <li>Subsidiaries to compile a report every six months on the number and type of complaints received from external and internal whistleblowing channels</li> </ul>	

Guiding Principles of the Strategic Axes	Corresponding SDGs	Material Topics	Promotion Strategy and KPIs	Short-Term Goal (up to 2023)	Mid- to Long-Term Goal (up to 2028)
 <b>Adhering to Ethical Standards to Practice Corporate Governance</b>	 	<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Assist and ensure that Directors continue to follow international trends in corporate governance and understand the latest changes in domestic legislation</li> </ul>	<ul style="list-style-type: none"> <li>Directors of Mega Financial Holding to complete longer hours of continuing education than what is required by law</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate the possibility of establishing a Nomination Committee</li> <li>Conduct evaluation to ensure that the number of independent directors is more than one half of the board and increase the gender ratio of the board to 40% – 50%</li> <li>Set up functional committees other than statutorily required committees</li> <li>Mega Financial Holding and major subsidiaries to organize, each year, the performance evaluation of the Board of Directors and functional committees, and to report the results during board meetings</li> </ul>
			<ul style="list-style-type: none"> <li>Continue to organize the performance evaluation of the Board of Directors and functional committees</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to complete the performance evaluation of the Board of Directors and functional committees and obtain target achievement rate of 80%</li> </ul>	
		<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Strengthen professional training for persons in charge of corporate governance to increase support for directors</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure that its Corporate Governance Officer complete longer hours of corporate governance course than what is required by law</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate the physical and transition risks related to climate change in upstream activities, and regularly report to the Board of Directors the evaluation results, including mitigation measures and implementation status</li> <li>Mega Bank to initiate the integration of internal credit rating models for corporate banking and take climate risks into account</li> </ul>
			<ul style="list-style-type: none"> <li>Continue to analyze and apply information regarding risks and asset/liability management to enhance the Group's risk management performance</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to optimize the automation of various risk procedures and TCFD framework (i.e., obtain third-party verification)</li> </ul>	
 <b>Adhering to Ethical Standards to Practice Corporate Governance</b>	 	<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Strengthen the disclosure of climate change risks in TCFD Report</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to complete transition risk assessment and scenario analysis (including stress testing) on emission-intensive industries and disclosure the emission of its investment/financing portfolios in accordance with the PCAF methodology</li> </ul>	<ul style="list-style-type: none"> <li>Mega Bank to initiate the integration of internal credit rating models for corporate banking and take climate risks into account</li> </ul>
			<ul style="list-style-type: none"> <li>Strengthen climate change risk identification and management</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to adopt science-based targets (SBT) and plan science-based pathways for reducing the Scope 3 emissions of investment/financing portfolios</li> </ul>	
		<b>Combat Crime</b>	<ul style="list-style-type: none"> <li>Effectively management the generation and distribution of economic value</li> </ul>	<ul style="list-style-type: none"> <li>CKI to complete Own Risk and Solvency Assessment (ORSA) report and incorporate climate change-related risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure stable revenue growth, regular review of financial positions, and reporting of financial performance</li> <li>Mega Bank to ensure its status as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan</li> </ul>
			<ul style="list-style-type: none"> <li>Conduct Group-level training on AML/CFT to improve knowledge and skills relating to AML/CFT</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure that individuals in charge of AML complete longer hours of training than what is required by law</li> <li>Mega Group employees to receive at least 1 training and achieve a training completion rate of 95%</li> <li>Mega Financial Holding to discuss and present cases of government sanctions at the Group's AML/CFT meeting, which is held every six months</li> </ul>	
 <b>Adhering to Ethical Standards to Practice Corporate Governance</b>	 	<b>Combat Crime</b>	<ul style="list-style-type: none"> <li>Oversee the implementation of and carry out the Group's anti-money laundering works</li> </ul>	<ul style="list-style-type: none"> <li>Mega Financial Holding to convene at least 4 AML/CFT meetings, and organize compliance inspection on subsidiaries according to annual inspection plans</li> </ul>	<ul style="list-style-type: none"> <li>Mega Group to ensure that officers and individuals in charge of AML complete longer hours of training each year than what is required by law</li> <li>Mega Financial Holding to regularly convene AML/CFT meetings, oversee subsidiaries' implementation status, and continue organizing yearly compliance inspections</li> <li>Complete payment clearing scan setup operations of Taiwan and overseas branches in response to the ISO 20022 international standard for the financial industry and in accordance with the MX message specification schedule announced by each competent authority</li> </ul>
			<ul style="list-style-type: none"> <li>Continue to strengthen AML/CFT systems</li> </ul>	<ul style="list-style-type: none"> <li>Complete clearing system message scan setup operations in response to the ISO 20022 international standard for the financial industry and in accordance with the in-border MX message specification schedule announced by Hong Kong authorities</li> </ul>	



## 2.3 Sustainable Impact

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







# CH3

## Environmental Sustainability

### 3.1 Climate Action

### 3.2 Green Operation

### 3.3 Sustainable Procurement

### 3.4 Natural Ecosystems



#### Material Topics of GRI Standards

GRI 201、GRI 203、GRI 305

#### Corresponding Material Topics

Climate Action, Corporate Governance

#### Targeted Stakeholders

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



### A Message from the Leader of the Environmental Sustainability Working Group

According to the 2022 Global Risk Report published by the World Economic Forum (WEF), environmental risks are among the top 10 most serious global risks over the next decade, including failure of climate action, extreme climate, loss of biodiversity, environmental damage caused by human behavior, and natural resource crises. In the face of the increasingly severe challenge of climate change risks, Mega Group has set the goal of reducing the Group's greenhouse gas emissions by 25% by 2030 and achieve net-zero emissions by 2050, with reference to the Science-Based Target Initiative (SBTi). The Group has also developed an environmental sustainability roadmap and adopted systematic carbon reduction measures, including the introduction of international ISO standards and green building solutions, to enhance the environmental and energy management efficiency of its operations. In addition, Mega Group has signed to be a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020 and issued the first TCFD report in 2022. The TCFD report was verified by BSI, a third-party certifying unit as Level 5: Excellence, the highest rating. Mega Group hopes to bring together the power of every little bit of effort to make the global environment better.

## 3.1 Climate Action

### 3.1.1 Climate Governance

Mega Group signed to be a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020, and follows the TCFD framework to disclose climate-related information. The Board of Directors of Mega Financial Holding is the highest climate governing body of the Group. It is responsible for supervising and reviewing climate-related risk policies and management systems, while the Risk Management Committee and Sustainable Development Committee under the Board of Directors are responsible for implementing the identification and management of climate change risks and opportunities.

The Risk Management Committee, with the Chairman of Mega Financial Holding as the Convener, leads the risk management units of Mega Financial Holding and its subsidiaries to regularly present a report of the climate risks faced by the Group to the Board of Directors so that the Board of Directors is kept informed of relevant risk issues. In 2022, in response to climate change and to strengthen the resilience of climate response, the risk management units of Mega Financial Holding and its subsidiaries conducted a comprehensive review of climate related risks in each business and continue to refine the assessment of climate risk impacts and opportunities, as well as the response mechanism.

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

#### Board of Directors

#### The Highest Climate-related Governing Body of the Group

It is responsible for supervising and reviewing Group-related risk policies, management systems, and capital expenditure plans. Besides, it has ultimate responsibility for ensuring that an appropriate and effective system of internal controls is established and maintained.

#### Sustainable Development Committee

#### Planning Low-carbon Development Strategies to Address Climate-related Opportunities

It is responsible for the proposal and implementation of policies, systems or management guidelines and specific action plans for climate-related opportunities, including the development of green financial products and the integration of climate factors into the investment and financing process, etc.

#### Risk Management Committee

#### Controlling and Reporting Climate-related Risks

It is responsible for formulating climate risk management policies and monitoring indicators and regularly reviewing the implementation results. Based on this management mechanism, responding measures are taken under different scenarios, and the management results of climate-related risks is regularly reported to the Board of Directors.





All climate-related capital expenditures of Mega Group under NT\$50 million are compiled into a meeting minute, which will be reviewed by the Sustainable Development Committee or Risk Management Committee depending on the nature of business and then presented to the Board of Directors. If the expenditures for the year or related commercial plans exceed the aforementioned amount, including 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 2022, 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.

## Linking Compensation to Climate Performance

In the "Sustainable Development Best Practice Guidance", Mega Group specifies that the remuneration policy and employee performance evaluation system should be integrated with the "Sustainable Development Policy". Each item such as sustainability report preparation, climate risk management and corporate governance will be included in the project management evaluation, and the evaluation results must be submitted to the President for approval, and the linkage with the annual performance bonus will account for 10%. The scope of the assessment linked to climate change performance was expanded in 2022; in addition to the continuation of the original project assessment items, the "Implementation Rules for Annual Assessment of Subsidiaries" and the "Risk Management Assessment Methods for Subsidiaries" were revised and approved to include ESG business and management performance indicators as an important basis for the adjustment of the bonuses and remuneration of the Chairman and President of the subsidiaries. It will have an impact of 3% of the total assessment score, divided into 2% for management performance and 1% for business performance. In the future, we will continue to actively promote the linkage mechanism between the performance of senior executives and sustainable performance, and incorporate the performance of ESG dimensions into the performance evaluation index of the management.

## 3.1.2 Climate Strategies

Mega Group actively supports the Government's environmental policies (e.g., nuclear-free homeland, energy transition, and emission reduction policies) by setting different goals. Our short-term goals are to assist renewable energy companies in acquiring working capitals for their business, and to develop digital financial products and services to reduce carbon emissions in value chains. Our mid/long-term goals are to reduce the investment and financing risks of climate-sensitive industries, to increase the ESG awareness of industries, investors, and consumers, and promote environmentally friendly specifications and measures by combining the forces of our subsidiaries. In 2023, Mega Group has committed to exiting the coal-related industry, and the relevant commitments include: (1) no new investments in coal mining and unconventional oil and gas industries, (2) no new investments in power plants with coal-fired power generation accounting for more than 50%, (3) no new project financing for coal-fired power plants, and (4) complete withdrawal from coal-fired power plant investment and financing by 2040. Except for customers who provide clear evidence and plans for sustainable transformation or use of funds for sustainable development, Mega Group promises not to add new investment and financing parts as mentioned in (1) to (3) above.

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

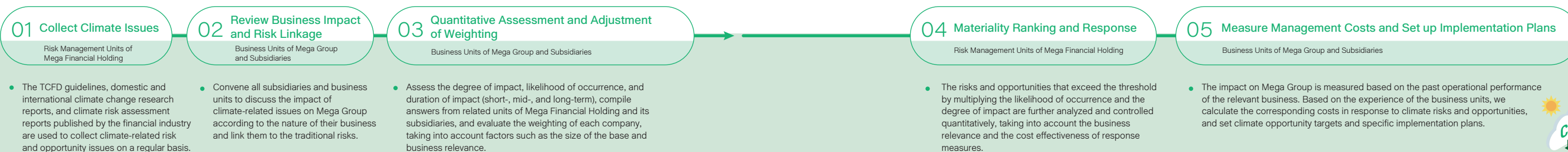
cause significant financial impacts. The identification process is as follows:

In addition to taking inventory of the impact of physical and transition risks on financial industry's existing risks, Mega Group also identifies opportunities for climate-related businesses under the crisis, and maps out a matrix of climate risks and opportunities by evaluating two measurement dimensions: "Level of Impact" and "Likelihood of Occurrence". This allows the Group to rank the significance of climate risks and opportunities, and to consider the following factors under climate scenarios (Physical risks: RCP 8.5, Transition risks: Net Zero 2050 (control the temperature rise below 1.5°C) on the potential financial impact (including assets, revenue, and shareholders' equity) of Mega Group.

► Level of Impact: The level of impact is set at 0.1~10% of the previous year's financial statements of Mega Financial Holding and its subsidiaries.

## Climate Risks and Opportunities

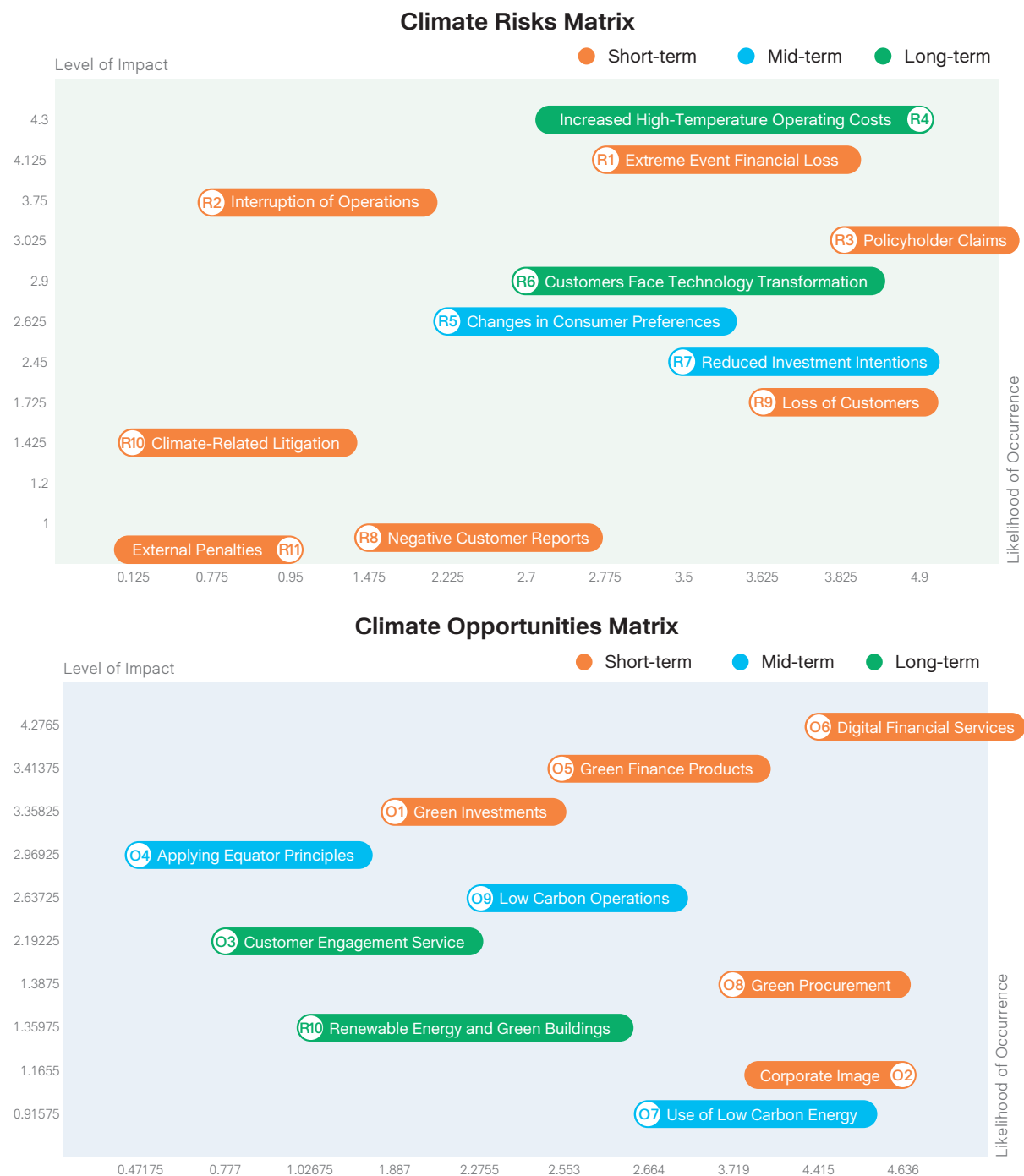
Climate Risks			Climate Opportunities		
Codes	Types	Description	Codes	Types	Description
R1	Physical	Extreme Event Financial Loss	O1	Market	Green Investments
R2	Physical	Interruption of Operations	O2	Market	Corporate Image
R3	Physical	Policyholder Claims	O3	Products & Services	Customer Engagement Service
R4	Physical	Increased High-Temperature Operating Costs	O4	Products & Services	Applying Equator Principles
R5	Transition	Changes in Consumer Preferences	O5	Products & Services	Green Finance Products
R6	Transition	Customers Face Technology Transformation	O6	Products & Services	Digital Financial Services
R7	Transition	Reduced Investment Intentions	O7	Energy	Use of Low Carbon Energy
R8	Transition	Negative Customer Reports	O8	Resilience	Green Procurement
R9	Transition	Loss of Customers	O9	Resilience	Low Carbon Operations
R10	Transition	Climate-Related Litigation	O10	Resource Efficiency	Renewable Energy and Green Buildings
R11	Transition	External Penalties			







## 【Climate Risks and Opportunities Matrix】



Mega Group collected 11 climate-related risks and 10 climate-related opportunities, multiplied by the dimensions of "Level of impact" and "Likelihood of Occurrence" for quantitative analysis and control of materiality. The top 3 climate risks and opportunities were selected to identify their potential financial impact on Mega Group during the period of impact, as well as their correlation with existing risks in the financial industry (e.g., credit risks, market risks, operational risks, insurance risks, and management risks), to be used as the basis for relevant countermeasures and risk management. The following table defines the period: Periods of 1 year or less are classified as short-term, periods longer than 1 years to 5 years are classified as mid-term, and periods longer than 5 years are classified as long-term.

Top 3 Climate Risks List				Climate Scenarios	RCP 8.5
Ranking	Risks	Potential Financial Impact	Period of Impact	Corresponding to Existing Risks	Adaptation and Mitigation Actions
1	R4 High-Temperature Operating Costs	Increase in operating costs due to higher electricity prices or warmer temperatures.	Long-term	● Operational Risks	<ul style="list-style-type: none"><li>● Implementation of energy saving and carbon reduction measures to lead the Group to shift to low carbon operations.</li><li>● Renewable energy and green buildings are introduced to the Group's buildings to cope with the effects of climate change and rising temperature.</li></ul>
2	R3 Policyholder Claims	The amount of claims increased as a result of damage to policyholders' property (including overseas).	Short-term	● Insurance Risks	<ul style="list-style-type: none"><li>● Include climate change risk assessment in underwriting processes, and consider the possibility of adjusting rate models based on the assessment results.</li><li>● Develop reinsurance policies and intensify the monitoring of changes in catastrophic disaster risk changes and loss simulations.</li></ul>
3	R1 Extreme Event Financial Loss	Direct or indirect loss of assets due to extreme weather events that affect investment/financing targets and operating bases (including overseas).	Short-term	<ul style="list-style-type: none"><li>● Credit Risks</li><li>● Market Risks</li><li>● Operational Risks</li></ul>	<ul style="list-style-type: none"><li>● The terms of the credit agreement include reducing the credit limit, shortening the loan term, or advocating early maturity of debts to mitigate the impact of credit risk when the collateral is lost, the value is reduced, or the guarantee is insufficient.</li><li>● Introduce external climate database and climate disaster model to understand the exposure to physical risks of our investment/financing targets in order to respond to them in advance.</li><li>● Strengthen disaster prevention equipment (e.g., waterproof floodgates, raised foundations) and implement business continuity management (BCM).</li></ul>

Top 3 Climate Opportunities List			Climate Scenarios	Net Zero 2050
Ranking	Opportunities	Potential Financial Impact	Period of Impact	Action Plans
1	O6 Digital Financial Services	Increase revenue by reducing operating costs and reflecting changes in consumer preferences through demand for low carbon products and services.	Short-term	<ul style="list-style-type: none"><li>● Integrate digital transformation, actively promote electronic transactions and provide customers with various online information inquiry services.</li><li>● Adjust traditional business models to promote paperless and online financial services.</li></ul>
2	O5 Green Finance Products	Meet the demand for climate adaptation through new solutions and ensure the resilience of new products and services to increase revenue.	Short-term	<ul style="list-style-type: none"><li>● Establish the Group's Sustainable Finance Policy to clearly define the scope of green industries and encourage the Group to increase green industries loans.</li><li>● Set targets for corporate and individual loans for green businesses respectively, and track and manage them on a regular basis.</li></ul>
3	O1 Green Investments	Increase diversification of financial assets (e.g., green bonds and infrastructure) to increase revenue sources.	Short-term	<ul style="list-style-type: none"><li>● Encourage the Group to invest in or issue green bonds or green products.</li></ul>



## Climate Scenario Analysis

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

Reference	Description	Adoption Path	Corresponding to Temperature Rise at the End of the Century
United Nations Intergovernmental Panel on Climate Change (IPCC)	<ul style="list-style-type: none"><li>Focus on physical impacts</li><li>Simulation of future scenarios with different concentrations of greenhouse gases</li></ul>	Moderate Path: RCP 2.6	~2°C
		Severe Path: RCP 8.5	>4°C
Network for Greening the Financial System (NGFS) of Central Banks and Supervisory Authorities	<ul style="list-style-type: none"><li>Six scenarios, considering transition risks, physical risks and climate-related policy</li></ul>	Orderly Transition Path: 2050 Net-Zero Emissions Scenario	~1.5°C
		Delayed Implementation Path: Delayed Transition Scenario	~2°C
		No New Carbon Reduction Path: Nationally Determined Contribution Scenario (NDCs)	~3°C

### (1) Physical Risks

To effectively measure the Group's physical risks and assess the impact of disaster losses on each of the Group's businesses including real estate collateral, business locations, and supplier locations, Mega Group introduced the climate risk model database and conducted physical risk analysis, using the Value at Risk (VaR%) to estimate the value of losses that may be incurred by a single asset due to a physical risk disaster in a single year. The table below shows the impact of each disaster.

Disaster	Criteria for Measuring the Impact of a Disaster
Flooding of Rivers	<ul style="list-style-type: none"><li>Annual continuous 24-hour rainfall</li></ul>
Coastal Flooding	<ul style="list-style-type: none"><li>Global sea level</li></ul>
Extreme High Temperatures	<ul style="list-style-type: none"><li>Average annual maximum temperature</li></ul>
Wind Erosion	<ul style="list-style-type: none"><li>Annual maximum wind velocity</li></ul>
Drought-induced Landslides	<ul style="list-style-type: none"><li>Total annual rainfall</li></ul>
Surface Flooding	<ul style="list-style-type: none"><li>Total annual rainfall</li></ul>

Adaptation Plan for Physical Risks	Description
A. Disaster Emergency Response Measures/Teams	<ol style="list-style-type: none"><li>Mega Financial Holding and its subsidiaries set up a "Disaster Emergency Response Team" in accordance with various disaster emergency response measures. When a disaster occurs, a backup mechanism will be activated to protect the rights and interests of customers and minimize the Company's financial losses.</li><li>Mega Bank has formulated the "Operation Directions of Disaster/Crisis Response and Prevention", and prepared a list of response teams/notification flow chart/task team and responsibility list.</li></ol>
B. Disaster Prevention Training	<p>The Company regularly organizes disaster prevention training, and has set up a second backup office drill for emergency response and a disaster recovery drill to ensure that the business continues to operate when it is interrupted by disasters.</p> <ol style="list-style-type: none"><li>A total of 25 sessions were held at the main bases of the Group, with 1,708 employees participating. In 2022, the Group has continued to invest in disaster prevention drills, with the base coverage rate reached 100%.</li><li>Mega Bank has set up a second backup office. The General Affairs Office includes the 18th floor of the Mega Financial Building and the 2nd floor of the Tai-Kai Building; the Information Office includes the Lin-Kou computer room, Tai-Kai Building, and Hengyang Building.</li><li>The Company prepares the annual budget for disaster prevention drills and formulates implementation plans.</li></ol>

Adaptation Plan for Physical Risks	Description
C. Business Impact Analysis	<ol style="list-style-type: none"><li>Perform Business Impact Analysis (BIA) to improve its crisis awareness and strengthen the Company's ability to deal with disasters and accidents, reducing operational impact. (Mega Financial Holding has identified three key system software, 100% of which have remote backup, and the target of remote recovery time is within 4 hours.</li><li>The Company calculated the actual impact of natural disasters and losses in the past five years.</li><li>Mega Bank has introduced the ISO 22301 Business Continuity Management System and passed the verification in June 2022.</li></ol>
D. Self-owned Assets Insured	Purchase insurance on self-owned assets to mitigate possible losses due to extreme weather, and use insurance to transfer risks and fill losses.
E. Selection and Merger of Business Locations	The impact of extreme weather is taken into account in the selection of major business locations for new establishment or mergers, so as to mitigate the possible losses to the Group caused by extreme weather.
F. Supply Chain Backup Management	<ol style="list-style-type: none"><li>Establish a supply chain backup management mechanism and formulate the "Supplier Sustainability Management Guidelines".</li><li>Hold a joint supplier conference to promote suppliers' response to climate change.</li></ol>
G. Reduce Losses on Real Estate Collateral	In addition to providing information on the price of homogeneous objects in the area where the collateral is located, Mega Bank's collateral valuation operation also discloses information such as the flood potential of the collateral location (the domestic query coverage rate reaches 100%). If the collateral is located in the flood potential area, it will be reflected in the valuation. Factors such as the geographical environment of the building, e.g. terrain, slope, and natural disaster records in the area (flooding, soft soil), etc., will also be included. Valuation evaluation items are provided as references for credit review and risk assessment for appraisal report users.
H. Reduce Losses on Risks of Insured Subject	<ol style="list-style-type: none"><li>Evaluate before the underwriting of the insurance target to mitigate the loss of huge claims or underestimation of insurance premiums that may be caused to the Company due to extreme weather, or use reinsurance to pass on costs or subsidize losses.</li><li>Specific Measures: If the subject matter is insured for typhoon and flood insurance, the fire insurance department will inquire about the flood potential of the subject matter's location or arrange on-site surveys to understand the risks or use facultative reinsurance to reduce risks and mitigate losses.</li></ol>

### (2) Transition Risks

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

In 2022, Mega Group conducted a scenario analysis test to assess the impact of climate risk on individual businesses using a consistent assessment methodology. Although the assessment results showed that the financial impact of both physical and transition risks on the Group was not significant, we will still use the scenario analysis results to actively develop response measures, further formulate long-term strategic directions for the future, and set specific carbon reduction targets in the future.

Type of Risk		Physical Risk			
Type of Assets	Financial Risk	Affected Business	Climate Scenarios	Financial Materiality	Financial Impacts of Climate Scenarios
Location of Operations	<ul style="list-style-type: none"><li>Operational Risks</li></ul>	Operations	RCP 2.6	Low	<ol style="list-style-type: none"><li>There are 7 locations in highly climate-sensitive areas, accounting for 3% of the total. It is estimated that the impairment of assets in highly sensitive areas will be approximately NT\$0.02 million and NT\$0.02 million in 2030 and 2050, respectively.</li><li>It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$64 million and NT\$63 million, respectively.</li></ol>
			RCP 8.5	Low	<ol style="list-style-type: none"><li>There are 11 locations in highly climate-sensitive areas, accounting for 5% of the total. It is estimated that the impairment of assets in highly sensitive areas will be approximately NT\$0.15 million and NT\$0.16 million in 2030 and 2050, respectively.</li><li>It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$67 million and NT\$69 million, respectively.</li></ol>





### 3.1.3 Climate Risk Management

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

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

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

#### Risk Management Process

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



Type of Risk Physical Risk					
Type of Assets	Financial Risk	Affected Business	Climate Scenarios	Financial Materiality	Financial Impacts of Climate Scenarios
Real Estate as Collaterals	Credit Risks	Corporate/ Individual Lending	RCP 2.6	Medium	1. The balance of real estate mortgage loans in highly climate-sensitive areas accounts for 0.06%, and the asset impairment assessment amount is NT\$1.5 million. 2. It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$3,800 million and NT\$494 million, respectively.
			RCP 8.5	Medium	1. The balance of real estate mortgage loans in highly climate-sensitive areas accounts for 0.42%, and the asset impairment assessment amount is NT\$5.57 million. 2. It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$3,993 million and NT\$551 million, respectively.
Underwriting Position	Insurance Risks	Property Insurance Products	RCP 2.6	Medium	1. Retained liability amount for insured customers in highly climate-sensitive areas is 0% (no loss). 2. It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$987 million and NT\$970 million, respectively.
			RCP 8.5	Medium	1. Retained liability amount for insured customers in highly climate-sensitive areas is 4.76% (loss of NT\$48.16 million). 2. It is estimated that the overall losses in 2030 and 2050 will be approximately NT\$1,029 million and NT\$1,062 million, respectively.
Major Suppliers	Operational Risks	Operations	RCP 2.6	Medium	1. Suppliers in highly climate-sensitive areas is 0% (no loss). 2. It is estimated that the overall revenue impact in 2030 and 2050 will be approximately NT\$959 million and NT\$1,516 million, respectively.
			RCP 8.5	Medium	1. Suppliers in highly climate-sensitive areas is 0% (no loss). 2. It is estimated that the overall revenue impact in 2030 and 2050 will be approximately NT\$1,083 million and NT\$2,182 million, respectively.

Type of Risk Transition Risk					
Type of Assets	Financial Risk	Affected Business	Climate Scenarios	Financial Materiality	Financial Impacts of Climate Scenarios
Financing Position	Credit Risks	Corporate Finance and Lending	Internal Carbon Pricing	Medium	With a carbon price of NT\$4,324 per metric ton, the credit clients that belong to the large carbon emitters supervision by the National EPA, a total of 42 clients were downgraded by one level, 11 were downgraded by two levels, and 3 were downgraded by three levels.
			NGFS 2030	Medium	With a carbon price of US\$95.48 per metric ton, the credit clients that belong to the large carbon emitters supervision by the National EPA, a total of 47 clients were downgraded by one level, 6 were downgraded by two levels, and 1 was downgraded by three levels.
			NGFS 2050	Medium	With a carbon price of US\$563.38 per metric ton, the credit clients that belong to the large carbon emitters supervision by the National EPA, a total of 43 clients were downgraded by one level, 9 were downgraded by two levels, and 3 were downgraded by three levels.
Major Suppliers	Operational Risks	Operations	Internal Carbon Pricing	Low	With a carbon price of NT\$4,324 per metric ton, the pass-through cost of carbon fee for major suppliers amounts to NT\$387.63 million.
			NGFS 2030	Low	With a carbon price of NT\$95.48 per metric ton, the pass-through cost of carbon fee for major suppliers amounts to NT\$262.82 million.
			NGFS 2050	Medium	With a carbon price of NT\$563.38 per metric ton, the pass-through cost of carbon fee for major suppliers amounts to NT\$1,550.76 million.



## Risk Management Procedures

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

- Avoidance: Risky businesses characterized by high loss probability and severity are avoided.
- Mitigation/Transfer: Business losses with low probability but high severity are minimized or transferred. These include purchasing insurance, submission of collateral or guarantor, syndicated loans, selling of secondary market, debt securities or derivative financial products for credit undertakings, etc.



### Investment Evaluation

- A list of investments in energy-intensive and highly-sensitive companies is controlled and assessed to avoid excess spread of exposure to high-risk customers.



### Pre-lending Review

- The ESG effect or impact of a borrower and his/her use of loan should be determined when processing loans. The results will serve as a factor of consideration and provide a basis for risk mitigation. ESG impact plans are included in loan terms or commitment to reduce the Bank's ESG risks.



### Post-lending Review

- Yearly reviews are performed to examine whether the climate risks of loan borrowers generated a financial impact to a degree that affects their solvency. Carbon-intensive companies under governmental supervision are encouraged to disclose the improvement status of their transition risks to secure a special rate.
- Cases involving a high level of pollution, high carbon emissions, and significant environmental violation are carefully assessed. Companies announced or sanctioned by authorities in Taiwan or overseas should submit a concrete improvement plan. Business dealings with them may be carried out only after prudent assessments. If such transactions already exist, the Company should urge customers to make improvement, refuse incremental loans or gradually withdraw loans.



## Integrated Management

With the declining environmental conditions around the world, Mega Group realized that climate-related risks and opportunities will eventually generate an impact on the Group's operations. 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 "Business Continuity Plan Operational Guidelines", Mega Financial Holding and subsidiaries have set up an Emergency Response Team. In the event of a disaster, the team activates a backup mechanism to protect the interest of customers and minimize the Company's financial losses. We conduct regular disaster preparedness training and sets up emergency disaster drills at a second back-up office and Disaster Recovery Drills plans to ensure business continuity when a disaster causes business disruptions.

### Sustainable Supplier Strategy

- Before purchasing from a supplier, Mega Group 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. Joint supplier meetings, training or communication seminars are organized to determine how well the suppliers have followed the "Supplier Sustainability Statement Guidelines". If a supplier violates these Guidelines or engages in conducts that have a significant impact on the environment and society, Mega Group 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 Company are encouraged to address climate risks and be prepared for it.

### Customer Engagement Mechanisms

- Mega Group attends 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 identify, 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

- Mega Group estimated the internal carbon pricing for 2022 at NT\$4,324 per ton based on the 2021 electricity consumption and the cost of purchasing National Renewable Energy Certification (T-RECs). This price is used to calculate the annual public vehicle procurement project. As the proportion of electric vehicles increased from 7% to 64%, equivalent to a reduction of 73.34 tons of carbon, the carbon reduction benefit is approximately NT\$5,348 million. According to the ratio of purchase amount to industrial GDP, it is equivalent to 89,647 metric tons of CO<sub>2</sub>e. In order to assess the impact on the Group after the implementation of carbon pricing by suppliers, and refer to this carbon pricing calculation, the transferred carbon fee is about NT\$387.63 million, which will be used as the basis for future procurement.
- In the future, Mega Group will further expand the implementation of internal carbon pricing to financing customers and suppliers, guiding businesses to transition to a low-carbon economy. At the same time, the Group will continue to review the global carbon pricing trends to ensure that the internal carbon pricing accurately reflects external carbon costs.

## 3.1.4 Climate Metrics and Targets

Mega Group has set GHG emission targets and sustainable finance goals to monitor and manage physical risks. Currently, the Group discloses its GHG emissions annually, and obtained the ISO 14064-1:2018 Greenhouse Gas Inventory Statement from SGS Taiwan in 2022, completing 100% inventory of the Group's business locations (for more details, please refer to section [3.2 Green Operation - Energy and GHG Management](#)). As a responsible investor, Mega Group actively engages with investment targets to cooperate in reducing carbon emissions, in order to comply with the global net zero emission target. In 2021, the Group voluntarily responded to the spirit of "The Partnership for Carbon Accounting Financials (PCAF)" and used the methodology developed by PCAF to calculate the total carbon emissions of its major investment/financing portfolios, and further analyze the carbon footprint of industries with high climate-related risk as a tool for managing and evaluating the climate-related risks faced by the investment portfolios. Based on the analysis results, Mega Group will review high-carbon contributors in its investment and financing portfolios, continuously strengthen customer engagement.

In response to the Paris Agreement's goal of keeping the temperature rise below 1.5° C by the end of this century, Mega Financial Holding signed the "Science-Based Targets Initiative (SBTi)" commitment in April 2023. In the future, we will refer to the PCAF methodology to calculate the carbon emissions of investment and financing in Category 3, set specific carbon reduction target and path based on the SBT methodology, and submit the target for review. In addition, Mega Group has participated in the "Climate Change Risk Management Project" of the Association of Banks and the "Stress-testing Group Project of the New Basel Capital Accord Continuous Research Working Group" in 2022. We discussed with the association to formulate climate-related regulations applicable to various financial industries (including the financial carbon emission disclosure guidelines for the banking industry,





the TCFD disclosure guidelines for the insurance and securities industries, etc.), and conducted three dialogues and discussions with the Financial Regulatory Commission on sustainable issues such as climate and renewable energy. At the same time, we plan for each subsidiary to participate in the "Financial Industry Net-zero Promotion Work Platform" jointly established by the association and the competent authority. We hope that with the support of the associations and the competent authorities, we will work together towards the goal of Net-zero emissions in 2050.

## 3.2 Green Operation

Through the Environmental Sustainability Working Group under the Sustainable Development Committee, Mega Group complies with the "Sustainable Development Policy" and "Code of Corporate Sustainable Development". We regularly collect and assess the environmental impact of our operating activities, and then develop working plans and goals for the Group for the year (including climate action, green operations, sustainable procurement, and natural environment). The progress of our goal achievements is reviewed quarterly by the Sustainable Development Committee to implement the Group's environmental sustainability management. Mega Financial Holding did not violate any environment-related laws and regulations in 2022.



### 3.2.1 International Standard Certifications and Initiatives

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

Items	Description
<b>CDP Climate Change Questionnaire</b>	<ul style="list-style-type: none"> <li>Since 2017, Mega Group began completing the CDP climate change questionnaires of international NPOs to reflect on the environmental impact of the Company's operations, identify the climate risks and opportunities we face, and formulate related response plans. The Company achieved a Leadership A- Level in 2022, outperforming the industry average performance of Management B Level.</li> </ul>
<b>ISO 14064-1:2018 Greenhouse Gas Inventory</b>	<ul style="list-style-type: none"> <li>In 2016, five office buildings of Mega Group obtained ISO 14064-1 GHG Inventory certification statements for the first time. The scope of the inventory has been expanded year by year and continues to be inspected annually. In 2019, 139 operating locations were verified, covering 61% of the locations. In 2020, the Group adopted the new version of ISO 14064-1:2018 and expanded the scope to include 192 locations throughout Taiwan, suggesting that all business locations (100%) of the Group have completed GHG inventory for a coverage rate of 84%. In 2022, Mega Bank conducted an inventory on overseas locations, achieving 100% coverage for the Group, and verification statements were obtained from 2020 to 2022.</li> </ul>

Items	Description
<b>ISO 14001:2015 Environmental Management System</b>	<ul style="list-style-type: none"> <li>Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 14001 Environmental Management System in 2017 and gradually completed verifications between 2018 and 2020. This management system was introduced to the headquarters of each subsidiary in 2022. In the future, the validity of the certification will be maintained through an annual review process, and the introduction of the system will be completed for all 192 operating locations by 2024.</li> </ul>
<b>ISO 50001:2018 Energy Management Systems</b>	<ul style="list-style-type: none"> <li>Mega Chi-Lin Building, the headquarters of Mega Bank, was the first to adopt ISO 50001 Energy Management System in 2021, it was then adopted by the five headquarters buildings of Mega Group and verification was obtained in 2022. In the future, the validity of the certification will be maintained through an annual review process.</li> </ul>
<b>Green Building Label</b>	<ul style="list-style-type: none"> <li>In 2022, the Wuchang Building of Chung Kuo Insurance (CKI) was awarded the Diamond-class Green Building Label by the Taiwan Architecture &amp; Building Center. In 2023, the Mega Securities Building of Mega Securities, Mega Chi-Lin Building of Mega Bank, Gang-Du Branch of Mega Bank, and Taoyuan Office of CKI were awarded the Diamond-class Green Building Label. The Mega Financial Building of Mega Financial Holding and Heng-Yang Building of Mega Bank were awarded the Gold-class Green Building Label. Mega Group plans to successfully transform 20 locations in the next three years.</li> </ul>

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

### 3.2.2 Energy and GHG Management

#### Carbon Reduction Goal

In response to climate change issues, Mega Group supports Taiwan's energy transition policy, aiming to reduce coal-fired power, increase natural gas, promote green energy, and realize a nuclear-free homeland to reduce air pollution, conserve energy, and reduce carbon emissions. To support this policy, Mega Group began setting an emission reduction target (Scopes 1+2) in line with the SBTi's criteria in 2022: Reduce emissions by 25% by 2030 and achieve Net-zero Emissions by 2050 from a 2020 base year.

#### Renewable Energy Certificate (T-RECs)

Mega Group completed our first T-RECs transaction in 2019, purchasing 146 certificates. In continuing with and strengthening the promotion of green operations, we purchased 352 certificates in 2020, 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) ; however, only 380 certificates were received due to insufficient supply from the Council. In 2022, a total of 298 certificates, equivalent to 298,000 kWh (1,072.8 GJ) of electricity, was purchased from National Penghu University of Science and Technology.

Mega Group is planning to gradually increase the proportion of green power used by the headquarters of Mega Financial Holding and its subsidiaries, and the headquarters of Mega Securities will use more than 50% of green power each year. The headquarters of Mega Financial Holding, Mega Bank, Mega Bills, and Chung Kuo Insurance will use more than 36% green power. By 2024, the headquarters of each subsidiary will use more than 60% green power annually. The goal is to use 100% renewable energy in our own domestic operations by 2030 and 100% renewable energy in our global operations by 2050.

#### GHG Inventory

In 2015, Mega Group introduced the ISO 14064-1 GHG inventory to five main buildings for demonstration; later, we expanded the scope of the inventory. In 2019, 139 locations in northern and central Taiwan have completed verification, for a coverage rate of 72% (excluding overseas locations). In 2020, the Group expanded the scope of its inventory 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 completed the GHG inventory in 2022, achieving the Group coverage rate of 100%. Scope 1+2 emissions of domestic locations were reduced by 2.8% in 2022 compared to the base year.



## Case Study

### Office Energy Saving, Every Unit Counts

In 2022, Mega Group replaced the old air conditioners (163 units in total) in the building and selected high efficiency air-conditioning equipment with energy saving label and R410A environmentally friendly refrigerant to save energy and utilize the existing refrigerant pipeline. In the same year, we also completed the replacement of air conditioners and lighting equipment at our main business locations, with a total investment of approximately NT\$40,059,928, which is expected to reduce carbon emissions by 746.91 metric tons of CO<sub>2</sub>e and save electricity costs by approximately NT\$5,339,990 per year.

In addition, Mega Group replaced 6,815 lighting fixtures in 2022; the inverter split unit air conditioners have all been replaced with environmentally friendly refrigerants; implemented a one-hour lights out during lunch break; adopted an electronic document system to implement paperless meetings and online operations to save electricity and paper waste on printers.



## Case Study

### Advocate Initiatives and Make a Difference



Mega Financial Holding actively participates in climate action initiatives, including the "Earth Hour" movement organized by the World Wildlife Fund (WWF), which took place at 20:30-21:30 on Saturday, March 26, 2022, and the Tamsui River Convention organized by the Common-Wealth Magazine. Through these actions, we hope to inspire climate awareness among employees and expand the impact of sustainability.

## Case Study

### Say NO to Single-Use Lunch Boxes, Stainless Steel Lunch Boxes are Hygienic and Environmentally Friendly

Mega Bills initiated a pandemic prevention measure in March 2020, switching single-use lunch boxes to paper-based boxes. In September of the same year, the Company switched again to stainless steel lunch boxes in response to Mega Group's waste reduction policy. Every morning, the Administration Department counts the number of people who will be having lunch that day and informs the kitchen staff. After lunch, each department will return the used boxes back to the kitchen, and the kitchen staff will do a stock-take of the returned boxes. In doing so, approximately 165 paper boxes can be saved every day and 41,085 boxes every year. About 1,060 kg of single-use paper boxes were saved in 2022.



## 3.2.3 Water Resources Management

Mega Group belongs to the financial service sector. Our operating activities consume mainly general domestic water, which poses minimal impact on the environment. However, considering that 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). In addition, we 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). The Group's water consumption in 2022 was reduced by approximately 2.6% compared to 2021, which is already the target. For detailed information on the Group's water consumption, please refer to [Appendix 8.3.1 Environmental Metric Data](#).

## 3.2.4 Waste Management

Due to the characteristics of the industry, Mega Group does not produce physical commodities and does not generate toxic waste during the operation process. However, we set a target of 2% reduction from the base year in the short-term (2022-2023), 5% reduction from the base year in the mid-term (2022-2025), and 10% reduction from the base year in the long-term (2022-2030). We will also actively promote resource recycling, waste separation and recovery. The Group has commissioned cleaning companies to dispose of general waste. Recyclable waste is handed over to qualified recycling plants, and general waste is mainly disposed of by incineration. Please refer to [Appendix 8.3.1 Environmental Metric Data](#) for detailed information on the Group's waste.

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

## Case Study

### Protect the Ocean and Earth with Love



To implement the environmental protection concept of protecting the ocean and loving the earth, in July 2022, a total of 83 senior executives and employees of Mega Group, led by Chairman Chao-Shun Chang, went to Shimendong in New Taipei City for a beach cleanup. More than 70 kg of garbage was cleaned from a mere one km of beach. Many employees also took the opportunity to bring their children to the beach cleanup, disregarding the sweltering heat, in order to teach them about environmental conservation from an early age, and doing their part to protect the ocean and contribute to a sustainable environment.

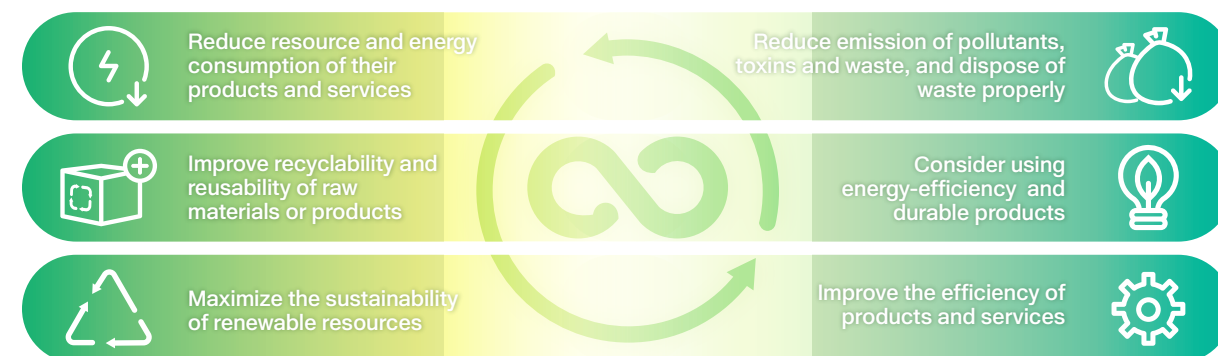




## 3.3 Sustainable Procurement

Mega Group 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 "Sustainable Development Policy" and Article 15 of the "Sustainable Development Best Practice Guidance". Mega Group is advised to consider the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct operations in accordance with the following principles to reduce the impact of its business operations on the natural environment and human beings:

### Mega Group's Six Principles of Sustainable Procurement



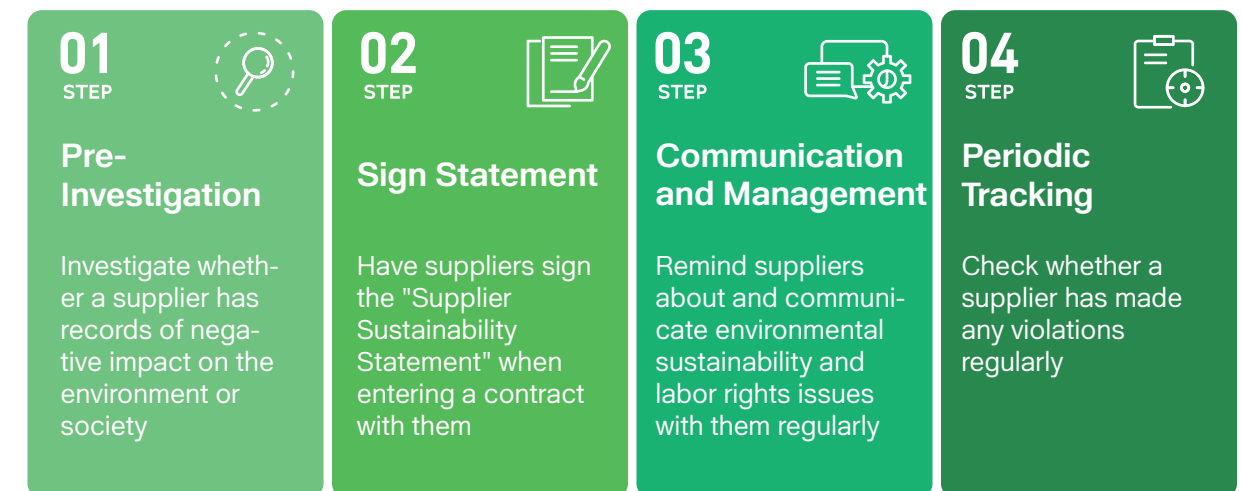
### 3.3.1 Value Chain Engagement

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

Upstream Suppliers	Company Operations	Financial Products/Services and Investments/Lending
<b>Types of Suppliers</b>  Service and equipment engineering suppliers.	<b>Business Activities</b>  Mega Group is mainly a provider of financial products and services and has seven subsidiaries, namely, Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds, MAM, and MVC.	<b>Types of Customers</b>  The subsidiaries of Mega Group operate different businesses and therefore, serve different types of customers. For example, Mega Bank serves individual customers/consumers (35%), SMEs (40%), large companies (or non-SMEs; 23%), and others (2%).
<b>Type of Contract</b>  Mainly project contracts, the length of which is dependent on the content of the project.	<b>Location of Operations</b>  192 business locations (excluding the same address) in Taiwan and 39 overseas in 19 countries, mainly in Asian countries, including China, Japan, Singapore, Philippines, Vietnam, Malaysia, Thailand, Myanmar, Cambodia, India, and non-Asian countries such as the United States, Panama, Canada, France, United Kingdom, Netherlands, and Australia, etc.	<b>Type of Contract</b>  Long-term and short-term contracts, mostly contracts and projects, depending on the nature of business involved. At the end of 2022, the number of holders of savings account and corporate account was 3,886,424 and 169,181, respectively, mostly based in Taiwan.
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### 3.3.2 Supplier Management

Before officially cooperating with a supplier, Mega Group carefully assesses and selects 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.



To implement supplier management, Mega Group revised the "Supplier Sustainability Management Guidelines" in June 2022, and requested subsidiaries to develop guidelines or comply with related regulations. The revisions also specify the regulatory requirements that existing suppliers must comply with regards to labor rights, human rights, occupational safety and health, environmental sustainability, and business ethics and integrity, etc. In addition, new suppliers must sign the "Supplier Sustainability Statement" when entering into a contract with Mega Group and take environmental and social criteria into consideration. If a supplier violates the terms of the Guidelines or conducts specified in the Statement, Mega may terminate or rescind the contract at any time and blacklist the supplier. In 2022, suppliers with whom Mega Group signed a contract did not violate any laws and regulations nor engage in conducts prohibited in the aforementioned Guidelines/Statement.

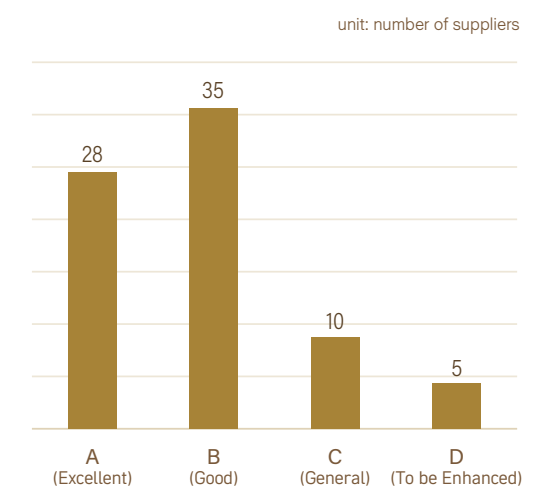
#### Supplier Sustainability Statement



### Supplier Sustainability Self-Assessment Questionnaire and Training

To strengthen supply chain management and promote the benefits of supplier engagement, Mega Group launched a "Sustainable Development Self-Assessment Questionnaire" mechanism for key suppliers (whose single or cumulative transaction amount in the previous year is NT\$1.5 million or more). The objective of the questionnaire survey is to determine the supplier's performance in "labor rights, human rights, environmental sustainability, occupational safety and health, and ethical management". Suppliers are required to perform a self-assessment of their sustainability performance in the previous year. The performance is rated from A to D. In 2022, there were 78 returned questionnaires, and the results were 28 suppliers with Grade A (Excellent), 35 suppliers with Grade B (Good), 10 suppliers with Grade C (General), and 5 suppliers with Grade D (To be Enhanced).

#### Result of Self-Assessment from the Key Suppliers in 2022





Supplier Sustainability Statement of Mega Group in the Past 3 Years				
Items / Year		2020	2021	2022
Number of Contracts	(A)	579	559	658
Contract Amount (thousand NTD)	(B)	2,678,310	2,208,640	3,071,941
Number of suppliers who signed the Supplier Sustainability Statement	(C)	579	559	658
Contract amount of suppliers who signed the Supplier Sustainability Statement (thousand NTD)	(D)	2,678,310	2,208,640	3,071,941
Contract amount of suppliers who signed the Supplier Sustainability Statement in percentage (%)	(=D/B)	100%	100%	100%
Total Procurement Amount (thousand NTD)	(F)	2,831,090	2,579,808	3,475,429
Contract amount of suppliers who signed the Supplier Sustainability Statement as a percentage of total procurement amount (%)	(=D/F)	94.60	85.61%	88.39%

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

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

## Case Study

## Annual Suppliers Conference



On September 20, 2022, Mega Group held the second "Government-owned Financial Businesses' Joint Supplier Conference" with the theme of "Challenge of Sustainable Transformation Toward a Net-Zero Future". Attendees included the heads of 9 major public companies, as well as 130 representatives from nearly 50 key suppliers, including AUO, Gogoro, and Evergreen Marine. The event was conducted in the form of keynote speeches and expert discussions, inviting representatives from industry, government, academia, and the industry to share their experiences in corporate sustainability and supplier management practices.

## 3.3.3 Green Procurement

Mega Group is committed to prioritizing the procurement of products with environmental protection or energy efficiency labels, and has set the green procurement target of "green procurement amount reaching 2.1% of the total procurement amount in the current year". The percentage of green procurement amount in 2022 was 9.30%, with a target achievement rate of 442.86%. In addition, Mega Bank and CKI received the "Award for Performance Excellence in Green Procurement among Private Enterprises and Organizations in Taipei City" from the Taipei City Government Department of Environmental Protection for five consecutive years and for the first time respectively.

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

Mega Group's Green Procurement in 2022			Unit: thousand NTD
Items	Amount	Amount of Green Procurement	
Type 1 & 2 Environmental Protection Certification	74,065.4	323,089.6	
Type 3 Environmental Protection Certification	11,393.7		
Energy Stars	28,485.0		
FSC	374.4		
PEFC	9.0		
Others (e.g. Carbon Footprint and Carbon Reduction Labels)	208,762.1		
Total Annual Procurement Amount		3,475,429	
Percentage of Annual Green Procurement Amount (%)		9.30%	

Note: Mega Group purchases 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 procurement, including Type 1 & 2 Green Mark, and Type 3 Eco-labeled Products (which includes energy label, water conservation label, green building material label, carbon footprint label, and carbon reduction label), as well as green products that certified by other foreign eco-label organizations such as energy stars, FSC, PEFC, etc.





## 3.4 Natural Ecosystems

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

### 3.4.1 Biodiversity Commitment

Level	Reference	Description
Mega Group	Sustainable Finance Policy	<ul style="list-style-type: none"><li>In compliance with the United Nations Convention on Biological Diversity (CBD), we support industries or entities involved in green and sustainable development: Including the construction industry involved in green buildings or energy-saving systems or products for buildings, businesses involved in waste removal and recycling, pollution control, and carbon sequestration, and businesses adopting measures for sustainable agriculture, forestry, fishery, and animal husbandry.</li><li>Risk Framework: Mega Financial Holding and its subsidiaries have included climate change and other ESG-related risk factors into the risk management framework.</li></ul>
	Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries	<ul style="list-style-type: none"><li>We have prohibited ourselves from conducting business with certain industries or entities, such as those engaging in activities that are hazardous to ecological sustainability. Examples include the use of gillnetting with a gillnet length of 2.5 km or longer, and commercial logging in tropical rain forests, etc.</li><li>List highly sensitive industries or entities: For those industries with high negative impact on biodiversity, such as those that have been punished by the government agencies for environmental pollution and have not made an improvement, mining and soil extraction industries, wildlife leather and fur processing, and fur trading, investment limits are set, while industries and economic activities that contribute to the preservation of biodiversity are driven to grow stronger.</li></ul>
	Resolution of the Sustainable Development Committee	<ul style="list-style-type: none"><li>The business locations of Mega Group at home and abroad are not located in the nature reserve area. The Group is committed to ensure that all domestic and overseas business locations will not be located in nature reserves/conservation areas, national parks and national nature parks, wildlife sanctuaries, and critical wildlife habitats established by their countries. There are no species that have been included in the IUCN Red List and the National Conservation List in the area affected by the business locations.</li><li>We are committed to ensure all new or relocated business locations will comply with Mega Group's principles of Biodiversity Conservation and Zero Deforestation.</li></ul>
Mega Bank	Note on ESG Risk Rating for Corporate Lending	<ul style="list-style-type: none"><li>We also assessed the businesses we provide credit to, assigning each business with an ESG risk rating. Each business is sorted into different industry categories, and assessed based on the different key ESG risk indicators determined for each industry. These indicators include metrics related to waste and hazardous materials management and water resources management, among others, and businesses are treated differently based on what ESG risk rating they receive after assessment.</li></ul>
	ESG Risk Rating Management Rules for Equity Investments	

### 3.4.2 Biodiversity Measures

#### Practice Ecological Conservation

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

Ecological Conservation Action	Climate Adaptation	Resource Sustainability	Species Restoration	Habitat Conservation
"Protect the Ocean and Earth with Love" beach cleanup, in Shimendong, New Taipei City				
"Coastal Natural Forest Restoration and Planting Project" in Dadu Mountain, Taichung				
e-Happy EasyCard Titanium Card - "Priceless Planet Coalition Global Tree Planting Project"				
e-Happy EasyCard Credit Card - "Priceless Planet Coalition Global Tree Planting Project"				
e-Happy Card - "Taiwan Native Wildlife Rescue and Tamsui River Terrestrial Crab Rehabilitation"				
CommonWealth Magazine - Signing of the "Tamsui River Convention"				
"Earth Hour" Lights-out Event				
"Get Rid of It Quick - National Control and Prevention Day of Bitter Vine" Promotional Activity				

Note: For other ecological conservation related products, please see [CH4 Sustainable Finance](#). For details of ecological conservation actions, please refer to [CH6 Social Prosperity](#).

#### Case Study

#### "Get Rid of It Quick - National Control and Prevention Day of Bitter Vine" Promotional Activity

In September 2022, Mega Bills participated in the "Get Rid of It Quick - National Control and Prevention Day of Bitter Vine" campaign jointly organized by the Forestry Bureau's Luodong Forest District Office and Guandu Nature Park Administration to eradicate the "Green Cancer" from the Constructed Wetland in Taipei to return an uncluttered home to migratory birds. A total of 30 volunteers and 120 hours of volunteer work were involved, and 260 kilograms of bitter vine were finally removed, showing fruitful result.





# CH4

## Sustainable Finance

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



### Material Topics of GRI Standards

GRI 201、GRI 203、GRI 418

### Corresponding Material Topics

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

### Targeted Stakeholders

All Stakeholders



### A Message from the Leader of the Sustainable Finance Working Group

Mega Group is committed to promoting the international trend of ESG sustainable development and signed the Equator Principles (EPs) in August 2021. The Group plans to offer various 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. Through incorporating the core business activities of our subsidiaries such as issuing/undertaking sustainable development bonds, investments and financing in renewable energy technologies, issuing green credit cards, reinforcing SME loans, and providing microinsurance products, Mega Group strives to exert a positive influence in the financial industry and integrates finance with sustainability to fulfil financial inclusiveness. In the future, Mega Group will continue to actively engage with customers, assisting them in seizing competitive advantages and leading the development of the sustainable industry.

## 4.1 Sustainable Finance

### 4.1.1 Sustainable Finance Management

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



#### Sustainable Financial Products/Services

Encourage subsidiaries to develop low-carbon products (e.g., loans, investments, insurance, etc.) based on the concept of sustainable finance.



#### International Initiatives

Actively participate and sign on as a supporter of ESG-related international initiatives and principles.



#### Operation Management

Establish and continue to review/revise related management mechanisms, and develop and monitor strategies and goals in relation to ESG opportunities.



#### Risk Management

Include climate change and other ESG-related risk factors into risk management framework, and develop metrics and targets.



#### Sustainable Value

Actively guide employees, customers, investors, and members of the public to co-create sustainable value.







## Implementation of Sustainable Finance

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

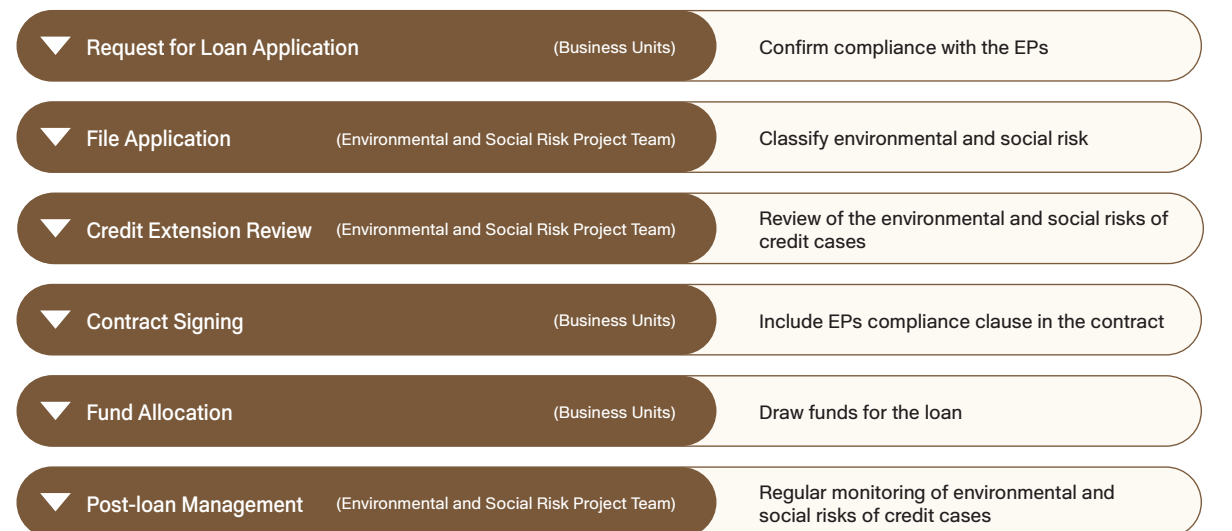


Proportion of Each Business Income by Mega Group in 2022			Unit: thousand NTD
Categories	Amount	Ratio (%)	
Corporate Credit	25,157,955	35.4%	
Personal Credit	3,688,086	5.2%	
Project Finance	148,156	0.2%	
Asset Management	650,434	0.9%	
Investment Banking and Brokerage	184,764	0.3%	
Insurance	5,771,159	8.1%	
Others	35,470,774	49.9%	

Factors Considered for ESG Risk Assessment (listed)		
Environmental Factors	Social Factors	Governance Factors
<ul style="list-style-type: none"><li>● Greenhouse Gas Emissions</li><li>● Waste and Toxic Substance Management</li><li>● Supply Chain Management</li><li>● Circular Economy</li><li>● Water Resource Management</li><li>● Biodiversity</li></ul>	<ul style="list-style-type: none"><li>● Quality Management</li><li>● Labor Safety</li><li>● Labor Human Rights</li><li>● Consultation with Community Residents</li><li>● Conflict Minerals</li><li>● Chemical Safety</li></ul>	<ul style="list-style-type: none"><li>● Sustainable Governance and Disclosure</li><li>● Financial Transparency</li><li>● Corporate Governance</li><li>● Trade Secret Protection</li><li>● Operational Continuity Management</li><li>● Participation of Public Associations</li></ul>

## Assessment of Equator Principles

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



## Customers Communication

Mega Bank assists customers in understanding ESG risks and opportunities in business, actively communicating with customers through various channels. As of 2022, communication has been conducted with all corporate and individual customers.



Categories	Percentage of Customers with whom ESG Risks and Opportunities were Communicated	Communication Channel
Corporate Customers	100%	<ul style="list-style-type: none"> <li>Information on sustainable finance loans, such as loans for renewable energy generation industries, ESG preferential loans, electric vehicle industry supply chain loans, and loans for B Corps and social innovation enterprises, announced on the Mega Bank website.</li> <li>Increased opportunities for ESG discussion with credit customers through loan applications (the applicant shall adhere to environmental protection and social welfare regulations, etc.).</li> <li>A series of ESG seminars on "Achieving Net-Zero Transition Together with the Group" to which customers and credit division employees were invited to learn about sustainability trends.</li> <li>Encourage customers to undergo low-carbon transition through sustainability-linked loans.</li> </ul>
Individual Customers		<ul style="list-style-type: none"> <li>Provide information from Company website, Facebook fan page, official LINE account, EDM, text message (SMS), publications or email about relief loans for workers, youth entrepreneurship loans, government policy housing loans, exclusive credit for women, and preferential credit for electric vehicles.</li> <li>When customers apply for mortgage loans over the counter, they are provided with brochures on youth home purchase loans for reference.</li> </ul>

## Sustainable Finance Cultivation

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

Mega Group's Training on Sustainable Finance in 2022		
Total Training Hours	Internal Training	30,541.44
	External Training	4,981.85
Total Number of Enrollments	Internal Training	11,411
	External Training	1,150
Percentage of Group employees who received training in the past three years (%)		93.89%

### Case Study

#### ESG Transformation for Enterprises, Mega Bank Stands with You

Mega Bank is committed to promoting green finance. In September 2022, it held a large-scale seminar with the theme "ESG Transformation for Enterprises, Mega Bank Stands with You", inviting experts to share opportunities and challenges for companies in achieving Net-Zero Transition. A total of 35 companies attended the seminar to learn how to establish a corporate carbon footprint inventory process under international norms, bringing transformation opportunities for companies, reducing carbon tax costs, and gaining the preference of investors.

To expand the audience of the seminar, Mega Bank also utilized online platforms and arranged for business and financial personnel from various branches to participate in the seminar through live streaming and interact with the audience on-site.



## 4.1.2 Sustainable Loans

Mega Bank and Mega Bills have established the "Climate Risk Management Guidelines" and multiple responsible lending policies, actively incorporate ESG factors into the credit evaluation process. Mega Bank formulated the "Operational Guidelines for Corporate Credit ESG Risk Ratings" to understand ESG risks of borrowers and conduct hierarchical management. In 2022, Mega Bank held two ESG risk rating training courses for corporate credit personnel, with a total of 2,032 participants. In addition, Mega Bank has established "Guidelines for Promoting Sustainable Finance for Corporate Lending", clearly define sustainable financial assets of the bank to prevent "green-washing". To understand the lending businesses that may be affected under the trend of sustainable transformation, Mega Group has identified the top 10 high-risk industries before 2022 and strengthened management of industries with higher potential impact.

Scale of Top 10 High-risk Industries of Mega Group's Lending Business in 2022			Unit: thousand NTD
Categories	Ratio(%)	Credit Exposure Amount	
Financial Service Industry	32.7%	636,950,787	
Real Estate Industry	21.6%	421,747,591	
Electronic Components Manufacturing Industry	8.8%	170,748,048	
Wholesale Industry	8.5%	165,671,550	
Transportation Industry	7.1%	138,344,774	
Electricity and Gas Supply	6.1%	117,860,014	
Manufacture of Chemical Material and Fertilizers, Nitrogen Compounds, Plastic Materials, Man-made Fibers Industry	3.9%	76,374,318	
Computer, Electronic and Optical Product Manufacturing Industry	3.9%	76,239,976	
Service Industry	3.1%	72,289,362	
Petroleum and Coal Product Manufacturing Industry	3.1%	71,801,550	

## Lending for the Six Core Strategic Industries

Mega Group has long supported the Government's promotion of economic structural transformation and the development of core strategic industries. In 2022, the Group will continue to support the six core strategic industries, including information and digital, cybersecurity excellence, Taiwan precision health, defense and strategy, livelihood and military readiness, and green power and renewable energy. We will leverage the influence of the financial industry to assist in the development of these industries.

Distribution of Sustainable Development Loans by Mega Group in 2022 for the Six Core Strategic Industries			Unit: thousand NTD
Categories	Description	Loans Outstanding at the End of the Year	
Information and Digital	Utilizing emerging technologies such as 5G, artificial intelligence, cloud computing, and the Internet of Things to improve people's quality of life and related industries.	209,870,700	
Cybersecurity Excellence	Strengthening protection in emerging fields, creating high-level applications and ecosystems, and introducing cybersecurity into various core industries.	81,381,214	
Taiwan Precision Health	Providing precise and personalized prevention, treatment, and care plans to promote the health industry.	30,336,712	
Defense and Strategy	Aviation, naval, and space industry-related supply chains.	259,086,902	
Livelihood and Military Readiness	Ascertain the critical materials needed by the country for livelihood and military readiness, keeping the industry chain of critical materials domestically, and improving domestic production capacity and technological autonomy.	176,390,185	
Green Power and Renewable Energy	Engaging in related industries such as green power and renewable energy manufacturing, electricity and gas supply, construction engineering, transportation and storage professionals, science and technology services, and related industries.	143,543,839	





## Loans to Sustainable Development-Related Industries

In accordance with the internal "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries", Mega Group has identified 11 sustainable development industry categories and supports sustainable development enterprises to assist industries in sustainable transformation. By the end of 2022, the credit balance for sustainable development industries of Mega Group accounted for approximately 17.4% of the overall corporate credit balance; furthermore, there were NT\$128.4 billion outstanding loans to SMEs in sustainable development industries at the end of the year.

Distribution of Sustainable Development Loans by Mega Group in 2022			Unit: thousand NTD
Categories	Description	Loans Outstanding at the End of the Year	
Renewable Energy	• Solar, wind, geothermal, hydroelectric, and ocean energy industries, with a total installed capacity of 1,700MW in 2022.	20,355,311	
Energy Technology	• Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	1,546,581	
Low Carbon Transportation	• Electric, hydrogen and other alternative fossil fuel transportation, passenger and freight transportation system conversion and efficiency improvement, public transportation, and other transportation industries.	13,397,541	
Water Resource Utilization	• Water monitoring smart network and early warning system, water storage, water recycling treatment, flood control and water conservation, and other hydraulic infrastructures.	1,551,675	
Sustainable Architecture	• Green buildings, building energy-saving systems or products in the construction industry.	6,178,455	
GHG Reduction	• Energy efficiency, non-energy generated greenhouse gas reduction, clean production and other industries.	5,567,657	
Circular Economy	• Waste cleaning and recycling, pollution control and carbon sequestration.	5,829,229	
Smart Information and Communication Technology	• Fiber optic broadband, data center and smart grid information and communication technology.	914,343	
Sustainable Agriculture, Forestry, Fishery, and Animal Husbandry	• Sustainable and verifiable carbon reduction related agriculture, forestry, fishery and aquaculture measures.	51,000	
Companies with Outstanding Sustainability Performances	• MSCI AA-rated or above, selected for DJSI, ranked in the top 20% of corporate governance ratings, and meeting Taiwan's sustainability classification criteria.	104,295,833	
Other Activities that Contribute to Reducing Carbon Emissions, Promoting Circular Economy, and Enhancing ESG Business or Activities	• Medical, education, sports and fitness, road construction, and other social work services.	22,365,114	

### Case Study

#### Mega Bank Hosts Large Offshore Solar Power Plant Co-Financing Case

In support of Taiwan's energy transformation policy and in response to the Government's goal of Net Zero Emissions by 2050, Mega Bank is the host bank for the third expansion project of the solar power plant in Changhua Binhai Industrial Zone, with a total installation capacity of 67MW. Together with Plant No. 1 and Plant No. 2, the total installation capacity is 248MW, which is the world's largest offshore solar power plant.



### Case Study

#### Mega Group Promotes Sustainability-Linked Financial Products

To assist enterprises in their low-carbon transition and encourage customers to implement ESG, Mega Bank and Mega Bills launched the Sustainable Performance Linked Loan and ESG sustainability-linked commercial paper respectively, encouraging enterprises to set and achieve ESG development goals on their own, and offering financial service concessions when their goals are achieved.

As of the end of 2022, Mega Bank has already processed 44 sustainability-linked loans with a transaction balance of approximately NT\$32 billion, including three petrochemical plants. We are helping customers transition to Net Zero by linking them to carbon-reduction-related sustainability targets.

Mega Bills has processed 7 ESG sustainability-linked commercial papers with a total commitment of approximately NT\$8.3 billion. The SMEs in the sustainable connection products is about NT\$10.2 billion, which shows the efforts of Mega Group to assist SMEs to implement ESG.

## Infrastructure Credit

To help people have secure, reliable, and sustainable infrastructure to improve quality of life and reduce the disparity between urban and rural areas, Mega Group provided loans to six infrastructure financing projects, focusing on two categories: low-carbon transportation construction and sewage projects, to promote sustainable transportation and water resources.

Distribution of Loans to Infrastructure Construction by Mega Bank in 2022			Unit: thousand NTD
Categories	Performance of Measures of Environmental/Social Benefits	Loans Outstanding at the End of the Year	
Low Carbon Transportation Construction	• Total number of passengers transported reached 54,162,008 passengers (when calculated based on the financing ratio, it is 9,917,064 passengers)	39,279,296	
Underground Sewage Engineering	• Total number of user pipelines connected reached 254,295 households (when calculated based on the financing ratio, it is 117,739 households)	5,467,464	

## Equator Principles Lending

In 2022, Mega Bank approved 13 project financing cases that comply with the Equator Principles, including 6 Category B cases and 7 Category C cases. There were no high-risk cases undertaken, nor any cases refused.

2022 Equator Principles Lending Status by Mega Group		
Categories		
A (High Risk Cases)	B (Medium Risk Cases)	C (Low Risk Cases)
Number of Cases		
0	6	7

Note 1: There were 6 financial settlements in 2022.

Note 2: Project financing cases include fishery and electricity co-generation solar power plants, ground-based solar power plants and resource treatment centers located in Central Taiwan. In the above cases, Mega Bank participated in a loan amount of NT\$1.96 billion. Third-party external evaluation consultants include TÜV Rheinland and AECOM.

## Personal Loans

To help individuals choose the right sustainable loan program, Mega Bank offers a range of sustainable personal credit products, including sustainable home loans and green business employee credit. In 2022, 17,223 loan applications were granted, with NT\$55.6 billion loans outstanding at the end of the year.

Distribution of Sustainable Loans by Mega Group to Personal Loan Borrowers in 2022			Unit: thousand NTD
Categories	Description	Loans Outstanding at the End of the Year	
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.	54,813,664	
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.	818,649	
Electric Vehicle Loan	• In order to encourage customers to implement an environmentally friendly, energy-saving and carbon-reducing lifestyle, customers who apply for credit during the event period can enjoy preferential loan interest rates by presenting the purchase certificate of electric vehicles.	7,397	



### 4.1.3 Responsible Investment

Mega Group adheres to the spirit of the "Principles for Responsible Investment (PRI)" and the "Stewardship Principles for Institutional Investors", integrating ESG into the investment analysis and decision-making process. For enterprises with high ESG risks, the Group has established management mechanisms. Enterprises with potential impacts on the environment and society, such as the dyeing and finishing industry, or high-carbon emission industries that harm environmental sustainability, human health, and biodiversity, should be subject to exception management. Prior to investment, due diligence should be conducted and a careful assessment made. If after the assessment there is no significant adverse impact on sustainable development, or conditional transactions can be adopted, then it can be implemented. In 2022, Mega Bank further issued a climate stewardship questionnaire for domestic investment companies to understand their progress in sustainable development, so as to discuss and track their climate risk improvement in the future.

#### Mega Bank's Climate Stewardship Questionnaire Risk Factor

Whether there is a plan for reducing GHG emissions and taking actual actions?



Whether there is an inventory, verification, and disclosure of GHG emissions?



Whether there is a policy for climate change management?



#### Case Study

#### Implementation of Governance by Mega Funds

Mega Funds participated in a customer's company symposium and learned that the company had exceeded the discharge limit for wastewater. They raised the issue on the spot and accelerated the investment target's improvement of environmental issues through discussion. After tracking the information disclosed in their 2021 sustainability report, it was found that the company not only re-evaluated wastewater discharge operations at each operating site but also invested in improving processes to ensure that wastewater treatment facilities meet legal standards. Additionally, the company maintained international certifications such as ISO to establish a comprehensive quality management and risk management mechanism.



### Investing in National Sustainable Development

Mega Group complies with international sustainable finance initiatives, green finance-related policies of regulatory authorities, and the development trend of inclusive finance policies and classification principles. The Group provides support for the six core strategies or sustainable development industries in line with national development trends, and hopes to support companies with environmental protection, social responsibility or sustainable management through investment funds to enhance social security and energy efficiency.

Distribution of Sustainable Development Investment by Mega Group in 2022 for the Six Core Strategic Industries			Unit: thousand NTD
Categories	Description	Investment Balance at the End of the Year	
Information and Digital	Utilizing emerging technologies such as 5G, artificial intelligence, cloud computing, and the Internet of Things to improve people's quality of life and related industries.	70,966,417	
Cybersecurity Excellence	Strengthening protection in emerging fields, creating high-level applications and ecosystems, and introducing cybersecurity into various core industries.	18,637,915	
Taiwan Precision Health	Providing precise and personalized prevention, treatment, and care plans to promote the health industry.	3,023,934	
Defense and Strategy	Aviation, naval, and space industry-related supply chains.	41,157,047	

Distribution of Sustainable Development Investment by Mega Group in 2022 for the Six Core Strategic Industries			Unit: thousand NTD
Categories	Description	Investment Balance at the End of the Year	
Livelihood and Military Readiness	Ascertain the critical materials needed by the country for livelihood and military readiness, keeping the industry chain of critical materials domestically, and improving domestic production capacity and technological autonomy.	161,226,893	
Green Power and Renewable Energy	Engaging in related industries such as green power and renewable energy manufacturing, electricity and gas supply, construction engineering, transportation and storage professionals, science and technology services, and related industries.	104,400,391	

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

Sustainable Development Investment by Mega Group in 2022			Unit: thousand NTD
Categories	Description	Investment Balance at the End of the Year	
Renewable Energy	Solar, wind, geothermal, hydroelectric, and ocean energy industries.	1,743,520	
Energy Technology	Transmission, distribution and energy storage facilities to increase or regenerate electricity generation and its use.	97,868	
Low Carbon Transportation	Electric, hydrogen and other alternative fossil fuel transportation, passenger and freight transportation system conversion and efficiency improvement, public transportation, and other transportation industries.	6,965,623	
Water Resource Utilization	Water monitoring smart network and early warning system, water storage, water recycling treatment, flood control and water conservation, and other hydraulic infrastructures.	8,625	
Circular Economy	Waste cleaning and recycling, pollution control and carbon sequestration.	162,483	
Companies with Outstanding Sustainability Performances	MSCI AA-rated or above, selected for DJSI, ranked in the top 20% of corporate governance ratings, and meeting Taiwan's sustainability classification criteria.	159,789,540	
Other Activities that Contribute to Reducing Carbon Emissions, Promoting Circular Economy, and Enhancing ESG Business or Activities	Medical, education, sports and fitness, road construction, and other social work services.	7,023,752	

### Sustainability Bond

Mega Bank has issued its first Sustainability Bond in February 2022, totaling NT\$1.5 billion, with a focus on two areas: the development of renewable energy and energy technology, and the creation of employment opportunities and programs that can alleviate or avoid unemployment caused by socio-economic crises. In addition, Mega Group has invested in multiple Sustainability Bond products, and by the end of 2022, the related investment balance exceeded NT\$22 billion.

Fund Usage of Sustainable Development Bond by Mega Group in 2022			Unit: 100 million NTD
Categories	Performance of Measures of Benefits	Loan Amount	
Renewable energy and energy technology development	1.Number of cases: 1 2.Total installed capacity of renewable energy equipment: 300 MW 3.Estimated total annual electricity generation from renewable energy projects: 971.8 GWh 4.Estimated annual total carbon reduction from renewable energy projects: 494,646 metric tons of CO <sub>2</sub> e	2.59	
Projects that create jobs and reduce or avoid unemployment due to socio-economic crisis	1.Number of cases: 15 Stay-in-Taiwan Enterprise Accelerated Investment Projects: 4 Welcoming Returning Taiwanese Businesses Action Plans: 6 SMEs Accelerated Investment Projects: 5 2.Estimated number of job opportunities created: 8,688	12.41	





Sustainable Development Bonds Underwritten by Mega Securities in 2022			Unit: 100 million NTD
Categories	Types	Underwriting Amount	
TSMC 111 first-term	Green Bond	3	
Chunghwa Telecom 111 first-term	Sustainable Development Bond	2	
Far EasTone Telecom 111 first-term	Social Responsibility Bond	1	
Taiwan Power Company 111 first-term common corporate bonds	Green Bond	2	
TSMC 111 fourth-term	Green Bond	12	
TSMC 111 seventh-term	Green Bond	5.5	

Sustainable Development Bonds Invested by Mega Group in 2022							Unit: 100 million NTD
Categories	Items	Mega Bank	Mega Securities	Mega Bills	CKI	Total	
Green Bonds	Item	29	6	10	2	47	
	Investment Balance at the End of the Year	75.3	10	30.2	1.4	116.9	
Social Responsibility Bonds	Item	11	3	-	-	14	
	Investment Balance at the End of the Year	27.9	3	-	-	30.9	
Sustainable Development Bonds	Item	6	5	5	1	17	
	Investment Balance at the End of the Year	16	9	15.3	0.5	40.8	
Sustainability-Linked Bonds	Item	22	-	-	-	22	
	Investment Balance at the End of the Year	33.1	-	-	-	33.1	

## ESG Funds

Under the premise of meeting the expected market investment returns, Mega Bank offers ESG-compliant fund products for private customers, focusing on ESG issues such as reducing carbon emissions, creating biodiversity, caring for employee welfare, mitigating social inequality, sound corporate governance and practicing honest management, and supporting companies that are committed to the above-mentioned ESG spirit. As of the end of 2022, there were 55 ESG fund products launched, with total assets under management reaching NT\$6.5 billion, representing 4.62% of the total mutual fund investment. Customers investing in ESG products accounted for 7.82% of the total wealth management customers.

## 4.1.4 Sustainable Insurance

CKI voluntarily complies with the "Principles for Sustainable Insurance (PSI)" and focuses on renewable energy and energy technology, low-carbon transportation, pollution prevention and control, and ESG linkages. The Company is committed to providing business owners and the public with more protection through sustainable insurance products.

Underwriting of Sustainable Insurance Products by CKI and Mega Bank in 2022			Unit: thousand NTD
Categories	Description	Insurance Premium	
Renewable Energy and Energy Technology	● Provide insurance products related to solar, offshore wind power or residential green energy upgrades	50,660	
Low Carbon Transportation	● Provide insurance products related to public transportation system, electric motorcycle battery industry or environmental protection vehicle and bicycle accident liability	19,082	
Pollution Control	● Provide insurance products related to chemical substances or marine pollution liability	7,344	
ESG Linkage	● ESG-linked investment policies, small amount whole life insurance, spillover policies	550,170	

## 4.1.5 Diversified Sustainable Finance Products

### Low Carbon Products

In response to the global trend of sustainability and net-zero, all credit cards issued by the Group have passed third-party verification including ISO 14067 Carbon Footprint and ISO 14046 Water Footprint certifications, and received the Carbon Footprint Label as reviewed and approved by the Environmental Protection Administration. Each of our card and magnetic stripe card generate approximately 800g and 380g of product carbon footprint. Through the purchase of carbon rights, each credit card is upgraded to a "Zero Carbon Credit Card". As of the end of 2022, accumulatively issued more than 546,000 credit cards, offsetting about 553 metric tons of CO<sub>2</sub>e.



### Enjoy a Sustainable Lifestyle

Date	September 2018	May 2022	November 2022 to February 2023		
Activity	“Gogoro Card”, the first co-branded electric scooter card in Taiwan	PETG eco-friendly credit card “e-Happy” card series	Promoted Hami Book e-books	Promoted the EPA Green Point Campaign	Promoted public transportation
Partners	Gogoro	N/A	Hami Book	Environmental Protection Administration	Taoyuan Metro
Event Content	We offered promotions such as zero-interest installment plans for electric motorcycles and cashback rewards for using Goshare shared scooters. We are also continuing to promote electronic billing to reduce paper usage. As of the end of December 2022, there were approximately 110,000 circulating cards, with 90% of customers applying online and over 50% of bills being sent electronically.	We have switched to using environmental-friendly PETG materials for our e-Happy Titanium Card and are donating NT\$50 to the MasterCard Priceless Planet Coalition for every card issued to help achieve their goal of planting one billion trees by 2025. As of the end of December 2022, we have issued 63,800 cards.	We are offering birthday gifts to cardholders and promoting Hami Book’s digital services to indirectly establish a paperless reading habit and reduce carbon emissions from book printing. About 200 cardholders are currently using this e-book service.	We are encouraging green consumption habits, such as using public transportation and electronic payments, through a green reward point program. As of 2022, we have added 54,211 households to our electronic billing system and 23,316 households to our automatic payment system, which is estimated to save 10.4 tons of CO2e emissions from paper usage annually.	We are promoting a “full amount spent on group fees gets a free ride on the Taoyuan Airport MRT” campaign to encourage cardholders to use public transportation to the airport when traveling abroad, reducing carbon emissions and contributing to ecological conservation. We are committed to working with our customers to achieve a low-carbon lifestyle.

### Sustainable Deposits

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

As of the end of 2022, we have undertaken 10 sustainable deposits, raising a total of NT\$640 million in funds, focusing on lending projects for renewable energy and job creation.



## 4.2 Financial Inclusion

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

A Summary of Key Performance in Financial Inclusion in 2022			
Concerned Topic	Products/Services	Business Performance	Social Performance
Elderly Groups	Reverse Mortgages	• NT\$615 million in cumulative amount approved	• 63 borrowers accumulated
	Retirement Trusts	• NT\$5.202 billion in cumulative scale of property	• 1,269 of beneficiaries accumulated
Youth Groups	Government Concessional Loan for Youth Housing	• NT\$1,058.92 billion in cumulative amount approved	• 22,816 borrowers accumulated
	Young entrepreneur start-up loans	• NT\$2.512 billion in cumulative amount approved	• 2,541 borrowers accumulated
Gender Equality	"SHERO Women's Dream" exclusive credit for women	• Loan balance of NT\$32.3 million in cumulative amount approved	• 56 cases
Small Business and Community Development	Small Business and Community Development Loans	• NT\$244.6 billion loans outstanding at the end of the year	• 16,121 borrowers
Disadvantaged Groups	Micro insurance	• NT\$1,323 thousand in insurance premium	• 692 cases processed
Farmers	Agricultural insurance	• NT\$1,229 thousand in insurance premium	• 26 cases processed
Foreign Workers, Caretakers, and Fishers	Group medical insurance for foreign disadvantaged groups	• NT\$3,964 thousand in insurance premium	• 14,400 people were insured

Note: For the summary of financial inclusion results, please refer to the [Appendix 8.3.2 Social Metric Data](#).

### Statement and Management of Financial Inclusion

In response to the Taiwanese Government's push on inclusive finance and the UN initiatives, Mega Group continues to innovate and expand the range of financial products and service models suitable for targeted underserved groups based on market research, target group demand analysis and feedback from clients, and is committed to meet the needs of different groups (including the physically and mentally handicapped, the elderly and other financially vulnerable groups). Meanwhile, Mega Group actively engages with government agencies, social welfare organizations and other industry players in order to expand the reach of inclusive financial services; and offers non-financial support for specific underserved groups, such as hosting seminars to enhance people's awareness of healthcare and retirement planning for the elderly and people with disabilities. Mega Group aims to achieve inclusive growth in a responsible and sustainable manner, to bridge the gap between the rich and the poor, urban and rural areas, and to promote social equity and financial well-being.

In order to protect the rights and financial well-being of targeted groups such as the elderly, young adults, women, vulnerable groups and farmers, Mega Group follow the 5P principles of credit when assessing the creditworthiness of borrowers in order to prevent client's over-indebtedness. We conduct training programs to strengthen employees with a greater knowledge of vulnerable clients, ensuring all communications and information about products and services are understandable for clients, and prevent aggressive sales techniques and un-respectful treatment for targeted groups. Mega Group also implement complaint mechanisms easily accessible to financial inclusion clients, so that we could respond to the client's needs promptly and provide more friendly financial services.

Mega Group review the finance inclusion promotion plans and set specific goals for each subsidiary annually,

which are approved by the Board of Directors of the financial holding company, and tracked by the Sustainable Development Committee to confirm the Group's determination to implement inclusive finance and ensure the realization of social benefits.

### 4.2.1 Inclusive Financing Products

#### Banking

##### • Reverse Mortgages

In September 2020, the FSC launched the Trust 2.0 "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 63 individuals at the end of 2022, amounting to NT\$615 million, which is a 59.74% growth compared to 2021.

##### • Retirement Trusts

To prepare for the advent of an aging society, Mega Bank has continued to promote the Trust 2.0 "Promotion Plan for Full Functions of Trust Services", in addition to launching 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 through cross-sector alliance. Mega Bank launched the "Retirement Trust" and promoted to more than 70,200 people, there were 124 applicants in 2022, with a cumulative total of 1,269 individuals in 2022, amounting to NT\$5.202 billion, which is a 5.69% growth compared to 2021.

##### • 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 1.4%. Mega Bank's "Government Concessional Loan for Youth Housing" has promoted to 15,800 people in 2022, and 1,236 households have been approved in 2022. The cumulative applicants were 22,816 and the approved loan amount was NT\$105.892 billion, an increase of 13.29% from 2021.

##### • Young Entrepreneur Start-up Loans

The Small and Medium Enterprise Administration of the Ministry of Economic Affairs launched the "Young Entrepreneur Start-up Loans" program to create a startup-friendly environment for young adults, promote entrepreneurship, and boost economic development. As a dedicated supporter of government programs, Mega Bank has granted the Young Entrepreneur Start-up Loans to 2,541 applicants in 2022. The cumulative approved loan amount was NT\$2.512 billion, an increase of 337.63% from 2021.

##### • SMEs Loans

According to the "2022 SME White Paper" published by the Ministry of Economic Affairs, there were more than 1.59 million SMEs, and 9.2 million people worked for SMEs, accounting for more than 80% of the workforce in Taiwan. It indicates that Taiwan's SMEs are not only the mainstay of a stable economy, but also an important cornerstone of job creation. By the end of 2022, Mega Bank has approved SME loans to 21,061 applicants, totaling NT\$621.7 billion, it included 16,121 small business and community development loan accounts <sup>(Note 1)</sup>, with a balance of NT\$244.6 billion at the end of the year, a 5.03% increase from the previous year. Among the SME loans mentioned above, 133 cases were non-performing loans, totaling NT\$546 million or 0.088% of the year-end outstanding loans to SMEs.





Types of Loans Offered by Mega Bank in 2022 (Domestic, not including OBUs)			
Unit: 100 million NTD			
Categories	Total Number of Borrowers	Loans Outstanding at the End of the Year	Percentage (%)
Personal Loans (Consumer Banking)	126,138	5,306	34.41%
SME Loans	21,061	6,217	40.32%
Small Business and Community Development Loans <sup>(Note 1)</sup>	16,121	2,446	15.86%
Loans to Large Enterprises	709	3,556	23.06%
Others	110	341	2.21%
Total	148,018	15,420	100%

Note 1: Small business and community development loans are available for those who meet one of the following criteria: (1) The enterprise has been established for less than five years, (2) employs fewer than 20 employees, (3) has a capital of less than NT\$5 million, and (4) has an annual revenue of less than NT\$10 million.

Note 2: Large and SMEs are private enterprises; other types are public enterprises.

Note 3: The number of small business and community development loans in 2022 is totaled 20,786.

Types of Deposits Offered by Mega Bank in 2022 (Domestic Branches)			
Unit: 100 million NTD			
Categories	Total Number of Deposit Accounts	Deposit Balance at the End of the Year	Percentage (%)
Personal Deposits	3,886,424	11,061	42.98%
SME Deposits	133,583	8,931	34.71%
Others	35,598	5,741	22.31%
Total	4,055,605	25,733	100%

#### • International Micro-loans

Mega Bank is committed to achieving financial inclusion and eradicating poverty. This commitment is realized by collaborating with foreign microfinance institutions to offer micro-loan services, thereby indirectly supporting local SMEs and customers with a lower socioeconomic status. 9 microfinance loan applications or approximately NT\$4,832 million were approved as of the end of 2022, and the credit outstanding amounted to NT\$3,897 million.

#### • Urban Renewal and the Reconstruction of Dangerous and Old Buildings

To effectively promote urban renewal projects, Mega Group offers all-inclusive, one-stop services by integrating its banking, 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 2022, 125 loan applications were granted to urban renewal projects, providing NT\$115.161 billion of drawdown loan.

#### • Supporting Social Enterprises

To support new types of enterprises whose business models are in line with the United Nations Sustainable Development Goals (SDGs) and which value profitability, fairness, and public welfare, and to provide diversified financial inclusion products, and through proactive care for social enterprises, the cumulative lending balance of Mega Bank's 2022 social enterprise financing program was NT\$695 million, and the cumulative number of enterprises lending under the social enterprise financing program has reached 76.

### Insurance

#### • 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. CKI has promoted to 14,400 people and processed 692 microinsurance policies in 2022, with a premium of NT\$1,323,254, a 6.52% increase over the previous year.

#### • Agricultural Insurance

To increase farmers' protection, CKI also provides parametric persimmon farming insurance, which calculates claims based on typhoon wind speed and accumulated precipitation and simplifies the claims procedure, so that in the event of disaster-induced damage, farmers can quickly get their claim to facilitate their subsequent environmental restoration. CKI processed 26 farming insurance policies in 2022, with a premium of NT\$1,229,349, a 4.78% increase over the previous year.

#### • Group Medical Insurance for Foreign Disadvantaged Groups <sup>(Foreign workers, caretakers, and fishers)</sup>

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 2022, insurance premiums amounted to NT\$3,964,000 and 14,400 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 and provides a personal injury insurance for the elderly. It can be taken out from the age of 60 to 80, with a maximum renewal period up to the age of 90. In 2022, the promotion has reached more than 430 people, with a premium of NT\$2,337,453, totaling 443 cases.

### Pandemic Relief

#### Mega's Pandemic Prevention and Relief Measures, Always on Your Side

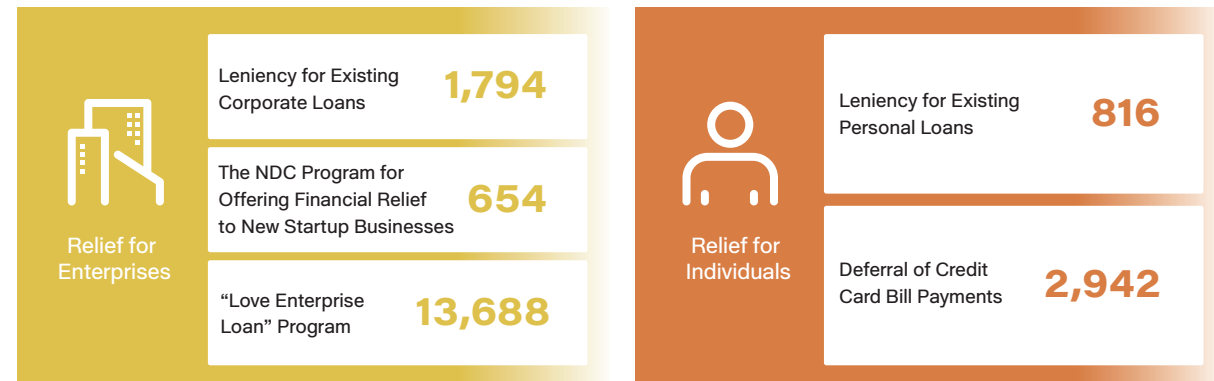


In order to implement financial Inclusion and fulfill its social mission of cultivating new businesses, Mega Bank has adopted new experiences, new customers, and new thinking, and has demonstrated friendliness and empathy. Especially during the most severe period of the pandemic, Mega Bank supported SMEs through innovative and digital financial optimization. Since the outbreak of COVID-19 in 2020, a total of 18,971 government relief loans or relief programs developed in-house have been processed, totaling NT\$150.2 billion. To enable small and medium-sized start-ups to move forward with full confidence and become Taiwan's future unicorns, Mega Bank cooperated with the NDC Program for Offering Financial Relief to New Startup Businesses to provide fast, lenient, and simplified e-processes to enable start-ups to obtain financial liquidity. As of the end of 2022, Mega Bank has approved loans to 654 customers, with a loan amount of approximately NT\$6.3 billion, occupying a market share of up to 70% in the NDC Program for Offering Financial Relief to New Startup Businesses. Mega Bank has won the "Outstanding Performance Award" for SME relief from the central bank and has been recognized with the Award for Credit Lending Banks with Excellent Performance in Offering Financial Relief to New Startup Businesses from the SME 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 2021 Excellence Award for Total Credit Guaranteed, Special Award for Financing for New Southbound Nations, and Special Award for Total Credit Guaranteed for COVID-19 Programs. In 2022, the total amount of overseas guaranteed financing was US\$79.95 million, which continues to rank NO.1 in the industry.



## Epidemic Prevention and Relief Performance by Mega Bank in 2022



## 4.2.2 Inclusive Financing Services

### Accessible Services

Mega Bank provides a variety of convenient financial services for people with disabilities through a designated accessible contact window and sets up a service bell and a guide at the entrance for any necessary assistance. Mega Bank Website, Mega Securities Image Website and Mega Securities Wealth Management Website have been awarded Conformance Level AA/A Accessible Web Accessibility Service by the Ministry of Digital Affairs, Executive Yuan, improving accessibility for the visually impaired and the hearing impaired.



► Mega's Accessible Websites

### Bilingual Branches

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

In 2022, Mega Bank expanded the 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 more comprehensive services for foreigners.

### Retirement Financial Planning Services



► Mega Bank Customized Retirement Planning Service



► "Retirement Health and Wealth" Seminar

The aging population has become a global trend, and people must plan for financial resources for at least 15 to 20 years, if not more, after retirement. In Mega Bank's retirement planning service, our mobile wealth management advisor system on an iPad is used to customize a retirement plan for customers based on how much assets and liabilities they have, their current income and expenditures, and their financial goals and needs after retirement. The service provides analysis in five dimensions "Capital, Insurance, Security, Lifestyle, and Investment", and produces a customized retirement plan in the form of a graphic, intuitively design report that contains explanations in plain language. With detailed explanations by a professional financial advisor, this service helps customers to identify financial gaps. In 2022, Mega Bank provided customized retirement plans to 2,782 people, helping them to optimize asset allocation, take effective financial management actions and start taking steps to prepare for retirement.

### Financial Inclusion Seminar

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

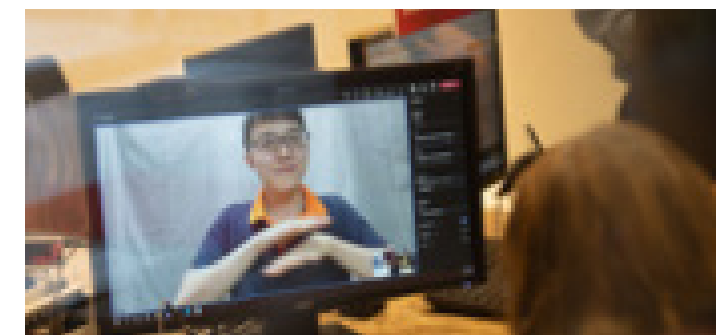
Service Target	Seminar Topic	Number of On-site Participants	Total Seminar Hours (Number of Participants X Number of Seminar Hours)
Elderly and Disabled	Retirement Trusts	371	710
Small Business and Community Development	Small Business and Community Development Loans	318	195

Note: To expand the Group's positive influence, the seminars mentioned above also provide online videos for the public to watch. As of April 2023, the video has been viewed by more than 69,800 people.

### Financial Services for the Visually and Hearing Impaired

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

In order to provide accessible and friendly financial services, Mega Bank has installed ATMs with functions for the visually impaired in selected branches, airports, hospitals and other public places in Taiwan. In 2022, 13 ATMs for the visually impaired have been installed, accounting for 2.3% of all ATMs (565 ATMs), and more will be added in the future to enhance the convenience and inclusiveness of financial services.



► Sign Language Interpretation Service for the Hearing-impaired Customers



ATM for the visually  
impaired

2.3%  
of all ATMs





## 4.3 Customer Relationship

### 4.3.1 Fair Customer Treatment

#### Policies and Operations

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

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

	Policy	Operations
Mega Bank	<ul style="list-style-type: none"> <li>The "Treating Customers Fairly Policy" and the "Guidelines for Strategy of Fair Customer Treatment Principles and Consumer Protection" have been established; in 2022, the "Policy on Caring for Elderly Customers" was added, with emphasis on the protection of consumer rights of elderly customers.</li> </ul>	<ul style="list-style-type: none"> <li>A "Care and Fair Customer Treatment Committee" composed of various business management units convenes quarterly meetings for discussion with emphasis on mechanisms for the handling of significant complaints and continuous service improvement. To ensure that employees can understand the importance of taking the customer's standpoint, Mega Bank also sets up routine education and training above the legal hours to continuously improve the implementation of fair treatment and promote this culture.</li> </ul>
Mega Securities	<ul style="list-style-type: none"> <li>The "Policy and Strategy of Fair Customer Treatment" has been established.</li> </ul>	<ul style="list-style-type: none"> <li>Mega Securities has established a board-affiliated "Fair Customer Treatment Promotion Committee". Through departmental participation and coordination, policies and strategies relevant to the principles of fair customer treatment are adopted, and applicable regulations are included in regular training to raise employees' understanding on the protection of financial consumers.</li> </ul>
Mega Bills	<ul style="list-style-type: none"> <li>The "Policy of Fair Customer Treatment and Financial Consumer Protection" and the "Strategy of Fair Customer Treatment" have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Professional lecturers are invited every year to host training programs. In accordance with the 9 principles of the "Important Notice of the Principle for Financial Service Industries to Treat Clients Fairly", Mega Bills periodically reviews internal regulations and agreements with customers, and reports the implementation status to the Board of Directors every year. In addition, the FSC has added the 10th principle to the "Important Notice of the Principle for Financial Service Industries to Treat Clients Fairly" in 2023; Mega Bills will continue to follow the 10 principles to improve the implementation of fair customer service.</li> </ul>
Chung Kuo Insurance (CKI)	<ul style="list-style-type: none"> <li>The "Policy of Treating Customers Fairly", the "Implementation Strategy for Treating Customers Fairly", and the "Guidelines for Handling Consumer Disputes" have been established.</li> </ul>	<ul style="list-style-type: none"> <li>CKI has established the "Fair Customer Treatment Working Group", which implements the fair treatment of customers through cross-departmental participation. In accordance with the "Guidelines for Handling Consumer Disputes", CKI regularly monitors the progress in handling consumer disputes and complaints every month, and submits a summary report to its leader for review. A quarterly summary of customer complaints or consumer disputes and improvement plans are presented to the "Fair Customer Treatment Working Group" during the meeting.</li> </ul>
Mega Funds	<ul style="list-style-type: none"> <li>The "Regulations and Enforcement Procedures for the Principle of Fair Treatment of Customers" and "Guidelines for the Treating Customers Fairly Principle and Financial Consumer Protection" have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to provide education and training on the "Financial Consumer Protection Act", the "Fair Customer Treatment Principles" and related laws and regulations, and include frequent or major consumer dispute cases in each business management unit to prevent repeated mistakes by employees and to improve customer experience, with the "Fair Customer Treatment Principles" as our core corporate goal.</li> </ul>

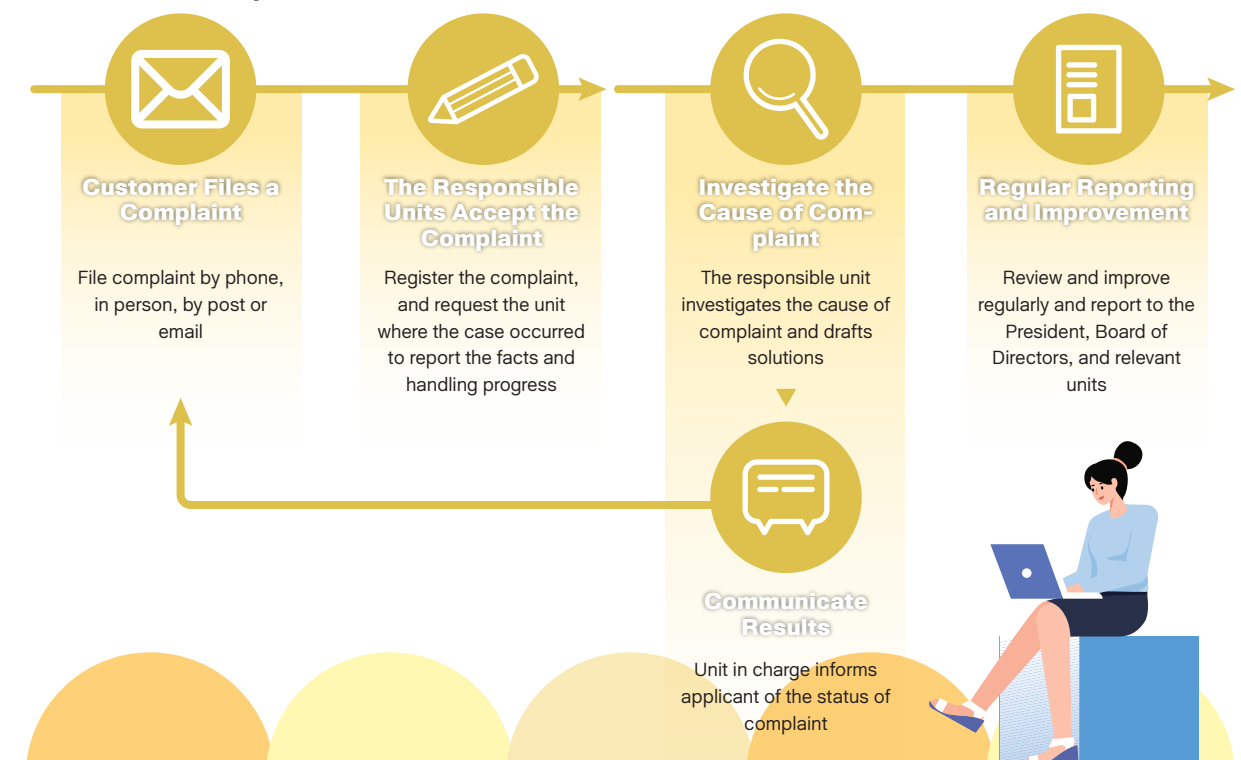
#### Training on Treating Customers Fairly

To strengthen the financial personnel's professional knowledge on treating customers fairly, each year, the subsidiaries of Mega Group organize training on treating customers fairly, and offer physical and online courses at the same time. The physical courses are recorded and uploaded on the internal digital learning platform to provide employees with multiple channels and flexible learning methods to implement employee education and training, strengthen the knowledge of fair treatment of customers, and improve customer relations and service quality. In 2022, the topics and contents of education and training related to fair customer treatment include "Fair Customer Treatment Principles", "International Trends in Fair Customer Treatment", "Rules for Handling Financial Consumer Disputes", "Financial Consumer Protection Act", "Personal Data Protection Act", and "Employee Conduct of Conduct". A total of 49,947 people has completed the training, the total training hours are 69,662 hours, with 8.05 hours of training per person.

### 4.3.2 Customer Complaint Management

Mega Group attaches great importance to customer experience, and each subsidiary has established a process for customers to file a complaint, procedures for handling customer complaints, and relevant goals. The Group complies with the "Financial Consumer Protection Act", which requires a complaint to be handled within 30 days of receiving the complaint and the financial consumer that filed the complaint shall be informed of its disposition. Mega Bank has adopted a higher-than-legal standard of 15 days as the target time frame for handling customer complaints. We also established a dedicated complaint handling unit and an independent complaint review unit. With a proactive attitude, both units adhere to the principles of treating customers fairly and strive to handle customer complaints as soon as possible. To improve service quality and customer experience, we regularly report customer complaints to the Board of Directors and general manager and other relevant units to analyze the causes of customer complaints and propose effective improvement measures, and provide education and training on customer complaints in a timely manner.

#### Customer Complaint Process





### Procedures and Circumstances for Handling Customer Complaint

- Mega Financial Holding has stipulated that a subsidiary subject to customer complaint shall handle the matter immediately after receiving notice from the Company, and after determining the cause, shall inform the customer that filed the complaint of its disposition on the day of determination or no later than the next day. Mega Financial Holding shall complete a customer complaint handling record sheet, detailing the progress of handling the filed complaint, and conduct follow-up. When necessary, the Company shall voluntarily contact the customer that filed the complaint to check whether the matter has been resolved to the customer's satisfaction.

#### Mega Financial Holding

Responsible Unit	Customer Service	Mailbox
Administration Dept.	(02)2357-8888 ext. 116	web@megaholdings.com.tw

- Mega Bank has set up the 24-hour customer service center. Customers may contact the customer service center by phone or website email. In 2022, the customer service center received an average of 72,159 calls including customer service requests and complaints every month. The main types of complaints were related to credit card, deposit and withdrawal services, and service attitude. Mega Bank assigns dedicated personnel to process and respond to the customer complaints. Once a customer complaint is received, Mega Bank provides a quick response in a friendly manner, and 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 abreast of customers' feedback, thereby complying with the principles of treating customers fairly.

#### Mega Bank

Responsible Unit	Customer Service	Mailbox	Other
Customer Service Center, Administration Division	0800-016-168 or (02)8982-0000	<a href="https://www.megabank.com.tw/about/customer-service/contact">https://www.megabank.com.tw/about/customer-service/contact</a>	Chatbot – Hsiao Meh

- Customers can contact customer service personnel by phone or sending an email via the Contact Us page or customer service center on its website. Dedicated personnel will then be assigned to process and respond to the customer complaints. In 2022, there were 33,992 calls and 1,058 emails were received. Mega Securities handles every customer complaint properly and summarizes the reasons for complaints to propose reviews and improvement measures. The Company also provide timely education and training to address customer complaints. Every quarter, Mega Securities report to the Fair Customer Treatment Promotion Committee and the Board of Directors on the implementation of fair customer treatment principles.

#### Mega Securities

Responsible Unit	Customer Service	Mailbox
Customer Service Center	(02)2351-7017	<a href="https://www.emega.com.tw/emegaTran/customerService.do">https://www.emega.com.tw/emegaTran/customerService.do</a>

- Mega Bills provides various channels for customers to file a complaint by phone, in person, in writing, or by email. When a complaint is filed, the "Financial Consumer Dispute Report Form" must be filled out at the contact window, and a special unit or project review team will investigate the reasons in a fair and sincere manner, and prepare a handling plan to be signed by the Legal Affairs and Compliance Department, and submit it to the President for approval, and reply to the customer in writing within 30 days from the date of acceptance.

#### Mega Bills

Responsible Unit	Customer Service	Mailbox
Administration Dept.	(02)2381-0033	mb01@megabills.com.tw

- Customers may file a complaint by calling the 0800 hotline, email, in writing, or through the official 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. The handling progress is tracked. Additionally, the progress of handling a consumer dispute is tracked every month, and the units involved are requested to review the cause and propose improvement plans, which are presented to the head for review and 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.

#### Chung Kuo Insurance (CKI)

Responsible Unit	Customer Service	Mailbox
Personal Insurance Claims Service Dept.	0800-053-588	e-service@mail.cki.com.tw

### Procedures and Circumstances for Handling Customer Complaint

- Mega Funds has established the "Guidelines for Handling Business Disputes" and the "Procedures for Handling Financial Consumer Disputes". The complaint procedures are described on the official website and in transaction contracts.

#### Mega Funds

Responsible Unit	Customer Service	Mailbox
Customer Service Group of Investment Planning Dept.	0800--062--668 or (02)2175-8368	service@megafunds.com.tw

- 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.

#### Mega Asset Management

Responsible Unit	Customer Service	Mailbox
Administration Dept.	(02)6632-6789 ext. 319	mamc@megaamc.com.tw

#### Mega Venture Capital

Customer Service
(02)2314-0878 ext. 23

## 4.3.3 Customer Satisfaction

As a financial service provider, Mega Group regards clients as the most important stakeholder. The Surveys of Customer Satisfaction enable us to better understand customers' true needs, develop products and services that customers require, improve customer loyalty and trust, and create competitive advantage and value for the Group. Mega Group's customer satisfaction coverage rate for 2022 was 91.35% (calculated based on the proportion of the surveyed subsidiary's revenue to the total revenue).

### The Result of Customer Satisfaction Survey by Mega Group in 2022

Company Name	Items	Satisfaction Rate	Comparison with 2021	Description
Mega Bank	Telephone courtesy test	98.33%	Increased by 7.61%	Conducted "Employee Telephone Courtesy Test" for all 108 branches in 2022.
	Satisfaction with counter services	98.40%	Increased by 3.15%	The theme of the 2022 Counter Customer Satisfaction Survey was "Mega Bank wants to do better for you, fill in the questionnaire and get an exclusive gift from us".
	Digital service satisfaction survey	85.00%	Increased by 2.60%	In 2022, Facebook, Line, and email were used to conduct Surveys of Digital Service Satisfaction on general users. In total, 18,956 valid questionnaires were retrieved.
Mega Securities	Surveys of customer satisfaction	89.65%	Reduction of 7.58%	In 2022, the scope of the customer survey was expanded to focus on brokerage customers and custody trust customers.
CKI	Customer satisfaction with claims service	92.52%	Increased by 2.48%	In 2022, the satisfaction survey was conducted on customers of auto insurance and health/injury insurance claims, with a total of 1,204 questionnaires received.
Mega Funds	Satisfaction with counter services	94.32%	Increased by 2.80%	Customer satisfaction survey was conducted in August 2022.

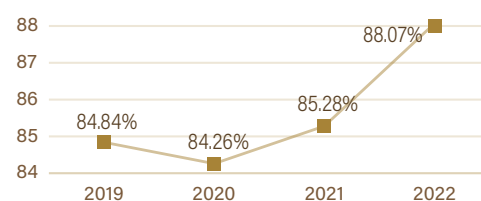




Customer Satisfaction Rate by Mega Group over the Past 4 Years				
Weighted Average Customer Satisfaction Rate				Satisfaction Target
2019	2020	2021	2022	2022
84.84%	84.26%	85.28%	88.07%	86%

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

Weighted Average Customer Satisfaction Rate



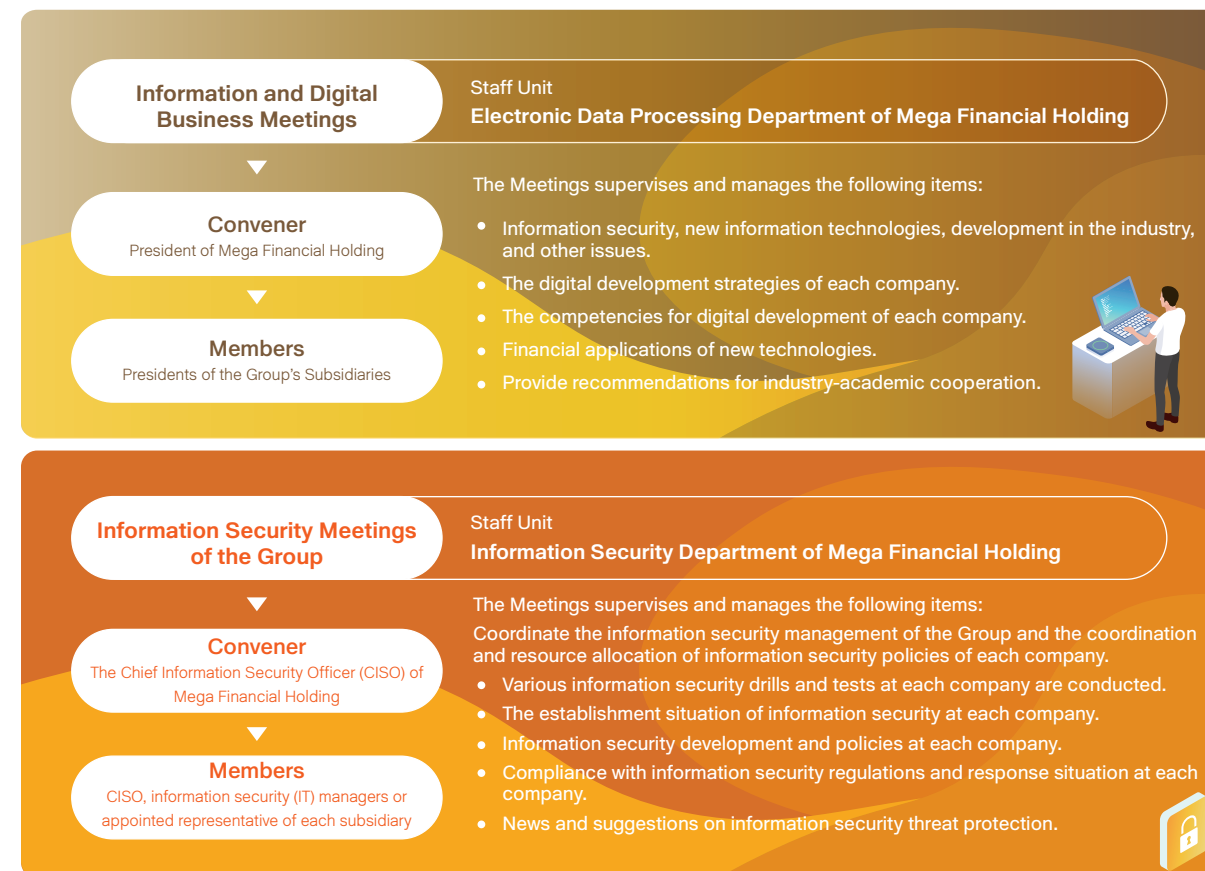
## Responsible Marketing

In recent years, the Financial Supervisory Commission has imposed penalties on numbers of financial advisors for improper conduct. To avoid negative impacts, the Mega Group has stipulated in Article 16 of the "Principles for Ethical Management" that all subsidiaries must comply with relevant laws and international standards in their products and services. The Group also promises to adhere to the principles of product responsibility and marketing ethics in the "Sustainable Development Best Practice Principles" to ensure the safety and transparency of products and services and avoid harming the interests of relevant stakeholders. Furthermore, Mega Group actively provides employee education and training. In 2023, subsidiaries are planning to establish education and training on "Preventing Improper Marketing to the Elderly" to reinforce their responsibility for marketing to elderly group and continue to strengthen employees' understanding of the "Know Your Product" (KYP) and "Know Your Customer" (KYC) principles to implement responsible marketing. Additionally, Mega Group conducts annual customer opinion surveys, discloses information on its official website, and sends email notifications to remind customers to pay attention to their rights and implement customer care. Adequate explanations regarding the financial commodities, services, contract content, and associated risks are provided to customers before entering into a contract agreement with them. Mega Bank, Mega Securities, CKI, and Mega Funds have all mandated that the pre-market review process for new financial products and services, including design planning, review by senior executives, preparation for sale, and other procedures, and shall be submitted to the Board of Directors for approval. CKI has further revised its internal operational regulations and filled out the "ESG Issue Checklist for Product Development" during the product development evaluation phase to examine the risks involved in the product, ESG issues included in the product design, the target audience for the product design (women, elderly, new immigrants, climate change, environmental industries, etc.), and meeting the needs of social development trends, among other items. In 2022, Mega Group reported that there have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling and marketing communications.

## 4.4 Information Security

### 4.4.1 Information Security Management

To oversee the Group's information development and information security management matters and reduce information security risks, Mega Financial Holding has established the "Information Security Policy and Guidelines for Information Security Management Operations". The international information security certification ISO 27001 was introduced and obtained in 2022. Through the operation of mechanisms such as information security governance, compliance, risk control, and audit review, and in conjunction with technological applications, Mega Holdings has comprehensively enhanced its information security protection capabilities. In accordance with applicable regulations, the Information and Digital Business Meetings are convened by Kuang-Hua Hu, the President of Mega Financial Holding and risk management committee member. Jui-Yun Lin, Chief Information Security Officer of Mega Financial Holding serves as the Deputy Convener. The Presidents of each subsidiary serve as meeting members, and meetings are held at least once every six months and may be convened at any time as needed for business purposes. 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 (CISO) of Mega Financial Holding and attended by the CISO 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 Group's capacity to make decisions on security issues. We also supervise our subsidiaries to complete information security-related regulations, strengthen system protection, establish a joint financial information security defense system, enhance organizational information security response and protection capabilities, and reduce information security risks.

### Information Security Management Mechanisms and Measures



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

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



## Information Security Education and Training

To ensure that customers can use the services provided by Mega Group with peace of mind, it is necessary to ensure that employees have information security knowledge and enhanced awareness. Each subsidiary of the Group conducts information security-related education and training every year, and provides both physical and online courses as well as lectures, so that employees can enhance their knowledge of information security and respond to changing security issues every year. In 2022, the related education and training topics and content included "analysis and response to security cases", "information security thinking in the post-pandemic era", "challenges and responses to IoT security", "analysis of personal data protection laws and introduction to personal data protection systems", and "information security lecture". A total of 30,252 participants completed the training with a total training time of 43,901 hours, averaging 5.07 hours per person.

### 4.4.2 Customer Privacy and Personal Information Protection

Mega Group has adopted a "Zero Tolerance Policy" against the leakage of personal data and customer privacy information, and fulfills its duty to protect customer privacy and ensure information security. Mega Financial Holding adopts the "Customer Data Confidentiality Measures", which are established and maintained by the Compliance Department. The measures provide details on the collection, processing, and use of customer data by Mega Financial Holding and subsidiaries in accordance with the "Personal Data Protection Act", the "Financial Holding Company Act", and the "Regulations Governing Administration of the Collective Marketing in Inter-Subsidiaries Company of a Financial Holding Company". In addition, the protection of customers' personal information is included in our internal control system and employee training on this topic is organized. Each year, a third-party is commissioned to verify our personal data protection practice, thereby ensuring the effective protection of customer privacy and personal data. Mega Bank and CKI have completed the introduction and third-party verification of BS 10012:2017 Personal Information Management System and ISO 27701:2019 Privacy Information Management System in 2022 respectively.

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

Mega Group only allows the Government to request privacy-related information of customers under legal circumstances. There is no event related to illegal request for information, or use customer information for secondary marketing, or violates relevant regulations on information and labeling of products and services. However, Mega Group received two complaints from external and regulatory agencies that proved to have violated customer privacy or lost customer information. We have completed relevant improvement measures (for details, please refer to [7.2 Business Ethics](#)).

## 4.5 Digital Innovation

With the trend of digital transformation and the impact of COVID-19 Mega Group utilizes financial technology (Fintech) to optimize digital experience and create ubiquitous services that will facilitate the development of financial inclusion. The focus is on "Accelerating the Implementation of Branch Digitization", "Enhancing the Digital Financial Service Experience", and "Strengthening Digital Technology Capabilities" as the main axis of digital financial development, making financial services both secure and convenient.

Mega Group has continued to promote various digital/mobile services in recent years based on the needs of customers and obtained relevant patents through stakeholder engagement. For example, we improved the Smart Teller Machine (STM) functions, introduced more cloud-based counter service channels, developed an all-inclusive business integration platform, and optimizing online account opening functions. Additionally, personalized notifications are sent through social media to notify customers in real-time, enhancing operational efficiency and intelligent customer service experiences. As of the end of 2022, Mega Group has obtained 578 patents related to digital finance.

Information Security Management Measures	Implementation status by Mega Financial Holding and the Subsidiaries in 2022
Establish a 24/7 Security of Center (SOC)	<ul style="list-style-type: none"><li>Mega Financial Holding, Mega Bank, Mega Securities, and CKI have set up SOC (Information Security Control Center) for 24-hour information security monitoring to strengthen information security monitoring and defense.</li></ul>
Vulnerability Scan	<ul style="list-style-type: none"><li>Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds, and MAM have completed annual vulnerability scans, and have improved and continuously tracked the vulnerabilities to identify potential information security threats and vulnerabilities early and strengthen information security operations and information system security protection capabilities.</li></ul>
Penetration Test	<ul style="list-style-type: none"><li>Mega Financial Holding, Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds, and MAM have commissioned a third-party to conduct penetration tests of all external services twice a year, and no significant risks have been identified after the tests. Through a red team assessment with a professional third-party information security team using goal-oriented information security exercises, the company's deep defense capability and ability to protect its key assets can be evaluated and tested to improve employees' ability to respond and handle new forms of cyberattacks, thereby reducing the impact of cyber security incidents and verifying the effectiveness of the Bank's system control measures.</li></ul>
Social Engineering Drill	<ul style="list-style-type: none"><li>To ensure that employees stay more vigilant against phishing attacks which will compromise the company's cyber security and lead to data leakage, Mega Bank and its subsidiaries have completed social engineering exercises for emails at least twice a year and conducted employee security education and training and promotion of information security-related issues that are aimed at reinforcing the concept of information security and reducing information security risks associated with phishing emails.</li></ul>
Business Continuity Test	<ul style="list-style-type: none"><li>To provide complete and uninterrupted services, Mega Financial Holding and its subsidiaries have completed annual business continuity exercises to ensure that critical systems can continue to provide key services and the effectiveness of the backup system. We also conduct information security incident notification and contingency drills in response to network attacks to restore normal operations as soon as possible and reduce the impact of disasters and operational interruptions to reduce risk impacts and protect customer rights.</li></ul>
Information Security Management System (ISMS)	<ul style="list-style-type: none"><li>Mega Financial Holding, Mega Bank, Mega Securities, and CKI have all completed the implementation of ISO 27001: 2013 Information Security Management System and third-party verification, and continue to conduct third-party reviews to maintain the validity of the certificate. (For the certificate, please refer to the Appendix <a href="#">8.5 Verification Statement by External Independent Parties</a>)</li></ul>
E-commerce Services and Information Security Liability Insurance	<ul style="list-style-type: none"><li>Mega Bank and CKI have completed the annual renewal of information security insurance to reduce the financial loss associated with the risk of business interruption and to provide an additional layer of protection and security for the Group's information security management.</li></ul>

## Information Security Reporting Process and Information Security Incidents

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

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

In the past three years, no information security, network security, information infrastructure and data breach incidents have occurred in Mega Group, hence no data and information (including personal information) breach incidents have occurred in 2022. No customers and employees have been affected by data and information breach incidents, therefore, no related fines have been paid.





01



### Accelerating the Implementation of Branch Digitization

Establish the Financial Confirmation Blockchain Platform

Established Smart Teller Machine (STM)

Promote Paperless for Account Opening Process

Apply for Financial Service Permissions System

Develop Real Estate Appraisal System

02



### Enhancing the Digital Financial Service Experience

Expand Mobile Payment Services

Promote Digital Deposit Account

Expand Digital Channel Services

Use Social Media Platforms

Provide Mobile Banking for Large Foreign Exchange Declaration

03



### Strengthening Digital Technology Capabilities

Develop Intelligent Customer Service

Establish Online Financial Service Platform



## 4.5.1 Branch Digitization

Mega Group's first step in promoting digital financial development is to enhance the digitization level of each branch and location. Every year, it continuously promotes and improves various measures, such as "Establish the Financial Confirmation Blockchain Platform", "Establish Smart Teller Machine (STM)", and "Promote Paperless for Account Opening Process". In 2022, it also obtained patents related to the "Apply for Financial Service Permissions System" and the "Develop Real Estate Appraisal System", accelerating the promotion of 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 Company to expedite confirmation and reduce manual operations and costs of branches. The Bank established an automatic confirmation platform that integrates the business system databases and significantly reduced confirmation response time to "immediate" response. It effectively reduces manual processing time and makes full use of "paperless" environmental protection effects. In 2022, the Bank processed 27,678 confirmations via blockchain, which reflects a gradual increase in the number of blockchain confirmations as a percentage of all confirmations.

### 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 have 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 4,474,872 sheets of printed documents based on the total number of customers who opened a bank account. As at the end of 2022, 121 STMs were deployed, serving 217,294 people. In total, 248,604 accounts were opened.

### Promote Paperless for Account Opening Process

Mega Securities continues to promote the platform optimization for paperless account opening at counters by introducing digital signature and media storage technologies, significantly reducing the waiting time for customers to open accounts or open additional accounts at counters. In 2022, a total of 4,303 accounts were opened through the paperless account opening platform.

CKI promotes paperless insurance policies and encourages customers to use e-policies to reduce paper usage. In 2022, over 370,000 e-policies were issued, saving 2.22 million sheets of paper.

### Apply for Financial Service Permissions System

Mega Bank obtained a patent for the "System for Applying for Financial Service Permissions" in 2022, which implements a dual-authentication mechanism for online application of internet banking services. This system can save an average of 5 hours of counter workload and customer service time per day. Since the system was launched until the end of 2022, a total of 17,715 internet banking applications were received.

### Develop Real Estate Appraisal System

Mega Bank obtained a patent for the "Real Estate Appraisal System" in 2022. The automated real estate appraisal model system receives multiple data inputs and performs appraisals and outputs results, effectively addressing the needs of bank mortgage valuation. The system is now applied to the Bank's "eMortgage" official website, allowing customers to perform online property valuations. In 2022, there were 17,217 inputs for property valuation and 16,256 queries for the result. The system was used 23,664 times.

## 4.5.2 Digital Financial Services

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

### Expand Mobile Payment Services

Mega Bank actively implements Taiwan Pay and cooperates with multiple electronic payment and ticketing companies (JKOS, O'Pay, Gama Pay, Line Pay Money, EasyCard, and EasyPay) to provide a direct debit service. The Bank continues to collaborate with more business owners (discussed cooperation with PX Pay Plus, +Pay, and iCash) to increase the visibility of mobile payment services. Mega Bank also integrate marketing resources and work with strategic partners to jointly establish mobile payment application scenarios, thereby building a mobile ecosphere that satisfies consumers' need for mobile payment in different daily settings. In 2022, the annual sales target was to have 4,770 merchants use Taiwan Pay service. In total, the sales unit of Mega Bank had convinced 4,959 merchants to join this service, achieving 104% of the target.

### Promote Digital Deposit Account

Mega Bank provides a consolidated one-stop digital financial service, in which customers can open multiple accounts (digital deposit account, trust account, securities account, and sub-brokerage account) and can 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 206,570 digital NTD and foreign currency accounts as of the end of 2022.



## Expand Digital Channel Services

Mega Bank's online banking and mobile app service are designed based on a customer-oriented approach. Through data collection and analysis of network traffic and remote user perception, the menu, name and the structure of online banking are fully adjusted to optimize user experience. As of the end of 2022, Mega Bank has opened 1.35 million Internet banking accounts, up 9.41% from 2021, and approximately 930,000 mobile app accounts, up 9.35% from 2021.

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 20,050 accounts via digital channels in 2022.

## Use Social Media Platforms

Mega Bank's LINE official account provides a wide range of account notification services and issues an average of 9.07 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, financial services and mortgage calculations on the Mega Bank LINE official account. They can also use online text customer services to ask questions and receive answers. As of the end of December, 2022, Mega Bank official account currently has 2.997 million members.



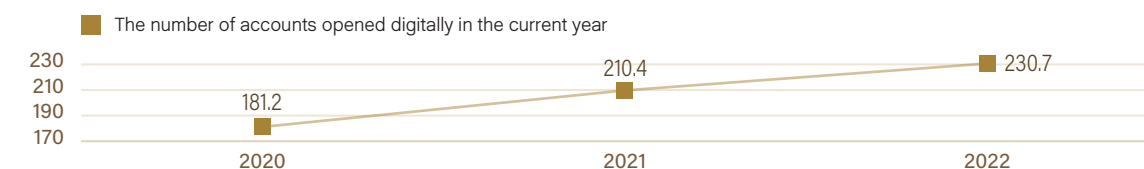
## Provide Mobile Banking for Large Foreign Exchange Declaration

Mega Bank officially launched mobile banking function - declare large foreign exchange transactions, in December 2021. By completing an IXML certificate application on their mobile banking app, customers can buy/sell foreign currencies equivalent to a value of NT\$500,000 or more. They can buy or 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.

The Cumulative Number of Accounts Opened Digitally by Mega Group in the Past 3 Years					
Company Name	Application Item	2020	2021	2022	Difference between 2022 and Previous Year (%)
Mega Bank	• Number of Online Banking Accounts	Approx. 1.1 million	Approx. 1.23 million	Approx. 1.35 million	9.41%
	• Number of Mobile App Accounts	Approx. 700,000	Approx. 850,000	Approx. 930,000	9.35%
	• Total Number of Accounts	Approx. 1.8 million	Approx. 2.08 million	Approx. 2.28 million	9.39%
Mega Securities	• Digital Accounts	5,067	16,528	20,050	21.30%
Mega Funds	• Digital Accounts	6,779	7,299	7,394	1.30%

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

The Cumulative Number of Digital Accounts Opened by Mega Group in the Past 3 Years



Note1: Digital accounts include margin account opening/contract renewal/limit adjustment, fund lending, securities lending, and wealth management.

Note2: Mega Bank's digital channels include internet banking and mobile app.

## 4.5.3 Digital Technology Capabilities

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

## Develop Intelligent Customer Service

Mega Bank continues to use Natural Language Processing (NLP) technology in text and voice customer service operations, reducing customer waiting time after call-in and improving customer satisfaction through smart customer service. As for computer vision, deep learning technology is used to allow computers to simulate human identification criteria to understand and recognize credentials and financial reports, optimizing customer experience and reducing manual operation time. In addition, the Bank integrates various data sources related to credit risks of internal and external counterparties to build a warning platform for credit customers through big data, improving the ability to collect credit risk information of counterparties, and keeping abreast of changes in customer risk to facilitate risk management.

In January 2022, CKI launched an intelligent customer service, "Mega Xiao Le", which uses the next-generation Natural Language Understanding (NLU) technology to analyze and accurately judge customer problems, and simulates human chat to reply to insurance questions 24 hours a day. During the outbreak of the pandemic, CKI received over 20,000 customer service calls per month, and the number of calls increased significantly when the pandemic became less severe. With the assistance of intelligent customer service "Mega Xiao Le", about 30% of the cases can be effectively handled, and the functionality of intelligent customer service will continue to be optimized in the future to increase customer usage and improve satisfaction. In addition, CKI is gradually transferring simple and high-frequency operational processes to robots. In 2022, six processes were developed, including claims, finance management, and quotation-related operations. The filing of claims for pandemic insurance has already automated approximately 421,000 entries of data through the robot process (RPA).

## Establish Online Financial Service Platform

Mega Securities launched the online account opening platform "E-Open", with a dual opening function for securities and sub-brokerage accounts, combined with online signature of W8ben (US Foreign Tax Investigation Form), integrating Optical Character Recognition (OCR) technology and incorporating Mega Bank's online identity verification and printing services to save account opening time and streamline procedures. A total of 13,334 securities accounts and 6,716 sub-brokerage accounts were opened online in 2022. In addition, Mega Securities launched the "Mega E-Stock" platform in September 2022, which provides stock deposit service with fixed amounts, fixed shares, conditional orders and U.S. stocks based on intraday zero shares, enabling low income earners and dividend investors to have a more flexible digital stock deposit experience. In 2022, the cumulative number of stock deposit plans reached 69,114.







# CH5

## Employee Care

### 5.1 Talent Attraction

### 5.2 Talent Development

### 5.3 Happy Workplace

### 5.4 Human Rights Protection



#### Material Topics of GRI Standards

GRI 401、GRI 403、GRI 405

#### Corresponding Material Topics

Happy Workplace

#### Targeted Stakeholders

Employee/Corporate Union



#### A Message from the Leader of the Employee Care Working Group

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

## 5.1 Talent Attraction

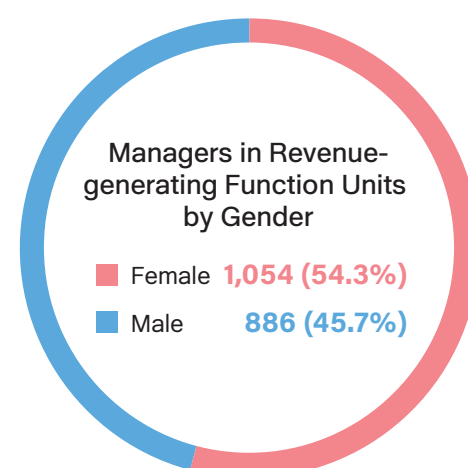
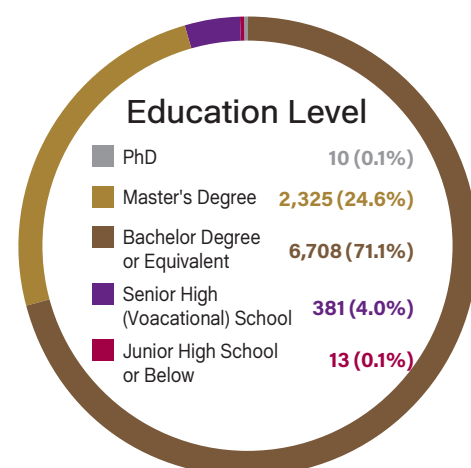
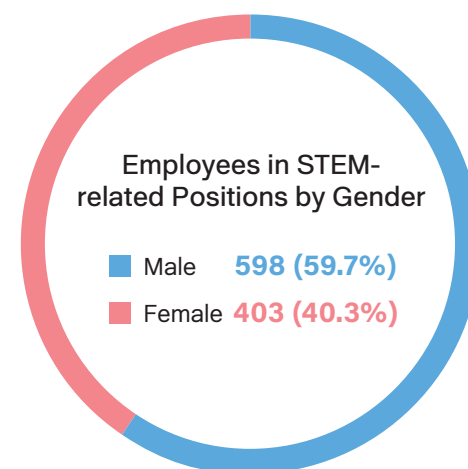
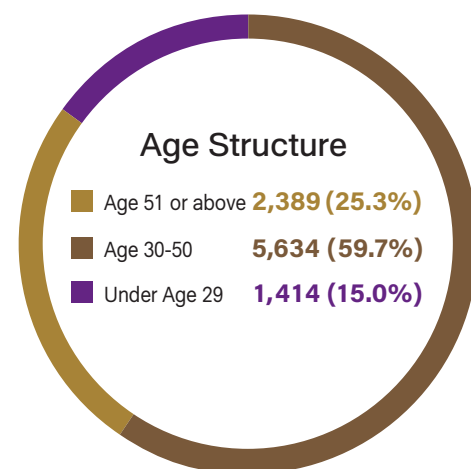
### 5.1.1 Talent Resources and Structure

Mega Group complies with the labor laws and regulations of Taiwan and respects the internationally recognized basic labor human rights principles, and incorporates the relevant regulations into the Group's "Human Rights Policy". To ensure equal opportunity in recruitment, employment, salary benefits, and job promotion, Mega Group prohibits discrimination on the basis of nationality, race, class, language, thought, religion, etc. As of the end of 2022, the total number of employees in Mega Group was 9,977, including 9,437 full-time employees, 272 non-full-time (contract) employees, and 268 employees of subsidiaries not included in this sustainability report. Of which the number of employees in Taiwan was 8,658, accounting for 91.7%, and the number of employees in overseas subsidiaries was 779, accounting for 8.3%. Overall, most of our employees (n=5,634 or 59.7%) were aged 30 to 50 years.

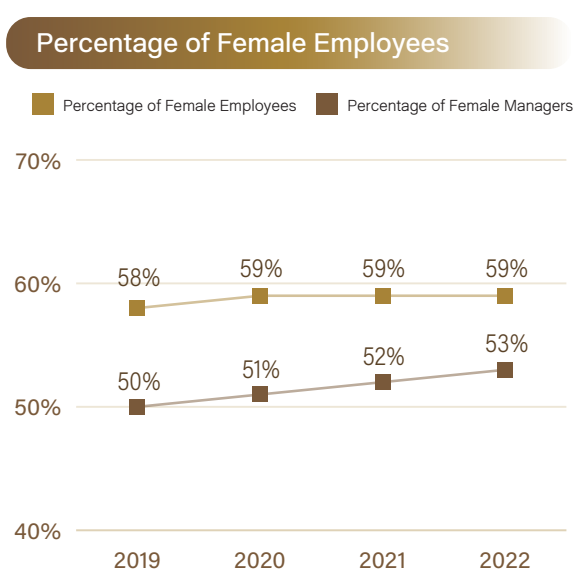
#### Mega Group Global Talent Structure (Full-time Employees)

Types	Aspects	Number of Employees	Ratio
Gender	Female	5,581	 Female 59.1% Male 40.9%
	Male	3,856	
Job Location	Taiwan	8,658	 Taiwan 91.7% Overseas 8.3%
	Overseas	779	
Position	Management	2,778	 Non-Management 70.6% Management 29.4%
	Non-Management	6,659	

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



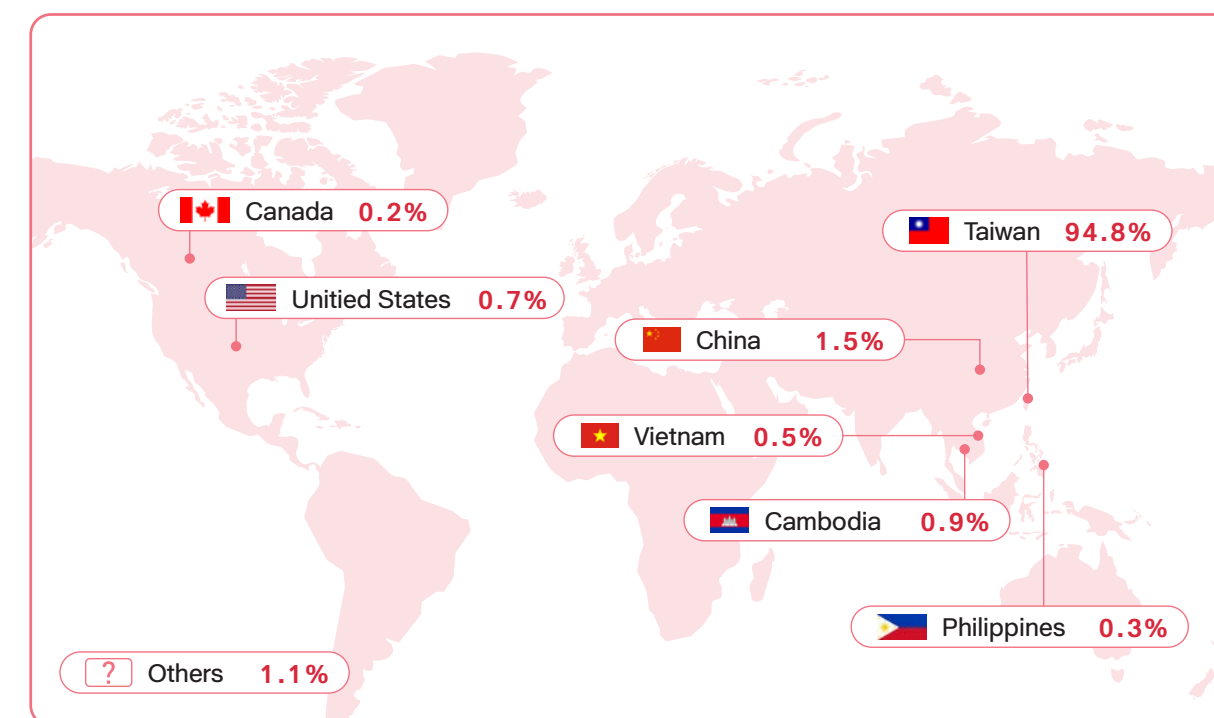
Mega Group has long focused on the issue of "Gender Equality". In terms of talent structure, there were a total of 5,581 female employees in 2022, accounting for 59.1% of the total. Looking back at the past four years, the proportion of female employees in the Group has remained stable, while the proportion of female managers has been on the rise. This demonstrates Mega Group's efforts in promoting gender equality and is in line with the United Nations' SDG 5: Gender Equality to achieve gender equality and empower all women and girls. To maintain gender equality in the talent structure, the Group has set a target of maintaining a balance between genders with a range of 40% to 60% for both male and female employees. The achievement rate of this target has been 100% for the past four years.



## 5.1.2 Employee Diversity

Mega Group is committed to creating a diverse and equal employment environment, safeguarding the work rights and interests of different ethnic groups, and allowing each employee to fully demonstrate their uniqueness and differences. As of the end of 2022, Mega Group had employed a total of 55 employees with disabilities and 9 indigenous employees. In the future, appropriate job vacancies will continue to be provided to establish a friendly and inclusive workplace. For detailed information on employees with disabilities and indigenous employees, please refer to the [Appendix 8.3.2 Social Metric Data](#).

In addition, Mega Group has a global business layout that attracts international talent. As of the end of 2022, the Group's employees come from 21 nationalities, with the top seven nationalities including Taiwan, China, the United States, Cambodia, Vietnam, the Philippines, and Canada, accounting for 98.9% of the total employees. Mega Group also plans to strengthen employees' international perspective and promote workplace exchanges through overseas branch internships and observation visits. For detailed information on global employees, please refer to the [Appendix 8.3.2 Social Metric Data](#).



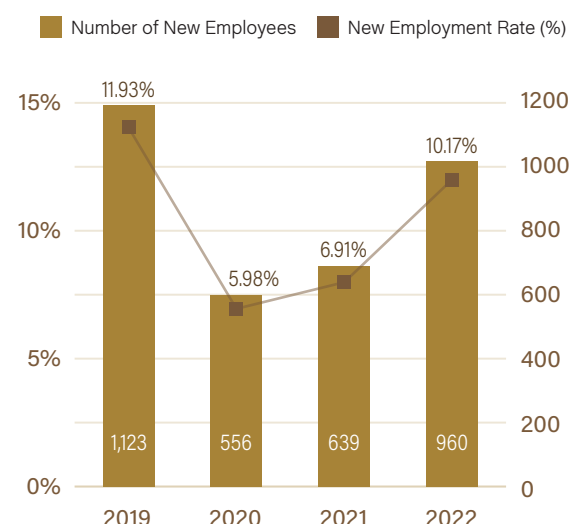
## 5.1.3 New Hired and Resigned Employees

In 2022, the number of new employees and the new employee rate were 960 and 10.17%, respectively, both showing growth compared to the previous year. In addition to recruiting talent, Mega Group also continues to track the resignation of employees, and develops relevant workplace improvement plans through turnover rate analysis. In 2022, the total number of employees who resigned was 543, with a turnover rate and voluntary turnover rate of 5.75% and 3.91%, respectively. The turnover rate increased slightly compared to 2021, but remained lower than the industry average. For detailed information on global employees, please refer to [Appendix 8.3.2 Social Metric Data](#).





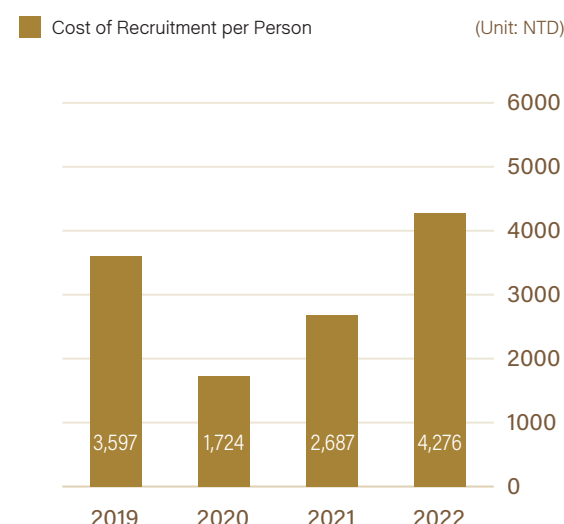
### Global Workforce - New Employees



Note1: The number of new employees refers to the number of new employees who join the organization for the first time (reinstated personnel are not included).

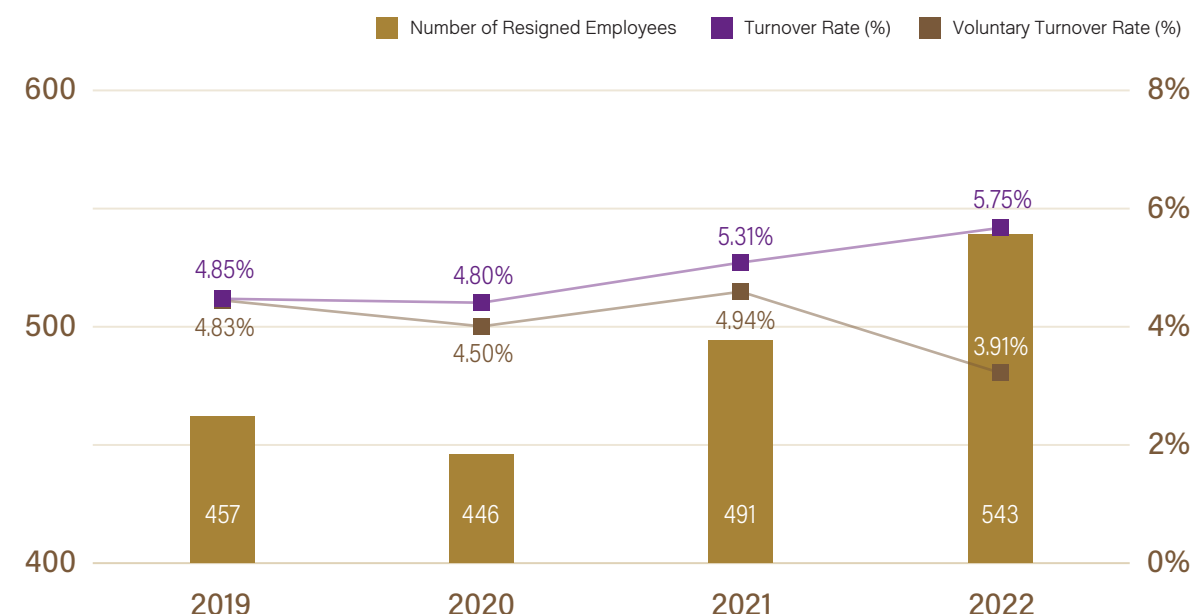
Note2: New Employment Rate (%) = Number of New Employees / Number of Employees at the End of the Year x 100%.

### Average Recruitment Cost per New Employee



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

### Global Employee (Full-Time) Turnover Rate



Note1: Number of resigned employees include 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.

Note2: Turnover Rate (%) = Number of Resigned Employees / Number of Employees at the End of the Year x 100%.

Note3: The rise of remote work from home in the last three years due to the COVID-19 pandemic and the increase in non-contact transactions have led to changes in the financial service ecosystem. The intensifying competition in the financial industry has resulted in a slow increase in the total turnover rate and a slow decrease in the voluntary turnover rate.

## 5.1.4 Recruiting Strategy

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



Digital Talent



Sustainability  
Talents



Diverse Finance  
Talents

#### Objective

Digital talents are recruited in response to the vigorous development of digital banking technology. Digital talents can help the Company to improve its competitive advantages, build up the Company's information and cyber security capacity, and strengthen new businesses related to financial technology, such as corporate website operation, social networks, and digital marketing, etc.

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

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

- In 2022, Mega Bank successfully recruited 71 new employees by exploring potential talents in information, cybersecurity, and digital fields through campus recruitment and external selection.
- In response to the demand for sustainable financial services, Mega Group actively recruits professionals specialized in sustainable development. Each subsidiary also cooperates with the needs of the Group by allocating manpower to handle sustainable-related businesses, effectively integrating resources and promoting corporate sustainable actions.
- Mega Bank is recruiting talents in private banking, insurance product planning, trust and tax planning, credit card acquiring and planning, as well as renewable energy project financing, to cope with the diversified business development. Mega Securities is planning to recruit new financial product development and trading professionals, as well as international business development professionals in 2023, in order to strengthen its global presence and respond to emerging financial issues.

### Case Study

### Taiwan Talent Sustainability Initiative

To strengthen the competitiveness of talent in Taiwan's society and in response to the global corporate emphasis on talent social responsibility under the ESG, Mega Funds joined "TALENT, in Taiwan - Taiwan Talent Sustainability Initiative Alliance" in 2022. The Company obtained the action label with the aim of taking care of employee health and creating a happy enterprise. The Company pledged to continue striving for the sustainable development of talent, achieving goals such as diversity and inclusiveness, organizational communication, physical and mental health, and talent growth.





## Campus Recruitment

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

### Cooperation with Colleges and Universities

Department of Real Estate and Built Environment, National Taipei University

Mega Bank has added trust-related courses, provided scholarships, and held academic paper competitions related to trust-related topics to promote the exchange of theory and practice.

- Mega Bank and National Taipei University work together to deeply promote local industry-academia collaboration and cultivate Trust 2.0 talents.

### Provide Internship Opportunities

National Taipei Business University, Fu Jen Catholic University and other colleges and universities

Mega Bills has signed a cooperation agreement with Taiwan colleges and universities to select part-time evening students as interns and provide internship opportunities for business operations within the scope of employment.

### Provide Scholarships and Bursaries

National Tsing Hua University

Provided student scholarship programs and summer internship opportunities.

### Corporate Visits

Students in finance-related majors in Taiwan colleges and universities

In conjunction with students majoring in finance-related majors from colleges and universities, they arrange visits and interact with students through presentations on main business scopes to attract potential financial talents.

- Department of Money and Banking, National Chengchi University visits Mega Bills Finance.

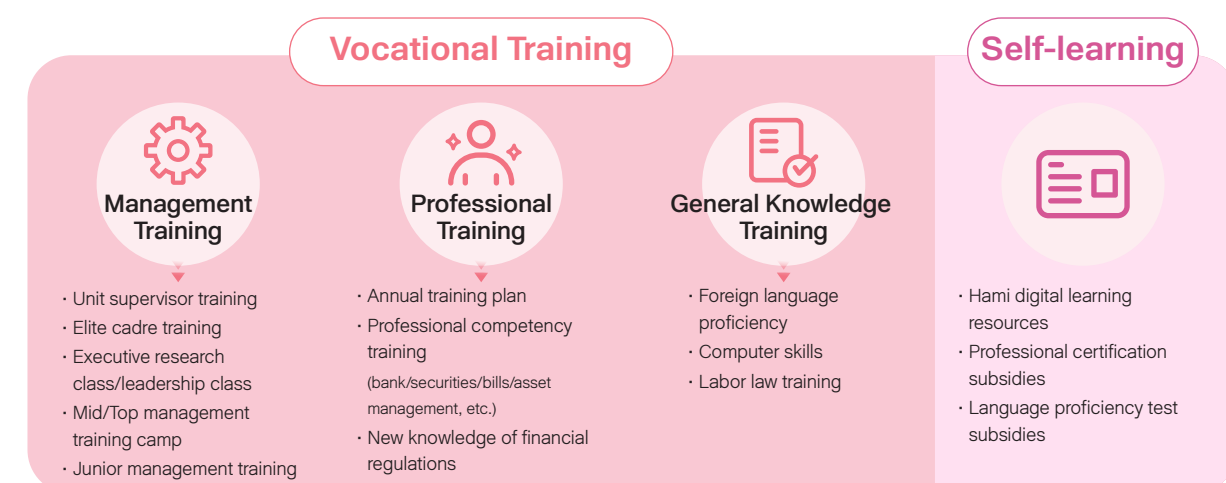
## 5.2 Talent Development

### 5.2.1 Education and Training

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

Completion Rate of  
ESG Courses by Mega  
Group's Employees

97.06%



Education and Training Cost			
Unit: thousand NTD			
Items / Year	2020	2021	2022
Total Training Cost	59,556	42,867	60,365
Average Cost of Training per Person	6.4	4.6	6.4
Proportion of Net Revenue (%)	0.10%	0.07%	0.11%
Human Capital Return on Investment	2.6	2.5	2.3

Note: Human Capital Return on Investment = (Net Revenue - (Operating Expenses - Employee Benefit Expenses)) / Employee Benefit Expenses.

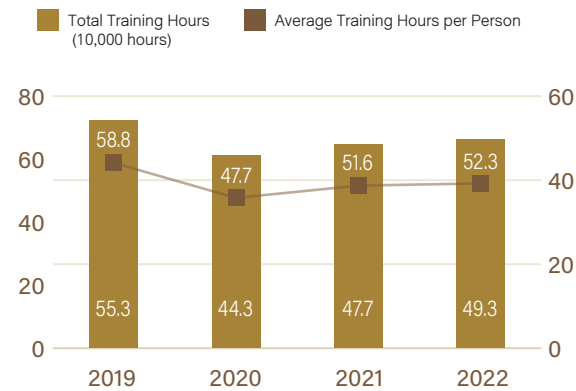
In 2022, the average training hours per employee in Mega Group was approximately 52.3 hours, with a total training time of 493,000 hours. Compared to 2021, the average training hours and total training time increased by approximately 1.4% and 2.7%, respectively. On the other hand, to enhance each employees' sustainability awareness, Mega Financial Holding and its subsidiaries hold at least one ESG-related course every year, making ESG a part of every employee's DNA.

Mega Group encourages its employees to participate in related professional certification or qualification examinations, providing full or partial subsidies for registration fees and certification fees. Relevant certifications include Certified Financial Planner (CFP), Associate Financial Planner (AFP), Certified Financial Services Auditor (CFSA), Certified Anti-Money Laundering Specialist (CAMS), and so on. In 2022, the Group provided subsidies for professional certifications to a total of 911 people, offering nearly NT\$1.41 million in subsidy fees. Mega Group not only continues to provide subsidies but also plans relevant educational training and provides professional support to its employees.

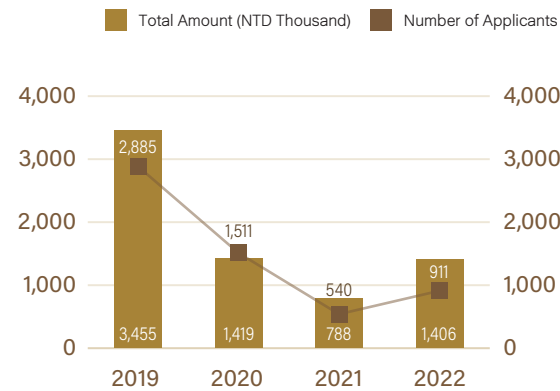




### Education and Training Hours Statistics

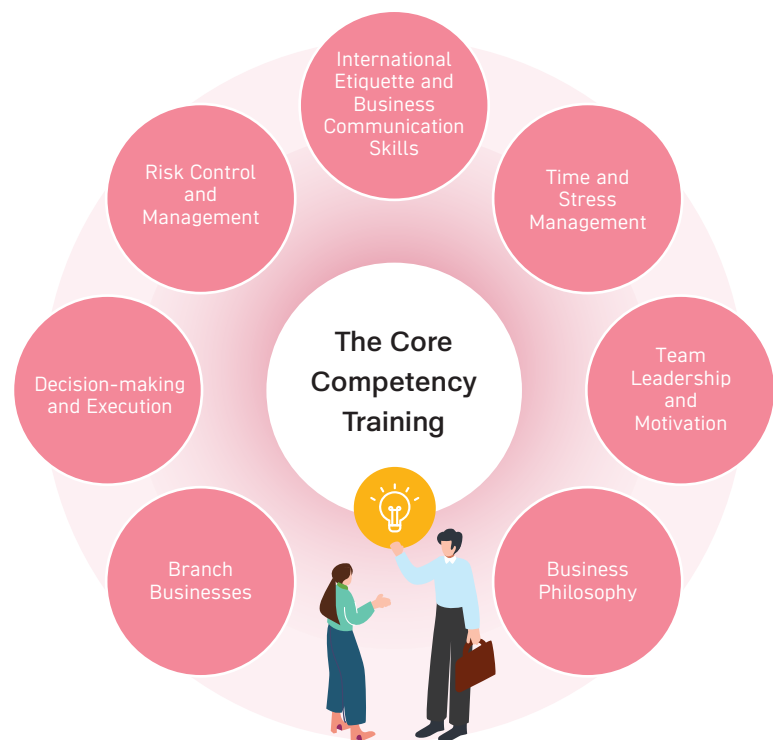


### Subsidies for Professional Licenses and Certifications



## Professional Talent Training Programs

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



### Training Statistics of Mega Bank in 2022

Number of Internal and  
External Training Courses

1,279  
Courses

Number of Participants

164,938  
People

Mega Bank and Mega Securities also designed the "Unit Supervisor Training Program" and "Elite Cadre Training Program". Each unit regularly recommends outstanding mid-level personnel with ambition and development potential to be trained in the relevant courses in the industry once they pass the review. They also provide follow-

up professional training programs for external organizations to train unit supervisors and elite cadres. To track and evaluate the effectiveness of the training programs, Mega Group uses the Kirkpatrick Model to measure and effectively quantify the benefits of the training programs.

### Unit Supervisor Training Program

Description	Target	Business Benefits																											
Mega Bank recommends outstanding employees with potential from various units to participate in the Unit Supervisor Training Program annually. The course content covers digital finance, financial markets, wealth management, consumer finance, information security, and so on. Industry experts, scholars, and consulting companies are invited to give lectures on topics such as "Challenges and Capital Market Trends Faced by the Financial Industry in the Changing Environment and Society", "Window Dressing and Fraud in Corporate Financial Reports", and "Leadership and Governance". Through cultivating excellent employees and enhancing their professional knowledge and governance capabilities, potential unit supervisor candidates are identified to establish a succession pipeline for sustainable operation.	Mega Bank Staff	<ul style="list-style-type: none"><li>Since the establishment of the Mega Bank Unit Supervisor Training Program, a total of 292 people has been trained, of which 62 have been appointed as unit supervisors, accounting for 21.23% of the total training population.</li><li>Trainee satisfaction after the course: 4.67 points (out of 5)</li></ul> <b>Kirkpatrick's Model Evaluation of the Program</b> <table><tr><th>Items</th><th>Indicators</th><th>2021</th><th>2022</th></tr><tr><td>L5 ROI</td><td>ROI of Training</td><td>2.46</td><td>2.9</td></tr><tr><td>L4 Results</td><td>Client Satisfaction</td><td>88.7%</td><td>97.1%</td></tr><tr><td>L3 Behavior</td><td>Retention Rate of Key Talent</td><td>100%</td><td>99.9%</td></tr><tr><td>L2 Learning</td><td>Completion of Training</td><td>100%</td><td>100%</td></tr><tr><td>L1 Reaction</td><td>Trainee Satisfaction</td><td>93.2%</td><td>93.4%</td></tr></table>				Items	Indicators	2021	2022	L5 ROI	ROI of Training	2.46	2.9	L4 Results	Client Satisfaction	88.7%	97.1%	L3 Behavior	Retention Rate of Key Talent	100%	99.9%	L2 Learning	Completion of Training	100%	100%	L1 Reaction	Trainee Satisfaction	93.2%	93.4%
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L1 Reaction	Trainee Satisfaction	93.2%	93.4%																										
Mega Securities' Unit Supervisor Training Program is conducted through external training, specifically through the mid-level and top-level on-the-job training courses organized by the Taiwan Securities Association and the Chinese National Futures Association.	Mid/Top-level Manager	<ul style="list-style-type: none"><li>Number of people participated in 2022: 99 people</li><li>Training hours in 2022: 3,282.5 hours</li></ul>																											

### Elite Cadre Training Program

Description	Target	Business Benefits																											
<p>In 2022, Mega Bank held the 12th Cadre Training Program, which has been offered since 2014. The program aims to train mid-level managers who are under 45 years old, outstanding, ambitious, and have development potential. The course content covers banking-related businesses such as deposits, wealth management, and anti-money laundering, in addition to other subjects. Employees who took this program have gained practical experiences from serving in important positions at the Head Office and domestic and overseas business units and from partaking in professional training programs, at home and abroad. Most employees receive recommendations again for participating in the "Unit Supervisor Training Program" to complete the comprehensive training required for future unit supervisors.</p>	Mid/Top-level Manager	<ul style="list-style-type: none"><li>● Mega Bank's Elite Cadre Training Program has trained a total of 830 people since its establishment, with 100 people trained in 2022.</li><li>● Trainee satisfaction after the course: 4.64 points (out of 5)</li></ul>																											
<p>Mega Securities' Cadre Training Program includes participation in the high-level talent training program for public sector institutions and the GoPros training program organized by the Securities and Futures Institute, which focuses on the "Trends and Industry Outlook Analysis". The GoPros training program is designed to cultivate innovative industry financial professionals and strengthen investment risk, prospects, and opportunities in innovative industries. The program focuses on two main areas: financial expertise and key industries.</p>		Kirkpatrick's Model Evaluation of the Program																											
		<table><tr><th>Items</th><th>Indicators</th><th>2021</th><th>2022</th></tr><tr><td>L5 ROI</td><td>ROI of Training</td><td>2.46</td><td>2.9</td></tr><tr><td>L4 Results</td><td>Client Satisfaction</td><td>205</td><td>213</td></tr><tr><td>L3 Behavior</td><td>Retention Rate of Key Talent</td><td>100%</td><td>99.9%</td></tr><tr><td>L2 Learning</td><td>Completion of Training</td><td>100%</td><td>100%</td></tr><tr><td>L1 Reaction</td><td>Trainee Satisfaction</td><td>95.5%</td><td>93.1%</td></tr></table>				Items	Indicators	2021	2022	L5 ROI	ROI of Training	2.46	2.9	L4 Results	Client Satisfaction	205	213	L3 Behavior	Retention Rate of Key Talent	100%	99.9%	L2 Learning	Completion of Training	100%	100%	L1 Reaction	Trainee Satisfaction	95.5%	93.1%
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L1 Reaction	Trainee Satisfaction	95.5%	93.1%																										
<ul style="list-style-type: none"><li>● Number of people trained in 2022: 3 people</li></ul>																													



Unit Supervisor Training Course



Elite Cadre Training Course



Training Program		Unit : NTD		
Items		2020	2021	2022
Unit Supervisor Training Course	Number of People Trained	38	37	37
	Training Hours per Person	35	34	34
	Training Expense (NTD)	182,820	119,978	149,410
Elite Cadre Training Course	Number of People Trained	101	79	100
	Training Hours per Person	28	28	28
	Training Expense (NTD)	192,304	181,521	184,725
Seminar on Overseas Branch Businesses	Number of People Trained	70	37	61
	Training Hours per Person	33	33	33
	Training Expense (NTD)	91,219	51,750	52,100

## 5.2.2 Job Rotation

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

### Internal Rotation and Talent Recruitment Mechanism

Purpose

Discription

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

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

Percentage of Open Positions Filled by Internal Candidates

Year	Percentage of Open Positions Filled by Internal Candidates
2019	18.35%
2020	18.44%
2021	25.86%
2022	20.79%

### Talent Exchanges within Mega Group

Purpose	To promote talent exchange among companies within the Group, to facilitate employee deployment, and to strengthen the cultivation of professional talents.
Description	The "Group Personnel Exchange Rules" have been established to provide personnel exchange mechanisms within the Group through negotiation or borrowing, in order to meet the needs of cross-industry operations in finance.

## 5.2.3 Performance Evaluation

To achieve organizational performance goals and discover employee potential, Mega Group has established a fair and just performance evaluation system in accordance with the "Employee Performance Evaluation Guidelines". Mega Group's performance evaluation is divided into "Evaluation of Management by Objectives" (applicable to all employees) and "Ranking Evaluation" (applicable to specific businesses).

"Evaluation of Management by Objectives" assesses employee performance at the end of each year based on their day-to-day work performance, goal attainment, and key performance indicators. The evaluation is carried out according to fair and just principles and strict operating procedures. Except for personnel under probation employees and reinstated personnel who have returned to work during the current year, all other employees will undergo evaluation. The results of the performance evaluation will be used as the basis for employee rewards and promotion.

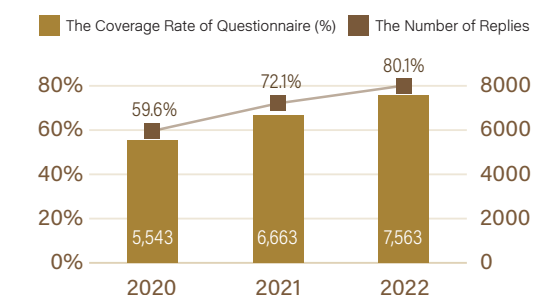
"Ranking Evaluation" is designed for specific businesses such as wealth management and credit card promotion, and ranks employees according to their performance in specific business areas. This evaluation motivates employees to achieve better performance by providing bonuses based on ranking.

Performance Evaluation Mechanism	Mechanism Summary	Frequency
Management by Objectives	Employee performance evaluation of Mega Financial Holding and the subsidiaries are conducted at the end of each year based on goal attainment and key performance indicators.	Annually
Team-based Performance Appraisal	Mega Bank, Mega Securities, Mega Bills and CKI has conducted team performance evaluation on specific departments quarterly, expecting to strengthen the management of operation and the linkage of business performance.	Quarterly
Agile Conversations	CKI established the "Operation Directions for Personnel assessment". When checking task performance, managers should request staffs who are under perform, incompetent and have a low achievement to fill in the project assessment form monthly, and keep a conversation to improve ones work completion.	Continuously

## 5.2.4 Employee Engagement

To understand the level of employee engagement and satisfaction in Mega Group, as well as the relationship between the two and job performance, a professional organization was commissioned in 2022 to conduct a survey of the Group and its subsidiaries. A total of 7,563 responses were received in this survey, with a questionnaire coverage rate of 80.1%, which grew by 13.5% compared to 2021. The questionnaire used a 5-point Likert Scale and referenced Gallup and Towers-Watson's definition of employee engagement for item design, while considering job satisfaction to explore the benefits of employee engagement on job performance.

### Group Employee Engagement Survey







## 2022 Employee Engagement Survey Results

## Survey Aspect



## Survey Results

Results showed that the score for Mega Group's Employee Engagement Survey was 3.62. The percentage of employees who actively participate in their work (those who scored 3.5 or above on the survey) was 61.1%.

Items / Year	2020	2021	2022
Actively Engaged Employees	74.0%	72.1%	61.1%

Among them, males scored higher than females, supervisor scores were higher than non-supervisor scores, and seniority shows a positive correlation, indicating that the higher the job level, the higher the score for employee engagement.

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

## 5.3 Happy Workplace

## 5.3.1 Remuneration and Benefits

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

Mega Group has been selected as a constituent stock of the "Taiwan High Compensation 100 Index" by the Taiwan Stock Exchange for 8 consecutive years, indicating that the salary level of the Group's employees is higher than that of most listed companies in Taiwan. In addition to the monthly salary and the year-end bonus, each employee's annual income includes the performance bonus and employee compensation paid according to the annual performance, and employees with outstanding performance are also eligible for a raise in order to retain outstanding talents and achieve 100% utilization of annual employee benefits budget.

Average and Median Salary of Full-Time Non-Managerial Employees				
Items / Year	2020	2021	2022	Difference between 2022 and previous year
Number of Full-time Non-Managerial Employees	7,857	7,728	7,754	0.34%
Average Annual Salary of Full-time Non-managerial Employees (thousand NTD)	1,427	1,450	1,432	-1.24%
Median Annual Salary of Full-time Non-managerial Employees (thousand NTD)	1,134	1,173	1,173	0%

Average and Median Difference in Remuneration and Bonus by Gender	
Average Difference in Remuneration by Gender	21.33%
Median Difference in Remuneration by Gender	18.42%
Average Difference in Bonus by Gender	21.69%
Median Difference in Bonus by Gender	14.47%


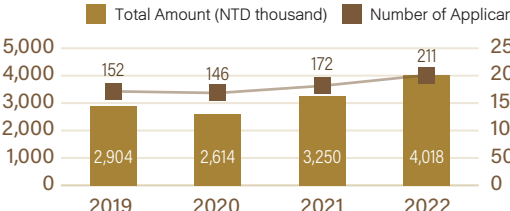

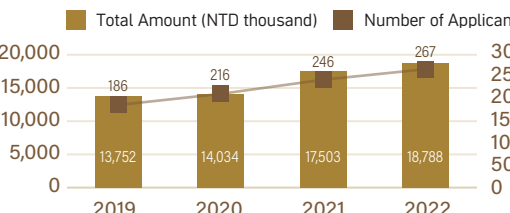


Note 1 : Calculated based on the global full-time employees who are still on job and have worked for more than 6 months on December 31, 2022; as for the remuneration, it is calculated on an annual basis.

Note 2 : The calculation definition refers to the "Average Benefits of Non-managerial Employees" of TWSE, and the annual remuneration includes salary and bonus.

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



### 5.3.2 Family and Child Care Support

<div></div> <div>Blessings for Starting a Family</div>	<p>To respond to the Government's policy to encourage people to marry at a suitable age, Mega Financial Holding and its subsidiaries provide a maximum marriage subsidy of NT\$30,000 to reduce the financial burden of employees who start a family. The marriage subsidy provided by the Mega Group has increased year by year. In 2022, a total of 211 individuals applied for the marriage subsidy, and the subsidy amount exceeded NT\$4 million.</p>	<div>Marriage Subsidies</div> <div><div>Total Amount (NTD thousand)</div><div>Number of Applicant</div><div></div></div>									
<div></div> <div>Support for Childbirth</div>	<p>To encourage employees to have peace of mind during pregnancy and to reduce the burden on employees during pregnancy, the regulatory prenatal leave is available by parents, and Mega Financial Holding additionally provides "prenatal checkup leave and childbirth leave for accompanying spouse" that are superior than the legal requirements, allowing employees to take one more paid leave day to accompany their spouse for prenatal checkups or childbirth. Furthermore, Mega Financial Holding and Mega Bank also provide a childbirth subsidy of NT\$80,000 for each baby. In 2022, a total of 267 individuals applied for the childbirth subsidy, and the subsidy amount exceeded NT\$18 million.</p>	<div>Childbirth Subsidies</div> <div><div>Total Amount (NTD thousand)</div><div>Number of Applicant</div><div></div></div> <table><tr><th>Type of Leave</th><th>Scope</th><th>Maximum of Leave Request (Days/Weeks)</th></tr><tr><td>Parental leave (According to the regulation in Taiwan, parental leave allowances are provided by Bureau of Labor Insurance)</td><td>Parents with children under 3-year-old</td><td>24 Weeks (comply with the law)</td></tr><tr><td>Prenatal checkup leave and childbirth leave for accompanying spouse</td><td>Spouse</td><td>8 Days (superior to the law)</td></tr></table>	Type of Leave	Scope	Maximum of Leave Request (Days/Weeks)	Parental leave (According to the regulation in Taiwan, parental leave allowances are provided by Bureau of Labor Insurance)	Parents with children under 3-year-old	24 Weeks (comply with the law)	Prenatal checkup leave and childbirth leave for accompanying spouse	Spouse	8 Days (superior to the law)
Type of Leave	Scope	Maximum of Leave Request (Days/Weeks)									
Parental leave (According to the regulation in Taiwan, parental leave allowances are provided by Bureau of Labor Insurance)	Parents with children under 3-year-old	24 Weeks (comply with the law)									
Prenatal checkup leave and childbirth leave for accompanying spouse	Spouse	8 Days (superior to the law)									
<div></div> <div>Support for Child- Rearing</div>	<p>Mega Group has a complete system for parental leave. For employees who meet the relevant provisions of the Act of Gender Equality in Employment, they can apply for parental leave without pay while retaining their job rights, ensuring that employees can maintain a balance between work and family. In 2022, 305 individuals were entitled to parental leave and the actual number of employees who used parental leave was 137.</p>	<table><tr><td>Reinstatement Rate (%)</td><td>73.4%</td><td>Retention Rate (%)</td><td>94.3%</td></tr></table> <p>*For detailed information on parental leave without pay, please refer to <a href="#">Appendix 8.3.2 Social Metric Data</a>.</p> <p>Mega Group has set up nursing rooms in each office building to provide independent and comfortable nursing spaces for mothers, and cooperated with external childcare service providers to provide employee childcare service and exclusive childcare discount programs by contracted childcare service providers to reduce the burden of employee childcare expenses.</p>	Reinstatement Rate (%)	73.4%	Retention Rate (%)	94.3%					
Reinstatement Rate (%)	73.4%	Retention Rate (%)	94.3%								
<div></div> <div>Work-Life Balance</div>	<p>In line with the nature of certain businesses, Mega Bank and Mega Securities have established a flexible clock-in/out system to allow employees to flexibly adjust their clock-in/out time when they need to take care of children or their elders. The noon shift for employees of Mega Bank can also be flexibly arranged by the unit supervisor according to the business situation. In addition, Mega Securities has also established the "Rules for Management of Part-time Duties of Business Personnel" to provide business personnel with the option of taking up part-time duties or holding part-time positions. If necessary, all employees of the Company could have part-time jobs after the application is approved. On the other hand, Mega Group complies with the "Act of Gender Equality in Employment", employees can request family care leaves (partially with paid-leave) when needed, founding a working environment allowed employees to take care of family but work as well.</p>										

### 5.3.3 Retirement Life Protection

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

The Pension Contribution for Company Employees	The Pension System of the Labor Standards Act	The Pension System of the Labor Pension Act
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.	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 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.

### 5.3.4 Occupational Health and Safety

#### Occupational Health and Safety (OHS) Management System

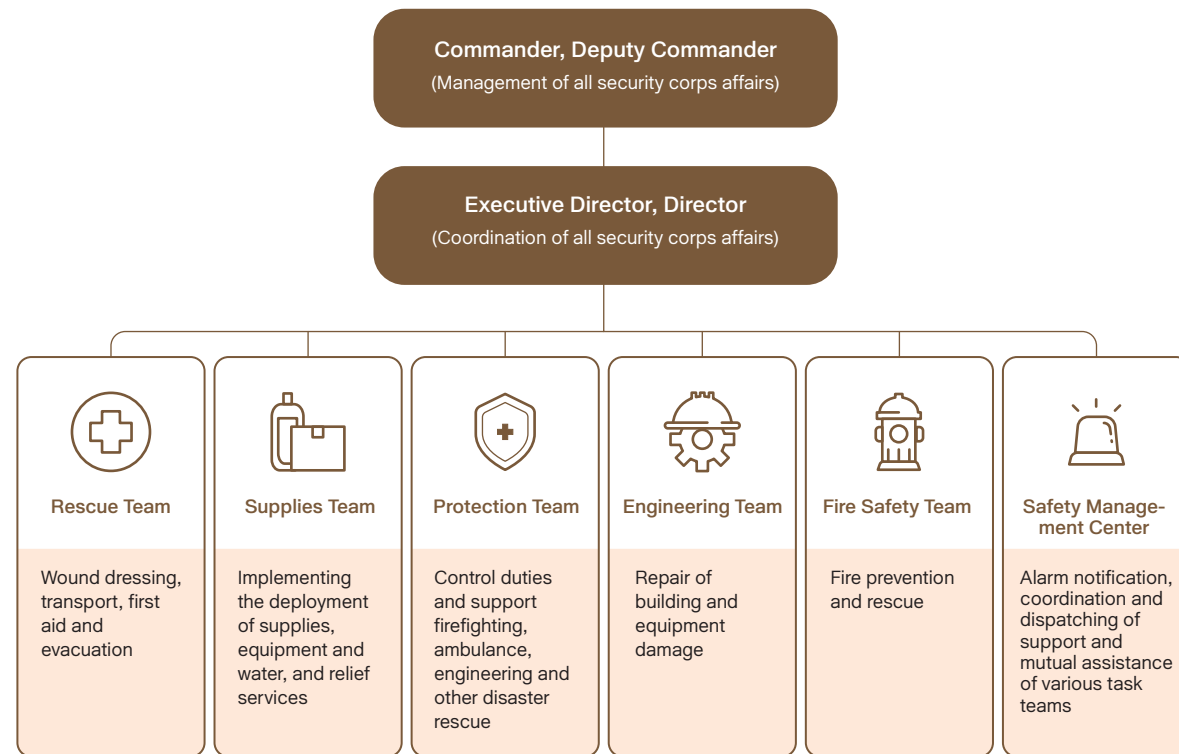
To promote the safety and health of workers, enhance the safety and health awareness of all personnel, and improve the working environment and facilities to achieve the goal of Zero Disasters, Mega Bank has formulated the "Occupational Health and Safety Management Plan" in accordance the "Occupational Health and Safety Act" of Taiwan and other relevant regulations to identify, evaluate and control potential hazards in the working environment or operations, and the implementation of the goals are tracked regularly for reducing and preventing related risks. To prevent the occurrence of emergency disasters, Mega Bank has formed a security corps in accordance with the regulations of the National Fire Agency of the Ministry of the Interior to perform tasks such as prevention and dissemination of alarms, protection, ambulance, firefighting and self-defense, and assistance in disaster rescue.



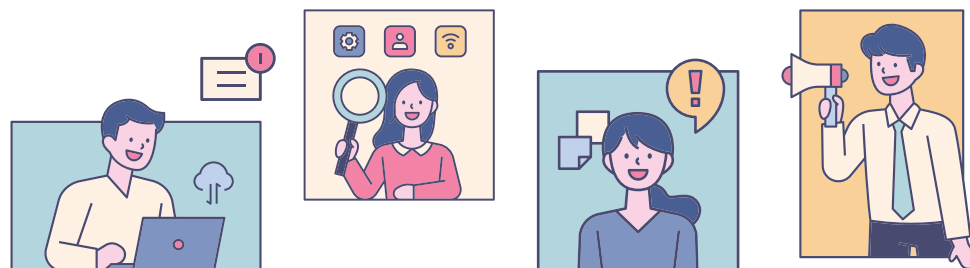




## Organizational Structure and Duties of the Security Corps Teams

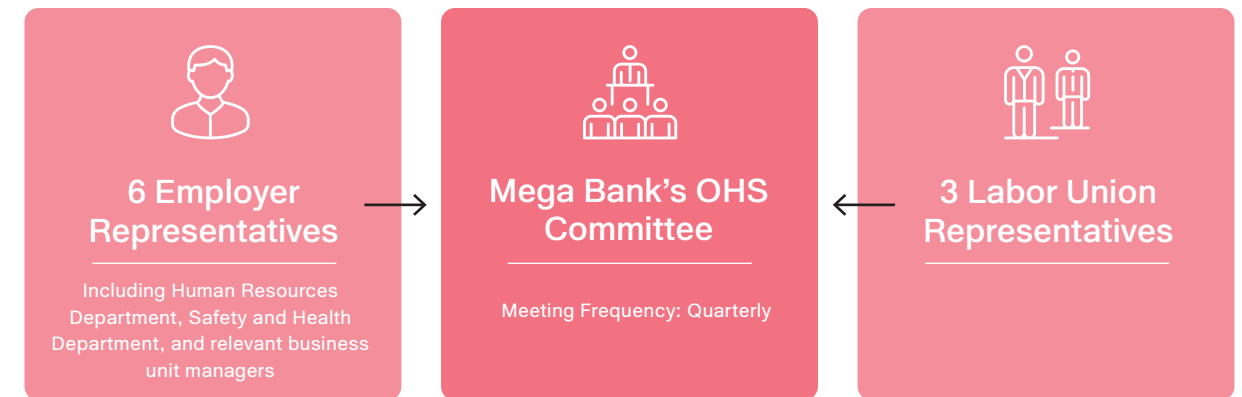


According to the size of the subsidiaries, Mega Group has set up OHS units and personnel to implement safety and health management and automatic inspection measures. Among them, Mega Bank has a labor safety management unit responsible for planning and carrying out business related to occupational health and safety, and has set up an OHS Committee to review and supervise employee health and safety-related planning. The OHS Management System of Mega Bank mainly covers full-time employees, accounting for 70.95% of the entire Group. It does not cover workers from dispatching companies because the relevant education and training, and health checks are handled by the dispatching companies themselves under the agreement with Mega Bank. However, in order to protect the occupational safety of contractors, Mega Group has also formulated relevant regulations, such as the "Contractor Management Procedures of Mega Bank", which requires that the Bank must specify in the contract that the contractor shall comply with Mega Bank's relevant OHS management regulations, and sign a contractor hazard notification confirmation and safety and health agreement. In addition, the contractor shall also be informed of the work environment and potential hazards of the construction site to ensure the safety and health of workers.



## Mega Bank's OHS Committee

Chairman: Executive Vice President



## Adopted ISO 45001 Occupational Health and Safety Management System

2022 · June



Mega Bank received the ISO 45001:2018 certification

2023 · February



Mega Securities received the ISO 45001:2018 certification

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



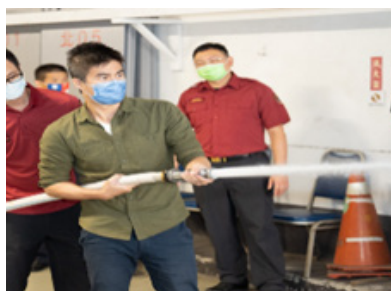
## Occupational Health and Safety Training Programs

In accordance with Article 6 of the "Occupational Health and Safety Act" of Taiwan, Mega Group has deployed security personnel or stationed security officers in each office building and established a 24-hour monitoring system to filter incoming and outgoing personnel and handle emergency situations. In addition, the security company is required to provide regular education and training to its security personnel every year according to the contract. In 2022, all security personnel completed relevant training courses on safety and defense capabilities, emergency handling, and human rights.

Mega Group promotes various OHS training programs, including training for OHS business supervisors, fire prevention management personnel, and emergency medical personnel, to ensure workplace safety. In addition, to prevent emergency incidents, Mega Group has arranged various workplace emergency activities, including setting up automatic external defibrillators (AEDs) at all operating locations throughout Taiwan and holding regular education and training sessions. Fire and disaster prevention training courses with hands-on practices are organized every six months to strengthen employees' ability to handle emergencies and disasters. In 2022, Mega Group was not subject to penalties for violation of the "Occupational Health and Safety Act".

Items / Year	2020		2021		2022	
	Number of Employees	Total Hours	Number of Employees	Total Hours	Number of Employees	Total Hours
Training for OHS Supervisor	57	1,328	52	1,203	49	1,191
Fire Prevention Personnel Retraining	185	1,272	195	1,518	242	2,862
First Aid Personnel Training	46	333	63	924	264	1,166

Workplace First Aid and Labor Safety Map by Mega Group							
Measures	Mega Financial Holding	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	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	●	●	●	●	●	●	●



► Fire Hydrant Operation Exercise



► First Aid Dressing Exercise



► Fire Extinguisher Usage Drills

## Health Promotion and Safe Workplace

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

### Workplace Health Promotion Programs of Mega Group



#### Regular Health Examinations

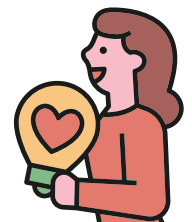


#### Employee Care Hotline

#### Description

Mega Group has contracted with several medical institutions to provide employees with regular health checkups that are superior to the law and allow employees to apply for work leave. Health examinations for elderly employees are arranged periodically every year, while younger employees are subjected to regular health examinations every two or three years, depending on the subsidiary's regulations. Mega Bank also reminds its employees of their medical checkups through the Health Check Personnel System, and collects medical checkup information and imports it into the Bank's health management system. Those with abnormal health examination data will be classified into risk levels according to their severity, and medical-related recommendations will be given through on-site visits/health services and doctor's on-site services. The system will also be used to track and manage the health examination data to prevent the occurrence of diseases among employees as early as possible.

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



#### Performance in 2022

- Health checkups received by 4,796 individuals
- Subsidy for health checkups was NT\$44.83 million

(For health checkup statistics, please refer to the [Appendix 8.3.2 Social Metric Data](#))

- A total of 38 consultations were made through the 0800 hot-line and email consultation.
- There were 13 cases of one-on-one individual meetings.
- The main counseling topics include workplace stress, relationships with partners and family, and parent-child relationships.



#### Professional Medical Counseling



#### Continuous Environmental Check

#### Description

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

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 2022

- An average of 100 consultations are carried out at Mega Bank's clinic or from resident doctors each month.
- Mega Securities has an average of 16 individuals receiving on-site health consultations.
- The total number of on-site health services at Mega Securities include 2 visits by doctors and 29 visits by nurses, and health service follow-up tracking for 29 individuals.

- Mega Bank has 105 workplaces where regular carbon dioxide testing is conducted twice a year (every six months), and the testing reports comply with legal requirements.
- Mega Bills performed regular workplace environmental monitoring twice a year.





Health Promotion and Workplace Safety Activities of Mega Group							
Activities	Mega Holdings	Mega Bank	Mega Securities	Mega Bills	CKI	Mega Funds	MAM
Health Talks		●	●	●	●		●
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)	● (on-site)	
In-house Nurse	● (on-site)	●	●		●	●	



► During the pandemic period, video conferences were used to conduct health lectures for all employees.



► Collaborated with the Taipei City Government Zhongshan Health Service Center to conduct screening for three high-risk conditions (high blood pressure, high blood sugar, high cholesterol).

### 5.3.5 Occupational Disaster Prevention

#### Four Protection Plans

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

#### • Measures to Prevent Ergonomic Hazards



##### Musculoskeletal Symptom Questionnaire Survey

5,722 valid questionnaires were collected in 2021

response rate **100%**

At the end of 2021, Mega Bank included an occupational musculoskeletal disease prevention course in its OHS education and conducted a survey on musculoskeletal symptoms. The response rate of the questionnaire was 100%. In 2022, follow-up management was implemented for those with the highest levels, and nursing staff and on-site visiting doctors provided related human factor engineering improvement measures and health education information by observing the work environment on-site.

#### • Measures to Prevent Ailments Induced by Exceptional Workload



##### Questionnaire Survey on Abnormal Workloads Hazards and Risks

5,722 valid questionnaires were collected in 2021

response rate **100%**

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

#### • Measures to Prevent Unlawful Infringement in the Performance of Duties



##### Questionnaire Survey on Unlawful Infringement in the Performance of Duties

5,839 questionnaires were collected in 2022

response rate **100%**

Mega Group has formulated the "Anti-Discrimination and Anti-Harassment Guidelines" and issued a written statement prohibiting workplace violence and adopting a zero-tolerance policy against unlawful infringements. In 2022, employee education and training and a questionnaire survey on job-related unlawful infringements were conducted, and potential unlawful infringement risks were classified and analyzed according to risk factors of psychological violence, physical violence, verbal violence, and sexual harassment based on stratified statistics.

#### • Maternal Health Protection



##### Number of Employees Receiving Care during Pregnancy and Childcare Period

**156** female colleagues



Since 2016, Mega Group has been implementing a "Maternal Health Protection Plan", which combines human resources leave systems to track and manage employee health. Mega Bank took the lead in conducting workplace hazard assessments through OHS managers. Nurses and on-site doctors provide care and support during pregnancy and childcare periods, as well as offer relevant health guidance and childbirth subsidies, in order to ensure maternal health protection.



## Occupational Injury

In 2022, the occupational injury rate for Mega Group employees was 3.51%, an increase of 0.25% from 2021. However, the day loss rate was 37.87%, an increase of 1.02% from 2021. The most common employee injury type was minor abrasions caused by falls, and no incidents of subcontractor injuries in the workplace were reported. However, there was one fatal commuting accident in 2022. Mega Group has also strengthened its employee traffic safety promotion program.

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

Occupational Injury Statistics	
Items	Year of 2022
Occupational Injury Rate (IR)	3.51%
Severe Occupational Injury Rate (excluding fatalities)	0
Occupational Injury-Related Mortality Rate	0.05%
Lost Day Rate (LDR)	37.87%
Absence Rate (AR)	0.43%

Note 1: Occupational Injury Rate (IR) = (Number of Injured Employees (excluding employee's personal traffic accidents) x 1,000,000) / Total Working Hours x 100%.

Note 2: Severe Occupational Injury Rate (excluding fatalities) (%) = (Number of Severe Occupational Injuries x 1,000,000) / total working hours x 100%.

Note 3: Occupational Injury-Related Mortality Rate (%) = (Number of Fatalities Due to Occupational Injuries x 1,000,000) / Total Working Hours x 100%.

Note 4: Lost Day Rate (LDR) = (Number of Lost Days x 1,000,000) / Total Working Hours x 100%.

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

Note 6: For detailed statistics on occupational injuries, please refer to [8.3.2 Social Metric Data](#).

## COVID-19 Pandemic

The COVID-19 pandemic in 2022 continued to ravage the world, impacting industries and economic development globally. In the face of unprecedented emerging challenges and high levels of uncertainty, Business Continuity Planning (BCP) has become more important than ever. Mega Group has appointed the Presidents of each subsidiary as conveners to form emergency task forces. These task forces work with relevant departments to quickly and effectively address emergencies. The social and business impacts caused by future pandemics or emergencies may become the "New Normal". This could entail significant changes to existing work modes and processes, from physical offices and remote offices to home-based remote work. The task forces cover continuous operations and system recovery teams, tracking risks in real-time and ensuring the security of remote data access to ensure business continuity.

## COVID-19 Management Mechanisms



## Vaccination Official Leave

## 5.4 Human Rights Protection

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

Human Rights  
Policy







## 5.4.1 Human Rights Due Diligence

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

### Plan

#### Compilation of Human Rights Issues

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

### Do

#### Identification of Human Rights Risks

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

### Check

#### Verification of Identification Results

Review high-risk human rights issues in its operations and re-examine suppliers' self-assessment results. The above results will be reported to the Sustainable Development Committee.

### Action

#### Risk Mitigation and Remediation

Develop mitigation and remediation measures based on the risks identified, and flexibly adjust the investigation process and improvement measures while tracking the coverage and improvement rate of the measures.

### Plan | Compilation of Human Rights Issues

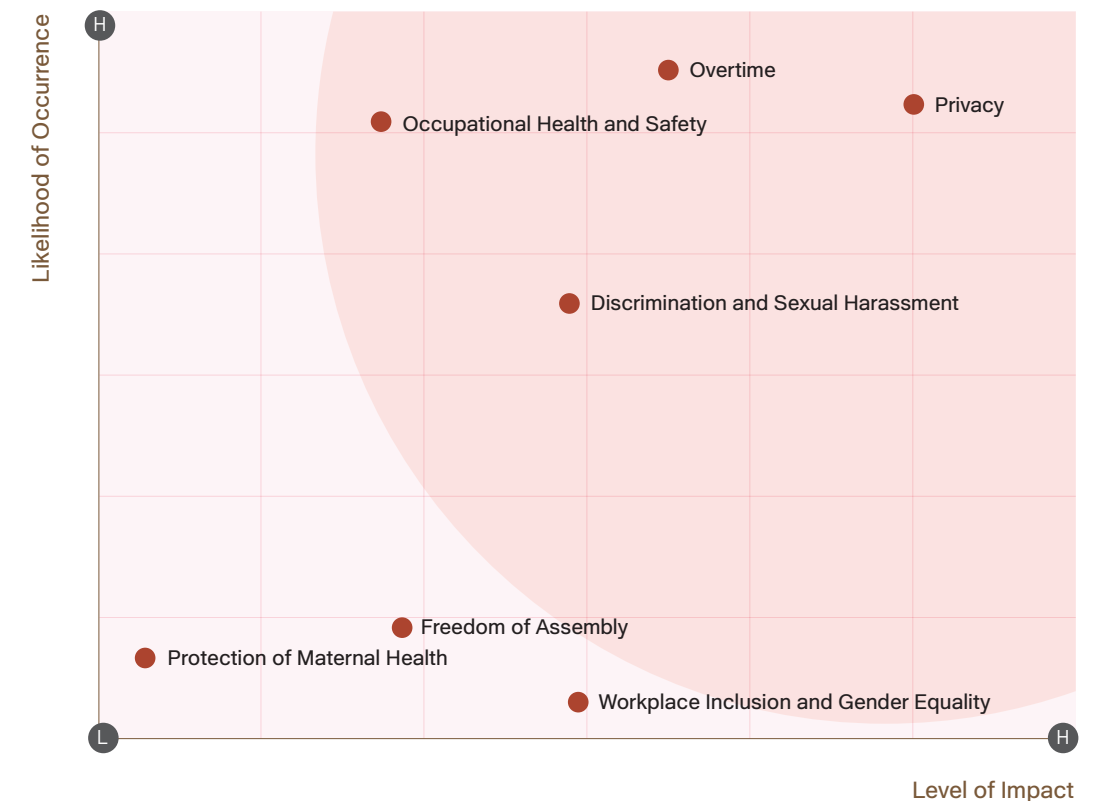
Scope	Subject	Policy	Potential Human Rights Issues	Group at Risk of Human Rights Violation	Assessment Method
Operations	Employees	<ul style="list-style-type: none"><li>"Human Rights Policy" of Mega Financial Holding</li><li>"Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding</li></ul>	<ul style="list-style-type: none"><li>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</li></ul>	<ul style="list-style-type: none"><li>Employees</li><li>Women</li><li>Indigenous Peoples</li></ul>	Human Rights Due Diligence
		<ul style="list-style-type: none"><li>"Huan Rights Policy" of Mega Financial Holding</li><li>"Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding</li><li>"Supplier Sustainability Management Guidelines" of Mega Financial Holding</li></ul>	<ul style="list-style-type: none"><li>Child labor, discrimination, forced labor, human trafficking, equal pay for equal work, freedom of association, right to collective agreement, OHS, personal data protection and privacy</li></ul>	<ul style="list-style-type: none"><li>Children</li><li>Women</li><li>Indigenous Peoples</li><li>Migrant Workers</li><li>Third Party Workers</li></ul>	
New Business Relations	Business Partners	<ul style="list-style-type: none"><li>"Human Rights Policy" of Mega Financial Holding</li><li>"Anti-Discrimination and Anti-Harassment Guidelines" of Mega Financial Holding</li></ul>	<ul style="list-style-type: none"><li>Discrimination, forced labor, child labor, human trafficking, OHS, freedom of association, privacy right</li></ul>	<ul style="list-style-type: none"><li>Children</li><li>Women</li><li>Indigenous Peoples</li><li>Migrant Workers</li><li>Third Party Workers</li></ul>	Human Rights Due Diligence

Note: The Group did not establish new business relations (e.g., merger and acquisition, joint venture, etc.) in 2022 and therefore did not conduct human rights due diligence on this aspect.

## Do | Identification of Human Rights Risks

### Human Rights Assessment Risk Matrix

In 2022, Mega Group conducted human rights due diligence on all of its employees based on the Likelihood of Occurrence and the Level of Impact. It identified "Privacy Rights", "Overtime Work", "Discrimination and Harassment", "Occupational Health and Safety" as the main human rights risk factors for the Group and drew up a human rights risk matrix.



### Assessment of Suppliers' Human Rights Risks

Mega Group also requires 100% of its suppliers to sign a sustainability declaration committing to abide by internationally recognized basic labor human rights through its "Supplier Sustainability Management Guidelines". In 2022, the main human rights risk factors for all critical suppliers surveyed included labor rights and human rights, as well as occupational health and safety. In addition, the Group used the "Labor Law Violation Inquiry System for Business Units (Employers)" of the Ministry of Labor to check whether suppliers have violated the "Labor Standards Act", "Act of Gender Equality in Employment", "Occupational Health and Safety Act", and "Act for Protecting Worker of Occupational Accidents". (For the Supplier Sustainability Self-Assessment Questionnaire, please refer to section 3.3.2 Supplier Management).





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

Employee		
Main Risk Factor	Mitigation Measures	Remediation Measures
Privacy	<ul style="list-style-type: none"> <li>Employees sign a confidentiality statement and clearly understand their confidentiality obligations.</li> <li>Regularly organize personal data protection training and awareness-raising campaigns.</li> </ul>	<ul style="list-style-type: none"> <li>Personal information protection education training and promotion are held regularly.</li> </ul>
	<p>▶ Risk Ratio (%) : 0%</p> <p>▶ Total Risk Ratio (%) : 1.35%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>
Overtime	<ul style="list-style-type: none"> <li>Remind employees, via announcements or emails, about attendance matters for the month.</li> <li>Verbally and systematically remind employees of the time off work, and instruct them to apply in advance for a 30-minute break if necessary to extend their working hours.</li> <li>Remind supervisors to properly assign work and to advise employees to leave if they are not required to work overtime in office premises.</li> </ul>	<ul style="list-style-type: none"> <li>Provide overtime compensation and overtime pay every year according to the law.</li> <li>Review the department's overtime status on monthly basis.</li> </ul>
	<p>▶ Risk Ratio (%) : 0.72%</p> <p>▶ Total Risk Ratio (%) : 1.35%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>
Discrimination and Harassment	<ul style="list-style-type: none"> <li>Establish sexual harassment related prevention and control laws and procedures for handling complaints.</li> <li>Conduct anti-discrimination and anti-harassment education training, or promote in public areas (e.g., pantries, bulletin boards, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Handle harassment complaints.</li> </ul>
	<p>▶ Risk Ratio (%) : 0.02%</p> <p>▶ Total Risk Ratio (%) : 1.35%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> <li>Provide first aid kits, AEDs, and other medical equipment, as well as subsidized medical examinations and on-site medical care/resident physician programs.</li> <li>Organize OHS-related education and training.</li> </ul>	<ul style="list-style-type: none"> <li>Tracking of health status of medical and resident staff.</li> <li>Through employee engagement surveys and psychological counseling programs, understand employees' thoughts and make appropriate adjustments.</li> </ul>
	<p>▶ Risk Ratio (%) : 0.61%</p> <p>▶ Total Risk Ratio (%) : 1.35%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>

Supplier		
Main Risk Factor	Mitigation Measures	Remediation Measures
Labor Rights and Human Rights	<ul style="list-style-type: none"> <li>Continue to sign the "Supplier Sustainability Statement" with suppliers and comply with the Group's "Human Rights Policy".</li> <li>Track the status of labor and environmental safety-related regulations and penalties of suppliers.</li> <li>Commission external professional agencies to conduct comprehensive investigations (including supplier visits, communication meetings, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Require suppliers to correct deficiencies based on self-assessment results.</li> <li>Hold annual supplier meetings and provide related education and training to promote the concept of corporate sustainability.</li> </ul>
	<p>▶ Risk Ratio (%) : 12.82%</p> <p>▶ Total Risk Ratio (%) : 16.67%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>
Occupational Health and Safety (OHS)	<ul style="list-style-type: none"> <li>Continue to sign the "Supplier Sustainability Statement" with suppliers and comply with the Group's "Human Rights Policy".</li> <li>Track the status of labor and environmental safety-related regulations and penalties of suppliers.</li> <li>Commission external professional agencies to conduct comprehensive investigations (including supplier visits, communication meetings, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Require suppliers to correct deficiencies based on self-assessment results.</li> <li>Hold annual supplier meetings and provide related education and training to promote the concept of corporate sustainability.</li> </ul>
	<p>▶ Risk Ratio (%) : 3.85%</p> <p>▶ Total Risk Ratio (%) : 16.67%</p>	<p>▶ Percentage of Mitigation and Remediation Measures Implemented (%) : 100%</p>

Note 1: Employee Human Rights Risk Ratio (%) = Number of Employees Affected by Risk Events/Total Number of Employees.

Note 2: Supplier Risk Ratio (%) = Number of Critical Suppliers Subject to Penalties According to Labor or Environmental Safety-Related Regulations/Total Critical 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.

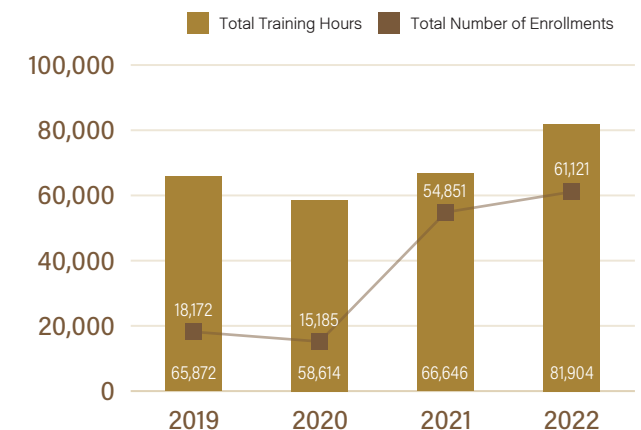
Note 4: Mega Group's employee rights risk mitigation and remediation measures cover 100% of the 235 domestic and overseas operating locations.

## 5.4.2 Human Rights Risk Management

### Advocacy and Education Training on Human Rights

To deeply embed the concept of human rights protection in our daily operations, Mega Group continues to provide human rights education and training to all full-time employees of the Group every year. The human rights courses include Personal Data Protection Act, ethical management education and training, employee confidentiality education and training, theory and practice of fair treatment principles in the financial industry, general employee safety and health education and training, and Act of Gender Equality in Employment. In 2022, 61,121 people attended human rights-related courses and 81,904 hours of training in total, representing an 11.4% and 22.9% increase in the number of people and hours respectively compared to 2021, demonstrating the importance and effectiveness of the Group's human rights promotion.

Statistics of Human Rights Related Training



### Human Rights Promotion and Protection

#### Avoiding Forced or Compulsory Labor

In accordance with the "Labor Standards Act", Mega Group, does not force employees to work beyond normal working hours due to health or other legitimate reasons. In 2022, there were three violations of the "Labor Standards Act", two of which were for failure to pay overtime compensation and one for failure to pay wages directly to employees in full. As Mega Group considers "overtime work" and proper rest to be important human rights issues for the company, we will actively take improvement measures in the future.

#### Promotion of Gender Equality

To protect and promote the spirit of substantive gender equality, Mega Group follows the provisions of the "Act of Gender Equality in Employment" and provides maternity leave for childbirth and breastfeeding rooms for female employees, and the employee can apply for childcare leave without pay for each child until the child reaches the age of three and retains 100% working rights. (For maternity benefits, please refer to [5.3.2 Family and Child Care Support](#))

To promote and implement gender equality, Mega Group has established the "Anti-Discrimination and Anti-Harassment Guidelines" in accordance with the ILO, and has also established the "Measures for Prevention, Complaint and Disciplinary Action for Sexual Harassment in the Workplace", and posted the relevant points and complaint channels in the office area to ensure that employees are even more aware of the prevention and response to illegal workplace abuse. In 2022, there were no incidents of discrimination in Mega Group. There were one and two reported cases of harassment at Mega Bank and Mega Securities respectively, both of which

### Improvement Measures



Promote at all meetings that labor laws and regulations should be followed and that each company has an overtime system for employees.



Employees must apply for overtime work, and each company will pay overtime or provide compensatory time off according to the employee's choice.



Labor law training (including tests) is provided to middle and senior managers.



Computer screen displays overtime notes before the end of the workday on daily basis.







# CH6

## Social Prosperity

### 6.1 Financial Education

### 6.2 Social Commitment



#### Material Topics of GRI Standards

GRI 413

#### Corresponding Material Topics

Social Commitment

#### Targeted Stakeholders

Communities, Academic Institutions and Non-Profit Organizations

#### A Message from the Leader of the Social Prosperity Working Group

Mega Group upholds the principle of "give back to society what is taken from the society" to carry out social investment, and the sustainable development of the enterprise also relies on the prosperity and stability of the society. We encourage our employees to effectively apply the characteristics and influence of financial institution, to expand the use of corporate core competencies, to interact with society, to meet to the needs of the community, to help solve social problems, to allocate resources effectively, and to coexist and prosper with society.

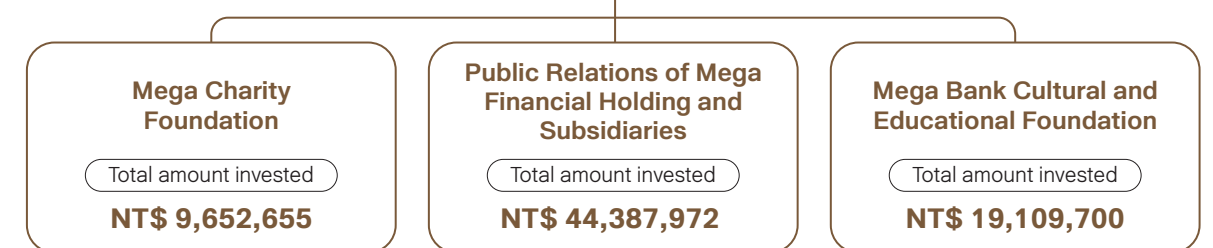
Mega Group's mission is to create a positive impact on the financial industry in all aspects. In addition to promoting economic development, the Group also expects to fulfill its financial function and to promote social prosperity as a sustainable strategy for society. After analyzing the risks or opportunities in the community, the Group has formulated the four main axes of social prosperity for the Group, namely, "Friendly and Equal Rights Universal Values", "Happy Service and Care Enriching Lives", "Rooted in Heritage, Cultivating Sports", and "Sustainable Prosperity Environmental Protection". At the same time, it responds to the United Nations Sustainable Development Goals (SDGs) and makes a positive impact. In 2022, Mega Bank won the "Best Social Responsibility Award" in the "Faith, Hope, and Love Awards of Insurance" for the first time, demonstrating that Mega Bank is well recognized by all sectors for its commitment to social co-prosperity.



To implement the four pillars of social prosperity of the Mega Group, we provide care and assistance to the disadvantaged groups in society through the resources and strength of the Mega Charity Foundation under Mega Holdings, the Mega Bank C&E Foundation under Mega Bank, and our subsidiaries, in the areas of financial education, care for the disadvantaged, sports and arts support, and social welfare. In 2022, Mega Group invested more than NT\$70 million in various public welfare activities, with the participation of 429 volunteers and 1,647 hours of volunteer service, spreading love and care to every corner.

#### Sustainable Development Committee


#### Social Prosperity Working Group








## Axes and Performance of the Social Prosperity Strategy

Axes of the Social Prosperity Strategy	Link to SDGs	Business Opportunities and Drivers	Business Benefits and KPIs	The Social Impact of Mega Group	Social / Environmental Benefits and KPIs
<b>Friendly and Equal Rights, Universal Values</b> 		In response to the demand for talents in the development of sustainable finance and digital finance, Mega Group promotes financial knowledge dissemination by providing internship/work study opportunities and inviting college and university visitors, so that students and the public can understand the financial products and services of the Group, and attract and discover more potential talents to join us, which will become the driving force for sustainable management. In the future, we will promote programs to improve learning equality in remote rural areas, native indigenous language education, and education for new immigrants and migrant workers to improve the quality of education for disadvantaged groups and promote social equality and friendly co-prosperity.	Cultivation of potential finance talents; strengthened social recognition and brand image; and increased opportunities to engage with potential talents/ customers: <ul style="list-style-type: none"> <li>294 university students had interned/worked part-time</li> <li>7 news articles published</li> <li>33 events sponsored/ organized</li> <li>24,115 participants in sponsored/ organized events</li> </ul>	<ul style="list-style-type: none"> <li>Improve the financial literacy of citizens.</li> <li>Provide disadvantaged groups the opportunity to gain/ access financial knowledge/ education.</li> <li>Cultivate potential finance talent.</li> </ul>	Improved the financial knowledge of citizens, and achieved SDG 4.4: substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship: <ul style="list-style-type: none"> <li>Financial literacy promotion interaction/ attendance reached 432 people</li> <li>There were 288 disadvantaged people in the promotion of financial inclusion knowledge</li> <li>6 students received scholarships</li> <li>NT\$8,093,800 in scholarship donated</li> </ul>
		Combining Mega Group's volunteer service teams and the resources of Mega Charity Foundation and Mega Bank C&E Foundation, Mega Group has planned holiday care and companionship programs for the elderly, child care, and social welfare organizations. The Group also launched micro-insurance and donated the proceeds from micro-insurance premiums to economically disadvantaged individuals to ensure that they have access to basic insurance protection. We look forward to diversifying our customer base and increasing the visibility of our financial products. Each year, Mega Group also organizes a number of sponsorships and activities for the disadvantaged, such as sponsoring school lunch fees for disadvantaged students, adopting children from the Taiwan Fund for Children and Families, and giving support to old-age homes. We also cooperate with external organizations to establish educational volunteer cooperation programs, demonstrating our active participation in social welfare and social responsibility to enhance its corporate brand image and customer recognition. In the future, Mega Group will plan to provide volunteer leave for employees who participate in activities.	We will make good use of the financial industry resources to help the disadvantaged groups in society, enhance social recognition and brand image, and increase the contact opportunities of potential talents/clients. Increased employee recognition and solidarity when employees volunteer in charitable activities. <ul style="list-style-type: none"> <li>9 news articles published</li> <li>47 events sponsored/ organized</li> <li>612 hours of volunteering by employees</li> <li>174 employees volunteered</li> <li>18,023 social charity credit cards (HI-YES) issued (Note 1)</li> </ul>	<ul style="list-style-type: none"> <li>Develop financial inclusion to ensure that disadvantaged individuals enjoy the right to financial services.</li> <li>Provide necessary resources and assistance to disadvantaged individuals.</li> </ul>	To achieve SDG 1.4: ensuring that everyone, in particular the poor and the vulnerable, have equal rights to economic resources, Mega Group ensures that everyone has equal access to basic financial services through inclusive finance, and helps disadvantaged groups and low-income families improve their lives through charitable activities and donations: <ul style="list-style-type: none"> <li>Donations amounted to NT\$13,546,037</li> <li>Donation of NT\$274,875 from the social charity credit card (Hiyes International co-branded card)</li> <li>In-kind donations valued at NT\$1,460,458</li> <li>A total of 130,249 beneficiaries under the charity program</li> <li>Adopted/sponsored 30 students</li> <li>12 units benefitted from charity programs</li> </ul>

Axes of the Social Prosperity Strategy	Link to SDGs	Business Opportunities and Drivers	Business Benefits and KPIs	The Social Impact of Mega Group	Social / Environmental Benefits and KPIs
<b>Rooted in Heritage, Cultivating Sports</b> 		Mega Group provides sports and cultural resources to schools in remote rural areas, support the development of local culture and arts, and hold large-scale concerts in the northern, central and southern Taiwan every year to support arts and cultural groups and local opera performances. We improve the problem of uneven distribution of resources for sports development and arts education in Taiwan, and also increasing the exposure of the brand of the Group. We also continue to devote resources to support the development of grassroots athletes every year, so that students and young athletes in remote areas can have opportunities for diversified development, deepening the connection between Mega Group's rural operations and various communities, and becoming a genuine Taiwanese sports promoter.	Supported the sports and cultural development of rural schools through allocation of resources to rural areas; strengthened social recognition and brand image; increased opportunities to engage with potential talents/ customers: <ul style="list-style-type: none"> <li>28 news articles published</li> <li>57 events sponsored/ organized</li> <li>470,106 participants in sponsored/ organized events</li> </ul>	<ul style="list-style-type: none"> <li>Improve uneven distribution of resources between urban and rural areas, and ensure that children have equal opportunity to sports and cultural resources.</li> <li>Promote indigenous cultural activities and encourage people to be more understanding and inclusive of different ethnic groups.</li> <li>Support the sports and arts and cultural development of Taiwan.</li> <li>Promote sports and increase the value of arts and culture in society.</li> </ul>	Achieved SDG 10.2: empower and promote the social, economic and political inclusion of all and SDG 10.3: ensure equal opportunity and reduce inequalities of outcome: <ul style="list-style-type: none"> <li>Donations amounted to NT\$42,034,000</li> <li>Trained 356 athletes</li> <li>Provided support to 103 choir and wind ensemble students</li> </ul>
		Mega Group continue to pay attention to social trends, understand and solve social concerns, enhance the corporate social responsibility image of the Group, and strengthen the connection with society, such as purchasing Taiwanese agricultural products to help farmers overcome the imbalance between production and marketing. We also support the ESG cooperation program of the Taiwan Black-Faced Spoonbill Conservation Association by organizing environmental conservation activities such as beach cleaning and tree planting to contribute to biodiversity and environmental sustainability.	Participating in and organizing various social welfare activities and developing related financial products to expand the social influence of Mega Group: <ul style="list-style-type: none"> <li>3 news articles published</li> <li>55,362 environmental charity credit cards (e-Happy Credit Card) issued (Note 2)</li> </ul>	<ul style="list-style-type: none"> <li>Supported Taiwan's high-quality agricultural products to alleviate the imbalance between production and sales.</li> <li>Raised the public's awareness of environmental protection and protect the earth's natural biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>100 saplings planted</li> <li>70 kg of trash collected during the beach cleanup</li> <li>260 kg of exotic plants removed</li> <li>NT\$812,155 proceeds from environmental charity credit cards (e-Happy Card Card) donated</li> <li>11 organizations (excluding customers and employees) received fruit donations</li> <li>Fruit purchase amounted to NT\$4,851,300</li> <li>Donations amounted to NT\$360,000</li> </ul>

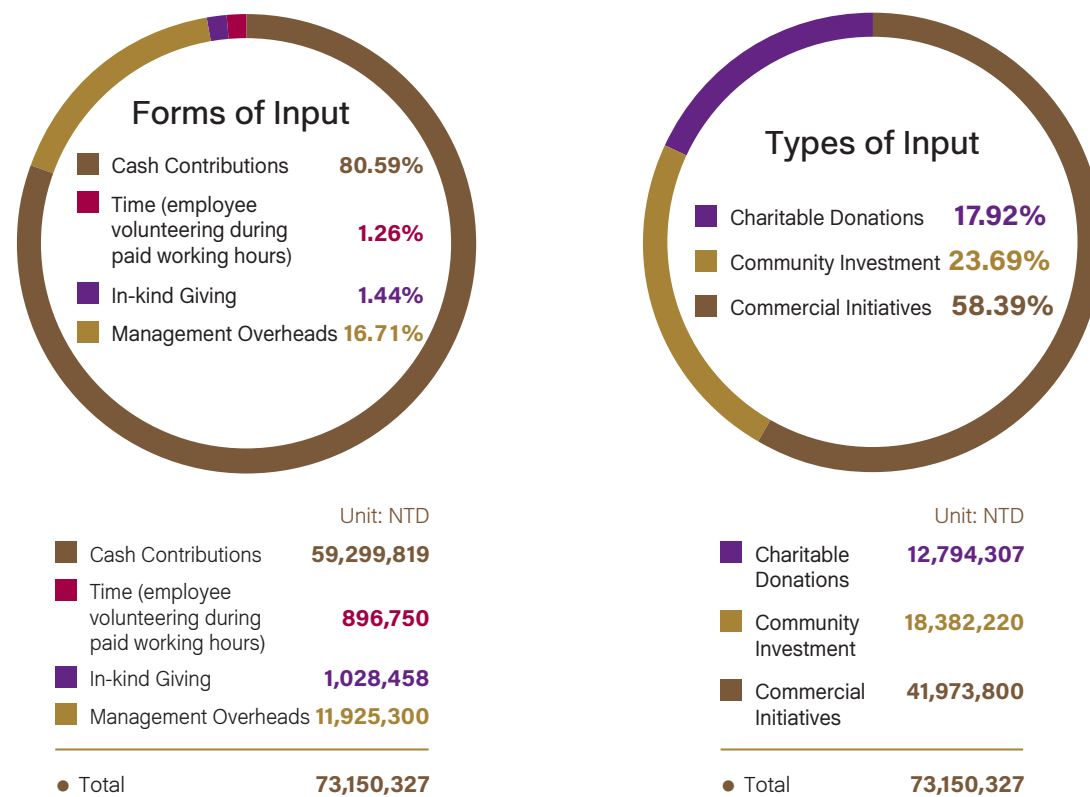
Note 1: Mega Bank Hiyes International co-branded card provides 0.1% of domestic and international purchases to the Noordhoff Craniofacial Foundation to help children with craniofacial disorders overcome the various obstacles in their lives.

Note 2: Mega Bank e-Happy EasyCard Titanium Card/EasyCard Card provides 0.1% of non-online purchases to the Taiwan Black Bear Conservation Association to support the conservation and research of Formosan black bears.



## Impact Evaluation

Through the Social Prosperity Working Group under the Sustainable Development Committee, Mega Group formulates annual work implementation plans and goals for the Group to expand its social influence through social investments and charity activities. At the same time, we also regularly review the implementation and performance of each strategic axis, and continuously review the form and type of investment in each axis with reference to the B4SI (Business for Societal Impact) evaluation framework for community investment. For example, forms of input include "Cash Contributions", "In-kind Giving", "Time", and "Management Overheads". Types of input include activities related to "Charity Donations", "Community Investment", and "Commercial Initiatives". Through the aforementioned projects, we can effectively track and evaluate the social impact and effectiveness of Mega Group. In 2022, Mega Group invested more than NT\$70 million in social prosperity-related initiatives, an increase of approximately 15% compared to 2021, demonstrating the results of the Group's continuous efforts to deepen the impact of its philanthropic programs.



## 6.1 Financial Education

### 6.1.1 Friendly and Equal Rights, Universal Values

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

In 2022, a total of NT\$9,508,975 was invested under the "Friendly and Equal Rights, Universal Values" theme, accounting for 13% of the overall investment.

Mega Group continues to hold a wide range of financial education activities, and includes inclusive financial education activities in various public welfare activities, promoting financial knowledge in a simple and understandable way. Mega Group also offers various internship or work-study opportunities every year, allowing students to have close contact with financial practices during their studies and to apply the financial knowledge learned in school to their work, achieving the goal of putting into practice what they have learned. Through the opportunities above, potential financial talents can be discovered, injecting new vitality into the sustainable operation of Mega Group.

The Core of Strategic Axis	Stakeholders	Significant Impacts
<b>Financial Education</b>	<ul style="list-style-type: none"> <li>School Students / College Students</li> <li>General Public</li> <li>Existing / Potential Customers</li> </ul>	<ul style="list-style-type: none"> <li>Through financial literacy seminars and financial literacy booths, a total of 11 financial inclusion education events were held to promote financial literacy to 720 people.</li> </ul>
<b>Internship and Part-time Work Programs</b>	<ul style="list-style-type: none"> <li>College / University Students</li> </ul>	<ul style="list-style-type: none"> <li>Provided 294 students with internship or work-study opportunities to experience workplace practices and financial operations.</li> </ul>
<b>Financial Activity Sponsorship</b>	<ul style="list-style-type: none"> <li>General Public</li> <li>Existing / Potential Customers</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorship of finance-related events or special publications, such as the 16th Finance and Economic Policy Conference, the Chung-Hua Financial and Economic Summit, and the 2022 Industrial Strategy Summit, with a sponsorship total of NT\$4,343,800 and 24,115 participants.</li> </ul>
<b>Scholarships</b>	<ul style="list-style-type: none"> <li>School Students / College Students</li> </ul>	<ul style="list-style-type: none"> <li>Donation of NT\$300,000 to the Taiwan Financial Services Coalition Education and Public Welfare Fund by the Taiwan Financial Services Roundtable to provide education scholarships to students from disadvantaged families, benefiting a total of 6 students.</li> <li>Donation of a total of NT\$1.75 million in endowment fund to the Chung Yuan Christian University and National Tsing Hua University to assist in talent cultivation and sustainable campus development.</li> </ul>

## Financial Knowledge Promotion

For the purpose of enhancing basic financial education and establish correct financial consumption and borrowing concepts for the public. Mega Group invited the Taiwan Academy of Banking and Finance to offer classes and actively encouraged employees to attend courses offered by the Academy. Through teaching methods such as group discussions and videos, it trained employees to become seed lecturers. In 2022, Mega Bank promoted financial knowledge around Taiwan, and even went to remote areas in Yilan, Hualien, and Yuli Junior High School in Hualien to provide financial education to students and the public. Mega Bank's financial seminar teachers not only had to travel long distances to the remote areas, but also utilize free time of students in the evenings to share financial knowledge. Using the knowledge of the banking industry, Mega Bank strives to popularize financial knowledge and teach it to everyone in who has a need. Through the Mega Financial School held at Yuli Junior High School, Mega Bank has successfully promoted financial and anti-fraud knowledge to 50 students.

### Case Study

### Mega Financial School



"We hope that financial knowledge can bring the power of change to students in rural areas, opening up new paths in life and becoming a gift that will last a lifetime."

**Kuang-Hua Hu,**  
President of Mega Bank





## Case Study

### Financial Education Library of Love



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

"The opening of the library is just the beginning, and Mega Securities expects to do its best in financial education for school-age students through our own expertise."

Mega Securities is committed to promoting financial literacy. In 2022, it donated to the establishment of Taiwan's first "Financial Education Library of Love" at Heng Shan Junior High School in Hsinchu County. Mega Securities hopes to use its own expertise to provide financial education to school-age children, gradually guiding them to develop an interest in reading about financial knowledge through the establishment of a library with financial literacy as its theme. Mega Securities purchased a total of 50 boxes of books to assist in the establishment of the library. In the future, it will work with the Taiwan Reading Culture Foundation to develop related activities, allow more in-depth communication between teachers and students through financial functions, and allow students to gain a deeper understanding of financial literacy and lay the foundation for financial education.

### Community Financial Management Seminar



**Pei-Chun Chen,**  
Chairman of Mega Funds

"The community is the closest-knit organization in our daily lives. Through communication and sharing between people, we hope to spread financial knowledge and create a better future together."

In response to the concept of community friendliness and caring for the community, Mega Funds held a "Community Financial Management Seminar" at the café of the Friendly Service Residence to share investment and financial management knowledge with the local community from the perspective of public welfare. This community seminar responds to the friendly community philosophy of Mega Group and also provides thinking on year-end bonus wealth management, exchanging financial views with local residents, and contributing to and giving back to the public as a wealth management industry player through Mega Funds.

The Core of Strategic Axis	Stakeholders	Significant Impacts
Care for Disadvantage Individuals	General Public	<ul style="list-style-type: none"> <li>Organized volunteer caring activities such as the Mega Year-End Care Campaign and the New Year's gift packing volunteer activity by ABRAZO (a brand under the Down Syndrome Foundation, ROC), inviting 174 personnel to volunteer for 612 hours.</li> <li>Adopted 30 disadvantaged children in urgent need of assistance through the Taiwan Fund for Children and Families. We pay attention to the needs of each social welfare organization, donating money, supplies or equipment to assist with the running of their operations.</li> </ul>
Donation or Assistance in the Form of Financial Products	General Public	<ul style="list-style-type: none"> <li>Sponsorship of microinsurance fee of NT\$1.106 million, which enabled 7,757 underprivileged people to receive basic insurance coverage.</li> <li>The social charity credit card (Hiyes International co-branded card) donates to the Noordhoff Craniofacial Foundation for each card issued and general consumption in 2022. A total of 9,479 cards were issued in 2022, and the donation amount reached NT\$123,040.</li> </ul>

## Sending Love during Holidays and Festivals

During the Dragon Boat Festival, Mid-Autumn Festival, and the end of the year winter season, Mega Group continues to organize social care activities with its employees. In 2022, considering the fundraising difficulties faced by social welfare groups due to the pandemic, Mega Charity Foundation, which has been long concerned about social commitments, specially increased its resource donation budget by nearly 60%. The foundation purchased the required daily necessities and resources according to the needs of the various groups, hoping to provide more help to social welfare groups. At the same time, more than 100 employees of Mega Group were mobilized to accompany the elderly and disadvantaged individuals to spend the holiday together and spread love.

Under the planning of the Mega Charity Foundation, many enthusiastic volunteers of the Group participated in social services and held a series of "Mega Warmth, Winter Love" care activities in the end-of-year winter season. These included visiting welfare institutions such as care homes, nursing homes, and long-term care centers. For example, at Yeh Papa Long-Term Care Center for the Elderly, volunteers accompanied the elderly to go out for a walk, so that the senior citizens could feel the attentive companionship of the volunteers. Volunteers also interacted with the residents with physical and mental disabilities at the Tin Fun Intellectual Disabled Education Center, promoting their openness and interaction with the outside world. At the St. Joseph Home in Hsinchu, volunteers arranged a planting activity of flowers and plants, creating a green and beautiful home for the elderly. In addition to continuing to hold events, Mega Charity Foundation also hopes to inspire the general public to participate in volunteer services and give out their love.

In addition, Mega Securities joined forces with its underwriting client Morn Sun in response to creating social prosperity during the Mid-Autumn Festival in 2022. Through sharing mooncakes produced by Morn Sun with orphanages, Mega Securities ordered local pomelos from Taiwan's pomelo farmers and visited three orphanages in Taipei, including Harmony Home Foundation Taiwan, Bethany Children's Home, and Yi Kuang Orphanage, to enjoy a happy Mid-Autumn Festival together.



► Mega Group volunteers accompany the elderly in long-term care centers with practical actions



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



► Mega Securities donates pomelos and mooncakes to Bethany Children's Home

## 6.2 Social Commitment

### 6.2.1 Happy Service and Care, Enriching Lives

In recent years, due to the impact of the pandemic, many non-profit organizations in Taiwan have also encountered various obstacles in their operations. Mega Group has long been concerned about disadvantaged groups in society and has combined the resources of its subsidiaries, as well as Mega Charity Foundation and Mega Bank C&E Foundation, to extend a helping hand to those in need in society.

Every year during the holiday seasons, Mega Group carries out cash and resource donations and volunteer care services. It also adopted 30 disadvantaged children in urgent need of assistance through the Taiwan Fund for Children and Families. When major accidents or disasters occur at home and abroad, Mega Group also provides assistance in the first instance. For example, in 2022, when the conflict broke out between Ukraine and Russia, the Group demonstrated humanitarian care and the spirit of international mutual assistance by donating NT\$4 million to help the Ukrainian people rebuild their homes. During the pandemic, the Group continuously donated pandemic prevention materials to various social welfare organizations, working together to overcome the difficult times. Mega Group hopes that whenever there are disadvantaged groups in need of assistance, we can provide them with support and companionship. In addition to responding to the SDG 1: no poverty, we also take practical actions to help poor and disadvantaged groups enjoy the right to equal access to economic resources.



In 2022, a total of NT\$15,039,052 was invested under the "Happy Service and Care, Enriching Lives" theme, accounting for 20% of the overall investment.



## Case Study

### ABRAZO Volunteer Activity

ABRAZO, a brand under the Down Syndrome Foundation, ROC, is the second home of children with Down syndrome. Several disabled employees are hired in each branch to make handmade biscuits and noodles, and engage in product sales or packaging. Before the Mid-Autumn Festival and the Spring Festival in 2022, due to the strong support of the public for the ABRAZO holiday gift boxes, volunteers were needed to help complete the boxes one by one. Mega Bills and CKI called together 40 volunteers to go to the ABRAZO Workshop on the weekend to assist the disabled employees with packaging the gift boxes, so that each box supporting those with Down syndrome could be shipped out smoothly as scheduled.



▲ Volunteers from the Mega Group helped the disabled employees to package the Spring Festival gift boxes together.

#### Yao-Kuang Tsai, President of Mega Bills

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

### Micro-Insurance Planned for Disadvantaged People

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

CKI plans micro-insurance for disadvantaged people as well as micro-insurance for elderly disadvantaged people, providing basic insurance protection to elderly people aged 65–75 years who receive living allowance with mid-to-low-income and helping them to avoid financial distress in the family when an insured person encounters an insurance incident. In 2022, Mega Charity Foundation donated a total of NT\$60,000 worth of microinsurance to the Ruisui Township Office in Hualien, benefiting around 368 people. In addition, Chung Kuo Insurance donated approximately NT\$1,046,000 worth of microinsurance to 10 social welfare institutions, benefiting around 7,389 people.

#### Ying-Hao Weng, President of CKI

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

## 6.2.2 Rooted in Heritage, Cultivating Sports

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



In 2022, a total of NT\$43,034,000 was invested under the “Rooted in Heritage, Cultivating Sports” theme, accounting for 59% of the overall investment.

The Core of Strategic Axis	Stakeholders	Significant Impacts
Sporting Promotion	<ul style="list-style-type: none"> <li>School Students</li> <li>General Public</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorship of NT\$10.5 million for the Uni-President 7-Eleven Lions baseball team in the Chinese Professional Baseball League (CPBL), and held a Uni-Lions baseball star coaching day, where the star players trained players from nine rural elementary school baseball teams, with a total cost of about NT\$114,000, and a total of 187 students, coaches, and teachers participating.</li> <li>Organized the "2022 Mega Bank Cup Yilan Dream Little League Baseball Championship" with a budget of NT\$800,000, which ended on August 8th, with about 600 participants.</li> <li>Organized the 4th "National Mega Bank Cup Archery Elite Invitation Tournament" with a budget of NT\$580,000, with a total of 180 participants.</li> <li>Sponsored the recurve archery teams of Yuli Senior High School, Yuli Junior High School, Sanmin Junior High School, and Jhuosi Elementary School in Hualien County, with a total training cost of NT\$1 million, benefiting a total of 48 students.</li> </ul>
		<ul style="list-style-type: none"> <li>Sponsored the production cost of NT\$3 million for the TV drama adaptation of "Lord Jiaqing and The Journey to Taiwan" by the Chen Ya Lan Taiwanese Opera Troupe to help promote Taiwan's traditional opera arts.</li> <li>Donated NT\$200,000 to the "Campus of Hope - 2022 Puzangalan Children's Choir Training and Scholarship Program" in Pingtung County, with 47 students currently participating in choir training.</li> <li>Sponsored the replacement of musical instruments for the Masai Elementary School Band in Yilan County for the 2022 academic year, with a budget of NT\$100,000, benefiting 56 members of the band and enhancing the opportunities for children in remote areas to learn music.</li> <li>Organized 15 event sessions of "Golden Tiger Brings Good Luck, Celebrate New Year with Calligraphy Masters", with a cost of NT\$260,000, where 1,000 people received Spring Festival couplet scrolls.</li> </ul>

## Supporting Green Sporting Events

The Chinese Taipei Association of Ultrarunners (CTAU) has long been promoting green sporting events and planning race activities based on the 3R Principle. At the same time, the association implements the calculation of the event's carbon footprint to reduce the potential environmental impact caused by the event. Mega Group and CTAU share the same sustainable goals. In response to green sporting events, CKI has provided public accident liability insurance and other related insurance plans for CTAU for the third time in 2022, including the "Taipei Ultra Marathon", "Taiwania Ultra Trail", and "Yilan Dongshan River Ultra-Marathon". Through the insurance function, it can ensure the safety of ultra-marathon runners and share the potential risks of holding events with the association.

### What is the 3R Principle?

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

### How to Choose Ultra-marathon Runner Insurance ?

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



► Taipei Ultra Marathon



► Taiwania Ultra Trail



► Yilan Dongshan River Ultra-Marathon





## Case Study

### Mega Bank “BEYOND GAMING”

The gaming industry is a worldwide trend, Taiwan officially passed the “Sports Industry Development Act” on third reading in 2017. Since 2018, Mega Group has supported the e-sports industry and has held the “Mega Bank Cup E-sports Tournament” for two consecutive years, inviting the participation of college and university students. Mega Group also collaborated with “Dinter”, a well-known streamer and YouTuber, who has 577,000 subscribers, and sponsored his team “BEYOND GAMING” in the 2022 tournament. This sponsorship allowed the players to focus on training and competition and aimed to showcase Taiwan's soft power to the world through their performance.



## Baseball Dreams Come True Project



▲ Mega's Baseball Dreams Come True, Stars Coaching Day

Mega Group has sponsored the baseball teams of elementary schools in the Yilan area for several years, providing complete equipment and training expenses to cultivate basic baseball talent and strengthen Taiwan's sports prowess. To help young baseball players in rural areas fulfill their dreams, Mega Bank cooperated with the Uni-President 7-Eleven Lions baseball team and invited three baseball stars from the team who played in the CPBL Taiwan Series, including Shih Tzu-Chien, R.Y. Gulin, and Lin Ching-Kai, to the Luodong Baseball Field in Yilan. The three professional baseball stars came to personally coach the players of nine Little League teams in Yilan, allowing the young players to get a close look at the stars and get closer to fulfilling the baseball dream of these children from the remote rural areas.

In addition to donating equipment and training expenses, the Mega Bank C&E Foundation also holds the “Mega Bank Cup Yilan Dream Little League Baseball Championship” every year, providing a stage for young players to showcase their skills. The 2022 championship, held in August in Yilan, was the fifth competition, and a total of 40 elementary school teams participated enthusiastically. Mega Group not only holds competitions but also deploys resources in the indigenous communities to build a solid foundation for grassroots baseball in Yilan.

### Chao-Shun Chang,

Chairman of Mega Holdings

“Baseball is Taiwan's national sport, so we need to start from the basics. As a local bank, Mega Bank hopes to use our own efforts to cultivate young athletes to grow and thrive.”

## Cultural Heritage and Education

The culture and art of the Indigenous peoples are important assets of Taiwan. Mega Group has always attached importance to the heritage and education of indigenous culture, supporting the cultivation of professional talents in indigenous performance arts, and sponsoring long-term activities of indigenous cultural art education and dance performances. Puzangalan Children's Choir is an indigenous choir composed of Paiwan children. The Mega Bank C&E Foundation has sponsored the choir for 10 consecutive years since 2013 and provided support during international competitions, allowing the world to hear Taiwan's heavenly music.

In addition, in 2022, Mega Group sponsored the production cost of the TV drama adaptation of "Lord Jiaqing and The Journey to Taiwan" by the Chen Ya Lan Taiwanese Opera Troupe to help promote Taiwan's traditional opera arts. To push the sequel's reputation to new heights, Chen Ya Lan Taiwanese Opera Troupe is planning to film the second season of "Lord Jiaqing and The Journey to Taiwan" through crowdfunding. In addition to providing sponsorship funds, Mega Bank also provides Chen Ya Lan Taiwanese Opera Troupe with money trust planning services. By combining the nature of the trust account's dedicated use of the funds, based on the accumulated amount of the trust account and the target progress of each stage of drama filming, the Troupe will be required to submit the relevant proof of the progress of filming to Mega Bank before withdrawing the money in the trust account. This will allow the "trust" be incorporated with cultural heritage, and let "trust" become the foundation of cultural heritage.



► Mega Bank provides money trust planning services to Chen Ya Lan Taiwanese Opera Troupe, jointly guarding cultural heritage.



► Mega Bank co-hosted the trust contract signing ceremony with Chen Ya Lan Taiwanese Opera Troupe and Backer Founder Co., Ltd.







### 6.2.3 Sustainable Prosperity, Environmental Protection

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



In 2022, a total of NT\$5,568,300 was invested under the "Sustainable Prosperity, Environmental Protection" theme, accounting for 8% of the overall investment.



► Mega Bank e-Happy Card supports the Taiwan Black Bear Conservation Association to protect local wildlife conservation.



► Mega Group participates in the "Mother's Day - Tree Planting Activity for Mother Earth".

The Core of Strategic Axis	Stakeholders	Significant Impacts									
Environmental Protection	● General Public	<ul style="list-style-type: none"><li>● Mega Bills participated in the "Get Rid of It Quick - National Control and Prevention Day of Bitter Vine" volunteer campaign organized by the Forestry Bureau and removed 260 kilograms of the invasive species small-flowered morning glory.</li><li>● Participated in the "Mother's Day - Parent-Child Tree Planting Activity for Mother Earth" organized by the Taiwan Reforestation Association and planted nearly a hundred tree saplings.</li><li>● Sponsored the Taiwan Reforestation Association's "2022 Coastal Natural Forest Restoration and Planting Project in Dadu Mountain, Taichung" with a total amount of NT\$60,000.</li><li>● Mega Group organized the "Shimendong Beach Coastal Cleanup" in New Taipei City and cleared over 70 kilograms of garbage to promote the concept of protecting the ocean and loving the earth.</li><li>● The Mega Bank e-Happy Card provides 0.1% of non-online purchases to the Taiwan Black Bear Conservation Association, with a total amount of NT\$810,000.</li><li>● In response to environmental sustainability, we have participated in the ESG cooperation program of the Taiwan Black-Faced Spoonbill Conservation Association, which focuses on habitat restoration and creation, as an important foundation for environmental conservation. Sponsorship planned for the "Online Live Streaming Software and Hardware Installation" project under the Habitat Construction Program, with a budget of NT\$300,000.</li></ul>									
		<ul style="list-style-type: none"><li>● Support local agriculture and fisheries by purchasing Taiwan-produced atemoya, pomelo, and grouper to address the production and sales imbalances faced by farmers and fishermen. The total amount of agricultural and fisheries product purchases reached NT\$4.85 million.</li></ul>									
Support for Local Agriculture and Fisheries	● Taiwan Farmers	<table><tr><th>Agricultural/Fishery Products Purchased by Mega Group in 2022</th><th>Unit: thousand NTD</th></tr><tr><td>● Atemoya</td><td>3,349.8</td></tr><tr><td>● Pomelo</td><td>1,453.5</td></tr><tr><td>● Grouper</td><td>48</td></tr></table>		Agricultural/Fishery Products Purchased by Mega Group in 2022	Unit: thousand NTD	● Atemoya	3,349.8	● Pomelo	1,453.5	● Grouper	48
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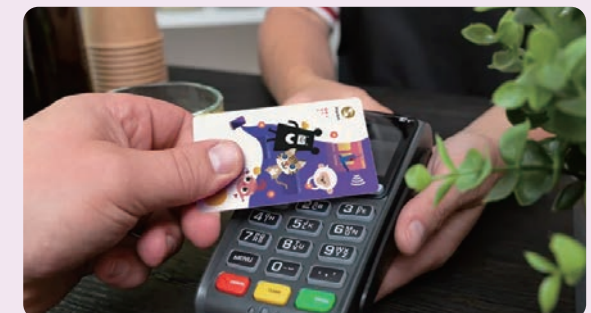
### Support for Local Agriculture and Fisheries

Mega Group has been supporting local farmers and fishermen with practical actions every year to help balance production and consumption and support domestic agriculture. In 2022, the Group purchased fresh local agricultural and fishery products such as atemoya, pomelo, and grouper, and distributed them to customers, employees, social welfare organizations, and fire departments. For a long time, Mega Group has supported local farmers and fishermen during times of production and consumption imbalances, becoming a force that allows farmers and fishermen to have peace-of-mind. The Group also shares the wonders of Taiwan's local agricultural and fishery products with stakeholders from all sectors.

#### Case Study

#### Mega Bank Calls on a Million Cardholders to Support Fishermen

Mega Bank called on a million cardholders and employees to support local fishermen. The Bank collaborated with the Keelung Fishermen's Association to offer a special deal where customers who use their Mega Bank card to buy grouper at the Keelung Fishermen's Association can receive a free portion of squids. This allowed the public to support two of Taiwan's major fishery produce at the most affordable price.







# CH7

## Responsible Governance

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



### Material Topics of GRI Standards

GRI 205、GRI 206

### Corresponding Material Topics

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

### Targeted Stakeholders

All Stakeholders



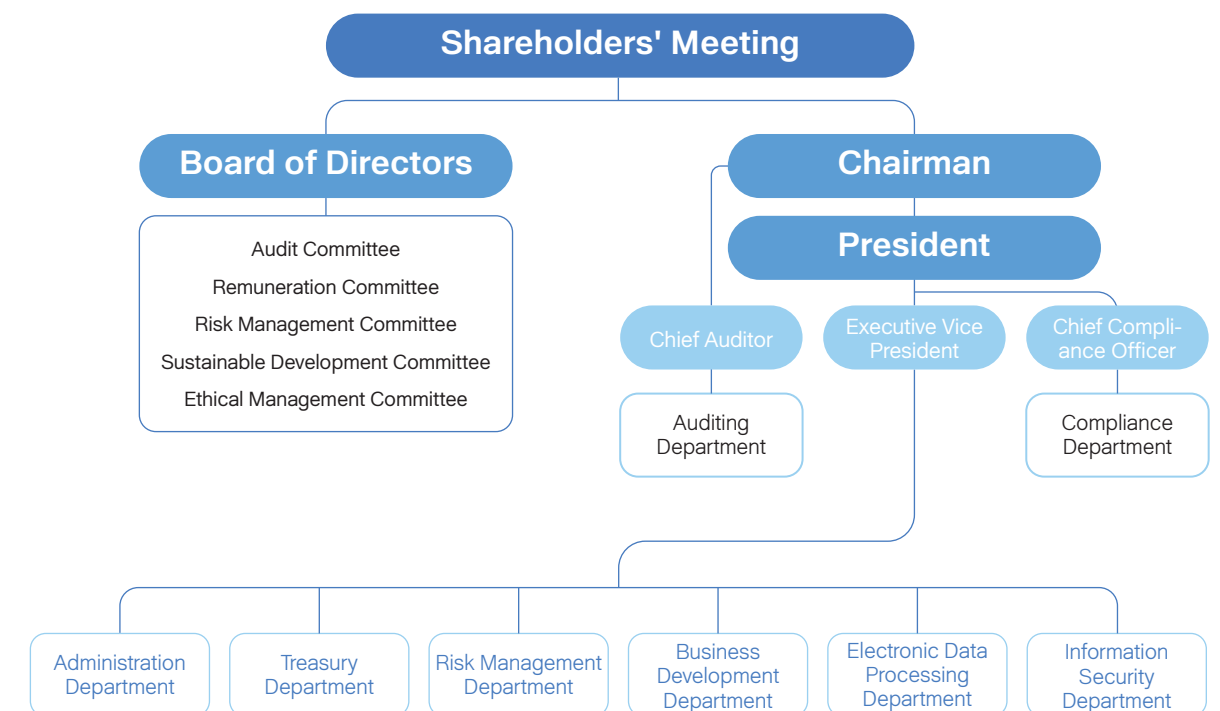
### A Message from the Leader of the Corporate Governance Working Group

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

## 7.1 Corporate Governance

### 7.1.1 Corporate Governance Framework

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





## Committee Information

Name of Committee	Members	Authority	Frequency of Meeting
<b>Audit Committee</b>	5 independent directors	<ul style="list-style-type: none"> <li>Responsible for reviewing and approving various matters or decisions, including but not limited to the effectiveness evaluation of the internal control system, compliance with laws and regulations, appointment or dismissal and remuneration of auditors, transactions involving significant assets or derivative financial products, the issuance or offering of equity securities, annual and semi-annual financial reports, and the appointment or dismissal of financial, accounting, or internal audit supervisors.</li> </ul>	<ul style="list-style-type: none"> <li>At least one meeting each quarter (A total of 11 meetings were held in 2022, and director attendance rate was 100%)</li> </ul>
<b>Remuneration Committee</b>	3 independent directors	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>At least two meetings each year (A total of 7 meetings were held in 2022, and director attendance rate was 100%)</li> </ul>
<b>Risk Management Committee</b>	The Chairman of Mega Group 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	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>At least one meeting each quarter (5 meetings were held in 2022, and the attendance rate of the directors was 100%, including delegated attendance)</li> </ul>
<b>Sustainable Development Committee</b>	The President of Mega Financial Holding serves as the chairperson of the Committee; the Executive Vice President serves as the Executive Director; the directors and Executive Vice Presidents of Mega Financial Holding and Presidents of subsidiaries serve as committee members	<ul style="list-style-type: none"> <li>Review Mega Group's ESG related policies, review and set the annual ESG plans and goals, and keep track of and review the implementation results of the various ESG projects.</li> </ul>	<ul style="list-style-type: none"> <li>At least one meeting every two months (A total of 7 meetings were held in 2022, and director attendance rate was 100%)</li> </ul>
<b>Ethical Management Committee</b>	3 independent directors	<ul style="list-style-type: none"> <li>Review the Ethical Management Policy and supervise awareness campaigns and training related to the policy; assist with the integration of ethical and moral values into corporate business strategies, ensure that preventive measures related to ethical management are developed in accordance with law; and review the whistleblowing system and ensure the effectiveness of its execution.</li> </ul>	<ul style="list-style-type: none"> <li>At least one meeting each year (A total of 1 meeting was held in 2022, and director attendance rate was 100%)</li> </ul>

## 7.1.2 Operations of the Board of Directors

### Election of Directors

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

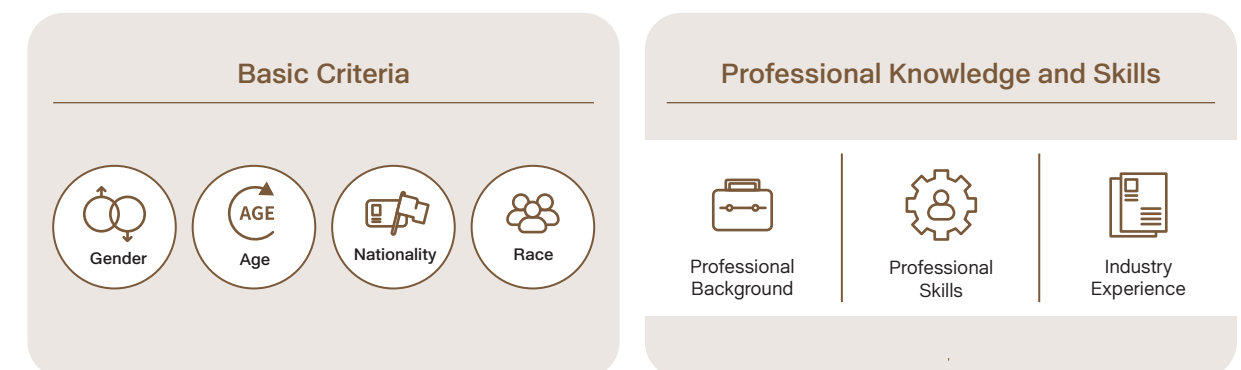
## Board Independence

To ensure that independent directors can objectively exercise their duties, Mega Financial Holding specifies in the "Corporate Governance Best Practice Principles" that the tenure of independent directors should not exceed three terms to avoid a decrease in their independence due to long-term service. Currently, the five independent directors have an average tenure of 2.1 years. Among the five independent directors (8th term), four were newly elected. The average tenure of independent directors in the 6th and 7th terms was 5 years and 3 years, respectively, with no term exceeding 9 years. Mega Financial Holding places importance on the independence of directors. The Chairman and the President are not held by the same person or are spouses or close relatives within the first degree of kinship. There are also no spouses or close relatives within the second degree of kinship among the directors. Our independent directors meet the independence criteria stipulated by the competent authority and do not concurrently serve as a director or independent director of more than two other companies. All directors do not concurrently serve as a director of two other public companies.

To ensure the effective implementation of the independence of directors, Mega Financial Holding has also conducted an evaluation of the external independence of directors and set a target of 80% of the total number of seats for directors to meet the external independence requirement, and 93.33% of directors met the target in 2022 (among the 15 directors, 14 meet the conditions of external independence, the remaining one is an executive director, and there are no other non-executive directors). Among them, the Chairman, Chao-Shun Chang, has not held the position of manager of the Company for a total of 6 years and 4 months from his appointment in September 2016 to the end of 2022, and has met the independence criteria.

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

## Board Diversity



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

The 8th term Board of Directors of Mega Financial Holding consists of 10 directors and 5 independent directors. As of the end of December 2022, 6 female directors were among the 15 members, accounting for 40% and exceeding the goal of female directors should reach one-third of the total number of directors.





Board Diversity Information

Name	Title	Independence (Note 1)	Nationality	Gender	Industry Experience (Note 2)	Professional Skills				
						Risks	Finance	Law	Digital	ESG
Chao-Shun Chang	Chairman	Independent Director	Taiwan (R.O.C.)	♂	Finance	●	●			●
Kuang-Hua Hu*	Director	Executive Director	Taiwan (R.O.C.)	♂	Finance	●	●		●	●
Chia-Chung Chen	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance				●	●
Pei-Chun Chen	Director	Independent Director	Taiwan (R.O.C.)	♀	Finance	●		●		●
Yih-Jiuan Wu	Director	Independent Director	Taiwan (R.O.C.)	♀	Finance		●			
Chia-Chi Hsiao*	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●		●	●
I-Kan Chiu	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●			
Ke-He Shih	Director	Independent Director	Taiwan (R.O.C.)	♂	-			●		●
Hong-Mo Wu	Director	Independent Director	Taiwan (R.O.C.)	♂	Finance				●	●
Hui-Chun Chen*	Director	Independent Director	Taiwan (R.O.C.)	♀	-		●			
Hung-Ju Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance					●
Tsai-Jyh Chen	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance	●	●			●
Chi-Chang Yu	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●	●	●	●
Ying Wu	Independent Director	Independent Director	Taiwan (R.O.C.)	♀	Finance		●		●	●
Chang-Ching Lin	Independent Director	Independent Director	Taiwan (R.O.C.)	♂	Finance		●	●	●	●

Note 1: The Board of Directors of Mega Financial Holding adopts a single-track system and the directors meet the following criteria for external independence assessment as independent directors, the directors must be non-executive directors and at least four of the following nine indicators must be met, of which there must be at least two out of the first three:

- (1) The director must not have been employed by the Company in an executive capacity within the last one year.
- (2) The director must not accept or have a family member who accepts any payments from the Company or any subsidiary of Mega Group in excess of US\$60,000 during the current fiscal year, other than those permitted by SEC Rule 4200 Definitions.
- (3) The director must not be a family member of an individual who is employed by the Company or by any subsidiary of Mega Group as an executive officer.
- (4) The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the Company or a member of the Company's senior management.
- (5) The director must not be affiliated with the Company's major customers or suppliers.
- (6) The director must have no personal services contract with the Company or a member of the Company's senior management.
- (7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company.
- (8) The director must not have been a partner or employee of the Company's outside auditor during the past one year.
- (9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

In addition, pursuant to Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", the Company's independent director may not concurrently serve as an independent director of more than three other public companies.

Note 2: Based on Tier 1 of the Global Industry Classification Standard (GICS).

Note 3: The percentage of directors aged 51 or above is 67%, the percentage of those aged 30 to 50 is 33%, and the average term of office of all directors is 2.53 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 8th-term Board of Directors was 100% (including attendance by proxy) in 2022, which was above the 90% attendance rate requirement.

Note 6: Please refer to the Company's annual report for each director's experience and other board appointments.

Note 7: The director marked with \* is Kuang-Hua Hu, who is also the President of Mega Financial Holding. Director Hui-Chun Chen took over from January 7, 2022. Director Chia-Chi Hsiao took over from November 1, 2022.

Continuing Education of Directors

In response to international trends and the latest regulations on corporate governance and legal compliance, Mega Financial Holding provides a variety of external continuing education programs for its directors to enhance their capabilities in carrying out their duties and to keep abreast of the times. In 2022, the board members of Mega Financial Holding continued to attend continuing education courses in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" set by the Taiwan Stock Exchange Corporation. The 15 members of the 8th term Board of Directors attended a total of 196 hours of training, with an average of 13.07 hours per member. One of the newly-appointed directors (referring to those who serve as directors or independent directors for the first time in TWSE listed and TPEX listed companies) attended a total of 15.5 hours of training, while the other 12 board members had an average of 12.89 hours of training. The overall training hours exceeded the requirement of 12 hours for new directors and 6 hours for re-appointed directors as specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Training courses for directors covered corporate governance, anti-money laundering, risk management, internal control, ESG and sustainability, and legal risks. The objective was to strengthen the professional competency of directors and supervisors, thereby further optimizing corporate governance. The continuing education of directors in 2022 has been disclosed on the Market Observation Post System and the website of Mega Financial Holding.

Board Performance Evaluation

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

The previous Mega Financial Holding's Board Performance Evaluation was outsourced in 2021. In 2022, Mega Financial Holding conducted the evaluation internally in accordance with regulations, and the evaluation results were reported to the Board of Directors in January 2023 and disclosed in the Company's annual report, including the evaluation method and results. The results of the Board Performance Evaluation in 2022 are also published on the website of Mega Financial Holding.

7.1.3 Remuneration and Shareholding Policy

Directors (including Independent Directors) Remuneration Policy

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



## Top-Level Management Remuneration and Shareholding Policy

Mega Financial Holding pays various remuneration to its managerial officers, which are based on the Company's Articles of Incorporation, operational performance, contribution to the Company, and reference to industry standards, as well as individual performance of the managerial officers and the Company's future risks. The remuneration includes salary, retirement pension, various bonuses, employee compensation, and business expenses such as car rental and fuel costs. The compensation and bonuses of managerial officers are based on the "Employee Bonus and Remuneration Payment Rules", which have been approved by Mega Financial Holding's Remuneration Committee and Board of Directors. The evaluation takes into account the Group's ESG (including climate change, ethical management, and compliance) plan promotion, leading subsidiary companies to establish a sound sustainable governance framework, and non-financial performance of the current year, including ESG projects (such as ongoing verification of ISO 14064 at all global operating locations and passing third-party verification, issuing TCFD report, planning and setting SBT carbon reduction targets), ESG ratings (such as corporate governance evaluation, DJSI, CDP), and performance related to government policies. The issuance of a 10% right is based on the assessment results of the competent authority or the organizer, and is evaluated by the President and approved by the Chairman. The top-level management performance evaluation on ESG project of Mega Group includes the achievement of Scope 2 GHG emission reduction goals, the growth rate of green power and renewable energy industry outstanding loans, the proportion of the top management signed the Statement on Compliance with Ethical Standards, and the number of violations of social and environmental regulations. According to the actual achievement of the year, the top-level management will be given the ESG performance evaluation points.

In addition to the fixed annual bonus of two months, performance bonuses are calculated based on indicators such as the achievement rate of the current year's pre-tax net income, pre-tax earnings per share (EPS), pre-tax return on equity (ROE), and pre-tax return on assets (ROA), compared with industry peers, and paid out based on individual employee performance. Manager-related remuneration and bonuses will also be awarded after evaluating the performance of the total shareholder return value (TSR), which was 14.18% in 2022.

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

Shares Held by Executive Managers (As of 12/31/2022)		
Name	Executive Position at Mega Financial Holding	Number of Shares Held
Kuang-Hua Hu	President	0
Jui-Yun Lin	Executive Vice President	213,981
Yu-Mei Hsiao	Executive Vice President	205,000
Yi-Ming Ko	Chief Compliance Officer	223,431
Jui-Ying Tsai	Chief Auditor	269,335

Basic Information on Remuneration Paid to Executive Managers			Unit: NTD
Item	2021	2022	
Average remuneration of all employees other than the President	2,103,491	2,022,434	
Median remuneration of all employees other than the President	1,725,339	1,663,904	
Annual total compensation ratio of 2022	407.01%		
Change in the annual total compensation ratio of 2022	678.44%		

Note 1: Annual total compensation ratio= Annual total compensation for the president/Median annual total compensation for all employees excluding the president.

Note 2: Change in the annual total compensation ratio= Percentage increase in annual total compensation for the president/ Median percentage increase in annual total compensation for all employees.

Basic Information on Directors' Remuneration (As of 12/31/2022)			Unit: NTD
Name	Fixed Remuneration	Change in Remuneration	
Chao-Shun Chang	0	0	
Kuang-Hua Hu	3,581,520	3,190,710	
Chia-Chung Chen	220,000	0	
Pei-Chun Chen	220,000	0	
Yih-Jiuan Wu	93,500	0	
Chia-Chi Hsiao	17,000	0	
I-Kan Chiu	220,000	0	
Ke-He Shih	93,500	0	
Hong-Mo Wu	-	0	
Hung-Ju Chen	-	0	
Tsai-Jyh Chen	820,000	0	
Chi-Chang Yu	760,000	0	
Ying Wu	762,000	0	
Chang-Ching Lin	932,000	0	

Basic Information on Remuneration Paid to Executive Managers										Unit: NTD
Name	Executive Position at Mega Financial Holding	Fixed Remuneration				Variable Remuneration				
		2021		2022		2021		2022		
		Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	Non-deferred Compensation	Deferred Compensation	
Kuang-Hua Hu	President	3,353,388	0	3,581,520	0	2,092,818	0	3,190,710	0	
Jui-Yun Lin	Executive Vice President	3,029,292	0	3,187,668	0	2,196,604	0	2,281,018	0	
Jui-Ying Tsai	Chief Auditor	2,964,300	0	3,110,448	0	2,161,542	0	2,013,121	0	

## 7.2 Business Ethics

### 7.2.1 Ethical Management

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

Since 2019, Mega Financial Holding has required directors and senior managers to sign a Statement of Compliance with the Ethical Management Policy, and in 2022, the signing rate was 100%. Any employees engaging in unethical conduct shall be punished in accordance with the relevant provisions of the Regulations Governing Rewards and Penalties according to the severity of the violation. In addition, improvement measures, such as implementation of relevant training programs, are reinforced to prevent similar negative situations from reoccurring. Furthermore, in line with the internal control and auditing mechanisms, the Company promotes the concept of ethical management, prevention plans, operating procedures, and the consequences of violating ethical behavior, and internalizes the concept of ethical management into its corporate culture.





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

Entity	Scope (%)	Signed Statement (%)	Training Provided (%)
Mega Group	100%	100% (Signed by senior-level managers, including the executive vice presidents of the Group and higher positions)	100% (Provide 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: The "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 2022

Training Type	Training Hours (hours)	Number of Trainees
Internal Training	49,411	28,909
External Training	6,320	646

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

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

#### Political Contributions to Mega Group in 2022

Unit: NTD

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

### 7.2.2 Whistleblowing System

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

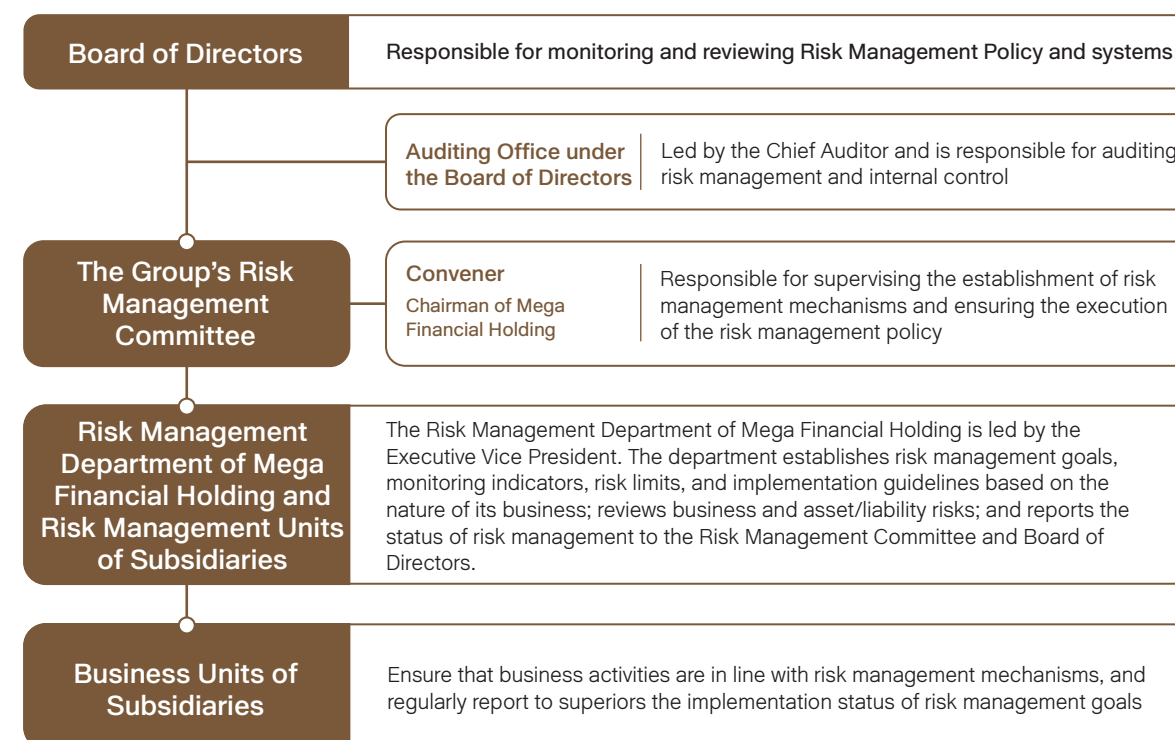
In 2022, Mega Financial Holding received three reports of employees violating the Code of Conduct. All of them were from internal reporting or external complaints, of which two were related to privacy data and one was related to conflict of interest. These cases have activated the management mechanism after receiving the notification, so as to strengthen internal control and punish employees who violate the code of conduct. According to the regulations of each company, the assessment scores of the employees who are punished will be deducted, which will affect their assessment grades. Those with poor performance in the assessment will be linked to comprehensive rewards such as the amount of bonus distribution and annual promotion. Taking the three cases in 2022 as examples, the punishments ranged from warnings to serious demerits, with the degree of impact reached to a level of grade, and the impact of rewards ranged from NT\$7,000 to NT\$100,000. This fully reflects Mega Group's emphasis on compliance with the code of conduct and its determination to avoid the recurrence of related incidents.

## 7.3 Risk Management

### 7.3.1 Implementation of Risk Management

#### Risk Management Framework

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





## Risk Management System

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

1

### The First Line of Defense

#### Business Unit

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

2

### The Second Line of Defense

#### Risk Management and Compliance Unit

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

3

### The Third Line of Defense

#### Audit Unit

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

## The Assessment Results of Major Risk Types

Risk	Description	Impact Assessment	Mitigation Efforts
Market Risk	The market risk that the Company and its subsidiaries bear due to changes in interest rates, exchange rates, and credit overweight, or fluctuations in stock, bond, and commodity prices, resulting in uncertain fair values and estimated cash flows of financial instruments. Market risk arises from both transaction and non-transaction accounts.	The management units of each subsidiary monitor the position of financial products, assess the risk changes such as profit and loss on a daily basis, and conduct stress testing and sensitivity risk factor analysis on a monthly basis. The risk management department of the Company regularly summarizes the implementation of the Group's market risk management and reports to the Risk Management Committee and the Board of Directors. The business unit is responsible for the identification of the risk factors of each product, and the risk management department is responsible for verification. The main transactions of the Company and its subsidiaries use sensitivity analysis (DV01, Delta, Vega, Gamma) and value-at-risk to measure market risk, and conduct monthly stress tests.	The Company and its subsidiaries monitor the position of the transaction book, risk changes, and the implementation of various limits on a daily basis, including the limits of each trading room, trader, and commodity line. If there is a market price for each financial product in the trading book, it should be evaluated at least once a day with information that is easily obtained from an independent source; if it is a model evaluation, it should prudently use a mathematical model for evaluation, and regularly review the assumptions and parameters of the evaluation model evaluation. Risk measurement methods include value at risk and sensitivity analysis. The Company and its subsidiaries use the scenarios of 1% change in interest rate, 15% change in equity securities market index, and 3% change in exchange rate as scenarios to conduct stress tests on the interest rate, equity and exchange rate commodity positions of the Company and its subsidiaries every month, and report at the risk management meeting. The Company currently monitors the Group's market risk mainly through sensitivity analysis, supplemented by position stop loss monitoring.
Operational Risk	The risk of loss caused by improper or faulty internal operating procedures, personnel and systems, or external events, including legal risks, but excluding strategic risks and reputation risks.	Regularly fill in the information on the occurrence of operational risk loss events, and build an operational risk database and an operational risk self-assessment system. All departments conduct regular self-inspections in accordance with the internal control system and handling procedures, and internal and external audits conduct irregular inspections. Establish a crisis management mechanism for major accidental events to ensure that operations can be quickly resumed when major accidental events or disasters occur.	Formulate internal control systems, laws and regulations compliance systems, laws and regulations compliance manuals, internal operation manuals, hierarchical responsibility authorization and other operational procedures and business specifications to reduce the possibility of operational risks or reduce their losses; collect, record and analyze direct or indirect loss data due to improper or faulty internal operating procedures, personnel and systems, or external events, and build an operational risk loss database; regularly conduct operational risk self-assessment operations, identify potential operational risks, and develop appropriate procedures for managing operational risks.

## Risk Management Education and Training

To enhance employee risk awareness, establish a risk management culture, and facilitate the effective implementation of Mega Group's risk management policies, the Group encourages employees to participate in various internal and external risk management education and training courses. In addition, based on the "Risk Management Assessment Methods for Subsidiaries" established by Mega Financial Holding, the number of employees participating in risk management education and training each year will be linked to their performance.

### Employee Training on Risk Management by Mega Group in 2022

Training Type	Training Hours (hours)	Number of Trainees
Internal Training	34,372	18,324
External Training	32,126	5,268

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

## The Assessment Results of Major Risk Types

Risk	Description	Impact Assessment	Mitigation Efforts
Credit Risk	The risk that the borrower, the issuer or the counterparty will fail to perform its contractual obligations due to deterioration of financial conditions or other factors, resulting in losses.	The Company and its subsidiaries measure the risk of corporate credit customers using the borrower default probability model, incorporating financial and non-financial factors, using Logistic regression analysis to estimate the borrower's default probability in the next year, and comparing the corresponding ratings. The Company and its subsidiaries also consider the characteristics and scale of the credit business, use the credit rating table to distinguish the high and low risks, and credit review. Pricing and post-loan management are all graded according to the customer's credit rating.	1. Collection of collateral and guarantor 2. Quota Control 3. General agreement on net settlement If other credit enhancement's credit contracts include offset clauses, it is clearly defined that when a credit event occurs, the various deposits deposited by the credit account in the Company and its subsidiaries can be offset against its liabilities, and the third party or financial institution can be withdrawn, in order to reduce credit risk.



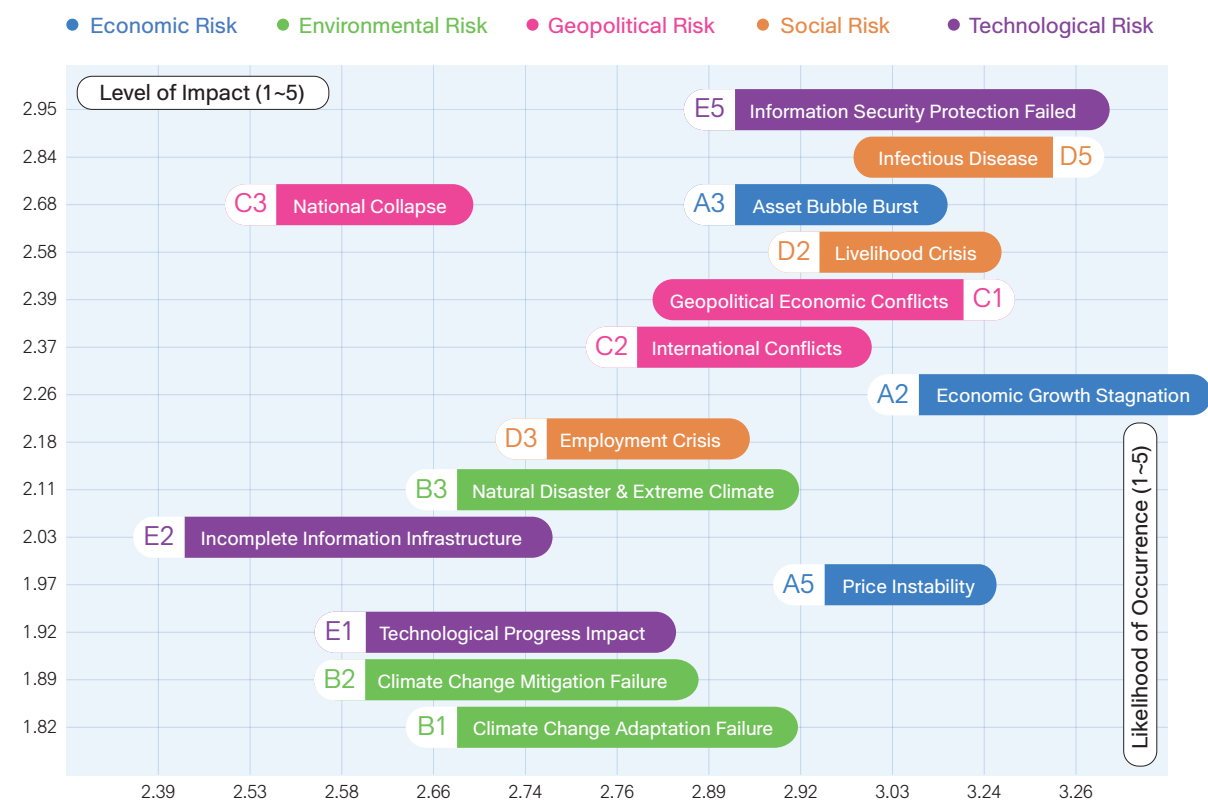


### 7.3.2 Assessment and Response to Emerging Risks

As the financial environment becomes increasingly complex, Mega Group not only incorporates existing risk assessments but also includes emerging risks in the scope of risk management. The Group issues questionnaires to various units to evaluate significant emerging risks and makes it an important part of daily risk management. Each subsidiary is required to report on significant risk issues (including emerging risks) to the Mega Financial Holding's Board of Directors and Risk Management Committee. In addition, to cope with the impact of climate change on operations, personnel, and business activities, Mega Group takes preventive measures against potential risks and actively supports important environmental projects or plans of enterprises or social groups, providing business cooperation opportunities. The Group also continuously collects risk reports from major global institutions and information from individual or corporate customers to identify the latest trends in emerging risks and adopt effective classification management.

Mega Group analyzes the factors of emerging risks based on the 2023 Global Risks Report by the World Economic Forum, evaluating five major risk factors: Economic (A), Environmental (B), Geopolitical (C), Social (D), and Technological (E), based on the "Likelihood of Occurrence" and the "Level of Impact". The Group screens out significant emerging risks that may affect it in the next 3-5 years and develops corresponding response measures.

#### Emerging Risk Assessment Matrix



Risk Factor	Infectious Diseases	Geopolitical Economic Conflicts
Risk Categories	Social Risks	Geopolitical Risks
Description	<p>Due to the global climate change, environmental pollution, international conflicts, and the subsequent impact of COVID-19, the cycle of large-scale global or regional infectious disease outbreaks has been shortened. This has led to social unrest affecting Mega Group.</p> <p>We use the scenario below to analyze how Mega will be affected by the emerging risk:</p> <p>1. Basic scenario: There is no large-scale infectious disease affecting Mega for the next 3-5 year:</p> <p>A. The operation of Mega stays normal, and the system recovery time is less than Maximum Tolerable Period of Disruption (4 hours).</p> <p>B. The employee stays mentally healthy. The employee turnover rate is less than 1%.</p> <p>C. The operation and payment for our clients stay normal. There is no investment or credit loss occurred.</p> <p>D. The insureds are not affected by the infectious diseases. The insurance claims loss is less than NT\$20 million.</p> <p>2. Extreme scenario: There is multiple large-scale infectious disease outbreaks which affect Mega for the next 3-5 years. The period between disease outbreaks are shortened to 1 year:</p> <p>A. The operation of Mega disrupt for more than 4 hours.</p> <p>B. The employees' mental health is affected by the infectious diseases. The employee turnover rate rises to 10%.</p> <p>C. Bad debts and doubtful account from our clients rise our investment and credit loss to 3%.</p> <p>D. The insureds are affected by the infectious diseases. The insurance claims loss is more than NT\$20 million.</p>	<p>Regional conflicts have caused countries to change their economic interactions, which may impact Mega Group's operating environment through various economic control measures (including investment controls, trade barriers, and so on).</p> <p>We use the scenario below to analyze how Mega will be affected by the emerging risk:</p> <p>1. Basic scenario: There is no regional conflicts affecting Mega for the next 3-5 year:</p> <p>A. The energy price of Mega stays normal.</p> <p>B. The stock and bond market which Mega participated stays normal.</p> <p>C. The operation and payment for our clients stay normal. There is no investment or credit loss occur.</p> <p>2. Extreme scenario: There is regional conflicts (e.g., Taiwan Strait War) affecting Mega for the next 3-5 year:</p> <p>A. The annual average energy price of Mega rises 50%.</p> <p>B. The stock and bond market which Mega participated fluctuate violently. The stock price falls by 15%, the interest rate rises by 1%, and the NTD appreciates for 3%.</p> <p>C. The operation and payment for our clients is affected by sanction, and rise our investment and credit loss to 6%.</p>





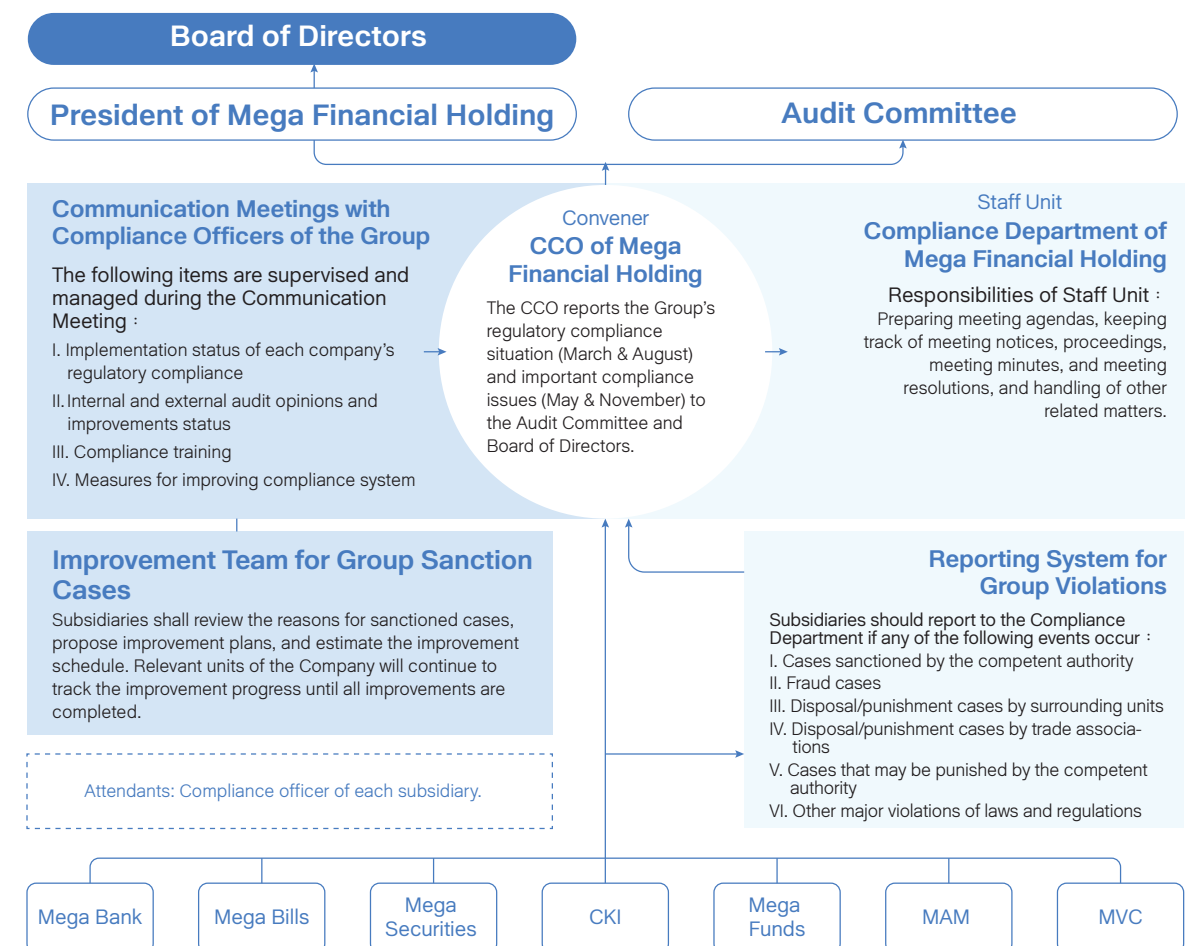
Risk Factor	Infectious Diseases	Geopolitical Economic Conflicts
Impact on the Company	<p>If there are multiple outbreaks of large-scale infectious diseases on the same scale as COVID-19 in the next 3-5 years, the Government may implement containment policies, resulting in obstructed economic development and long-term health damage. This may cause Mega Group to face:</p> <ul style="list-style-type: none"> <li>• Interruption of Operations: Insufficient manpower may lead to a decrease in service capacity or temporary closure of physical branches, and an increase in demand for contactless services may cause server overload for digital services such as websites or apps.</li> <li>• Psychological Health Damage: The pressure due to performance and remote work may cause confusion between work and daily life, leading to increased long-term psychological stress on Mega Group employees, resulting in decreased work efficiency and increased turnover rate.</li> <li>• Investment and Credit Losses: The pandemic further affected the operations and repayment capabilities of customers in industries with high risks of infectious diseases, resulting in bad debts or non-performing assets for Mega Group. In extreme cases, losses may reach up to 3% of the Group's credit exposure.</li> <li>• Insurance Claims Losses: Infectious diseases and subsequent complications increase the possibility of customers being hospitalized, death, or suffering from chronic diseases beyond expectations, resulting in increased insurance claim amounts.</li> </ul>	<p>If the geopolitical economic conflicts continue to intensify based on geopolitical politics in the next 3-5 years, it may cause the Government to implement stricter trade policies, supply chain disruptions, and international inflation, resulting in Mega Group facing:</p> <ul style="list-style-type: none"> <li>• Increased Operating Costs: International and imported energy prices have rapidly increased due to trade wars or financial sanctions, leading to an increase in the cost of fuel used by Mega Group. This may have a long-term impact on the annual operating costs, which could reach up to NT\$70 million.</li> <li>• Policy and Regulatory Changes: In the face of political or trade tensions and uncertainty, certain countries may be subject to international sanctions, resulting in a lack of long-term liquidity and a decline in value of the securities held by Mega Group.</li> <li>• Investment and Credit Losses: Investment targets or loan clients may experience a decline in their operational and repayment capabilities due to trade sanctions, resulting in an increase in investment and credit risks for Mega Group. In extreme cases, losses may reach up to 6% of the Group's overseas credit exposure.</li> <li>• Sustained Inflation Crisis: Severe inflation may lead to economic recession and liquidity risks due to a large number of customers withdrawing cash. If customers are unable to withdraw their deposits in a timely manner, this may also result in reputational risks.</li> </ul>
	<p><b>Response Measures</b></p> <ul style="list-style-type: none"> <li>• Adjusting Operation Mode: Mega Group has initiated an uninterrupted operation plan, adjusted existing work modes and processes, and established a team for business continuity and system recovery to ensure the ability to respond to crises.</li> <li>• Strengthening Health Protection: Mega Group provides employees with infectious disease vaccination leave to reduce the risk of infectious diseases spreading in the workplace. In terms of mental health, professional psychological counseling services are provided to allow employees to have channels for communication and problem solving.</li> <li>• Control of High-Risk Industries: Mega Bank regularly monitors the credit risk ratio of high-risk industries and dynamically adjusts high-risk industry projects, reduces credit risk through credit limits, warning ratios, and implements post-loan management.</li> <li>• Diversifying Insurance Risks: CKI diversifies insurance claims risks caused by infectious diseases through reinsurance and regularly reviews rate of loss conditions and adjusts rates and underwriting policies in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Improving Energy and Resource Efficiency: Mega Group actively adopted ISO14001 environmental management system and ISO50001 energy management system, which reduces energy and resource consumption, and decreases the impact of potential rising operational costs.</li> <li>• Enhancing Market Risk Management: Mega Group conducts market liquidity stress testing, monitors stock and bond market fluctuations that cause market risk limit warning or financial asset valuation losses, and reports to the Risk Management Committee and Board of Directors every quarter.</li> <li>• Implementing National Risk Monitoring: Mega Group sets the Group's country-specific credit risk limits based on international credit ratings, which are regularly reviewed and reported to the Board of Directors.</li> <li>• Post-Investment and Post-Loan Management: Mega Group periodically re-examines the financial and credit status of investment and financing customers through a regular review mechanism, dynamically adjusts internal credit ratings, to monitor credit risk changes in real-time.</li> </ul>

## 7.4 Regulatory Compliance

### 7.4.1 Regulatory Compliance Management Mechanism

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

If any significant violation of laws and regulations occurs or there is a downgrade by the competent authority, the Compliance Department should immediately report to the Board of Directors and submit the compliance-related issues. Each subsidiary (except for Mega Venture Capital) also appoints a compliance officer, who is responsible for compliance planning and promotion. Furthermore, Mega Group holds quarterly meetings led by the CCO to communicate with the compliance officers of various companies within the Group. Discussions are held on compliance systems implementation, internal and external audit opinions and improvement, compliance education and training, and compliance system improvement measures. In 2022, a total of four meetings were held for the communication of compliance supervisors within the Group.







#### Mega Group's Compliance Training in 2022

Training Type	Training Hours (hours)	Number of Trainees
Internal Training	57,346	34,157
External Training	32,217	4,780

### 7.4.2 Audit System

Mega Financial Holding has established a general audit system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" of the FSC and has set up an internal audit unit under the Board of Directors to carry out audit work and assist the Board of Directors and management in evaluating the effectiveness of the internal control system. The internal audit unit formulates the annual audit plan based on the subsidiaries' level of overall risks, nature of their business operations, and the implementation status of their internal control system. It conducts a general audit of the Group's businesses once a year and a special audit of the Group's and each subsidiary'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 addition, the internal audit unit supervises the operation of the audit work of the subsidiaries in accordance with the relevant regulations of the Group's subsidiaries. It assesses the effectiveness of the internal audit work of each subsidiary annually and requests each subsidiary to report the assessment to its own Board of Directors after reporting to the Audit Committee and the Board of Directors of Mega Financial Holding for personnel evaluation purposes.

#### Audit-related Professional Examinations or Relevant Certifications of Mega Group in 2022

Name of Examination or Certification	Number of Employees
Proficiency Test for Bank Internal Control and Audit	4,600
Certified Internal Auditors (CIA)	13
Certified Information Systems Auditors (CISA)	3
International Internal Auditor	1
Internal Auditor Qualifications	188

### 7.4.3 Penalty Cases

In 2022, Mega Group received a total of 9 penalty cases notified by the competent authorities, of which 4 were cases that exceeded the significant threshold of NT\$1 million. These penalty cases did not involve corruption, fraud, or anti-competition related matters, and relevant measures have been formulated to strengthen control and prevent similar incidents from happening again.

Case	Description	Penalty	Other Punishments	Improvement Measures
1	Mega Bank <ul style="list-style-type: none"><li>Violated labor laws by working overtime</li></ul>	Fine of NT\$50,000	None	<ul style="list-style-type: none"><li>The Bank's branch has conducted internal compliance training meetings on its "Guidelines for Strengthening Management of Domestic Employees" and "Attendance Management Guidelines for Domestic Employees" and asked personnel to verify their declarations.</li><li>According to the Bank's branch, the human resources department is evaluating the possibility of filing an appeal in accordance with the law.</li></ul>

Case	Description	Penalty	Other Punishments	Improvement Measures
2	Mega Bank <ul style="list-style-type: none"><li>Agricultural policy loans were not in compliance with the Philippine agricultural loan regulations</li></ul>	Fine of approximately PHP 9.42 million (Equivalent to approximately NT\$4.9 million)	None	<ul style="list-style-type: none"><li>Pay close attention to the primary and secondary markets for agricultural bonds and actively purchase agricultural bonds.</li></ul>
3		Fine of approximately PHP 2.04 million (Equivalent to approximately NT\$1.09 million)	None	<ul style="list-style-type: none"><li>Continue to seek out potential customers and take on credit cases while considering credit risks and protecting the Bank's interests.</li></ul>
4		<ul style="list-style-type: none"><li>Violated Cambodian AML/CFT regulations</li></ul>	Fine of KHR 100 million (Equivalent to approximately NT\$700,000)	None <ul style="list-style-type: none"><li>Establish customer contact and review procedures, strengthen customer data collection and update files, obtain complete information to ensure accurate risk assessment and compliance with their risk level.</li><li>Establish contacts with foreign customers and request information on local residential address, account opening purposes, and occupations in addition to their nationality and addresses.</li><li>Increase monitoring of customer transactions for suspicious activity and enhance the quality of AML/CFT training for all relevant employees to improve the identification of suspicious transactions. Some recommended measures have been replied to and improvements made. A comprehensive improvement plan will be formulated in accordance with the recommended measures, and relevant regulations will be revised and program modification requirements will be proposed.</li></ul>
5	<ul style="list-style-type: none"><li>Lack of internal control system for ATM and cash recovery operations</li></ul>	Fine of NT\$4 million	None	<ul style="list-style-type: none"><li>The relevant department has thoroughly reviewed the shortcomings and proposed various preventive measures and strengthened control mechanisms. In addition, the employees involved were dismissed and disciplinary action was taken against those responsible for the negligence.</li></ul>
6	Chung Kuo Insurance <ul style="list-style-type: none"><li>Violated labor laws by working overtime</li></ul>	Fine of NT\$70,000	None	<ul style="list-style-type: none"><li>The human resource (HR) management system has added an employee attendance overtime confirmation function. When an employee has abnormal early arrival/late departure, they should fill out an attendance overtime confirmation form to explain the reason for the overtime attendance.</li><li>If an employee has overtime attendance, the HR system will send an email notification to the direct supervisor and unit manager on the next day.</li></ul>
7		<ul style="list-style-type: none"><li>Violation of Insurance Act found in the inspection by FSC</li></ul>	NT\$1.2 million	1 corrective action <ul style="list-style-type: none"><li>Improvements are being carried out in accordance with the improvement plan for items listed in the inspection report, such as failure to implement underwriting control policy for renewal cases, failure to calculate premiums based on the submission fee rate for insurance products, and failure to refund unpaid premiums proportionally.</li></ul>
8	Mega Securities <ul style="list-style-type: none"><li>Information project inspection deficiency found</li></ul>	NT\$240,000	1 corrective action	<ul style="list-style-type: none"><li>The core system's daily login failure record is reviewed by relevant system administrators using an electronic form signature to check for abnormal login situations.</li><li>Completed the settings related to the security parameters of the password activation principle of the self-operated business system host.</li><li>Prohibited employees from using social media on the Company's internal network.</li><li>Outsourcing vendors required to issue a declaration that includes relevant security requirements.</li></ul>
9		<ul style="list-style-type: none"><li>Administrative process deficiency found in shareholding declaration</li></ul>	NT\$240,000	None <ul style="list-style-type: none"><li>Strengthen the promotion and revise the standard operating procedures.</li><li>Add business self-management verification items to enhance the completeness of the verification operation.</li><li>Completed in-house education and training to strengthen training for underwriters.</li></ul>



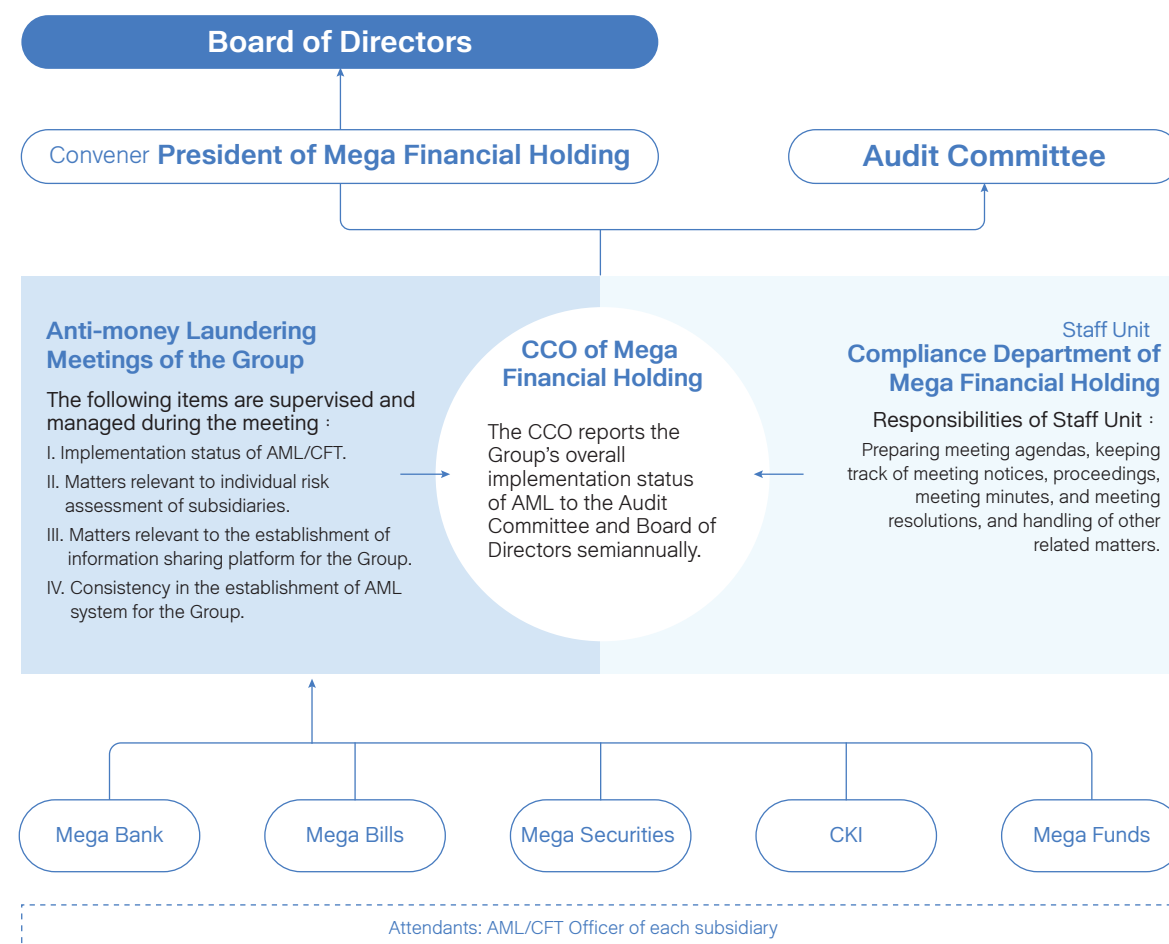
## 7.5 Combat Crime

### 7.5.1 Combat Crime Management Mechanism

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

To supervise and manage the AML/CFT of subsidiaries, Mega Financial Holding established a special unit called Compliance Department and the President regularly holds the "Anti-Money Laundering Meetings of the Group" to supervise the implementation of AML/CFT of each subsidiary. The scope of supervision covers the implementation of regular customer audits, staff education and training, reporting of suspected money laundering (ML) or terrorist financing (FT) transactions, investigation of ML/FT transactions, AML meetings and working group operations, ML/FT risk appetite threshold, and AML compliance testing. A total of six Group AML meetings were held in 2022.

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








### 7.5.2 Combat Crime Measures

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

Each subsidiary company complies with domestic laws and regulations, the Group's consistency standards, and refers to the forty recommendations of the Financial Action Task Force (FATF) on AML/CFT. They have established a sound organizational structure and policies and procedures to effectively identify and assess ML/FT risks, and control the identification of higher money laundering threats and vulnerabilities to meet the requirements of international standards. The implementation process includes physical and non-physical customer due diligence (CDD), terrorist financing list review, review and monitoring of lists of politically important persons, and senior management involvement in customer audits for high ML/FT risks. In addition, each subsidiary exchanges information on high-risk customer lists and suspected cases of ML/FT through the Group's AML/CFT information sharing platform.

#### Key Combat Crime Measures adopted by Mega Bank

-  Conduct at least one annual risk assessment for ML/FT, weapons proliferation, and sanctions at the bank-wide level. Quantitatively and qualitatively analyze the results of the risk assessment, consolidate risk assessment reports, internal control evaluation items, and improvement plan schedules, and report to the Compliance Committee and Board of Directors in accordance with legal requirements.
-  To identify and control money laundering threats and vulnerabilities, Mega Bank establishes various AML systems, including transaction monitoring and list scanning, to prevent ML/FT.
-  Developed the "Sanction and Control List Check Handbook" and the "Suspicious ML/FT Transaction Pattern Checklist" to conduct AML/CFT name list comparison for trading counterparts and related parties, and to check and control transactions. Analyzed transaction content and include relevant parties in the "Self-Established List" or the "Self-Defined High-Risk Countries Involved in Sanctions" for compliance. Additionally, developed "Domestic Unit AML/CFT Customer Identification Guidelines", "Domestic Unit Identification of Politically Important Persons Handbook", "Domestic Unit Identification of Actual Beneficiaries and Anonymous Stocks Handbook", for compliance by the business units.
-  Joined the Association of Certified AML Specialists (ACAMS) as a corporate member and disclosed the "AML and Sanctions Risk Appetite Statement" and "AML/CFT Internal Control System Statement" on the official website to demonstrate the determination to combat illegal activities.
-  Assisted customers in preventing fraud cases, with a total of 100 cases intercepted in 2022, amounting to over NT\$70 million.

Mega Group is committed to AML/CFT, and invites internal and external experts to conduct AML training and related lectures in various formats every year, including physical lectures, digital learning, and video training, in order to enhance the professional knowledge and skills of AML/CFT personnel. The completion rate of statutory training hours for personnel reached 100% in 2022.





## Mega Group's Training on Combating Crime in 2022

Training Type	Training Hours	Number of Trainees
Regular, on-going intranet-based training with case studies	29,772	18,883
Computer-based training sessions with self-assessment check	43,283	26,072
Face-to-face training by compliance/legal officers	116	69
Face-to-face training by specialized external firm	3,740	699
Mandatory annual refresher training	2,104	339

## Crime Combatting-related Professional Examinations or Relevant Certifications of Mega Group in 2022

Name of Examination or Certification	Number of Employees
Certified AML Specialists (CAMS)	3,186
Professional Exam for AML/CFT Specialist	992

## 7.6 Tax Governance

### 7.6.1 Tax Governance Policy

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

#### 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.

### 7.6.2 Country-by-Country Report (CbCR)

## Tax Status by Country of Mega Group in 2022

Unit: 100 million NTD (Except for the 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 Insurance	8,841	449.32	165.63	30.02	34.33
Hong Kong	Bank	74	17.82	15.42	2.34	1.18
United States	Bank and Insurance	165	29.48	10.80	0.31	0.37
Australia	Bank	55	12.30	9.59	3.46	2.77
Singapore	Bank	29	6.76	5.95	0.95	0.24
Cambodia	Bank	103	6.46	4.54	0.89	1.09
Vietnam	Bank	53	5.30	4.43	0.88	0.69
Thailand	Bank	172	8.12	3.35	0.67	0.72
Philippines	Bank	37	3.28	2.28	0.03	0.13
Malaysia	Bank	11	1.53	1.43	0.04	0.03
Canada	Bank	34	2.58	1.04	0.38	0.11
Panama	Bank	23	2.73	1.02	0.22	-
Netherlands	Bank	10	1.59	0.76	0.23	0.22
China	Bank	104	3.47	0.69	0.66	0.84
Others	Bank and Others	75	9.75	-15.49	-0.61	1.64

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

### Tax Information

## Effective Tax Rate and Cash Tax Rate of Mega Group in 2021 and 2022

Unit: thousand NTD

Items / Year	2021	2022	Average
Profit before Tax	28,656,413	21,144,301	24,900,357
Income Tax Expenses	2,925,343	2,809,343	2,867,343
Effective Tax Rate (%)	10.21	13.29	11.52
Income Tax Paid	3,013,425	4,435,944	3,724,685
Cash Tax Rate (%)	10.52	20.98	14.96

Note 1: The effective tax rate in 2022 is higher than that in 2021, mainly due to the increase in deferred income tax assets of the provision for employee benefit liabilities and unrealized impairment losses in 2021.

Note 2: The cash tax rate in 2022 is higher than that in 2021, mainly due to the decline in net profit before tax caused by the loss of CKI's epidemic prevention insurance, and the income tax paid in 2022 is the income tax in 2021.



Income Tax Rate Analysis of Mega Group in 2021 and 2022					Unit: thousand NTD
Items / Year	2021	2022	Average	Global Banking Industry Average*	
Effective Tax Rate (%)	10.21	13.29	11.52	20.90	
Cash Tax Rate (%)	10.52	20.98	14.96	21.28	

Note 1: Marked \* means the Global banking industry average was based on data published by Robeco SAM.

Note 2: The cash tax rate of Mega Group is 20.98% in 2022, which was slightly lower than the global banking industry average 21.28%. In addition, the effective tax rate and the cash tax rate in 2021 and the effective tax rate in 2022 were lower than the global banking industry average for the following reasons:

- (1) Mega Group mainly operates in Taiwan where the corporate income tax rate is 20%, which is lower than those stipulated by other countries.
- (2) For 2021 and 2022, according to Taiwan's Offshore Banking Act, the income of offshore banking branches is exempt from corporate income tax. The income of Mega Group's offshore banking branches makes up approximately 18%-39% of the Group's income. Nevertheless, this income is subject to basic taxation at 12% based on the Income Basic Tax Act, which is lower than those stipulated by other countries.

## Resident Entities and Main Business Activities of Mega Group

Tax Jurisdiction	Name of the Resident Entity	Main Business Activity(ies)			
		Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Other
Taiwan	Mega Financial Holding Co., Ltd.			●	
	Mega International Commercial Bank Co., Ltd.	●			
	Mega Securities Co., Ltd.	●		●	
	Mega Bills Finance Co., Ltd.	●			
	Chung Kuo Insurance Co., Ltd.	●	●		
	Mega Asset Management Co., Ltd.	●			
	Mega Venture Capital Co., Ltd.			●	
	Mega International Investment Trust Co., Ltd.	●			
	Mega Management Consulting Corporation				●
	Yung Shing Industries Co.				●
	China Products Trading Company				●
	Win Card Co., Ltd.				●
	ICBC Asset Management & Consulting Co., Ltd.				●
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	●			
	Mega International Commercial Bank Co., Ltd. Hong Kong Branch	●			
Hong Kong	Mega International Commercial Bank Co., Ltd. New York Branch	●			
	Mega International Commercial Bank Co., Ltd. Los Angeles Branch	●			
	Mega International Commercial Bank Co., Ltd. Chicago Branch	●			
	Mega International Commercial Bank Co., Ltd. Silicon Valley Branch	●			
	Chung Kuo Insurance Co., Ltd. Guam Office	●	●		

Tax Jurisdiction	Name of the Resident Entity	Main Business Activity(ies)			
		Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Other
Japan	Mega International Commercial Bank Co., Ltd. Tokyo Branch	●			
	Mega International Commercial Bank Co., Ltd. Osaka Branch	●			
Cambodia	Mega International Commercial Bank Co., Ltd. Phnom Penh Branch	●			
	Mega International Commercial Bank Co., Ltd. Phnom Penh Airport Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Olympic Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Tuol Kouk Sub-Branch	●			
	Mega International Commercial Bank Co., Ltd. Chamkar Mon Sub-Branch	●			
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.				●





# CH8

## Appendix

### 8.1 About this Report

### 8.2 Stakeholder and Material Topics

### 8.3 Sustainable Data

### 8.4 Sustainability Standards Index Table

### 8.5 Verification Statement by External Independent Parties



## 8.1 About this Report

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

### Reporting Period

Mega Financial Holding has been issuing sustainability reports every year since 2014, disclosing the non-financial information of Mega Group for 10 consecutive years. The "2022 Sustainability Report of Mega Holdings", published in June 2023, discloses the status of Mega Group in relation to sustainable development, actions taken to manage Material Topics, and performance outcomes between January 1 to December 31, 2022.

### Reporting Scope

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

### Reporting Principles

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

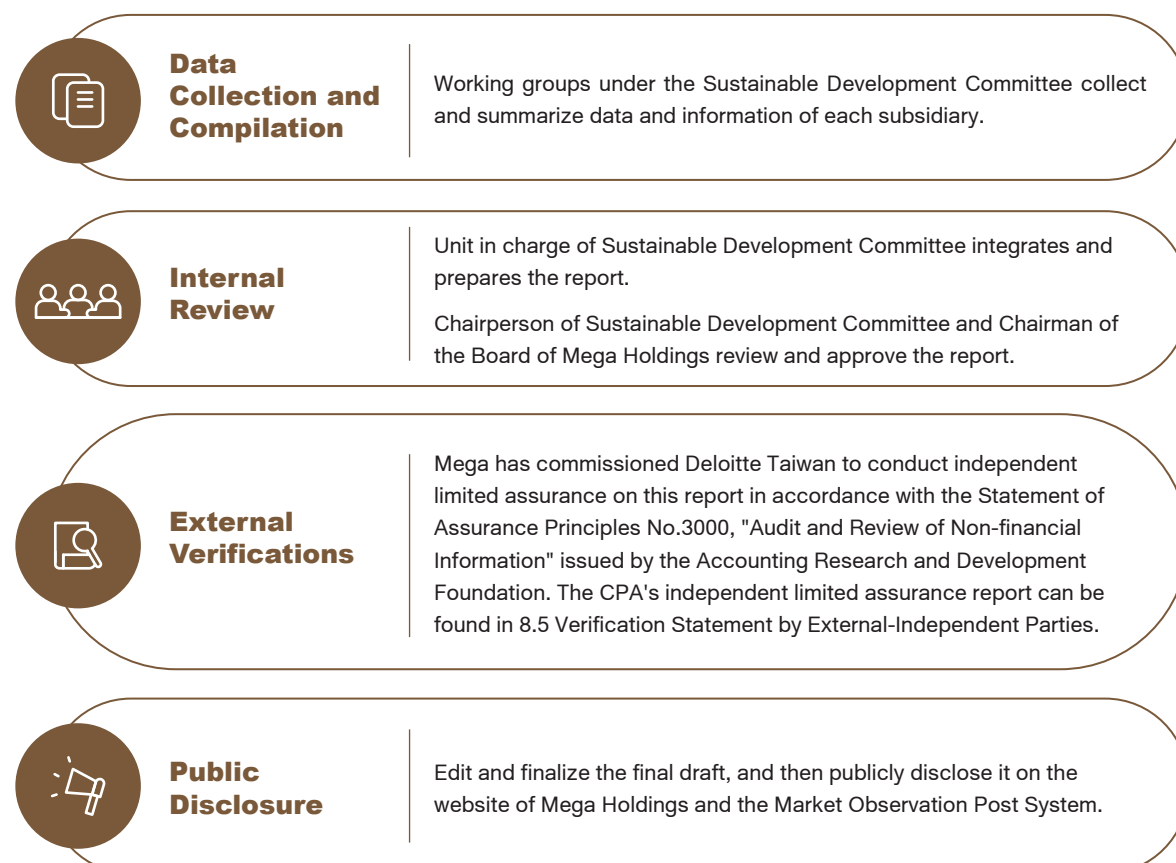
Note: Please refer to [8.4 Sustainability Standards Index Table](#) for the chapters and page numbers corresponding to the Reporting Principles in this Report.



## Reporting Quality

Category	Standard	Certifying / Assurance Organization
Sustainable Data	Statement of Assurance Principles No.3000, "Audit and Review of Non-financial Information" (Followed by International Standard on Assurance Engagements 3000)	• Deloitte & Touche
Financial Data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	• PwC
Environmental Data	ISO 14046:2014 Water Footprint Verification Statement ISO 14064-1:2018 Greenhouse Gas Inventory ISO 14067:2018 Carbon Footprint Verification Statement	• SGS Taiwan
	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
	ISO 45001:2018 Occupational Health and Safety Management System	• BSI Taiwan

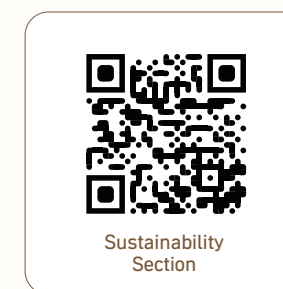
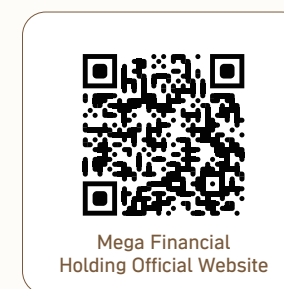
## Management Procedures



## Feedback

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

- 🏠 Company Name: Mega Financial Holding Co., Ltd.
- ⚙️ Contact Department: The Administration Department of Mega Financial Holding
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- 👤 Contact Person: Ms. Wong
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- 📖 Sustainability Section: <https://esg.megaholdings.com.tw/frontend>










## 8.2 Stakeholder and Material Topics

Mega Group is committed to achieving sustainable development through the establishment of transparent and open communication channels for stakeholders. These channels include the Corporate Sustainability section on 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.



### Stakeholder Communication

To ensure that the information disclosed in this Sustainability Report meets the expectations of our stakeholders, Mega Group adopts the GRI Standards (2021) and the five principles of AA1000 Stakeholder Engagement Standard (i.e., Responsibility, Influence, Tension, Diverse Perspectives, and Dependency) to design a questionnaire for stakeholders. Questionnaire survey was conducted by the Sustainable Development Committee of Mega 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 Impact Issues from the Stakeholders Assessment	Communication Channel (Frequency)	Communication Achievements
Government and Regulators	<ul style="list-style-type: none"><li>● Corporate Governance</li><li>● Business Ethics</li><li>● Combat Crime</li><li>● Information Security</li><li>● Regulatory Compliance</li></ul>	<div>Regularly</div> <ul style="list-style-type: none"><li>● File information on regulators' websites.</li></ul>	<ul style="list-style-type: none"><li>● 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.</li><li>● Mega Group has appointed Compliance Officers and Corporate Governance Officers, and has set up an Integrity Management Committee.</li></ul>
		<div>Irregularly</div> <ul style="list-style-type: none"><li>● Participate in the policy promotion meeting and public hearing of the competent authority.</li><li>● Provide information for regulators' examinations.</li><li>● Communicate with regulators by visit, official letter or phone.</li><li>● Compliance with the relevant laws and policies of the competent authorities and cooperate with their supervision and inspections.</li></ul>	
		<div>Contact Person</div> <div><a href="mailto:hugo@megaholdings.com.tw">hugo@megaholdings.com.tw</a></div>	
Employees/ Corporate Union	<ul style="list-style-type: none"><li>● Information Security</li><li>● Regulatory Compliance</li><li>● Risk Management</li><li>● Corporate Governance</li><li>● Economic Performance</li></ul>	<div>Regularly</div> <ul style="list-style-type: none"><li>● Hold seminars on employees' safety and health.</li><li>● Hold labor-management meeting.</li><li>● Hold meetings of the Employee Welfare Committee, Labor Safety and Health Committee, Supervisory Committee of Employee Retirement Reserve.</li></ul>	<ul style="list-style-type: none"><li>● Mega Group implemented workplace health promotion plans and employee assistance programs (EAP). In 2022, a total of 51 employees used the Group's consulting services by calling the 0800 hotline, sending emails, or one-on-one consultation service.</li><li>● Mega Group conducted Employee Engagement Survey to determine how engaged employees are at work to help improve employee performance. In 2022, the average employee engagement score was 3.62 points, an increase of 13.5% from last year.</li><li>● Mega Group provided competitive compensation scheme and was included as a constituent stock of the "Taiwan Employment Creation 99 Index" and "Taiwan High Compensation 100 Index" for many years.</li></ul>
		<div>Irregularly</div> <ul style="list-style-type: none"><li>● Hold staff meetings.</li><li>● Hold morning/evening business unit meetings.</li></ul>	
		<div>Permanent</div> <ul style="list-style-type: none"><li>● The Union Discussion Forum has been set up in Mega Bank's intranet for employees to express their opinions.</li><li>● Established employee complaint and Sexual harassment complaint hotline, fax, e-mail, etc.</li></ul>	
<div>Contact Person</div> <div><a href="mailto:hr@megaholdings.com.tw">hr@megaholdings.com.tw</a></div>			

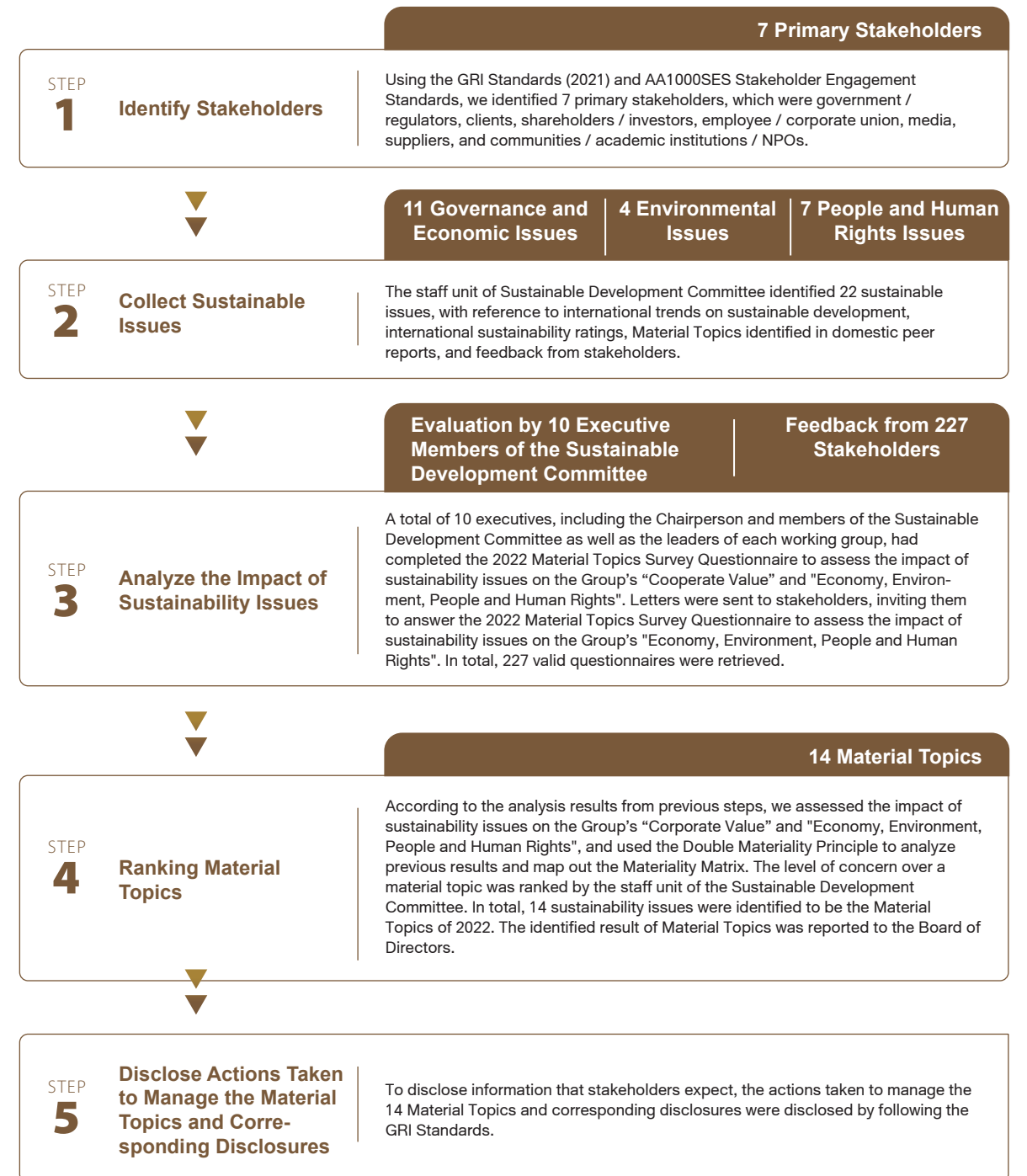
Stakeholders	Top 5 Impact Issues from the Stakeholders Assessment	Communication Channel (Frequency)	Communication Achievements
Shareholders/ Investors	<ul style="list-style-type: none"><li>• Economic Performance</li><li>• Information Security</li><li>• Risk Management</li><li>• Business Ethics</li><li>• Corporate Governance</li></ul>	<div>Regularly</div> <ul style="list-style-type: none"><li>• Disclose operational performance (monthly).</li><li>• Convene shareholders' meeting, issue Chinese and English annual report and sustainability report (annually).</li></ul>	<ul style="list-style-type: none"><li>• Mega Financial Holding continues to ensure stable profitability, reporting a consolidated net profit after tax of NT\$18.335 billion in 2022.</li><li>• 212 material information and announcements in 2022.</li><li>• Mega Financial Holding organized 2 independent online Investor Conferences, participated in 6 Investor Conferences organized by domestic and foreign securities companies, and conducted 256 interviews, videoconferences and teleconferences with domestic and foreign investment institutions.</li></ul>
		<div>Irregularly</div> <ul style="list-style-type: none"><li>• Disclose information on the Market Observation Post System.</li><li>• Organize domestic Investor Conference.</li><li>• Attend Investor Conferences and Investor Relations Meetings at home and abroad.</li></ul>	
		<div>Permanent</div> <ul style="list-style-type: none"><li>• Set up the Company's website in Chinese and in English and disclose Annual Reports, financial statements and stock information in the Investors section.</li><li>• Publication of investor and stakeholder contact details on Company's website.</li><li>• Set up Stakeholder Opinion Survey Form in the Corporate Sustainability section of the Company's website.</li></ul>	
	 Contact Person	Executive Vice President and Spokesperson, Jui-Yun Lin, (02)2357-8888 Ext.116	
Customers	<ul style="list-style-type: none"><li>• Information Security</li><li>• Risk Management</li><li>• Regulatory Compliance</li><li>• Corporate Governance</li><li>• Business Ethics</li></ul>	<div>Irregularly</div> <ul style="list-style-type: none"><li>• Conduct customer satisfaction survey.</li><li>• Provide newsletters and investment research reports.</li><li>• Organize seminars on investment and wealth management.</li></ul>	<ul style="list-style-type: none"><li>• Mega Group conducts customer satisfaction survey:<ol style="list-style-type: none"><li>1. Mega Bank:<ul style="list-style-type: none"><li>• Employee manners: 96%</li><li>• Satisfaction with counter services: 98%</li><li>• Satisfaction of digital customers: 85%</li></ul></li><li>2. Mega Securities: 90%</li><li>3. CKI: 93%</li><li>4. Mega Funds: 94</li></ol></li><li>• Mega Bank, Mega Securities and Mega Funds organized ad hoc wealth management and investment seminars which attracted the participation of thousands of customers.</li></ul>
		<div>Permanent</div> <ul style="list-style-type: none"><li>• Each subsidiary has set up a customer service and complaint hotline.</li><li>• Announce contact information for complaints and feedback on the Company's website.</li></ul>	
	 Contact Person	<a href="mailto:web@megaholdings.com.tw">web@megaholdings.com.tw</a>	
Media	<ul style="list-style-type: none"><li>• Regulatory Compliance</li><li>• Human Rights Protection</li><li>• Information Security</li><li>• Combat Crime</li></ul>	<div>Irregularly</div> <ul style="list-style-type: none"><li>• Issue a press release or hold a press conference.</li><li>• Provide information for media.</li><li>• Disclose information on the Market Observation Post System.</li></ul>	<ul style="list-style-type: none"><li>• Mega Financial Holding was selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) "Emerging Market Index" and "World Index", was rated as AA by the MSCI ESG Index, and was awarded by the Commonwealth Magazine's 2021 Excellence in Corporate Social Responsibility Award and the Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award.</li><li>• Mega Bank won 1st place in the Best Marketing Innovation Award, 2nd place in the Best Customer Satisfaction Award, and 3rd place in the Best Product Award and the Best Risk Control Award in the Business Today's Wealth Management Bank Evaluation. The Bank also received the Global Private Banking Innovation Award, the Taiwan's Best Private Banking Award, and the Best Growth Strategy Private Banking Award hosted by the Digital Banker in 2022.</li><li>• Mega Securities was awarded the Happy Enterprise Financial Management Gold Award by 1111 Job Bank and the Best List of Institutional Investors Due Diligence Information Disclosure Award by Taiwan Stock Exchange for two consecutive years.</li></ul>
		<div>Permanent</div> <ul style="list-style-type: none"><li>• Establish spokesperson and PR personnel for liaising purposes.</li></ul>	
	 Contact Person	Executive Vice President and Spokesperson, Jui-Yun Lin, (02)2357-8888 Ext.116	



Stakeholders	Top 5 Impact Issues from the Stakeholders Assessment	Communication Channel (Frequency)	Communication Achievements
Suppliers	<ul style="list-style-type: none"><li>Information Security</li><li>Economic Performance</li><li>Risk Management</li><li>Sustainable Finance</li><li>Sustainable Procurement</li></ul>	<div>Irregularly</div> <ul style="list-style-type: none"><li>Organize project meetings.</li><li>Organize ESG seminars.</li></ul>	<ul style="list-style-type: none"><li>Mega Group formulated the "Supplier Sustainability Management Guidelines" to jointly increase the influence of corporate sustainability development.</li><li>All 100% of suppliers of Mega Group have signed the Supplier Sustainability Statement.</li><li>Mega Group conducted the Sustainability Self-Assessment Questionnaire Survey on key suppliers. A total of 78 key suppliers have completed the survey in 2022.</li><li>Mega Group organized suppliers' ESG seminars, a total of 27 companies and 34 supplier representatives participated.</li><li>In 2022, the green procurement of Mega Group amounted to NT\$323 million or 9.30% of total annual procurement.</li></ul>
		<div>Permanent</div> <ul style="list-style-type: none"><li>Organize price negotiation meetings.</li><li>Reach agreements in contracts.</li></ul>	
<div> Contact Person <a href="mailto:jordan@megaholdings.com.tw">jordan@megaholdings.com.tw</a></div>			
Communities/ Academic Institutions/ Non-Profit Organizations	<ul style="list-style-type: none"><li>Regulatory Compliance</li><li>Information Security</li><li>Human Rights Protection</li><li>Financial Education</li><li>Digital Innovation</li></ul>	<div>Regularly</div> <ul style="list-style-type: none"><li>Respond to the CDP climate change questionnaire.</li></ul>	<ul style="list-style-type: none"><li>In 2022, Mega Charity Foundation, Mega Bank Cultural and Educational Foundation, Mega Financial Holding and subsidiaries invested approximately NT\$73.15 million in charitable activities.</li><li>The total amount invested in charitable activities in 2022 was nearly 18% than that in 2021.</li></ul>
		<div>Irregularly</div> <ul style="list-style-type: none"><li>Sponsor charitable activities and sports, academic or art activities.</li><li>Donate money or materials to NPOs or institutions.</li><li>Organize volunteer activities.</li><li>Work with social welfare organizations to organize social welfare activities.</li><li>Participate in activities related to ESG associations.</li></ul>	
<div> Contact Person <a href="mailto:alicia@megaholdings.com.tw">alicia@megaholdings.com.tw</a></div>			

## Identification Process for Material Topics

In order to understand the stakeholder's assessment of Mega Group's impact on sustainable issues, and to review the results of the organization's sustainable management, we communicate with stakeholders and identify Material Topics through the following 5 steps:



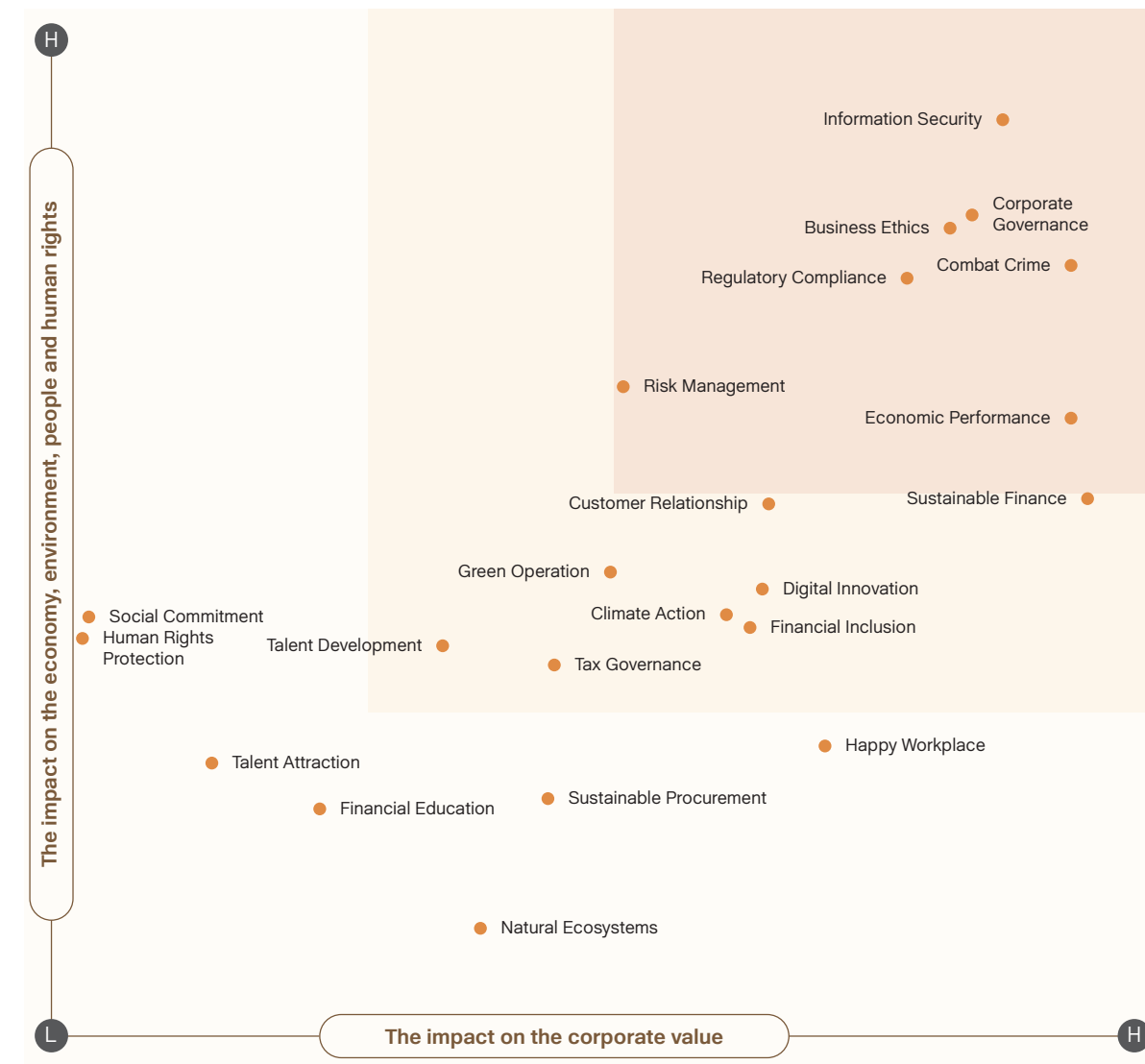




## Analysis of Material Topics

Mega Group introduced the Double Materiality Matrix Analysis in the 2022 Sustainability Report, and identified the top 9 sustainability issues through a ranking procedure with the y-axis representing "the impact on the economy, environment, people and human rights" and the x-axis representing "the impact on the corporate value". In addition, we added "Digital Innovation", "Financial Inclusion", "Climate Action", "Happy Workplace" and "Social Commitment" 5 sustainability issues to response to our ESG strategies, including "Improving Digital Technology to Promote Sustainable Finance", "Committing to Net-zero Emissions to Achieve Environmental Sustainability", "Strengthening Talent Development to Implement Employee Care" and "Forging a Deeper Financial Inclusion for Mutual Prosperity in the Society". A total of 14 sustainability issues are identified as the 2022 Material Topics. The actions taken to manage the Material Topics and implementation results are disclosed in this report.

Compared to the 2021 Sustainability Report, we added "Nature Ecosystem" and "Financial Education" to response to international sustainability trends and the expectations of sustainability rating agencies for biodiversity and financial talent cultivation. In order to more comprehensively demonstrate the situation of Mega Group's tax governance, the name of "Tax Policy" was changed to "Tax Governance" this year. In addition, "Customer Relationship" was included in the list of Material Topics for 2022.



## List of Material Topics

Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
1. Information Security	Mega Group belongs to the financial service sectors. Due to our characteristics, this sector is susceptible to cyberattacks and is exposed to high information security risk, and is therefore placed under strict regulatory supervision. Data breach 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 Group adopts internal policies and IT management system to ensure the security of company secrets and customer privacy. We complete information security education and training and social engineering drills every year to promote knowledge and prevent related incidents. and avoid negative impacts arising from data breach.	Mega Financial Holding has established the "Information Security Policy", the "Guidelines for Information Security Management" and the "Measures for Customer Data Confidentiality". 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. Mega Group conducts at least 2 social engineering drills every year, and the coverage rate of employee testing is 100%. All subsidiaries have completed in 2022, and the coverage rate of employee testing is 100%. 2. Mega Group continues to maintain and introduce information security management system: In 2022, Mega Financial Holding has completed ISO 27001 certification, Mega banks has completed BS10012 certification, and CKI has completed ISO 27701 certification. 3. Mega Group implements the target of no data breach and information security incidents: In 2022, there were no information security or data breach incidents happened.	● GRI 418 Customer Privacy ● SASB-Data Security: FN-CB-230a.1 FN-CB-230a.2	CH4 Sustainable Finance (P. 51-80)
2. Combat Crime	Mega Group identifies anti-money laundering (AML) and anti-corruption are global concerns that if improperly managed will expose the Company to operational, legal, and reputational risks. Our stakeholders also expect Mega Group to implement ethical governance and show responsible and ethical business conducts.	●	●	●	Mega Group adopts AML and anti-corruption measures, provides relevant training and exercise plans for employees, and builds a complete corporate system and culture.	Mega Group has established the "AML/ATF Policy", "AML/ATF Information Sharing Procedures", "Overall AML/ATF Plan", and "Subsidiaries Insider Self-Discipline Regulations" to prohibit money laundering and insider trading activities.	1. Regularly convene AML/ATF meetings: In 2022, A total of 6 meetings were held. 2. The AML personnel of Mega Group shall complete the training hours exceeding statutory requirement: In 2022, the training completion rate of all AML personnel was 100%. 3. All employees of Mega Group have received at least one AML/ATF training, and the training completion rate has reached 95%. In 2022, the training completion rate of Mega Group has exceeded 97%.	● GRI 205 Anti-Corruption ● SASB-Business Ethics: FN-CB-510a.1 FN-CB-510a.2	CH7 Responsible Governance (P. 125-148)



Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
3. Corporate Governance	Corporate Governance is closely related to the Company's brand image, long-term strategic development, and operating results. Furthermore, the competent authority often scrutinizes the Company's corporate governance, adopting Corporate Governance Evaluation and Corporate Governance 3.0 measures to inspect the Company's performance. In other words, Mega Group can live up to the expectations of the Government and other stakeholders by practicing good corporate governance.		●	●	Mega Group adopts Board diversification policy and evaluates the performance of the Board of Directors to strengthen the functions and performance of the Board. We bolster our corporate governance by protecting shareholders' rights and interests, and improving our information transparency.	Mega Financial Holding has established the "Articles of Incorporation", the "Corporate Governance Best Practice Principles" and the "Procedures for Election of Directors". By using them as a guide to build a sound corporate governance system and culture, to plan the Group's overall operational strategies, risk management policies, and guiding principles.	1. Directors of Mega Financial Holding shall complete the statutory required hours of training: In 2022, the training completion rate of all 15 directors were 100%.  2. Corporate Governance Officers of Mega Group shall complete more than 18 hours of Corporate Governance-related training courses: In 2022, the training completion rate of all Corporate Governance Officers were 100%.	<ul style="list-style-type: none"><li>● GRI 205 Anti-Corruption</li><li>● GRI 206 Anti-Competitive Behavior</li><li>● SASB-Business Ethics: FN-CB-510a.1 FN-CB-510a.2</li></ul>	CH3 Environmental Sustainability (P. 29-50)  CH7 Responsible Governance (P. 125-148)
4. Business Ethics	Mega Group abides by the principles of integrity and accountability, and bases its policies on the principle of good faith. If there is a violation of ethical management, the Group will fail the trust of stakeholders and face operational, legal and reputational risks, which may lead to fines or even termination of business. Therefore, having a good corporate governance and risk control mechanism can enable Mega Group to operate with integrity for a long time and strive for sustainable development.	●	●	●	Mega Financial Holding has set up an Ethical Management Committee responsible for establishing ethical corporate management policies, 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", "Code 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. Directors and above middle management of Mega Group shall sign the compliance statements for the Ethical Corporate Management Policy: 100% have signed the statement in 2022.  2. The annual training completion rate on ethical management has reached 95%: In 2022, the training completion rate of Mega Group has exceeded 99%.	<ul style="list-style-type: none"><li>● GRI 205 Anti-Corruption</li><li>● GRI 206 Anti-Competitive Behavior</li><li>● SASB-Business Ethics: FN-CB-510a.1 FN-CB-510a.2</li></ul>	CH7 Responsible Governance (P. 125-148)

Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
5. Economic Performance	Mega Group understands 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 implement corporate sustainable development and achieve the goals of sustainable operation.	●	●	●	Mega Group transparently discloses the economic values we generate and distribution and maintains stable revenue growth to meet the expectations of our shareholders and other stakeholders.	Mega 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 the Group.	1. Mega Group ensures stable revenue growth by reviewing the financial status regularly and report the financial performance honestly: In 2022, the consolidated net profit after-tax will be NT\$18.335 billion.  2. Mega Bank secures its position as a leading foreign exchange, deposit and transfer, guarantee service provider in Taiwan: In 2022, Mega Bank's net profit after-tax was NT\$24.181 billion, and its EPS was NT\$2.83.	● GRI 201 Economic Performance	CH1 About Mega (P. 9-16)  CH7 Responsible Governance (P. 125-148)
6. Regulatory Compliance	Regulatory Compliance is a top priority for Mega Group. Financial industry is highly regulated by the competent authorities; if the Company did not comply with the regulations or internal company policies, it may face compliance risks and exposed to market, reputation, legal and financial risks as well. This will lead to litigation costs and fines, which will affect economic performance. In addition to formulating compliance-related regulations, Mega Financial Holding and its subsidiaries have set up a whistle-blower system for major violations to avoid fraud and illegal risks.	●	●	●	Mega Group strictly complies with the local laws and regulations in the areas where its business operates, establishes a legal compliance system in accordance with the implementation measures of the internal control audit system, and actively grasps the changing trends of laws and regulations. We also propose prevention and improvement measures for illegal incidents, and establish a reporting mechanism for major violations of laws and regulations. In addition, we hope to improve employees' awareness of legal compliance through comprehensive legal compliance training, employee self-assessment mechanisms, to avoid negative impacts of legal compliance risks on the rights and interests of stakeholders.	Mega Financial Holding develops a compliance system and established the "Whistleblower Case Handling Guidelines" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". We are committed to complying with legal and regulatory requirements to avoid possible financial losses and affect the Company's reputation and operations.	1. The compliance personnel of Mega Group shall complete the training hours exceeding statutory requirement: In 2022, the training completion rate of all compliance personnel was 100%.  2. Convened communication meetings with compliance officers of the Group at least 4 times annually: A total of 4 meetings were held in 2022, with a completion rate of 100%.  3. Subsidiaries report on the number and types of cases accepted by external and internal reporting channels every six months: In 2022, each subsidiary has completed 2 situation reports, with a completion rate of 100%.	● SASB-Business Ethics: FN-CB-510a.1 FN-CB-510a.2	CH7 Responsible Governance (P. 125-148)





Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
7. Sustainable Finance	Mega Group realizes that developing sustainable finance can facilitate the development of renewable (green) energy technologies, promote transitioning to a low carbon economy, speed up the process of achieving the carbon reduction goals of the United Nations Climate Change Conference and the national goals of 2050 Zero-Emission, help to mitigate global warming, and reduce climate change risks. Therefore, low carbon transition has incorporated into our business strategies.	●	●	●	In response to the "Green Finance 3.0 Policy" implemented by FSC, Mega Group encourages subsidiaries to plan sustainability-related investments, loans, and other financial products and services, which will allow us to fulfill our roles in bridging the gap between the financial sector, environmental protection, and economic growth.	Mega Financial Holding established the "Sustainable Finance Policy", 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. The target of green energy technologies' industry outstanding loans of Mega Bank and Mega Bills reaches NT\$81.3 billion and NT\$1 billion respectively: the outstanding loans of Mega Bank and Mega Bills were NT\$96.4 billion and NT\$6.3 billion, respectively. 2. The balance of domestic green, social responsibility or sustainable development bonds issued by Mega Bank reached NT\$2 billion: In 2022, the balance of issued bonds has reached NT\$2.5 billion. 3. Mega Bank issued 10,000 environmentally friendly credit cards: In 2022, the number of issued card has exceeded 60,000.	● GRI 201 Economic Performance  ● GRI 203 Indirect Economic Impacts  ● SASB-Incorporation of ESG Factors in Credit Analysis : FN-CB-410a.1 FN-CB-410a.2	CH4 Sustainable Finance (P. 51-80)
8. Risk Management	With the ever-changing financial environment, rapid technological changes, increasingly complex products and businesses, and increasingly diversified emerging risks, internal control and risk assessment/ management systems are required to detect risks. Mega Group complies with regulators' requirements, and effectively manages 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 the "Risk Management Policy and Guidelines" to ensure that the Company and its subsidiaries have developed an effective risk management system, and that each operational risk is kept within acceptable limits.	1.Optimize the TCFD framework and pass third-party verification: the 2022 TCFD Report has passed the Level 5: Excellence (the highest level) verification from BSI. 2. Mega Financial Holding completed the scenario analysis of high-carbon emission industries, carbon emission transformation risk assessment, and disclosed the carbon emission of the investment portfolio: We have disclosed relevant information in 2022 TCFD Report.	● SASB-Systemic Risk Management: FN-CB-550a.1 FN-CB-550a.2  ● TCFD-Risk Management	CH7 Responsible Governance (P. 125-148)

Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
9. Customer Relationship	Through a complete and fair customer service system and a sound customer complaint procedure, Mega Group ensures that customers get the best service experience, and get timely and good responses, so as to maintain mutual trust customer relationship.		●	●	Mega Group set up the "Principle of Treating Customers Fairly", "Financial Consumer Protection" or "Financial Friendly Service" zone on the official website, and proactively disclose and protect the relevant rights and interests of customers. Also, we conduct customer satisfaction survey every year, and use the survey results to examine and improve customer experience.	Mega Group considers the consumer protection regulations in the "Financial Consumer Protection Law" and formulates the Group's "Guidelines for Treating Customers Fairly Principle and Financial Consumer Protection". We regulate each subsidiary to formulate fair hospitality policies, strategies and execution plans supervised by the Board of Directors, so as to enhance customers' confidence in Mega Group and enhance customer relationships.	1. Mega Group conducts a customer satisfaction survey at least once a year, with an overall satisfaction rate of 85%: In 2022, Mega Bank, Mega Securities, CKI and Mega Funds have conducted the customer satisfaction surveys, with an overall satisfaction rate of 88%.  2. Each employee of Mega Bank must complete at least 4.5 hours of fair hospitality training course: In 2022, each employee of Mega Bank has completed 8.4 hours of fair hospitality training course.	● Self-developed Topics	CH4 Sustainable Finance (P. 51-80)
10. Digital Innovation	Mega Group realizes 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 Group keeps abreast of FinTech innovation trends, develops and optimizes digital services, improves operating procedures, and enhances service efficiency.	Mega Group holds Information and Digital Business Meetings to facilitate digital banking innovation and development. In these meetings, we regularly review issues that pertain to each subsidiary, such as new information technologies, digital development, information security incidents and formulate policies, devise plans and goals, and review project progresses.	1. The target of online card application of Mega Bank reaches 60%: In 2022, the overall online card application was 65.7%.  2. The number of patents of Mega Bank reaches 371: In 2022, the accumulated approved patents was 578.	● Self-developed Topics	CH4 Sustainable Finance (P. 51-80)



Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
11. Climate Action	As the Governments and investors worldwide pay more attention to climate change issues, Mega Group 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 Group identifies climate change risks and opportunities, prioritizes high-risk issues, provides employees with climate action training, announces GHG reduction targets, and purchases renewable energy certificates. Mega Group also discloses climate change management measures through channels such as TCFD report, Annual Report, Sustainability Report, external website and CDP questionnaire.	Mega Financial Holding incorporates the management of other emerging risks in the "Climate Risk Management Guidelines", which requires us to address the potential risks of climate change on the Company's operations and finance and integrate related risk factors into existing risk management processes.	1. Mega Group completed the ISO 14064-1 GHG Inventory and verification to all of the Group's business locations in Taiwan: We received the ISO 14064-1 GHG Verification Statement in May 2022.  2. The number of gasoline-electric hybrid vehicles or electric vehicles of Mega Group reaches 50% of the total number of official vehicles purchased in the year: In 2022, the annual procurement has reached 63%.  3. Mega Group holds at least one training course related to climate change issues every year: In 2022, we have hold 16 training courses.	● GRI 201 Economic Performance  ● GRI 203 Indirect Economic Impacts  ● GRI 305 Emissions  ● TCFD- Governance, Strategy, Risk Management, Metrics & Targets	CH3 Environmental Sustainability (P. 29-50)   CH7 Responsible Governance (P. 125-148)
12. Financial Inclusion	Mega Group realizes 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 Group 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 Development Policy", the "Sustainable Development Best Practice Guidance" and the "Sustainable Finance Policy" to make a positive impact through our core business activities and inspire industry peers to shape a sustainable society and promote financial inclusion.	1. The target of CKI's "Sweet Persimmon Insurance" and "Micro Insurance" premium income reaches NT\$800,000: In 2022, the revenue of "Sweet Persimmon Insurance" and "Micro Insurance" exceeded NT\$990,000.  2. The target of Mega Bank's Government Concessional Loans for Youth Housing reaches NT\$3 billion: In 2022, the appropriation reached NT\$7.5 billion.  3. Mega Bank's overseas branches provide financing to microfinance institutions, indirectly supporting SMEs and grassroots customers: In 2022, Mega Bank's overseas branches have financed NT\$4.832 billion for 9 microfinance institutions.	● GRI 203 Indirect Economic Impacts  ● SASB-Financial Inclusion and Capacity Building: FN-CB-240a.1 FN-CB-240a.2 FN-CB-240a.3  ● SASB-Activity Metric: FN-CB-000.A FN-CB-000.B	CH4 Sustainable Finance (P. 51-80)

Material Topics and Ranking	Explanation of Impact and Reasons for Materiality	Hotspots of Value Chain Impact			Management Purpose and Action Plans	Policies and Commitments	Goals and Measuring Achievement Performance	Corresponding to GRI, SASB and Topic-Specific Standards	Corresponding Chapter and Page
		Upstream	Operation	Downstream					
		Suppliers		Customer					
13. Happy Workplace	Employees are a company's valuable social assets. To increase employee retention and build a happy and inclusive environment, Mega Group treats every employee equally and fairly, provides them with a good work environment, and ensures the physical, mental, and spiritual health of employees to create a happy workplace.		●	●	Mega Group 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. We also establish 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. In addition, we also established the " Anti-discrimination and Anti-harassment Guidelines" in 2022, to respect the diversity of employees and deter any forms of discrimination and harassment. Regarding safety and health, we have 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. Mega Group continues to provide employee health examinations subsidies: 4,798 employees of Mega Group had received health examinations in 2022, with total cost exceeding NT\$40 million. 2. Mega Group continues to provide employee with public vaccination holidays: 6,937 employees have taken the public vaccination holidays in 2022. 3. Mega Group continues to provide employee with EAP services: In 2022, a total of 51 employees used the consulting services by calling hotline, sending emails or one-on-one consultation service.	● GRI 401 Employment ● GRI 403 Occupational Health and Safety ● GRI 405 Diversity and Equal Opportunity	CH5 Employee Care (P. 81-110)
14. Social Commitment	Mega Group's mission is to create a financial sector that makes an all-around positive impact. In addition to promoting economic development, we also hope to utilize the functions of the financial industry to promote mutual prosperity in society and to make a positive impact on the society.		●	●	Through the Public Relations Units of Mega Group, Mega Bank Cultural and Educational Foundation and Mega Charity Foundation, we integrate the resources of the Group to help disadvantaged individuals in society and ensure that our support is avail to whomever or wherever it is needed.	Mega Financial Holding established the "Sustainable Development Policy" and "Sustainable Development Best Practice Guidance" relevant regulations. We focus on supporting financial education, care for disadvantage individuals, sports and arts and culture, and community development. Also, we plan strategies and targets to continuously provide support and resources.	Mega Group continues supporting financial education, care for disadvantage individuals, sports and arts and culture, and community development as a way of social participation: In 2022, the total investment is approximately NT\$73.15 million. A breakdown of such input by form:  (1) Cash Contributions: 81% (2) In-kind Giving: 1% (3) Time (employee volunteering during paid working hours): 1% (4) Management Overheads: 17%  A breakdown of such input by type of activity:  (1) Commercial Initiatives: 58% (2) Community investment: 24% (3) Charitable Donations: 18%	● GRI 203 Indirect Economic Impacts ● GRI 413 Local Communities ● SASB-Financial Inclusion and Capacity Building: FN-CB-240a.4	CH6 Social Prosperity (P. 111-124)

Note: Material Topics impacts include positive, negative, actual or potential impacts; actions include management, prevention, mitigation and remediation measures of the impact.





## 8.3 Sustainable Data

### 8.3.1 Environmental Metric Data

Energy Consumption in the Past 4 Years					
Type of Energy	Items / Year	2019	2020	2021	2022
Electricity	● Usage (kWh)	35,439,310	34,615,465	34,599,188	35,374,915
	● Expenditure (NTD)	135,201,000	122,147,000	126,071,000	129,380,000
	● Energy Consumption (GJ)	127,580	124,614	124,557	127,350
Gasoline	● Usage (Liter)	435,193	427,130	419,442	386,985
	● Expenditure (NTD)	12,707,636	10,891,815	10,338,000	10,779,000
	● Energy Consumption (GJ)	14,209	13,946	13,695	12,635
Natural Gas	● Usage (M <sup>3</sup> )	29,906	25,523	36,868	32,239
	● Expenditure (NTD)	445,365	299,774	241,258	358,119
	● Energy Consumption (GJ)	1,001	855	1,235	1,080
Diesel (mobile)	● Usage (Liter)	-	-	3,716	1,999
	● Energy Consumption (GJ)	-	-	131	70
Diesel (fixed)	● Usage (Liter)	-	-	3,480	5,456
	● Energy Consumption (GJ)	-	-	122	192
Liquefied Petroleum Gas(LPG)	● Usage (Kg)	-	-	3,832	4,142
	● Energy Consumption (GJ)	-	-	106	209
Total Energy Consumption (GJ)		142,791	139,415	139,846	141,536
Energy Consumption per Capita (total heating value (GJ)/person)		16.67	14.07	15.08	16.35
Energy Intensity (total heating value (GJ)/NT\$ million net revenue)		2.19	2.29	2.31	2.53

Note 1: Scope of energy consumption data included all business locations in Taiwan.

Note 2: Total electricity bill was calculated using the average electricity price listed in the Bureau of Energy's 2018 Energy Statistics Handbook under the section Changes in Electricity Prices.

Note 3: The coefficient for calculating energy consumption (heating value) was based on the Bureau of Energy's Table of Heating Value Per Unit of Energy Product (2018), which gasoline is calculated as 7,800 kcal/liters, natural gas as 8,000kcal/liters, diesel 8,400kcal/liters, and liquefied petroleum gas (LPG) 6,635kcal/liters. Each kilocalorie is calculated as 4.186 joules.

Note 4: The Group does not produce or sell energy; therefore, energy sale of electricity, heating, cooling, and steam equals zero.

GHG Emission in the Past 4 Years				
Unit: Metric tons of CO <sub>2</sub> e				
Items / Year	2019	2020	2021	2022
Direct GHG Emissions (Scope 1)	2,527.63	2,550.75	3,011.15	2,333.18
Direct GHG Emissions (Scope 1)-Company Car	857.69	1,034.71	998.56	917.73
Energy Indirect GHG Emissions (Scope 2)	16,232.62	18,216.02	17,178.03	17,851.20
Emissions of Scope 1+2	18,760.25	20,766.77	20,189.18	20,184.38
Emission Intensity of Scopes 1+2 (Metric tons of CO <sub>2</sub> e/ thousand NTD net revenue)	0.00029	0.00031	0.00034	0.00036
Other Indirect GHG Emissions (Scope 3)	46.80	457,058.00	415,840.08	992,666.95
Other Indirect GHG Emissions (Scope 3)-Business Travel	-	238.99	141.72	115.96
Other Indirect GHG Emissions (Scope 3)-Investment	-	456,819.00	412,222.75	989,175.34
Number of Third-party Verified Locations	139	192	192	192
Number of Business Locations of the Group	228	228	228	230
Number of Business Locations of the Group (excluding overseas locations)	192	192	192	192
Third-party Verified Coverage Rate (%)	61%	84%	84%	84%
Third-party Verified Coverage Rate (%) (excluding overseas locations)	72%	100%	100%	100%

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

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

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

Note 4: The Group obtained a total of 298 renewable energy certificates (T-RECs) in 2022. The total emission of Scopes 1+2 measured by location base was 20,336.06 metric tons of CO<sub>2</sub>e; measured by market base was 20,184.38 metric tons of CO<sub>2</sub>e.

Note 5: 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 Financial Holding and all subsidiaries; the category of emission was "Business Travel" and "Investments" in other indirect GHG emissions. In 2021, the coverage of Scope 3 emissions inventory was the same as last year; a new category of emission was added: "Upstream Purchased Electricity". "Listed Equity Investment" and "Business Loan" were added to "Other Indirect GHG Emissions (Scope 3)-Investment" in 2022 comparing to last year.

Note 6: The external verifying unit for 2019, 2021 and 2022 was SGS Taiwan, and the verifying unit for 2020 was the BSI Taiwan.

Note 7: The GHG inventory data of Mega Bank's overseas operation units is being verified, it's expected to pass the third-party verification in 2023.Q3.

Note 8: Types of GHG emissions include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs.



2022 GHG Scope 3 Emissions		Unit: Metric tons of CO <sub>2</sub> e
Scope 3 Categories		Emissions
1.	Purchased goods and services	882.78
2.	Capital goods	1,449.06
3.	Fuel- and energy-related activities (third-party certified)	3,375.65
4.	Upstream transportation and distribution	2.54
5.	Waste generated in operations	113.23
6.	Business travel (third-party certified)	115.96
7.	Employee commuting	3,683.76
8.	Upstream leased assets	-
9.	Downstream transportation and distribution	4.22
10.	Processing of sold products	-
11.	Use of sold products	48.41
12.	End-of-life treatment of sold products	0.35
13.	Downstream leased assets	-
14.	Franchises	-
15.	Investments (third-party certified)	989,175.34
Other upstream		-
Other downstream		-
Total emission		998,851.30

Note 1: Some items are not applicable due to industry characteristics or business models.

Note 2: The Group's 2022 scope 3 inventory scope covers all domestic operational units of Mega Financial Holding and its subsidiaries, which categories include "Business Travel", "Upstream Purchased Electricity" and "Investment". Categories without third-party verification include overseas operation units' data.

Note 3: The external verifying unit was SGS Taiwan.

The GHG Emissions and Emission Intensity of Mega Financial Holding and its Subsidiaries for 2022			Unit: Metric tons of CO <sub>2</sub> e
Items	Mega Financial Holding	All Subsidiaries	
Direct GHG Emissions (Scope 1)	31.9	2,301.3	
Emission Intensity of Scopes 1 (Metric tons of CO <sub>2</sub> e/ thousand NTD net revenue)	0.00000057	0.00004106	
Energy Indirect GHG Emissions (Scope 2)	218.3	17,632.9	
Emission Intensity of Scopes 2 (Metric tons of CO <sub>2</sub> e/ thousand NTD net revenue)	0.00000389	0.00031459	

Note 1: The external verifying unit was SGS Taiwan.

Note 2: Only third-party-verified data is included.

Note 3: Emission Intensity is calculated by the Group's net revenue due to the characteristics of the financial industry.

Emission Reduction Practices in the Past 3 Years					
Type of Activity	Year	Estimated GHG Reduction (Metric tons/ CO <sub>2</sub> e)	Compared to the Previous Year (%)	Input Cost (NTD)	Description of Emission Reduction Practices
Purchase Low-Carbon Energy (T-RECs)	2020	179.17 (352 T-RECs)	130.24%	704,000	● In 2022, we purchased 298 renewable energy certificates (T-RECs) from National Penghu University of Science & Technology. The power generation type all belongs to solar energy.
	2021	190.76 (380 T-RECs)	6.47%	700,457	
	2022	151.68 (298 T-RECs)	-20.49%	655,898	
Reduce Scope1 Emissions: Reduce Gasoline Consumption	2020	19.03	-1.85%	10,261,000	The gasoline consumption was mainly from company cars. The action plan is as follows: ● Video conferences were launched to replace business trips. For necessary business trips, mass transportation was encouraged to avoid the use of gasoline. ● Eco-labeled cars, hybrid cars, and electric motorcycles were rented as company cars to increase fuel efficiency. ● In 2022, the number of gasoline-electric hybrid vehicles has reached 64% of the total number of official vehicles purchased in that year. Also, the number of electric vehicles or gasoline-electric hybrid vehicles will reach 64% of the total number of official vehicles purchased in 2023. Finally, the number of electric vehicles or gasoline-electric hybrid vehicles will reach 100% of the total number of official vehicles purchased in 2026.
	2021	18.14	-1.80%	21,558,000	
	2022	60.812	335.24%	29,210,984	
Reduce Scope2 Emissions: Reduce Electricity Consumption	2020	1,269.88	-6.72%	122,147,000	Electricity was mainly consumed by office equipment. Thus, energy-consumption equipment is managed by controlling the use of air conditioning facilities, elevators, lights, computers, and printers to effectively reduce electricity consumption. The action plan is as follows: ● Replace 6,815 lighting equipment in offices and replace traditional lighting with LED lamps. ● A total of 163 air conditioners were replaced, and Mega Financial Building and Mega Heng-Yang Building replaced energy-saving air-cooled chillers. ● Introduce natural lighting and reduce the number of lamps in staircases; install infrared sensors to automatically switch lights on and off in areas with less usage. ● Control electricity consumption according to the power conservation plan implemented by Taiwan Power Company. ● Implement training courses on energy conservation and post energy conservation slogans to save electricity of air conditioning, elevators, computers, and water dispensers.
	2021	250.11	-1.42%	17,485,000	
	2022	746.91	298.63%	40,059,928	

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

Note 2: Estimated reduction of Scope 2 emissions was calculated using the "Electricity Carbon Emission Factor for Electricity Retailing Utility Enterprise" published by the Bureau of Energy.





Water Consumption in the Past 4 Years					
Unit: Million Liter					
Items	Source	2019	2020	2021	2022
Water Withdrawal	Third-party Water (Taiwan Water Corporation)	187.616	194.041	187.920	183.047
Water Consumption per Capita		0.02190	0.02186	0.02212	0.02084

Note 1: The calculation of water consumption data is based on the actual water consumption month, and the scope includes the 192 business locations (deduct the same address) in Taiwan. Water was mainly supplied for air conditioning and to employees for daily use.

Note 2: Water sources were from municipal water supplies, which are fresh water ( $\leq 1,000$  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						Unit: Metric tons
Year		2019	2020	2021	2022	
Type / Scope		5 Self-owned Office Buildings	5 Self-owned Office Buildings	5 Self-owned Office Buildings	5 Self-owned Office Buildings	All Domestic Locations
Direct Disposal	General Waste (non-recyclable)	128.606	144.588	125.756	140.027	314.532
	Kitchen Waste	32.697	30.421	18.751	13.789	49.713
	Total	161.303	175.009	144.507	153.816	364.245
Recycled Resources (Reused)	Paper Containers, Waste Paper	48.736	48.699	48.634	47.741	175.533
	Iron and Aluminum Cans	0.423	0.564	0.861	1.260	2.946
	Plastics	1.552	1.604	2.157	1.989	12.527
	Glass	N/A	N/A	0.027	0.089	1.822
	Batteries	0.147	0.169	0.180	0.033	0.222
	Light Tubes/Bulbs	0.890	0.909	0.454	0.314	0.546
	Total	51.748	51.945	52.313	51.426	193.596
Total Waste Output		231.051	226.954	196.820	205.242	557.841

Note 1: The scope of data on wastes before 2021 included Mega Group's five main office buildings (Mega Financial Building, Mega Chi-Lin Building, Mega Securities Building, Mega Insurance Building, and Mega Heng-Yang Building). In 2022, we expanded the statistics of waste in all domestic locations.

Note 2: Mega Group's main operating activities are carried out in an office environment; therefore, do not produce any hazardous waste.

Note 3: All wastes are treated off-site. General wastes are mainly incinerated, and kitchen wastes are incinerated or disposed of as animal feeds and composting.

Note 4: There are no glass related waste data collected between 2018 and 2020.

## 8.3.2 Social Metric Data

Inclusive Financial Achievements					
Items / Year		Units	2020	2021	2022
Reverse Mortgages	Cumulative Number of Borrowers	Cases	45	52	63
	Cumulative Amount Approved	100 million NTD	3.85	4.65	6.15
Retirement Trusts	Cumulative Number of Beneficiaries	People	1,066	1,145	1,269
	Cumulative Scale of Property	100 million NTD	46.25	49.22	52.02
Government Concessional Loans for Youth Housing	Cumulative Number of Borrowers	Cases	20,678	21,580	22,816
	Accumulated Amount Drawing	100 million NTD	934.71	983.45	1,058.92
Young Entrepreneur and Start-up Loans	Cumulative Number of Borrowers	Cases	1,004	2,110	2,541
	Accumulated Amount Drawing	100 million NTD	5.74	19.86	25.12
SMEs Loans	Number of Borrowers	Cases	20,850	20,841	21,061
	Loans Outstanding at the End of the Year	100 million NTD	5,336	5,966	6,217
Small Business and Community Development Loans	Number of Borrowers	Cases	16,206	16,255	16,121
	Loans Outstanding at the End of the Year	100 million NTD	1,034	1,381	2,446
Loans for Urban Renewal	Number of Applications	Applications	12	42	69
	Approved Loan Limit	100 million NTD	127	531	888
Loans for Reconstruction of Dangerous and Old Buildings	Number of Applications	Applications	18	33	56
	Approved Loan Limit	100 million NTD	78	173	264
International Micro Loans	Number of Applications	Applications	-	6	9
	Approved Loan Limit	100 million NTD	-	21.1	48.32
Microinsurance	Number of Policies	Policies	1,394	780	692
	Insurance Premium	Thousand NTD	609	1,242	1,323
Agricultural Insurance	Number of Policies	Policies	28	26	26
	Insurance Premium	Thousand NTD	1,321	1,173	1,229
Group Medical Insurance ( for Foreign Workers, Caretakers and Fishers)	Number of Insured People	People	7,760	8,910	14,400
	Insurance Premium	Thousand NTD	1,891	3,123	3,964
Personal Injury Insurance for Elderly People	Number of Policies	Policies	60	343	443
	Insurance Premium	Thousand NTD	376	1,629	2,337
Retirement Financial Planning Services	Number of People Served	Number of People Served	1,884	1,891	2,782
Accessible ATMs	Number of ATMs	Number of ATMs	344	461	447
Accessible ATMs for Visually Impaired	Number of ATMs	Number of ATMs	10	10	13

Note 1: Small business and community development loans are available for those who meet one of the following criteria: (1) The enterprise has been established for less than five years, (2) employs fewer than 20 employees, (3) has a capital of less than NT\$5 million, and (4) has an annual revenue of less than NT\$10 million.

Note 2: For details, please refer to [4.2.1 Financial Inclusion Products](#).

Note 3: The number of small business and community development loans in 2022 is totaled 20,786.



Global Workforce in the Past 3 Years				
Items / Year		Number of Employees in 2020	Number of Employees in 2021	Number of Employees in 2022
Full-time Workers	● Female	5,455	5,438	5,581
	● Male	3,843	3,806	3,856
	● Taiwan	8,438	8,449	8,658
	● Oversea	860	795	779
	Subtotal	9,298	9,244	9,437
Part-time (temporary) Workers	● Female	226	315	183
	● Male	106	129	89
	Subtotal	332	444	272
Number of Workers in Subsidiaries which are not included in this Report		512	692	268
Total		10,142	10,380	9,977

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

Note 2: Mega Group has 112 other workers who are not full-time workers 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 8,658 (91.75%) and workers overseas are 779 (8.25%).

Note 4: For details, please refer to [5.1.1 Talent Resources and Structure](#).

Global Workforce of Female Employees in the Past 3 Years						
Items / Year	2020		2021		2022	
	Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Total Number of Female Employees	5,455	58%	5,438	58%	5,581	59%
Women in all Management Positions	1,380	50%	1,445	52%	1,465	53%
Women in Top Management (Executive Vice President or above)	17	39%	16	38%	15	41%
Women in Middle Management (Unit Supervisor)	104	30%	104	30%	102	30%
Women in Junior Management (Non-Unit Supervisor)	1,259	53%	1,325	55%	1,348	56%
Women in Management Positions in Revenue-Generating Functions	971	54%	938	55%	1,054	54%
Women in STEM-related Positions	167	29%	268	33%	403	40%

Note 1: Revenue generating functions are counted by business (e.g. sales units), excluding supporting units such as human resources, legal compliance and auditing.

Note 2: STEM-related positions (Science, Technology, Engineering and Mathematics) are counted by positions involving statistics, mathematics, and actuarial calculation, such as investment department, information department, etc.

Note 3: The non-full-time employees of Mega Group are all in Taiwan. There are 8,658 (91.75%) full-time employees in Taiwan, and 779 (8.25%) in overseas.

Note 4: For details, please refer to [5.1.1 Talent Resources and Structure](#).

Global Workforce of Employees with Physical and Mental Disabilities in the Past 3 Years				
Items / Year		Number of Employees in 2020	Number of Employees in 2021	Number of Employees in 2022
Gender	● Female	26	23	23
	● Male	36	31	32
Age	● Under 29	2	1	1
	● 30-50	22	21	21
	● 51 and above	38	32	33
Region	● Taiwan	61	53	54
	● Oversea	1	1	1
Position	● Management	4	3	6
	● Non-Management	58	51	49
Total		62	54	55

Note: For details, please refer to [5.1.2 Employee Diversity](#).

Global Workforce of Indigenous Employees in the Past 3 Years				
Items / Year		Number of Employees in 2020	Number of Employees in 2021	Number of Employees in 2022
Gender	● Female	4	8	7
	● Male	0	2	2
Age	● Under 29	0	2	1
	● 30-50	4	8	8
	● 51 and above	0	0	0
Region	● Taiwan	4	10	9
	● Oversea	0	0	0
Position	● Management	0	0	0
	● Non-Management	4	10	9
Total		4	10	9

Note: For details, please refer to [5.1.2 Employee Diversity](#).

Global Workforce by Nationality in the Past 2 Years								
Nationality	2021				2022			
	Number of Employees	Ratio of Total Employees	Number of Management Positions	Ratio of Total Employees	Number of Employees	Ratio of Total Employees	Number of Management Positions	Ratio of Total Employees
Taiwan	8,737	94.5%	2,718	97.7%	8,947	94.8%	2,714	97.7%
China	137	1.5%	18	0.6%	144	1.5%	18	0.6%
United States	88	1.0%	14	0.5%	68	0.7%	11	0.4%
Cambodia	86	0.9%	5	0.2%	86	0.9%	4	0.1%
Vietnam	46	0.5%	4	0.1%	45	0.5%	4	0.1%
Philippines	31	0.3%	4	0.1%	33	0.3%	3	0.1%
Canada	19	0.2%	3	0.1%	17	0.2%	3	0.1%
Others	100	1.1%	21	0.7%	97	1.1%	21	0.9%
Total	9,244	100%	2,787	100%	9,437	100%	2,778	100%

Note: For details, please refer to [5.1.2 Employee Diversity](#).





Global Workforce of New Hired Employees in the Past 3 Years							
Items / Year		2020		2021		2022	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	● Female	332	59.7%	387	60.6%	555	57.8%
	● Male	224	40.3%	252	39.4%	405	42.2%
Age	● Under 29	240	43.1%	303	47.4%	489	50.9%
	● 30-50	289	52.0%	311	48.7%	440	45.8%
	● 51 and above	27	4.9%	25	3.9%	31	3.2%
Region	● Taiwan	453	81.5%	546	85.4%	836	87.1%
	● Overseas	103	18.5%	93	14.6%	124	12.9%
Total		556	100%	639	100%	960	100%

Note: For details, please refer to [5.1.3 New Hired and Resigned Employees](#).

Global Workforce of Resigned Employees in the Past 3 Years							
Items / Year		2020		2021		2022	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Gender	● Female	252	56.5%	292	59.5%	309	56.9%
	● Male	194	43.5%	199	40.5%	234	43.1%
Age	● Under 29	178	39.9%	160	32.6%	193	35.5%
	● 30-50	228	51.1%	282	57.4%	300	55.2%
	● 51 and above	40	9.0%	49	10.0%	50	9.2%
Region	● Taiwan	371	83.2%	347	70.7%	411	75.7%
	● Overseas	75	16.8%	144	29.3%	132	24.3%
Total		446	100%	491	100%	543	100%

Note: For details, please refer to [5.1.3 New Hired and Resigned Employees](#).

Training of Full-Time Employees in the Past 3 Years							
Unit: hours							
Items / Year		2020		2021		2022	
		Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person
Gender	● Female	259,219	47.5	275,617	50.7	287,068	51.4
	● Male	184,266	48.0	201,506	52.9	206,057	53.4
Management Positions	● All Management	161,443	59.2	184,554	66.2	187,502	67.5
	● Top Management	1,539	35.8	2,130	50.7	2,858	77.2
	● Middle Management	13,185	38.3	17,472	50.9	18,741	55.1
	● Junior Management	146,719	62.6	164,952	68.7	165,903	69.1
Type	● Non-Management	282,043	42.9	292,570	44.8	305,623	45.9
	● Internal Training	364,771	39.2	386,274	41.8	362,741	38.5
	● External Training	78,714	8.5	90,849	9.8	130,384	13.8
Total		443,485	47.7	477,123	51.6	493,125	52.3

Note 1: Average training hours per person by each item =Total training hours by each item/Number of employees by each item. Average training hours = Total training hours /Number of full-time employees.

Note 2: For details, please refer to [5.2.1 Employee Education and Training](#).

Professional Licenses and Certifications Subsidies of Full-Time Employees in the Past 3 Years							
Unit: thousand NTD							
Items / Year		2020		2021		2022	
		Number of Employees	Total Amount	Number of Employees	Total Amount	Number of Employees	Total Amount
Gender	● Female	962	794	329	391	568	804
	● Male	549	625	211	397	343	602
Position	● Management	201	224	109	240	148	229
	● Non-Management	1,310	1,195	431	548	763	1,177
Total		1,511	1,419	540	788	911	1,406

Note : For details, please refer to [5.2.1 Employee Education and Training](#).

Parental Leave of Full-Time Employees in the Past 3 Years									
Unit: Person									
Items / Year		2020			2021			2022	
		Female	Male	Total	Female	Male	Total	Female	Male
Number of employees eligible for parental leave		195	121	316	213	102	315	170	135
Number of employees who took unpaid parental leave		65	8	73	83	9	92	105	32
Number of employees who should be reinstated		99	11	110	72	6	78	106	18
Number of employees who were reinstated		73	4	77	65	6	71	81	10
Reinstatement Rate (%)		73.7%	36.4%	70.0%	90.3%	100.0%	91.0%	76.4%	55.6%
Number of employees who were reinstated in the previous year		54	7	61	69	8	77	65	5
Number of employees still on the job 12 months after reinstatement in the previous year		50	7	57	53	5	58	61	5
Retention Rate (%)		94.3%	100.0%	93.4%	76.8%	62.5%	75.3%	93.8%	100.0%

Note 1: Reinstatement rate (%) = (Number of employees who were reinstated/Number of employees who should be reinstated) x100%.

Note 2: Retention Rate (%) = (Number of employees still on the job 12 months after reinstatement in the previous year/Number of employees who were reinstated in the previous year) x100%.

Note 3: For details, please refer to [5.3.2 Family and Child Care Support](#).

Health Examination of Full-Time Employees in the Past 3 Years				
Items / Year		2020	2021	2022
Gender	● Female	1,905	2,092	2,724
	● Male	1,800	1,889	2,072
Age	● Under 39	1,248	1,347	1,209
	● 40-49	680	882	1,316
	● 50 and above	1,777	1,752	2,271
Region	● Taiwan	3,664	3,922	4,705
	● Oversea	41	59	91
Total		3,705	3,981	4,796

Note : For details, please refer to [5.3.4 Occupational Health and Safety \(OHS\)](#).



## 8.4 Sustainability Standards Index Table

### Content Index of the GRI Standards

Mega Financial Holding has reported the content from January 1, 2022 to December 31, 2022 in accordance with the GRI Standards. During the reporting period of this report, no applicable GRI Sector Disclosure Standards have been published. The GRI 1: Foundation (2021) is used to compile this Sustainability Report.

Disclosure Topics		Corresponding Chapters	Page
GRI 2: General Disclosure (2021)			
2-1	● Organizational details	1.1 Background Information	10
2-2	● Entities included in the organization's sustainability reporting	1.1 Background Information 8.1 About this Report	10 150
2-3	● Reporting period, frequency and contact point	8.1 About this Report	150
2-4	● Restatements of information	There is no restatement of information in this Annual Report.	-
2-5	● External assurance	8.1 About this Report 8.5 Verification Statement by External Independent Parties	150 188
2-6	● Activities, value chain and other business relationships	1.1 Background Information 3.3 Sustainable Procurement	10 45
2-7	● Employees	8.3 Sustainable Data	165
2-8	● Workers who are not employees	8.3 Sustainable Data	165
2-9	● Governance structure and composition	2.1 Sustainability Framework 7.1 Corporate Governance 8.3 Sustainable Data	18 126 165
2-10	● Nomination and selection of the highest governance body	7.1 Corporate Governance	126
2-11	● Chair of the highest governance body	7.1 Corporate Governance	126
2-12	● Role of the highest governance body in overseeing the management of impacts	2.1 Sustainability Framework	18
2-13	● Delegation of responsibility for managing impacts	2.1 Sustainability Framework	18
2-14	● Role of the highest governance body in sustainability reporting	8.1 About this Report	150
2-15	● Conflicts of interest	7.1 Corporate Governance (for details, please refer to the Annual Report P.43)	126
2-16	● Communication of critical concerns	2.1 Sustainability Framework 7.1 Corporate Governance	18 126
2-17	● Collective knowledge of the highest governance body	7.1 Corporate Governance	126
2-18	● Evaluation of the performance of the highest governance body	7.1 Corporate Governance	126
2-19	● Remuneration policies	7.1 Corporate Governance	126
2-20	● Process to determine remuneration	7.1 Corporate Governance	126
2-21	● Annual total compensation ratio	7.1 Corporate Governance	126
2-22	● Statement on sustainable development strategy	Message from the Chairman	1
2-23	● Policy commitments	7.2 Business Ethics 7.3 Risk Management 5.4 Human Rights Protection	132 134 104

Occupational Injury of Full-Time Employees in the Past 3 Years					Unit: Person
Items / Year			2020	2021	2022
Number of Injuries by Gender	● Female		40	31	42
	● Male		16	25	23
Type of Work-related Injury	Injury Sustained in the Workplace or During Duty Performance	● High-consequence Work-related Injury	0	0	0
		● Recordable Work-related Injuries	13	0	3
	Injury Sustained During Commute	● High-consequence Work-related Injury	0	0	0
		● Recordable Work-related Injuries	43	56	62
Total Number of Injuries			56	56	65
Total Number of Fatalities as a Result of Work-related Injury			0	0	1
Total Days Worked			2,315,202	2,289,532	2,348,318
Total Hours Worked			17,364,015	18,206,516	18,786,544
Total Number of Lost Days			489.3	633.6	670.9
Injury Rate (IR)			3.23%	3.02%	3.41%
Rate of High-consequence Work-related Injuries (excluding fatalities)			0	0	0
Rate of Fatalities as a Result of Work-related Injury			0	0	0.05%
Lost Day Rate (LDR)			28.18%	36.85%	37.87%

Note 1: Injury Rate (IR), excluding personal commuting incidents (%) = (Total number of Injuries × 1,000,000) / Total hours worked × 100%.

Note 2: Rate of high-consequence work-related injuries, excluding fatalities (%) = (Number of high-consequence work-related injuries × 1,000,000) / Total hours worked × 100%.

Note 3: Rate of fatalities as a result of work-related injury (%) = (Number of fatalities as a result of work-related injury × 1,000,000) / Total hours worked × 100%.

Note 4: Lost Day Rate (LDR) = (Total number of lost days × 1,000,000) / Total hours worked × 100%.

Note 5: For details, please refer to [5.3.4 Occupational Health and Safety \(OHS\)](#).

Absence Rate of Full-Time Employees in the Past 4 Years				
Items / Year	2019	2020	2021	2022
Absent Days (Day)	8,769	7,699	8,132	10,171.09
Absence Rate (AR) (%)	0.37%	0.33%	0.36%	0.43%
Data Coverage Ratio (%)	100%	100%	100%	100%

Note 1: Absence Rate (AR) = Total number of absent days / Total days worked × 100%.

Note 2: Absent Days refer to the total number of lost days due to all forms of absence, including work-related injury, illness, menstrual leave, mild illness (e.g., cold, fever, or flu), and personal leave and sick leave for undisclosed reasons, and excluding pre-arranged or permitted absence (e.g., family care leave, holidays, training, maternity leave, paternity leave, marriage leave, compassionate leave, and official leave).

Note 3: For details, please refer to [5.3.4 Occupational Health and Safety \(OHS\)](#).





Disclosure Topics		Corresponding Chapters	Page
<b>GRI 2: General Disclosure (2021)</b>			
2-24	• Embedding policy commitments	7.2 Business Ethics 7.3 Risk Management	132 134
2-25	• Processes to remediate negative impacts	5.4 Human Rights Protection	104
2-26	• Mechanisms for seeking advice and raising concerns	7.2 Business Ethics 7.3 Risk Management	132 134
2-27	• Compliance with laws and regulations	7.4 Regulatory Compliance	139
2-28	• Membership associations	1.1 Background Information	10
2-29	• Approach to stakeholder engagement	8.2 Stakeholder and Material Topics	153
2-30	• Collective bargaining agreements	5.4 Human Rights Protection	104

<b>Material Topics</b>			
Disclosure Items		Corresponding Chapters	Page
<b>GRI 3 Material Topics (2021)</b>			
3-1	• Process to determine material topics	8.2 Stakeholder and Material Topics	153
3-2	• List of material topics	8.2 Stakeholder and Material Topics	153
3-3	• Management of material topics	8.2 Stakeholder and Material Topics	153
<b>Information Security</b>			
<b>GRI 418 Customer Privacy (2016)</b>			
418-1	• Substantiated complaints concerning breaches of customer privacy or loss of customer data	4.4 Information Security	73
<b>Combat Crime</b>			
<b>GRI 205 Anti-Corruption (2016)</b>			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	132
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	132
<b>Corporate Governance</b>			
<b>GRI 205 Anti-Corruption (2016)</b>			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	132
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	132
<b>GRI 206 Anti-Competitive Behavior (2016)</b>			
206-1	• Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no related incident in the reporting year.	-
<b>Business Ethics</b>			
<b>GRI 205 Anti-Corruption (2016)</b>			
205-2	• Communication and training about anti-corruption policies and procedures	7.2 Business Ethics	132
205-3	• Confirmed incidents of corruption and actions taken	7.2 Business Ethics	132

<b>Material Topics</b>			
Disclosure Items		Corresponding Chapters	Page
<b>GRI 206 Anti-Competitive Behavior (2016)</b>			
206-1	• Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no related incident in the reporting year.	-
<b>Economic Performance</b>			
<b>GRI 201 Economic Performance (2016)</b>			
201-1	• Direct economic value generated and distributed	1.2 Economic Performance	15
201-2	• Financial implications and other risks and opportunities due to climate change	3.1 Climate Action	30
201-3	• Defined benefit plan obligations and other retirement plans	5.3 Happy Workplace (for details, please refer to the 2022.Q4 of Consolidated Financial Report P.71)	94
<b>Sustainable Finance</b>			
<b>GRI 201 Economic Performance (2016)</b>			
201-1	• Direct economic value generated and distributed	1.2 Economic Performance	15
201-2	• Financial implications and other risks and opportunities due to climate change	3.1 Climate Action	30
201-3	• Defined benefit plan obligations and other retirement plans	5.3 Happy Workplace (for details, please refer to the 2022.Q4 of Consolidated Financial Report P.71)	94
<b>GRI 203 Indirect Economic Impacts (2016)</b>			
203-2	• Significant indirect economic impacts	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	52 63 76 30 115 117
<b>Climate Action</b>			
<b>GRI 201 Economic Performance (2016)</b>			
201-1	• Direct economic value generated and distributed	1.2 Economic Performance	15
201-2	• Financial implications and other risks and opportunities due to climate change	3.1 Climate Action	30
201-3	• Defined benefit plan obligations and other retirement plans	5.3 Happy Workplace (for details, please refer to the 2022.Q4 of Consolidated Financial Report P.71)	94
<b>GRI 203 Indirect Economic Impacts (2016)</b>			
203-2	• Significant indirect economic impacts	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	52 63 76 30 115 117
<b>GRI 305 Emissions (2016)</b>			
305-1	• Direct (Scope 1) GHG emissions	8.3 Sustainable Data	165



Material Topics			
Disclosure Items		Corresponding Chapters	Page
305-2	● Energy indirect (Scope 2) GHG emissions	8.3 Sustainable Data	165
305-3	● Other indirect (Scope 3) GHG emissions	8.3 Sustainable Data	165
305-5	● Reduction of GHG emissions	3.2 Green Operation	41
		8.3 Sustainable Data	165
Financial Inclusion			
GRI 203 Indirect Economic Impacts (2016)			
203-2	● Significant indirect economic impacts	4.1 Sustainable Finance	52
		4.2 Financial Inclusion	63
		4.5 Digital Innovation	76
		3.1 Climate Action	30
		6.1 Financial Education	115
		6.2 Social Commitment	117
Happy Workplace			
GRI 401 Employment (2016)			
401-1	● New employee hires and employee turnover	5.1 Talent Attraction 8.3 Sustainable Data	82 165
401-2	● Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Happy Workplace	94
401-3	● Parental leave	5.3 Happy Workplace	94
		8.3 Sustainable Data	165
GRI 403 Occupational Health and Safety (2018)			
403-1	● Occupational health and safety management system	5.3 Happy Workplace	94
403-2	● Hazard identification, risk assessment, and incident investigation	5.3 Happy Workplace	94
403-3	● Occupational health services	5.3 Happy Workplace	94
403-4	● Worker participation, consultation, and communication on occupational health and safety	5.3 Happy Workplace	94
403-5	● Worker training on occupational health and safety	5.3 Happy Workplace	94
403-6	● Promotion of worker health	5.3 Happy Workplace	94
403-7	● Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Happy Workplace	94
403-8	● Workers covered by an occupational health and safety management system	5.3 Happy Workplace	94
403-9	● Work-related Injury	5.3 Happy Workplace	94
		8.3 Sustainable Data	165
GRI 405 Diversity and Equal Opportunity (2016)			
405-1	● Diversity of governance bodies and employees	7.1 Corporate Governance	126
		5.1 Talent Attraction	82
		8.3 Sustainable Data	165

Material Topics			
Disclosure Items		Corresponding Chapters	Page
Social Commitment			
GRI 203 Indirect Economic Impacts (2016)			
203-2	<ul style="list-style-type: none"><li>Diversity of governance bodies and employees</li></ul>	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	52 63 76 30 115 117
GRI 413 Local Communities (2016)			
413-2	<ul style="list-style-type: none"><li>Operations with significant actual and potential negative impacts on local communities</li></ul>	6.2 Social Commitment	117
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Disclosure Items		Corresponding Chapters	Page
GRI 201 Economic Performance (2016)			
201-1	<ul style="list-style-type: none"><li>Direct economic value generated and distributed</li></ul>	1.2 Economic Performance	15
201-2	<ul style="list-style-type: none"><li>Financial implications and other risks and opportunities due to climate change</li></ul>	3.1 Climate Action	30
201-3	<ul style="list-style-type: none"><li>Defined benefit plan obligations and other retirement plans</li></ul>	5.3 Happy Workplace (for details of benefits program, please refer to the 2022.Q4 of Consolidated Financial Report P.71)	94
GRI 203 Indirect Economic Impacts (2016)			
203-2	<ul style="list-style-type: none"><li>Significant indirect economic impacts</li></ul>	4.1 Sustainable Finance 4.2 Financial Inclusion 4.5 Digital Innovation 3.1 Climate Action 6.1 Financial Education 6.2 Social Commitment	52 63 76 30 115 117
GRI 205 Anti-Corruption (2016)			
205-2	<ul style="list-style-type: none"><li>Communication and training about anti-corruption policies and procedures</li></ul>	7.2 Business Ethics	132
205-3	<ul style="list-style-type: none"><li>Confirmed incidents of corruption and actions taken</li></ul>	7.2 Business Ethics	132
GRI 206 Anti-Competitive Behavior (2016)			
206-1	<ul style="list-style-type: none"><li>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</li></ul>	There is no related incident in the reporting year.	-
GRI 207 Tax (2019)			
207-1	<ul style="list-style-type: none"><li>Approach to tax</li></ul>	7.6 Tax Policy	144
207-2	<ul style="list-style-type: none"><li>Tax governance, control, and risk management</li></ul>	7.6 Tax Policy	144
207-3	<ul style="list-style-type: none"><li>Stakeholder engagement and management of concerns related to tax</li></ul>	7.6 Tax Policy	144
207-4	<ul style="list-style-type: none"><li>Country-by-country reporting</li></ul>	7.6 Tax Policy	144





General Disclosure			
Disclosure Items		Corresponding Chapters	Page
<b>GRI 302 Energy (2016)</b>			
302-1	• Energy consumption within the organization	3.2 Green Operation 8.3 Sustainable Data	41 165
<b>GRI 303 Water and Effluents (2018)</b>			
303-3	• Water withdrawal	8.3 Sustainable Data	165
<b>GRI 304 Biodiversity (2016)</b>			
304-1	• Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.4 Natural Ecosystems	49
<b>GRI 305 Emissions (2016)</b>			
305-1	• Direct (Scope 1) GHG emissions	8.3 Sustainable Data	165
305-2	• Energy indirect (Scope 2) GHG emissions	8.3 Sustainable Data	165
305-3	• Other indirect (Scope 3) GHG emissions	8.3 Sustainable Data	165
305-5	• Reduction of GHG emissions	3.2 Green Operation 8.3 Sustainable Data	41 165
<b>GRI 308 Supplier Environmental Assessment (2016)</b>			
308-1	• New suppliers that were screened using environmental criteria	3.3 Sustainable Procurement	45
<b>GRI 401 Employment (2016)</b>			
401-1	• New employee hires and employee turnover	5.1 Talent Attraction 8.3 Sustainable Data	82 165
401-2	• Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Happy Workplace	94
401-3	• Parental leave	5.3 Happy Workplace 8.3 Sustainable Data	94 165
<b>GRI 402 Labor/Management Relations (2016)</b>			
402-1	• Minimum notice periods regarding operational changes	5.4 Human Rights Protection	104
<b>GRI 403 Occupational Health and Safety (2018)</b>			
403-1	• Occupational health and safety management system	5.3 Happy Workplace	94
403-2	• Hazard identification, risk assessment, and incident investigation	5.3 Happy Workplace	94
403-3	• Occupational health services	5.3 Happy Workplace	94
403-4	• Worker participation, consultation, and communication on occupational health and safety	5.3 Happy Workplace	94
403-5	• Worker training on occupational health and safety	5.3 Happy Workplace	94
403-6	• Promotion of worker health	5.3 Happy Workplace	94
403-7	• Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Happy Workplace	94

General Disclosure			
Disclosure Items		Corresponding Chapters	Page
403-8	• Workers covered by an occupational health and safety management system	5.3 Happy Workplace	94
403-9	• Work-related Injury	5.3 Happy Workplace 8.3 Sustainable Data	94 165
<b>GRI 404 Training and Education (2016)</b>			
404-1	• Average hours of training per year per employee	8.3 Sustainable Data	165
<b>GRI 405 Diversity and Equal Opportunity (2016)</b>			
405-1	• Diversity of governance bodies and employees	7.1 Corporate Governance 5.1 Talent Attraction 8.3 Sustainable Data	126 82 165
<b>GRI 406 Non-Discrimination (2016)</b>			
406-1	• Incidents of discrimination and corrective actions taken	5.4 Human Rights Protection	104
<b>GRI 413 Local Communities (2016)</b>			
413-2	• Operations with significant actual and potential negative impacts on local communities	6.2 Social Commitment	117
<b>GRI 414 Supplier Social Assessment (2016)</b>			
414-1	• Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable Procurement	45
<b>GRI 415 Public Policy (2016)</b>			
415-1	• Political contributions	7.2 Business Ethics	132
<b>GRI 417 Marketing and Labeling (2016)</b>			
417-2	• Incidents of non-compliance concerning product and service information and labeling	4.3 Customer Relationship	69
417-3	• Incidents of non-compliance concerning marketing communications	4.3 Customer Relationship	69
<b>GRI 418 Customer Privacy (2016)</b>			
418-1	• Substantiated complaints concerning breaches of customer privacy or loss of customer data	4.4 Information Security	73



## SASB (Sustainability Accounting Standards)

SASB Commercial Banks (2018)				
Disclosure Topics	Indicator No.	Accounting Metrics	Corresponding Chapters / Description	Page
Data Security	● FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	4.4 Information Security	73
	● FN-CB-230a.2	Description of approach to identifying and addressing data security risks	4.4 Information Security	73
Financial Inclusion and Capacity Building	● FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	4.2 Financial Inclusion	63
	● FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	4.2 Financial Inclusion	63
	● FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Not Applicable (accounts currently provided by banks in Taiwan are all no-cost retail checking accounts)	-
	● FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	4.2 Financial Inclusion 6.1 Financial Education	63 115
	● FN-CB-410a.1	Commercial and industrial credit exposure, by industry	4.1 Sustainable Finance	52
Incorporation of ESG Factors in Credit Analysis	● FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	4.1 Sustainable Finance	52

SASB Commercial Banks (2018)				
Disclosure Topics	Indicator No.	Accounting Metrics	Corresponding Chapters / Description	Page
Business Ethics	● FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	7.4 Regulatory Compliance	52
	● FN-CB-510a.2	Description of whistleblower policies and procedures	7.2 Business Ethics (There is no violation of whistleblowing laws during the reporting year)	132
Systemic Risk Management	● FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not Applicable (Mega Bank is a D-SIB, not a G-SIB)	-
	● FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	7.3 Risk Management	134
Activity Metric	● FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	4.2 Financial Inclusion	63
	● FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	4.2 Financial Inclusion	63







## UNGC (UN Global Compact)

Disclosure Items		Corresponding Chapters	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	5.4 Human Rights Protection	104
	Make sure that they are not complicit in human rights abuses		
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	5.1 Talent Attraction 5.4 Human Rights Protection	82 104
	The elimination of all forms of forced and compulsory labor		
	The effective abolition of child labor		
	The elimination of discrimination in respect of employment and occupation		
Environment	Businesses should support a precautionary approach to environmental challenges	3.1 Climate Action	30
		3.2 Green Operation	41
	Undertake initiatives to promote greater environmental responsibility	3.2 Green Operation 3.3 Sustainable Procurement	41 45
	Encourage the development and diffusion of environmentally friendly technologies	4.5 Digital Innovation	76
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	7.2 Business Ethics	132

## TCFD (Task Force on Climate-related Financial Disclosures)

Level	Disclosure Items	Indicators for General Industry	Corresponding Chapters	Page
Governance	a	Describe the board's oversight of climate-related risks and opportunities	3.1 Climate Action - 3.1.1 Climate Governance	30
	b	Describe management's role in assessing and managing climate-related risks and opportunities		
Strategy	a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	3.1 Climate Action - 3.1.2 Climate Strategy	31
	b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
	c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Risk Management	a	Describe the organization's processes for identifying and assessing climate-related risks	3.1 Climate Action - 3.1.3 Climate Risk Management	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	3.1 Climate Action - 3.1.4 Climate Metrics and Targets	40
	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		

## 8.5 Verification Statement by External Independent Parties

### Third-Party Verification Statement for Sustainable Information



► ISO 14001:2015 Environmental Management System



► ISO 50001:2018 Energy Management System



► ISO 14067:2018 Carbon Footprint



► ISO 14046:2014 Water Footprint



► ISO 14064-1:2018 GHG Inventory



► PAS 2060:2014 Carbon Neutrality



► ISO 27001:2013 Information Security Management System







► ISO 27001:2013 Information Security Management System



► ISO 27701:2019 Privacy Information Management System



► Taiwan Intellectual Property Management System



► IBS 10012:2017 Personal Information Management Systems



► TCFD Report with the highest rating "Level 5: Excellence" grade



► ISO 45001:2018 Occupational Health and Safety Management Systems



► ISO 45001:2018 Occupational Health and Safety Management Systems



## 2022 Independent Auditors' Limited Assurance Report (ISAE 3000)

**Deloitte.**

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### 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, 2022.

#### 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 Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), 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 planned and 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, with no material misstatement 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 more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

### Independence and Quality 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 Quality Management Standard No. 1 “Quality Management for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires to design and implement quality management system, including 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 is, 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 this report.

Deloitte & Touche

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 30, 2023

### APPENDIX

#### SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

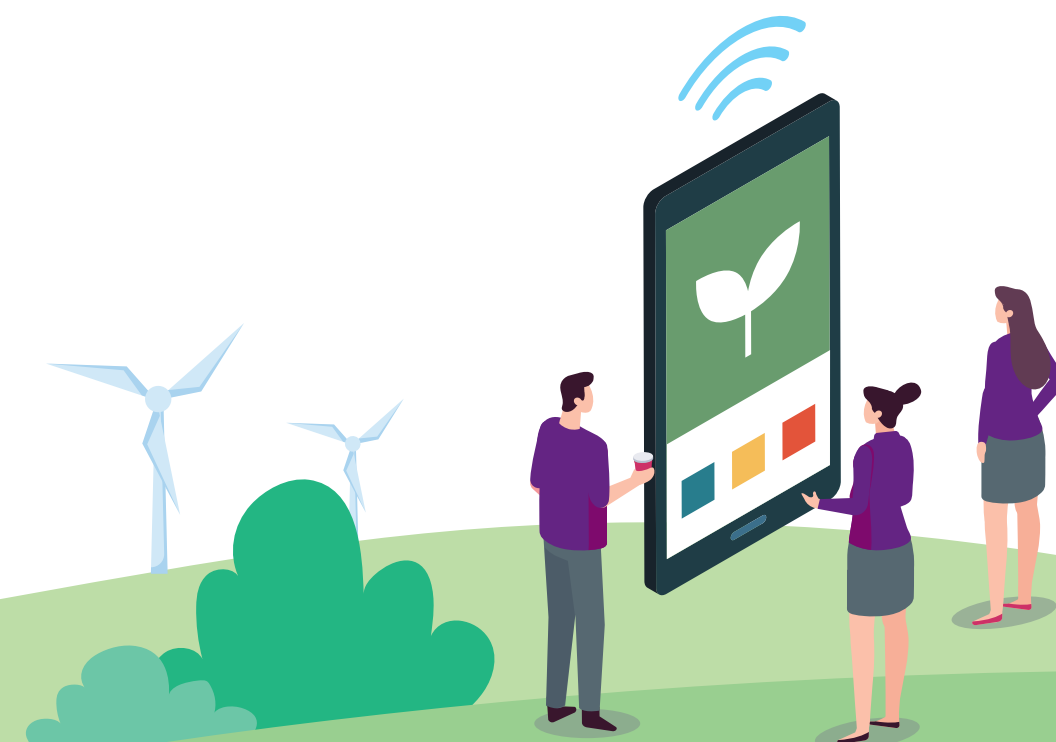
#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/ GRI Standards/SASB <sup>1</sup> Standards Designated Indicators/)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, Number 1/SASB FN-CB-230a.1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	4.4 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, Paragraph 1, Table 1-3, Number 2/SASB FN-CB-240a.1	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	4.2 Financial Inclusion	Number and amount of small business and community development 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, Paragraph 1, Table 1-3, Number 3/SASB FN-CB-240a.4	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	4.2 Financial Inclusion 6.1 Financial Education	Number of participants in Financial Inclusion Seminar (Retirement Trusts for Elderly and Disabled and Small Business and Community Development Loans) and financial inclusion education events were held to promote financial literacy.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Table 1-3, Number 4	Products and services designed by individual operating units to create benefits for the environment or society.	4.1 Sustainable Finance 4.2 Financial Inclusion	Environmental and social benefits of infrastructure credit (Low Carbon Transportation Construction and Underground Sewage Engineering).
5.	Designated indicator 1	Gender pay indicators (average and median difference in remuneration and bonus by gender)	5.3 Happy Workplace	The average and median difference in remuneration and bonus (fixed salary, overtime pay and bonuses, including year-end bonuses, performance bonuses and employee remuneration) by gender.
6.	Designated indicator 2	Absence rate	5.3 Happy Workplace 8.3 Sustainable Data	The statistical results and calculations of employee's absence rate.

<sup>1</sup> 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 <sup>1</sup> Standards Designated Indicators/)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
7.	Designated indicator 3	Social and business benefits of financial inclusion	4.2 Financial Inclusion	The business and social performance of Reverse Mortgages, Retirement Trusts, Government Concessional Loan for Youth Housing, Young Entrepreneur Kickoff Loans, “SHERO Women’s Dream” exclusive credit for women, Small Business and Community Development Loans, Micro Insurance, Agricultural Insurance, and Group medical insurance for foreign disadvantaged groups.
8.	Designated indicator 4	Waste by type and disposal method	8.3 Sustainable Data	The weight of non-hazardous waste by disposal method (direct disposal and recycled resources(Reused)).
9.	GRI 3-1: 2021	Process to determine material topics	8.2 Stakeholder and Material Topics	Identification process for material topics and stakeholders.
10.	GRI 302-1: 2016	Energy consumption within the organization	3.2 Green Operation 8.3 Sustainable Data	Amount of renewable energy and non- renewable energy consumed from electricity, gasoline, diesel, natural gas, and liquefied petroleum gas (LPG) within the organization.
11.	GRI 303-3: 2018	Water withdrawal	8.3 Sustainable Data	Total volume of water (Taiwan Water Corporation) withdrawn with a breakdown by the sources.





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