兆豐金控
Mega Holdings



2020 Mega Holdings

Sustainability Report

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About This Report

This Report is the 8th report on the corporate sustainable development of Mega Holdings since 2014 (the Company issued the 2013 CSR Report of Mega Holdings). In response to the Corporate Governance 3.0: Sustainable Development Roadmap published in August 2020, the 2020 CSR Report of Mega Holdings was officially renamed the 2020 Sustainability Report following approval at the 32nd meeting of the 7th Board of Directors in 2021.

Mega Holdings upholds the principle of integrity and transparency, values the interest and rights of stakeholders, takes environmental, social, and governance (ESG) issues into consideration while in pursuit of sustainable operations and profitability, and integrates these issues into the group's business management and business development strategies. This Report covers the sustainable development status of Mega Holdings in 2020. Reports (in English and Chinese) for each year are available on the website of Mega Holdings under the CSR section for online browsing and download.

Reporting Period

Mega Holdings issues Sustainability Report in June every year. The report covers the Group's corporate sustainability status, method of managing material topics, and response measures adopted during January 1 through to December 31, 2020.

Reporting Scope

The financial data in this Report are consistent with the scope of disclosure in the Consolidated Financial Report of Mega Holdings. All financial figures in the report are calculated in New Taiwan Dollars and are verified by CPAs.

The non-financial sustainability data in this Report include mainly the Company's business activities in Taiwan and cover Mega Holdings and our seven subsidiaries, 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. ("Chung Kuo Insurance"), Mega International Investment Trust Co., Ltd. ("Mega International Investment Trust"), Mega Venture Capital Co., Ltd. ("Mega Venture Capital") and Mega Asset Management Co., Ltd("Mega Asset Management"). Information related to social welfare covers Mega Bank Cultural and Educational Foundation and Mega Charity Foundation. The Report does not cover overseas subsidiaries included in the Consolidated Financial Report.

If the scope of reporting is different from the above statements, relevant data and a note will be added to explain the scope and calculation methods in detail.

*Compared with the scope of the 2019 CSR Report, Mega Life Insurance Agency (MLIA), a subsidiary of Mega Holdings, was incorporated into Mega Bank on May 12, 2020, becoming Insurance Agency Office. The number of subsidiaries was reduced to 7 from 8. However, Mega Bank assumes all the rights and obligations of MLIA because this incorporation was considered an integration of the group's internal resources. The overall reporting scope did not differ significantly from the previous year.

Reporting Principles

This Report complies with the Core option of the Global Reporting Initiative (GRI) Standards, the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and the UN Sustainable Development Goals. The disclosures herein are also partly based on the Sustainability Accounting Standards Board's disclosure standards for commercial banks.

Refer to Appendix 1: GRI Standards Index for the chapters and page numbers corresponding to the reporting principles in this Report.

Reporting Quality Management Process

Data Collection and Compilation

- Working group leaders under the Sustainability Committee collect and summarize the data and information of each subsidiary.

Internal Review

- Unit in charge of Sustainability Committee integrates and prepares the first draft of the report.
- The Chairperson of the CSR Committee and Chairman of Mega Holdings approve the first draft.

External Verifications

- This company contracted British Standards Institution (BSI) to verify that this report conforms to the GRI Standards and Type I, Moderate level of AA1000. A copy of the certification statement is enclosed in Appendix 2 of this Report.

External Disclosure

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

Feedback

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

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Message From The Chairman

The sudden outbreak of COVID-19 in 2020 severely impacted the global economy. According to multiple research reports, the pandemic has underlined the value and effect of environmental, social and governance factors. In a variable-filled global environment, funds are still injected into companies with favorable ESG performances, showed that a company that is fully equipped with response measures and excellent risk management capability is more capable of surviving through various crises.

With the spread of COVID-19, ESG issues leapt to prominence in global investment studies, prompting governments and investment institutions worldwide to regard sustainable operation as a crucial evaluation indicator. In August 2020, the Financial Supervisory Commission (FSC) took hold of opportunities to bridge the gap between Taiwan and the world, promulgating the Green Finance Action Plan 2.0 and the Corporate Governance 3.0: Sustainable Development Roadmap that strengthen the transparency and quality of ESG disclosures. Committed to sustaining the growth of Mega group and constructing a sustainable development roadmap, Mega Holdings cooperates with subsidiaries to co-create a business model that ensures economic growth without compromising the environment, and focuses on sustainable finance to realize the goals of corporate sustainable operations.

Mega Holdings responds to the challenges of the pandemic by adopting the Change-Challenge-Chance (3C) strategy (i.e., embracing change, taking on challenges, and seizing opportunities). Drawing on existing business foundations, we take ESG factors into consideration when making decisions and actively vying for new profit-making opportunities to live up to the expectations of our stakeholders. In 2020, Mega Holdings was again selected as a constituent stock of the Taiwan Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index. We also won the Commonwealth Magazine's Excellence in Corporate Social Responsibility Awards, the Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report Award, and multiple other awards, which showed the affirmation of our sustainability practices.

With respect to environmental sustainability, Mega Holdings signed the TCFD in 2020 as part of our efforts to formulate strategies in response to risks and opportunities identified in relation to climate change. To achieve the group's carbon reduction goals, Mega Holdings purchased another 352 renewable energy certificates in 2020, which is 141% more than the previous year. We also conducted ISO 14064-1 greenhouse gas inventory on 192 operating units across Taiwan and passed the third-party verification. Our Mega Chi-Lin Building was the first to adopt ISO 14001 Environmental Management System. Beginning in 2021, the scope of this certification is expected to include Mega Holdings and all subsidiaries over a three-year period. The Company has continued implementing the green procurement plan, making a purchase of NT$69.395 million in 2020. Mega Bank was a three-time winner of the EPA's Outstanding Green Procurement and Green Consumption Organization Award and the Private Sector Green Procurement Award, which was organized by the Department of Environmental Protection, Taipei City Government.

In terms of sustainable finance, Mega Group exerts positive financial influences by issuing/undertaking green bonds, investing in renewable energy technologies, issuing green credit cards, reinforcing SME loans, and providing microinsurance and agricultural insurance products. In Q3 of 2021, Mega Bank expects to sign the Equator Principles (EPs), at which point the bank will incorporate ESG factors in its review procedures and take into consideration the potential environmental and social risks of applicants so that businesses are prompted to align their ESG efforts with international trends. In March 2021, Mega Holdings introduced the Sustainable Finance Policy upon the approval of the Board of Directors. The purpose of this policy is to prompt all subsidiaries to implement ESG programs and goals.

Concerning mutual prosperity in society, numerous human rights issues have resurfaced during the pandemic, including employee health and safety, customer information security and personal data protection, significant wealth inequalities, and infrastructure issues etc. In response, Mega Holdings continued to organize health examinations for employees and various occupational safety and health events. Each subsidiary was asked to form emergency task groups to quickly gather information on employee safety and effectively resolve emergencies. To protect customer privacy, Mega Holdings convenes group-level Information and Digital Business Meetings to periodically review and discuss matters pertaining to digital technologies and information security management. Particularly, our subsidiaries Mega Bank, Mega Securities, and Property Insurance have adopted ISO 27001 and passed the third-party verifications. In terms of social development issues, more tangible support is provided to social education, sports, arts and cultural, and disadvantaged groups through the resources and power of Mega Charity Foundation and Mega Bank Cultural and Educational Foundation.

In the aspect of corporate governance, Mega Holdings upholds the business philosophies of integrity, transparency, and responsibility, abides by local laws, regulations, and policies, and adopt the principles of fairness and ethical management. To prevent anti-money laundering and counter terrorism financing, educational training and compliance testing are held from time to time to impart professional knowledge and skills. In 2020, Mega Group reported a training completion rate of 100%, satisfying the regulatory requirement for training on anti-money laundering and counter terrorism financing. Moreover, Mega Holdings also actively strengthens board operations and directors' functions. Re-election of directors will be carried out in 2021 to comprehensively increase gender equality and the proportion of independent directors, thereby ensuring that the board is independent and diverse enough to effectively monitor the promotion of sustainability projects.

The year 2020 was a challenging year. In 2020, Mega Holdings reported NT$60.8 billion in net revenue, decreasing 6.84% compared to 2019. Nevertheless, as the pandemic slows and the economy recovers in 2021, Mega Holdings will confidently restart our profit growth momentum. By practicing ESG-based management and capitalizing on the business strengths of Mega Holdings in the financial industry, we strive to achieve the UN SDGs and join hands with our stakeholders to co-create a better future.

Chairman of Mega Financial Holding Co., Ltd.
Chao-Shun Chang



2020 ESG Performance

Environmental

- The Group **signed the TCFD** in 2020 to identify climate change risks and opportunities and actively formulate measures in response.
- The Group completed the 2020 **CDP Climate Questionnaire and obtained a B Management score**.
- In 2020, the Group purchased 341 renewable energy certificates from Hakka Affairs Council and 11 renewable energy certificates from Kaohsiung City Animal Protection Office, expecting to save **approximately 179.168 tons of CO2e GHG emissions**.
- In 2020, **the Group introduced the ISO 14064-1:2018 GHG Inventory** and obtained the BSI verification certificate in May 2021.
- In 2020, Chi-Lin Building of Mega Bank continued to pass the **ISO 14001 Environmental Management System** verification, and expects to obtain the ISO 50001 Energy Management System by the end of 2021.
- Mega Bank **issued NT$1 billion in green bonds**, and Mega Securities underwrote NT$1.69 billion in green bonds.
- The Group made **green procurement totaling over NT$69.395 million**. Mega Bank was a three-time winner of the EPA's **Outstanding Green Procurement and Green Consumption Organization Award** and **the Private Sector Green Procurement Award**, which was organized by the Department of Environmental Protection, Taipei City Government.
- The Group voluntarily supported the "**Earth Hour**" campaign organized by the World Wide Fund (WWF) for Nature at night on March 28.



Social



- Mega Holdings was again selected as a constituent of TWSE **Taiwan Employment Creation 99 Index** and **TWSE Taiwan High Compensation 100 Index**.
- Mega Bank approved **271 finance-related patents in 2020**, of which **56 patents were invention patents**.
- Mega Bank, Mega Securities, Chung Kuo Insurance, and Mega International Investment Trust conducted the **Surveys of Customer Satisfaction**.
- Mega Bank organized the **2020 Fintech Creativity Contest** in 2020, collecting 252 submissions. The objective of this contest was to cultivate FinTech professionals.
- Mega Holdings implemented the **Supplier Statement of Corporate Social Responsibility**, there is 94.6% of suppliers with whom the group signed a contract in 2020 according to the purchase amount.
- The Group's two foundations funded **social investment and charitable activities**, investing a total of **NT$27.465 million**.

Governance



- Mega Holdings continued to be selected as a constituent of **TWSE Taiwan Corporate Governance 100 Index** and **FTSE4Good TIP Taiwan ESG Index**.
- **Moody's raised the rating of Mega Holdings to A2**, signifying a stable prospect.
- The Group implemented **gender equality** by ensuring that **female full-time employees** and **female managers** make up **59%** and **51%** of the Group's employee composition, respectively.
- Mega Holdings convened a total of **12 board meetings**, attended by **93.14%** of directors on average.
- **100%** of Mega Holdings' upper management (directors and Vice President or above) **have signed the compliance statements for the Ethical Corporate Management Policy**.
- Mega Bank, Chung Kuo Insurance, and Mega Securities maintained the validity of **ISO 27001 information security management system** and passed the third-party independent verification.

2020 Sustainability Awards

Date	Award-Winning Unit	Name of Award	Issuer	Corresponding Chapter
February 2020	Mega Holdings	Excellence Award in the **Best Financial Holdings Companies** for Finance and Insurance Graduates	RMI Educational Foundation	CH6 Employee Care
	Chung Kuo Insurance	Excellence Award in the **Best Insurance Companies for Finance** and Insurance Graduates	RMI Educational Foundation	CH6 Employee Care
April 2020	Mega Holdings	**Top 5% Listed Company in the 6th Corporate Governance Evaluation** and selected as a constituent stock of Taiwan Corporate Governance 100 Index	Taiwan Stock Exchange Corporation	CH8 Sustainable Governance
May 2020	Mega Bank	Excellence Award for Total Credit Guaranteed, Financing Amount Growth in New Southbound Countries, and Excellence Award for Total Insurance and Margin Fund Guaranteed	Overseas Credit Guarantee Fund (Taiwan)	CH5 Customer Care
June 2020	Mega Holdings	Selected as the constituent stock of **FTSE4Good TIP Taiwan ESG Index** Selected as the constituent stock of **Taiwan High Compensation 100 Index**	Taiwan Stock Exchange Corporation	CH8 Sustainable Governance CH6 Employee Care
July 2020	Mega Bank	2020 Best Asset Manager for Investor Experience, Outstanding Wealth Management Offering for Affluent Clients, Best Private Bank for HNW Clients, and Best Wealth Manager for Client Experience	The Digital Banker	CH5 Customer Care
	Mega Holdings	Selected as the constituent stock of **Taiwan Employment Creation 99 Index**	Taiwan Stock Exchange Corporation	CH6 Employee Care



2020 Sustainability Awards

Date	Award-Winning Unit	Name of Award	Issuer	Corresponding Chapter
August 2020	Mega Holdings	2020 **Commonwealth Magazine's Excellence in Corporate Social Responsibility Awards**-Large Enterprises	Common Wealth Magazine	CH8 Sustainable Governance
		First place in the **Best Wealth Value Addition Award** in the 2020 14th Wealth Management Bank and Securities Evaluation.	Business Today	CH5 Customer Care
	Mega Bank	**Outstanding Bank for Providing Retirement Trust** in the evaluation of providing property trust services for the elderly and people with disabilities	Financial Supervisory Commission	CH4 Sustainable Finance
		Best New Credit Card	International Finance Magazine	CH5 Customer Care
	Mega Securities' subsidiary (Mega Futures)	Top 3 in the Treating Customers Fairly Evaluation for Securities and Futures Industries	Financial Supervisory Commission	CH5 Customer Care
September 2020	Mega Bank	**Outstanding Green Procurement and Green Consumption Organization**	Environmental Protection Administration, Executive Yuan	CH3 Sustainable Environment
October 2020	Mega Bank	**Private Enterprise and Organization Green Procurement Award**	Department of Environmental Protection, Taipei City Government, Executive Yuan	CH3 Sustainable Environment
	Mega Holdings	2020 13th Taiwan Corporate Sustainability Awards (TCSA)-**Corporate Sustainability Report Award**	Taiwan Institute for Sustainable Energy (TAISE)	CH8 Sustainable Governance
November 2020	Mega Bank	10th **Elite Award**-Best Overseas Development Award, Best Consumer Banking Award, and Best Risk Management Award	Taiwan Academy of Banking and Finance	CH5 Customer Care
		2020 Excellence in Customer Service	Taiwan Contact Center Development Association	CH5 Customer Care
	Mega Bills	10th **Elite Award** -Best Bills Finance Award	Taiwan Academy of Banking and Finance	CH5 Customer Care
December 2020	Mega Bills	2020 Demonstration, Promotion, and Subsidy for Energy Conservation Performance Guarantee Projects	Bureau of Energy, Ministry of Economic Affairs	CH3 Sustainable Environment
	Mega Securities	**Most Recommended by Customers Award**	Excellence Magazine	CH5 Customer Care
	Mega Bank	**Best Bank of the Year in Taiwan**	The Banker	CH5 Customer Care
		2020 14th **Golden Security Award**	Joint Credit Information Center	CH5 Customer Care
	Mega Bank Cultural and Educational Foundation	**Sports Contribution Award** - Sponsorship Gold Award	Sports Administration, Ministry of Education	CH7 Mutual Prosperity in Society



2020 Performance with Respect to SDGs

The UN proposed 17 SDGs in 2015 as a means of encouraging collaborations between governments and corporate entities to address global problems. Mega Group considers our own operating activities, focuses on 10 SDGs, exerts the influence of financial institutions, and is committed to implementing ESG sustainability.

SDGs	Our Response	Corresponding Chapter
Goal 1: End poverty in all its forms everywhere.	• The Group's two foundations have funded social investment and charitable activities in 2020, investing a total of NT$27.58 million. • Chung Kuo Insurance has processed 1,394 microinsurance in 2020, generating over NT$600,000 in insurance premium from written policies.	CH7 Mutual Prosperity in Society CH4 Sustainable Finance
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	• Mega Group has provided lunch subsidies for disadvantaged students of Pingdong Vocational High School in the second term of 2020, benefitting 47 students in total.	CH7 Mutual Prosperity in Society
Goal 3: Ensure healthy lives and promote well-being for all at all ages.	• The Company is a sponsor of Mennonite Christian Hospital "Social Service and Diseases of Poverty Care Fund" and Saint Mary's Hospital Luodong "Emergency Healthcare Relief Program", both of which are aimed at helping disadvantaged people who live in rural areas to receive medical assistance and well health care. • Mega Bank has sold "Retirement Trust" to a cumulative total of 1,066 individuals in 2020, amounting to NT$4.625 billion, it is a 501.43% growth compared to 2019. • Mega Holdings provide employees with regular health examinations that are superior to statutory requirements. In 2020, a total of 3,705 people in the group had received health examinations.	CH7 Mutual Prosperity in Society CH4 Sustainable Finance CH6 Employee Care
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	• Mega Bank Cultural Educational Foundation hosted and Mega Bank co-organized the 2020 Mega FinTech Creativity Contest; 252 teams of university students had signed up for it, and 17 teams were enlisted. • The Company has made over NT$1.5 million scholarship donations to National Tsing Hua University, Chung Yuan Christian University, and National Chengchi University in 2020.	CH7 Mutual Prosperity in Society
Goal 5: Achieve gender equality and empower all women and girls.	• Mega is a long-time advocate of gender equality issues. In 2020, female managers accounted for 51% of the Company's employee structure. • In 2021, female directors at Mega Holdings made up 26.67% of the board, which is above the goal of 25%.	CH6 Employee Care CH8 Sustainable Governance

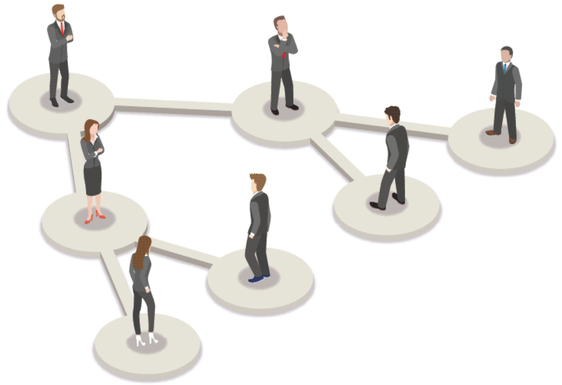


SDGs	Our Response	Corresponding Chapter
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.	• The Company has purchased 352 renewable energy certificates in 2020 to support the energy transition policies of Taiwan, reduced air pollution, conserved energy, and reduce carbon emission. • In 2020, Mega Bank has approved 50 loan applications for renewable energy industries (48 loans were for solar power, 1 for offshore wind power, and 1 for onshore wind power). The loans outstanding totaled NT$3.5 billion. In future, the Bank will continue extending loans to industries involved in renewable energy technology. • Between 2018 and 2020, Mega Bank has annually increased loans to businesses involving renewable energy technology(7.19%), renewable energy(7.39%), and offshore wind power(7.51%) and of corporate lending in Taiwan.	CH4 Sustainable Finance CH3 Sustainable Environment
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• In 2020, Mega Group provides equal job opportunities by hiring 62 people with disabilities and 4 indigenous peoples. • Mega Group continues to ensure stable profitability, reporting a consolidated net profit after tax of NT$25.018 billion in 2020.	CH6 Employee Care CH8 Sustainable Governance
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	• By the end of 2020, Mega Bank has approved SME loans to 20,525 applicants, totaling NT$518.4 billion, it was a 2.5% growth compared to 2019. • Mega Bank approved 271 finance-related patents in 2020, of which 56 patents were invention patents.	CH4 Sustainable Finance CH5 Customer Care
Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable.	• In 2020, Mega Bank has approved 30 loan applications for urban renewal projects, providing NT$20.486 billion in aid. • In 2020, Mega Bank processed 48,569 loan applications for COVID-19 reliefs, distributing a total of NT$127.237 billion in relief to assist with economic stimulus and industrial development programs.	CH4 Sustainable Finance
Goal 13: Take urgent action to combat climate change and its impacts.	• In 2020, Mega Holdings participated in the Demonstration, Promotion, and Subsidy for Energy Conservation Performance Guarantee Projects. Mega Financial Building and Mega Heng-Yang Building had their air-conditioning chilled water units completely replaced, with the expectation of saving 1,491,000 kWh of electricity every year for an energy efficiency of 38.68%. • Mega Holdings signed the TCFD and joined the Bankers Association TCFD and PRB Case Study Working Group to implement climate risk management.	CH3 Sustainable Environment CH8 Sustainable Governance

1 About Mega Holdings

Founded on February 4, 2002, the Company was listed on Taiwan Stock Exchange Corporation on the same day. Located in Taipei City, the Company mainly engages in investments and management of investee companies. At present, the Company has 7 directly-held subsidiaries, including Mega Bank, Mega Securities, Mega Bills, Chung Kuo Insurance, Mega Asset Management, Mega International Investment Trust and Mega Venture Capital. As of the end of 2020, the Company continued to maintain advantages in business operations, with a total capital of NT$136 billion, market value of NT$405.274 billion, and total asset of NT$3,856.377 billion. The Company's revenue and profits have continued to grow in recent years. The Company actively responds to development opportunities in the government's "New Southbound Policy", while keeping abreast of business opportunities for economic expansion in Asia Pacific. The Cvompany also develops wealth management services to create new operation models for Mega Holdings.

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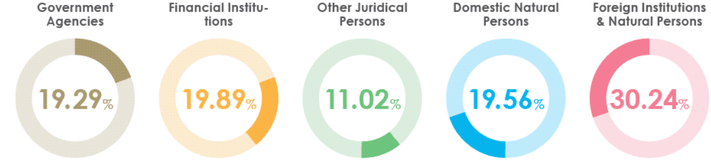


1.1 Group Profile

■ Basic Information

Company Name	Mega Financial Holding Co., Ltd.
Date of Incorporation	February 4, 2002
Headquarters Address	14-17F, 20-21F, No. 123, Sec. 2, Jhongsiao E. Rd., Jhongjheng Dist., Taipei City
Chairman	Chao-Shun Chang
President	Kuang-Hua Hu
Stock Code	2886
Capital	NT$135.998 billion
Total Assets	NT$3,856.377 billion
Total Number of Employees	Full-time employees including subsidiaries are 9,298 in total
Scope of Business	Investment and management of investee companies; for subsidiaries, the scope of business includes a variety of financial services

Ownership and Distribution of Shares



Note : As of April 26, 2021.



Income Structure

2020 Net Revenue



2020 Net Revenue by Business

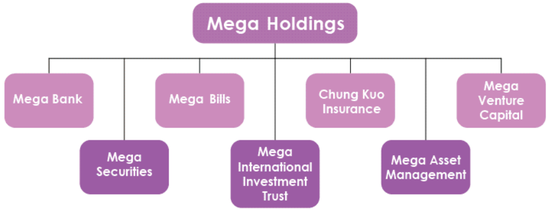


Note : Refer to the 2020 Consolidated Financial Report of Mega Holdings for the company's financial data.



Organization of Company

The Company's overall profits mainly come from investments in Mega International Commercial Bank Co., Ltd. (Mega Bank) and Mega Bills Finance Co., Ltd. (Mega Bills). Mega Holdings offers comprehensive range of financial products and services including banking, securities, bills, investment trust, and property insurance. Our subsidiaries work together to continue expanding the scale of their operations in the future. We also use cross selling and other methods to help subsidiaries to expand their businesses, create engines for powering profitability, and maximize the synergy of the Group.



Note : Note: Mega Life Insurance Agency, previously a subsidiary of Mega Holdings, was incorporated into Mega Bank on May 12, 2020, becoming the Insurance Agency Office. The number of subsidiaries was reduced to 7 from 8.

Global Operations

In terms of overseas presence, Mega Bank kept focusing on Asian countries, especially the Southeast Asian countries. As of the end of 2020, Mega Bank has 108 domestic units and 36 overseas units located in 18 countries, including USA, Panama, France, Netherlands, UK, Australia, Japan, Philippines, Vietnam, Singapore, Malaysia, China, Hong Kong, Cambodia, India, Myanmar, Thailand, and Canada. They included 23 overseas branches, 5 sub-branches, 3 representative offices (including a marketing office), and 5 subsidiaries and their branches in Thailand.



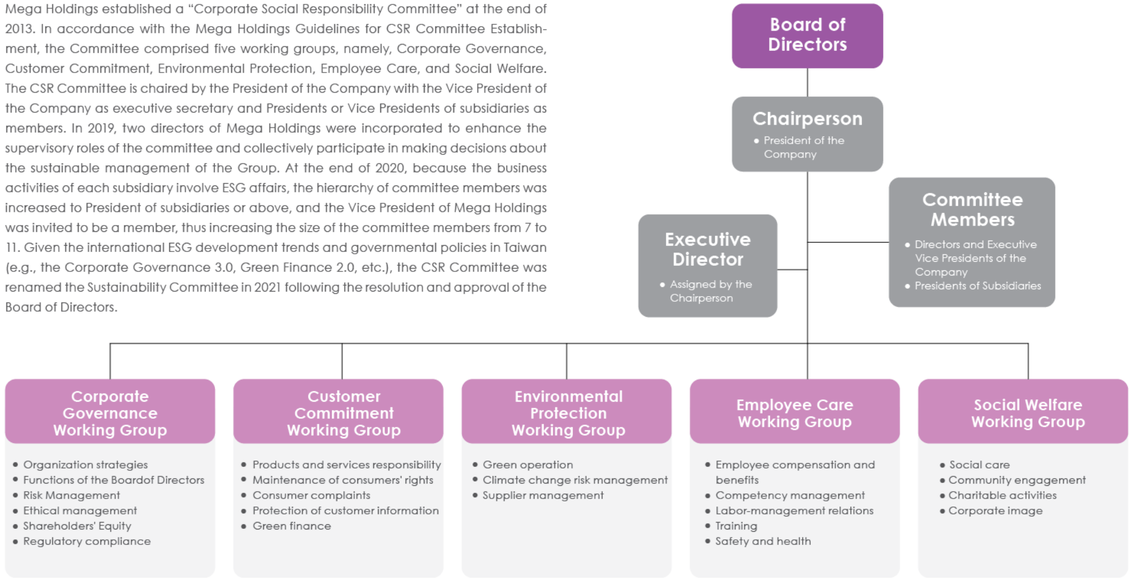
Subsidiaries Introduction

Company Name	Service Description	Business Overview
Mega Bank	Mega Bank was previously the International Commercial Bank of China, which was incorporated into the Group in 2002, and was later renamed after it merged with Chiao Tung Bank in 2006. The scope of business mainly includes commercial banking, corporate finance, international finance, trust, consumer finance, wealth management, investment, and agency businesses. Mega Bank is the only USD clearing bank in Taiwan's foreign currency settlement platform. As the earliest international bank in Taiwan, Mega Bank is well-known for its foreign exchange business and ranks the first among domestic banks in terms of foreign exchange deposits, guarantees, and asset quality.	In 2020, Mega Bank's net profit after tax was NT$20.332 billion, ranking No. 3 among domestic banks. The EPS of Bank was NT$2.37, leading most of our competitors.
Mega Securities	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.	In 2020, Mega Securities achieved a market share of 3.29%, ranking No. 8 in the brokerage services. Its average market share in margin trading was 5.36%, ranking No. 6 in the industry.
Mega Bills	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.	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 delivered an after-tax EPS of NT$2.23 in 2020, ranking first among the top three bills finance companies.
Chung Kuo Insurance	The scope of business mainly includes property insurance and regulator-approved accident insurance and health insurance.	In 2020, Chung Kuo Insurance reported an increase of 5.43% in overall income from insurance premium compared to the previous year. Its market share was 3.78%, ranking 10th among 19 other property insurance companies. Specifically, the Company was ranked 2nd in the marine hull insurance market (16.52% market share) and 3rd in the aviation insurance market (14.61% market share).
Mega International Investment Trust	The scope of business mainly includes securities investment trust and discretionary investments.	As of the end of 2020, the scale of public fund assets managed by MITC reached NT$88.172 billion, ranking No. 19 among 39 investment trust companies in Taiwan. MITC managed NT$15.6 billion in private funds, ranking 2nd among 16 investment trust companies in the market.
Mega Asset Management	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.	MAM's main business originally included the purchase of bad debts. It cooperates with government policies and provides obligations consolidation and advanced payments for urban renewal and renovation of old buildings. It has outperformed competitors in the asset management industry. As of December 31, 2020, advanced payments were balanced at NT$14.209 billion.
Mega Venture Capital	The Company focuses on directly providing funding to investees and providing operational, managerial and consulting services to investees.	In 2020, 19 new investments and NT$195 million in investment amount were added. As of the end of the year, total investment amount reached NT$709 million.

1.2 ESG Sustainable Governance Framework and Management Policy

■ Sustainable Governance Framework

Mega Holdings established a "Corporate Social Responsibility Committee" at the end of 2013. In accordance with the Mega Holdings Guidelines for CSR Committee Establishment, the Committee comprised five working groups, namely, Corporate Governance, Customer Commitment, Environmental Protection, Employee Care, and Social Welfare. The CSR Committee is chaired by the President of the Company with the Vice President of the Company as executive secretary and Presidents or Vice Presidents of subsidiaries as members. In 2019, two directors of Mega Holdings were incorporated to enhance the supervisory roles of the committee and collectively participate in making decisions about the sustainable management of the Group. At the end of 2020, because the business activities of each subsidiary involve ESG affairs, the hierarchy of committee members was increased to President of subsidiaries or above, and the Vice President of Mega Holdings was invited to be a member, thus increasing the size of the committee members from 7 to 11. Given the international ESG development trends and governmental policies in Taiwan (e.g., the Corporate Governance 3.0, Green Finance 2.0, etc.), the CSR Committee was renamed the Sustainability Committee in 2021 following the resolution and approval of the Board of Directors.



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

■ Sustainable Governance History

2021
- CSR Committee was renamed Sustainability Committee
- 2020 CSR Report was renamed Sustainability Report
- Established the Sustainable Finance Policy
- Mega Bank will sign the Equator Principles (EPs)

2020
- Increased the hierarchy of CSR Committee members and increased the size of the committee to 11 members
- Signed the Task Force on Climate-Related Financial Disclosures (TCFD)

2019
- Employed another two directors of Mega Holdings to join the CSR Committee
- Revised the Corporate Social Responsibility Policy and Guidelines for Corporate Social Responsibility
- Established the Supplier Corporate Social Responsibility Management Guidelines

2018
- Published the first English version of CSR Report (2017)
- Established the Human Right Policy

2017
- Mega Bank Chi-Lin Building introduced the ISO 14001 Environmental Management System
- Mega Bank established the Anti-Money Laundering and Financial Crime Compliance (AML & FCC) Committee, and restructured the Anti-Money Laundering and Financial Crime Compliance (AML & FCC) Department to increase the hierarchy of the Anti-Money Laundering Center

2016
- Placed the CSR Committee under the jurisdiction of the Board of Directors
- Mega Bank established the Anti-Money Laundering Center

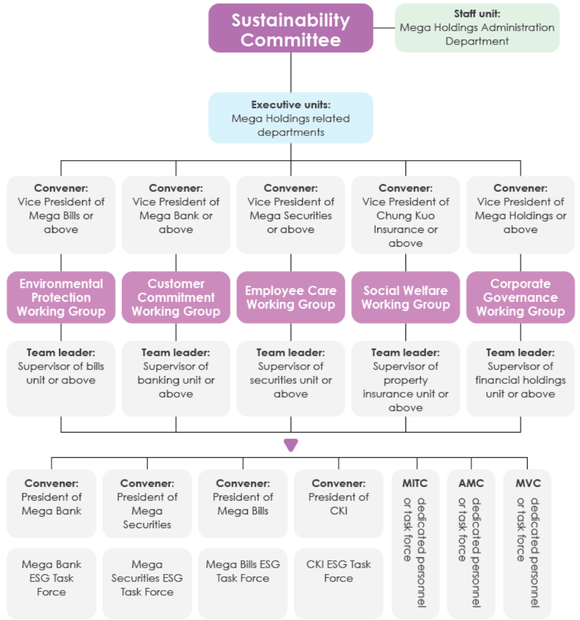
2015
- Adopted ISO 14064-1 Greenhouse Gas Inventory
- Mega Bank adopted ISO 27001 Information Security Management System

2014
- Published the 2013 CSR Report and obtained the third-party independent verification
- Established the Corporate Social Responsibility Policy and Guidelines for Corporate Social Responsibility
- Requested suppliers to sign the Supplier Statement of Corporate Social Responsibility

2013
- Established the Corporate Social Responsibility (CSR) Committee
- Established a dedicated CSR unit and five working groups

■ Organizational Structure of the Sustainability Committee

Because the business activities of each subsidiary involve ESG affairs, the Mega Group appointed Mega Holdings and four subsidiaries, which are publicly listed (Mega Bank, Mega Securities, Mega Bills, and Chung Kuo Insurance), to take charge of managing the working groups of the Sustainability Committee. Then, subsidiaries establish ESG task forces or dedicated personnel according to their scale, to keep track of and assign the group's ESG tasks and jointly implement the ESG performance and sustainable operation of Mega Group.



Responsibilities of staff unit:
Prepare committee meeting related matters, engage in planning of group-level ESG operations and segregation of duties, and regularly report the progress of annual plans to the committee

Responsibilities of executive units:
Carry out ESG tasks assigned by the staff unit, and work with working groups to formulate ESG policies and implementation plans

Responsibilities of convener:
Appoint team leader and supervise the progress of each working group in implementing the annual plans

Responsibilities of team leaders:
Set annual goals and regularly present a summary report on the progress of implementation to the convener and executive units of Mega Holdings

Responsibilities of task force/dedicated personnel:
ESG-related activities

■ Sustainable Management Policy

Mega Holdings has established the Corporate Social Responsibility Policy and Corporate Social Responsibility Guidance in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, in order to promote economic, environmental, and social advancements for the attainment of sustainable development goals and to ensure a top-down approach for implementing the ESG operations of Mega Group.

■ Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Guidance

Sustainability Vision	While engaging in corporate operations, the Company actively implements sustainable operations in line with international trends. As a corporate citizen, the Company is committed to contributing to domestic economy and improving the quality of life of employees, communities, and society, so as to increase our competitive advantage over sustainable development.
Commitment to Sustainability	In implementing sustainable operations, the Company shall pay attention to the rights and interests of stakeholders. While pursuing profits, the Company shall focus on environmental, social, and corporate governance factors and incorporate them into the company's management approach and operating activities.

■ Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Policy

Customer Service	Become the best financial service provider to increase customers' satisfaction by offering financial products that meet their needs and improving the quality of financial services.
Employee Care	Comply with labor regulations and respect the internationally recognized principle of labor's basic human rights, protect legal rights and interests of employees, and offer a good working environment.
Shareholder Equity	Strengthen corporate governance, improve operational performance, and increase shareholder value.
Environmental Protectiont	Promote green finance in response to the environmental topics of global concern and in line with the Company's business philosophy of sustainable development.
Community Engagement	Maintain a good relationship with communities where the Company operates
Social Welfare	Organize charitable activities based on the spirit of "Giving back to society" through integrated resources across subsidiaries, Mega International Commercial Bank Cultural and Educational Foundation and Mega Charity Foundation.
Ethical Management	Create a corporate culture of ethical management and promote the sound development of the Company based on the business philosophies of integrity, transparency, and responsibility.

Implementation Results of ESG Action Plans by the Working Groups of Sustainability Committee

Item	2020 Action Plans	2020 Implementation Results
Environmental Protection	1. Complete ISO14064 GHG Inventory on all operating units in Taiwan and pass the verification by the independent third party. 2. Continue to purchase renewable energy certificates. 3. Continue to Introduce the ISO 14001 Environmental Management System. 4. Strengthen supplier management mechanisms, ensure that suppliers sign the Supplier Statement of Corporate Social Responsibility. 5. Give priority to purchasing environmentally friendly products to practice responsible procurement management.	1. The Group passed GHG verification by the third-party (BSI) in May 2020. 2. The Group purchased 352 renewable energy certificates from Hakka Affairs Council and Kaohsiung City Animal Protection Office, respectively. 3. Mega Jao-Ji Building passed the renewal of ISO 14001 Environmental Management System certification. The Group will actively make plans to have other self-owned buildings adopt the system. 4. The contract amount of the suppliers who signed the Supplier Statement of Corporate Social Responsibility accounted for 94.60% of total procurement. 5. The Group made green procurement totaling over NT$69.395 million.
Customer Commitment	1. Continue to Introduce the ISO 27001 Information Security Management System. 2. Continue to promote Taiwan Pay, which is a mobile payment plan aimed at accelerating the popularization of mobile payment. 3. Strengthen the loans business for "Five plus Two" innovative industries. 4. Issue and underwrite green bonds. 5. Continue strengthening the handling of Government Concessional Loan for Youth Housing, which offers special interest rates to reduce the financial burdens of first-time home buyers.	1.Mega Securities passed the ISO 27001 verification, and Mega Bank and Chung Kuo Insurance both successfully renewed their certification. 2.The annual business target of Mega Bank is to have 4,150 merchants use Taiwan Pay service. In total, Mega Bank had convinced 5,680 merchants to use this service, achieving 137% of the target. 3.At the end of the year, Mega Bank had NT$359.7 billion in loans outstanding to "Five plus Two" innovative i ndustries, which accounted for 36.16% of the total corporate loans in Taiwan. 4.Mega Bank issued NT$1 billion in green bonds, and Mega Securities underwrote NT$1.69 billion in green bonds for E.SUN Bank, Taiwan Power, and TSMC. 5.Mega Bank's Government Concessional Loan for Youth Housing has been granted to 20,678 applicants as of the end of the year. The cumulative amount of loans approved was NT$93.471 billion, up 5.46% from 2019.
Employee Care	1. Continue to provide marriage and childbirth subsidies. 2. Encourage the continuing education of employees and continue to organize training for employees. 3. Encourage employees to take tests for finance-related professional certification or qualifications and continued to provide related subsidies. 4. Continue providing Employee Assistance Programs (EAP) to promote employees' physical, mental, and spiritual health. 5. Commission a third party to conduct Employee Engagement Survey.	1. The Company has provided over NT$2.6 million in marriage subsidy and over NT$14 million in childbirth subsidy. 2. On average, each employee of the Group received 47.7 hours of training, which was 11.09 hours shorter than previous year due to COVID-19. 3. The Group has subsidized the professional certification of 1,511 individuals, paying over NT$14 million in subsidies. 4. A total of 40 employees used the Group's consulting services in 2020. Most of the employees consulted on issues involving interpersonal relationships and stress in the workplace. 5. Mega Holdings and subsidiaries (Bank, Securities, Bills, Chung Kuo Insurance) scored 3.87 points for employee engagement on average.
Social Welfare	1. Continue to organize charity runs. 2. Continue to sponsor adoption of disadvantaged family, provide the disadvantaged students with living and education subsidies 3. Organize large music concerts to promote arts and culture and support local cultural creativities. 4. Host the FinTech creativity contest to foster digital FinTech professionals. 5. Organize and participate in beach clean-up activities.	1.In August 2020, the Group organized a charity run in Kenting National Forest Recreation Area, providing more than NT$5 million in sponsorship. 2.The Group supported 15 children in Taiwan Fund for Children and Families. 3.The Group hosted three music concerts in Taipei, Taichung, and Kaohsiung, which were attended by more than 6,000 people. 4.Mega Bank Cultural Educational Foundation and Mega Bank co-organized the 2020 Mega FinTech Creativity Contest; 252 teams of university students had signed up for it, and 17 teams were enlisted. 5.In October 2020, Mega International Investment Trust organized an activity to clean the Xiaoyeliu Beach in Taitung. Mega Bills collaborated with the New Taipei City Government to organize an autumn joint beach clean-up activity in Shimen; over 200 employees and their family members had participated.
Corporate Governance	1. Appoint a Corporate Governance Officer to strengthen support for Directors. 2. Cultivate and strengthen professional training for Corporate Governance Officer to ensure that directors continue to follow international trends in corporate governance and understand the latest changes in domestic legislation. 3. Continue organizing ethical management training programs, with a completion rate equaling 90% of all employees. 4. Continue to implement compliance systems and provide training on compliance. 5. Attend Shareholder's Meeting of investee companies or exercise voting rights electronically to implement the stewardship of institutional investors.	1. The Company and subsidiaries (except for MVC) have respectively appointed a Corporate Governance Officer in 2019 to strengthen support for directors. 2. All directors of the Company have continued to attend training courses in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". The total number of training hours was 140.5 hours, which accords with the training requirements for new directors (at least 12 hours) and reappointed directors (6 hours). 3. The Group has organized internal and external training on ethical management issues; 8,618 people had completed training for a completion rate of 93.36%. 4. The Group provided comprehensive compliance training for employees, directors, and supervisors and the training completion rate was 100% in all categories. 5. Mega Bank, Mega Securities, Chung Kuo Insurance, and MITC attended the shareholders meetings of all 100% of their investees that are listed on the TWSE or TPEx.

2 Stakeholder Communications and Identification of Material Topics

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



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2.1 Stakeholder Communication

To ensure that the information disclosed in the sustainability report meets the expectations of our stakeholders, we engage with 8 major 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. Every year, the status of communication with each stakeholder is periodically reported to the Board of Directors.

Stakeholders	Group Employees	Corporate/Individual Clients	Shareholders/Investors	Government and Regulators
Top 5 Sustainability Issues of Concern	• Employment and Labor/Management Relations • Talent Development and Management • Employee Diversity and Equal Opportunity • Occupational Health and Safety • Information Security and Protection of Personal Information	• Information Security and Protection of Personal Information • Customer Relationship Management Ethical • Management and Compliance • Innovation and Development of Digital Banking • Marketing and Labeling	• Ethical Management and Compliance • Information Security and Protection of Personal Information • Economic Performance • Anti-money Laundering and Anti-corruption • Customer Relationship Management	• Ethical Management and Compliance • Information Security and Protection of Personal Information • Green finance • Climate Change • Employment and Labor/Management Relations
Communication Channel (Frequency)	• Seminars on employees' safety and health (regularly) • Labor-management meeting (regularly) • Meetings of the Employee Welfare Committee, Labor Safety and Health Committee, Supervisory Committee of Employee Retirement Reserve (regularly) • Staff meetings (non-regularly) • Morning/evening business unit meetings (non-regularly) • The Union Discussion Forum has been set up in Mega Bank's intranet for employees to express their opinions (permanent) • Established employee complaint hotline, fax, e-mail (permanent) • Sexual harassment complaint hotline, fax, e-mail (permanent) • Complaint mailbox (permanent)	• Surveys of customer satisfaction (non-regularly) • Provide newsletters and investment research reports (non-regularly) • Organize seminars on investment and wealth management (non-regularly) • Each subsidiary has set up a customer service and complaint hotline (permanent) • Announce contact information for complaints and feedback on the company website (permanent)	• Disclose operational performance (monthly) • Convene the shareholders' meeting, publication of annual report and sustainability report (Mandarin/English version, annually) • Disclose information on the Market Observation Post System (non-regularly) • Organize domestic investor conference (non-regularly) • Attend investor conferences and investor relations meetings at home and abroad (non-regularly) • Set up the company website in Chinese and in English and disclose annual reports, financial statements and stock information in the Investors section (permanent) • Contact information for investors and stakeholders announced on the corporate website (permanent) • Stakeholder survey in the corporate website's CSR section (permanent)	• File information on regulators' websites (regularly) • Attend regulators' policy publication events and public hearings (non-regularly) • Provide information for regulators' examinations (non-regularly) • Communicate with regulators by visit, official letter or phone (non-regularly) • Compliance with the relevant laws and policies of the competent authorities and cooperate with their supervision and inspections (non-regularly)
Contact Person	Employee Message Board: hr@megaholdings.com.tw	Contact person for customers: web@megaholdings.com.tw	Contact for investor relations: Executive Vice President and Spokesperson Mega Securities. Jui-Yun Lin: (02)2357-8888#116	Contact person for the government and regulators: jerrysha@megaholdings.com.tw
Communication Achievements	• The Company implemented workplace health promotion plans and employee assistance programs (EAP). In 2020, a total of 40 employees used the Group's consulting services, and most of them consulted on issues involving interpersonal relationships and stress in the workplace. • The Company conducted Employee Engagement Survey to determine how engaged employees are in their job and in turn assist with improving employee performance. In 2020, employee engagement scored 3.87 points on average. • The Company provided competitive compensation scheme and was included as a constituent stock of the "Taiwan Employment Creation 99 Index" and "Taiwan High Compensation 100 Index" for multiple years in a row.	• Surveys of Customer Satisfaction: 1. Mega Bank: A.Employee manners: 92% B.Satisfaction with counter services: 98% C.Satisfaction of digital customers: 82% 2. Mega Securities: 97% 3. Chung Kuo Insurance: 89.5% 4. Mega International Investment Trust (MITC): 91.7% • Mega Bank, Mega Securities, and MITC organized ad hoc wealth management and investment seminars which attracted the participation of thousands of customers.	• Mega Group continues to ensure stable profitability, reporting a consolidated net profit after tax of NT$25.018 billion in 2020, down 13.6% from 2019. • 133 material information and announcements in Chinese and English. • The Company organized 2 independent online investor conferences and participated in 2 investor conferences organized by domestic and foreign securities companies. We organized 254 meetings and telephone conferences with investors at home and abroad.	• The Company continued to be selected as a constituent of TWSE Taiwan Corporate Governance 100 Index, Taiwan Employment Creation 99 Index, TWSE Taiwan High Compensation 100 Index, and FTSE4Good TIP Taiwan ESG Index. • Mega Holdings and subsidiaries have appointed Compliance Officers and Corporate Governance Officers.

Union	Suppliers	Media	Communities/Academic Institutions and NPOs
• Information Security and Protection of Personal Information • Economic Performance • Ethical Management and Compliance • Employment and Labor/Management Relations • Human Rights Policy	• Responsible Procurement • Supplier Assessment and Management • Information Security and Protection of Personal Information • Ethical Management and Compliance • Anti-money Laundering and Anti-corruption	• Economic Performance • Ethical Management and Compliance • Information Security and Protection of Personal Information • Innovation and Development of Digital Banking • Employment and Labor/Management Relations	• Social Investment and Charitable Activities • Financial Inclusion • Human Rights Policy • Employee Diversity and Equal Opportunity • Information Security and Protection of Personal Information
• Labor-management meeting (regularly) • Meetings of the Employee Welfare Committee, Labor Safety and Health Committee, Supervisory Committee of Employee Retirement Reserve (regularly)	• Organize ad-hoc meetings (permanent) • Organize price negotiations meetings (permanent) • Reach agreements in contracts (permanent)	• Establish spokesperson and PR personnel for liaising purposes (permanent) • Organize press releases/conferences (non-regularly) • Provide information for media (regularly) • Disclose information on the Market Observation Post System (non-regularly)	• CDP climate change questionnaire (regularly) • Sponsor charitable activities and sports, academic or art activities (non-regularly) • Donate money or materials to non-for-profit organizations or institutions (non-regularly) • Organize volunteer activities (non-regularly) • Work with social welfare organizations to organize social welfare activities (non-regularly) • Participation in CSR-related non-government organizations (non-regularly)
Union contact person: hugo@megaholdings.com.tw	Contact person for suppliers: jordan@megaholdings.com.tw	Contact for investor relations: Executive Vice President and Spokesperson Mega Securities. Jui-Yun Lin: (02)2357-8888#116	Contact for public relations: mg000138@megaholdings.com.tw
• The Company has organized regular labor-management meetings with the union to foster harmonious relations between employees and the employer. • 82% of Mega Holdings employees and 89% of Mega Bank employees were union members. The participation rate is 64% at a group-level.	• Mega Holdings established the Supplier Corporate Social Responsibility Management Guidelines to jointly increase the effectiveness of CSR. • The contract amount of the suppliers who signed the Supplier Statement of Corporate Social Responsibility reached NT$2.678 billion, accounting for 94.60% of total procurement. • The Group made green procurement totaling over NT$69.395 million in 2020.	• Mega Holdings received the 2020 Commonwealth Magazine's Excellence in CSR Award. • Mega Bank won First place in the Best Wealth Value Addition Award in the 2020 14th Wealth Management Bank and Securities Evaluation, International Finance Magazine's Best New Credit Card, and the Banker's Best Bank of the Year in Taiwan. • Mega Securities was "Most Recommended by Customers" in the 2020 Excellence Securities Rating hosted by Excellence magazine.	• In 2020, Mega Charity Foundation, Mega Bank Cultural and Educational Foundation, and Mega Bank invested more than NT$27.46 million in charity activities. • Mega Bank Cultural Educational Foundation hosted and Mega Bank co-organized the 2020 Mega FinTech Creativity Contest; 252 teams of university students had signed up for it, and 17 teams were enlisted.

2.2 Identification of Material Topics

2.2.1 Identification Process of the Material Topics

The following 6 steps (as shown in the figure below) are taken to communicate with stakeholders and identify material topics in order to review the results of our corporate sustainable operation and ascertain the level of concern that stakeholders have over the Group's sustainability topics:

Step 1：Identify Stakeholders

8 stakeholders were identified in accordance with GRI Standards and the AA1000AS v3 standards. The 8 stakeholders were employees of Mega group, corporate/individual clients, shareholders/investors, government and regulators, union, suppliers, media, communities/academic institutions and non-profit organizations.

Step 2：Collect sustainability issues

21 sustainability issues were identified by the staffing unit of the Sustainability Committee with reference to international issues on sustainable development, ESG-related ratings, material topics identified in domestic peer reports, and feedback from stakeholders.

Step 3：Conduct survey on sustainability issues that are of concern to stakeholders

Letters were sent to stakeholders, invited them to answer the questionnaire of 2020 Material Topics Survey. In total, 240 valid questionnaires were retrieved between November 4 and 18, 2020.

Step 4：Conduct survey on the impact of sustainability issues on the Group

A total of 16 executives, including the Chairperson and members of the Sustainability Committee as well as new and former leaders of each working group, had completed the 2020 Material Topics Survey Questionnaire to assess the impact of sustainability issues on the Group.

Step 5：Prioritize

According to the analysis results from Steps 3 and 4, we mapped out the Materiality Matrix. The level of concern over a material topic was ranked by the staffing unit of the Sustainability Committee. In total, 13 sustainability issues were identified to be the Material Topics of 2020.

Step 6：Disclose Management Approach for the Material Topics and corresponding disclosures

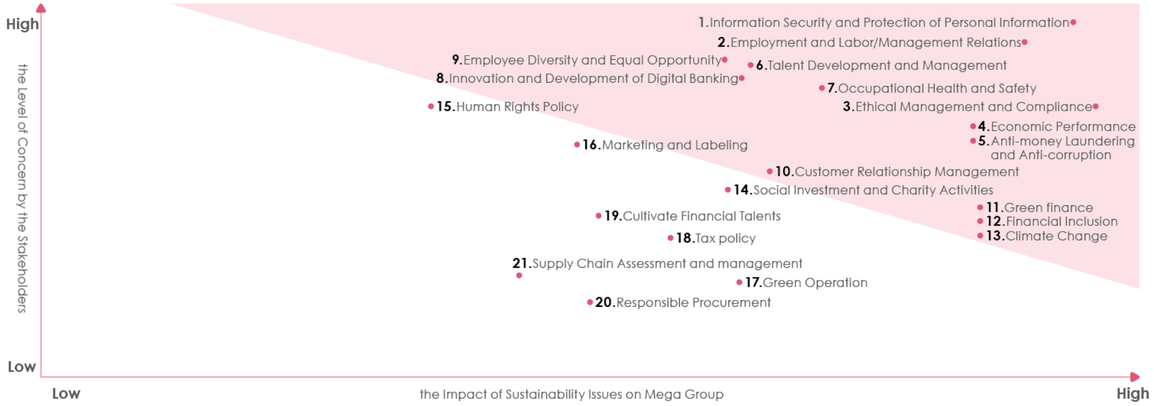
To disclose information that stakeholders expected, the management approach for the 13 Material Topics identified and corresponding disclosures were disclosed by following the GRI Standards.

2.2.2 Analysis of Material Topics

In the 2020 Sustainability Report, the Company incorporated an analysis of the Materiality Matrix, with the x-axis representing "the Impact of Sustainability Issues on Mega Group" and the y-axis representing "the Level of Concern by the Stakeholders". Using the matrix, the identified issues were ranked, revealing 13 sustainability issues to be the Material Topics of 2020. The management approaches and implementation results associated with these issues are disclosed in this Report.

The material topics "Corporate Governance" and "Risk Management" in 2019 were moved away from 2020 sustainability issues, and were disclosed in accordance with the "Governance" section in GRI 102: General Disclosures (not included in the core option), to follow the spirit of GRI Standards. Additionally, terms used in some sustainability issues were adjusted with reference to international sustainability trends and the material topics of benchmark financial companies. For example, "Employee Salary and Benefits" was incorporated into "Employer-Employee Relationship and Labor-Management Relations"; "Sustainability and Green Products" and "Green Procurement" were adjusted to "Green Finance" and "Responsible Procurement". With reference to the new GRI: Tax (2019) standard, the sustainability issue on "Tax Policy" was added.

Ranking	1	2	3	4	5	6	7	8	9	10	11	12	13
Material topics in 2019	Regulatory compliance	Information security and personal information protection	Business performance	Corporate governance	Anti-money laundering	Risk management	Digital financial product innovations	Ethical Management	Employee salary and benefits	Protection of customer rights and interests	-	-	-
Material topics in 2020	Information Security and Protection of Personal Information	Employment and Labor/Management Relations	Ethical Management and Compliance	Economic Performance	Anti-money Laundering and Anti-corruption	Talent Development and Management	Occupational Health and Safety	Innovation and Development of Digital Banking	Employee Diversity and Equal Opportunity	Customer Relationship Management	Green finance	Financial Inclusion	Climate Change
Description	Changes	"Employee salary and benefits" was incorporated into this topic	Regulatory Compliance and Ethical Management were combined into one topic	Corporate governance was disclosed in accordance with GRI 102	Changes	Risk management was disclosed in accordance with GRI 102	New Material Topic	Changes	New Material Topic	Changes	New Material Topic	New Material Topic	New Material Topic



2.2.3 List of Material Topics

According to stakeholder inclusiveness and materiality principles, Mega regularly identifies issues relevant to the sustainability of the Group every year, and regards the top 13 sustainability issues as the material topics for the year. Based on the sustainability issues that we identified to be of concern to stakeholders in Section 2.1 Stakeholder Communication, the material topics are listed by degree of impact and level of involvement:

● Direct impact ○ Indirect impact ▲ Business relations

Ranking	Material Topics	Corresponding GRI Standard and Index	Impact on Value Chain (Relationship with Stakeholder) and Level of Involvement						Corresponding Chapter and Page
			Inside the Organization	Outside the Organization					
			Operation	Procurement	Operation		Sales	Non-Operating Activity	
			Employees and Union	Suppliers	Government and Regulators	Shareholders/Investors	Customers	Media/Communities/Academic Institutions/NPO	
1	Information Security and Protection of Personal Information	GRI 103 GRI 418-1	●	▲	●	●	●	○	CH5 Customer Care 56
2	Employment and Labor/ Management Relations	GRI 103 GRI 401-1~3 GRI 402-1	●					○	CH6 Employee Care 70
3	Ethical Management and Compliance	GRI 103 GRI 307-1 GRI 419-1	●	●	●	●	●	○	CH8 Sustainable Governance 96
4	Economic Performance	GRI 103 GRI 201-1	●		●	●		○	CH 1 About Mega Holdings 14 CH8 Sustainable Governance 96
5	Anti-money Laundering and Anti-corruption	GRI 103 GRI 205-1~3	●	●	●	●	●		CH8 Sustainable Governance 96
6	Talent Development and Management	GRI 103 GRI 404-1	●						CH6 Employee Care 70
7	Occupational Health and Safety	GRI 103 GRI 403-1~6&9	●						CH6 Employee Care 70
8	Innovation and Development of Digital Banking	GRI 103 Self-developed Topics	●				●	○	CH5 Customer Care 56
9	Employee Diversity and Equal Opportunity	GRI 103 GRI 405-1	●					○	CH6 Employee Care 70
10	Customer Relationship Management	GRI 103 Self-developed Topics	●			○	●		CH5 Customer Care 56
11	Green finance	GRI 103 G4 Financial Services Sector Disclosures-FS7 & FS8	●		●	○	●	○	CH4 Sustainable Finance 46
12	Financial Inclusion	GRI 103 G4 Financial Services Sector Disclosures-FS13 & FS14	●		●	○	●	○	CH4 Sustainable Finance 46
13	Climate Change	GRI 103 GRI 201-2	●		●	○	●		CH3 Sustainable Environment 36 CH8 Sustainable Governance 96

2.2.4 Management Approach of Material Topics

Material Topics	Management Approach			Management Approach	
	Significance to Mega Holdings	Management Purpose and Methods	Policies and Commitments	Action Plans and Goals	Assessment Method and Performance
1. Environmental protection	Mega Holdings belongs to the financial service sector. This sector is under strict supervision because it is vulnerable to cyberattacks and high information security risk. Data leakage may cause service disruption, lead to litigious investigations, incur costs relating to the repair or elimination of data system threats, and damage the company's reputation, which negatively affects customer confidence.	The Company adopts internal policies and IT management system to ensure the security of company secrets and customer privacy and avoid negative impacts arising from data leakage. (Refer to CH5 Customer Care for details)	Mega Holdings has established Information Security Policy and Guidelines for Information Security Management. The Company is committed to establishing personal information protection rules in accordance with the latest domestic and overseas laws and regulation so as to ensure that the practice we adopt to protect information security and customer privacy is in line with international standards and requirements.	**Annual targets:** 1. Achieve zero data breach incidents that would otherwise result in business discontinuation, information security problems, and infringement of privacy. 2. Adopt the ISO 27001 Information Security Management System. 3. Strengthen training courses on information security and applicable laws and regulations. --- **Medium to Long-Term (3-5 years) Goals:** 1. Complete network security risk assessments for all overseas branches and develop an information security risk map for the entire Bank. 2. Establish an information security incident monitoring and response center to cultivate technical talents for analyzing malicious attacks. 3. Achieve 100% information security training completion rate and enhance employees' awareness of information security and personal data protection. 4. Meet Level 8 cyber security requirements for non-government agencies or above as specified in the Regulations on Classification of Cyber Security Responsibility Levels.	1. Regularly review data breach incidents that would otherwise esult in business discontinuation, information security problems, and infringement of privacy: There were no such circumstances in 2020. 2. Adoption of ISO 27001: Mega Bank, Mega Securities, and Chung Kuo Insurance have adopted ISO 27001 and passed third-party verifications. 3. Training outcomes: In 2020, 30,284 employees in the Group had completed relevant training, with each person receiving 3.49 training hours on average.
2. Employment and Labor/ Management Relations	The Company understands that the success of a financial service sector is a key determinant of whether a company is able to recruit and retain employees who support strategic growth, advocate innovation, have a good understanding of various products, and are able to increase customer loyalty. Improper labor management will lead to labor shortage, unskilled labor, high training cost, regulatory violations, and low operational efficiency, among other problems.	The Company offers competitive salary and benefits to entice talented employees, and builds effective communication channels for employers and employees to improve employee retention and job satisfaction. (Refer to CH6 Employee Care for details)	Mega Holdings has established Guidelines for Hiring Employees, which details qualifications required of applicants and salary standards. In addition, Rules for Employee Bonus and Remunerations are established to retain talented employees. The Company endeavors to become the best company to work for through a complete salary and welfare system.	**Annual targets:** 1. Continue to be selected as the constituent stock of Taiwan Employment Creation 99 Index and Taiwan High Compensation 100 Index. 2. Keep annual turnover rate under 5.1%. 3. Provide benefit plans that are superior to statutory requirements. --- **Medium to Long-Term (3-5 years) Goals:** 1. Continue to be selected as the constituent stock of Taiwan Employment Creation 99 Index and Taiwan High Compensation 100 Index. 2. Continue to maintain harmonious labor-management relations and strengthen labor-management communication channels. 3. Regularly conduct employee engagement surveys and set goals for recovery rate of surveys and overall engagement targets. 4. The basic salaries of new employees, at home and abroad, across the Group are higher than the minimum wages of countries where they operate. The basic salary of women to men on each level is 1:1.	1. In 2020, Mega Holdings continued to be selected as the constituent stock of Taiwan Employment Creation 99 Index and Taiwan High Compensation 100 Index. 2. Turnover rate within the Group is examined regularly: In 2020, 446 employees had resigned, a decrease of 11 people from 2019. The turnover rate was 4.8%. 3. Regular review of marriage and childbirth subsidies: In 2020, Mega Group granted marriage and childbirth subsidies to 146 and 216 employees, respectively. The total amount of subsidy provided exceeded NT$2.6 million and NT$14 million, respectively.
3. Ethical Management and Compliance	The Company is a publicly listed company that is subject to strict review by the regulators. Ethical management and compliance are the foundation of corporate sustainable development. Therefore, the Company is exposed to significant legal risks.	The Company strictly complies with the local laws and regulations of the area in which its business operates. We also keep ourselves updated of regulatory amendments, and propose improvements for violation incidents. In addition, mechanisms for reporting major violations are established to avoid negative impact on the rights and interests of our stakeholders. (Refer to CH8 Sustainable Governance for details)	Mega Holdings and subsidiaries have established the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct, and Code of Conduct for Employees, all in an effort to develop an effective corporate governance system and shape an ethical culture.	**Annual targets:** 1. All directors and senior executives ranking Executive Vice President and above of Mega Holdings sign the compliance statements for the Ethical Corporate Management Policy. 2. Have 90% of employees complete the group's annual ethical management training. --- **Medium to Long-Term (3-5 years) Goals:** 1. Continue to organize training for ethical management and promote the concept of ethical management within the group. 2. Follow international trends and regulatory amendments as needed to establish relevant prevention measures for ensuring ethical management. 3. Incorporate ethical and moral values in business strategies to refine the company's ethical culture.	1. A review of the Statement of Compliance with the Ethical Corporate Management Policy signed by senior executives: 100% of senior executives have signed the statement in 2020. 2. Review of target achievement: In 2020, the Group achieved its target, with 93.36% of the Group's employees completing the annual ethical management training.
4. Economic Performance	We understand that a company's core responsibility is to effectively manage the generation and distribution of economic value. Only when the economy is growing steadily that corporate social responsibilities in the areas of law, morality, and charity can be fulfilled to achieve the goals of sustainable operation.	The Company transparently discloses the economic values we generate and distribute and maintain stable revenue growth to meet the expectations of our shareholders and other stakeholders. (Refer to CH1 About Mega Holdings and CH8 Sustainable Governance for details)	Mega Holdings has established the Tax Governance Policy as a promise to comply with the tax laws of the country in which we operate and with international tax guidelines. Moreover, in response to the government's New Southbound Policy, we keep abreast of business opportunities for economic expansion in Asia Pacific, and develop wealth management services to create new business growth models for Mega Holdings.	**Annual targets:** 1. Ensure stable revenue growth. 2. Secure Mega Bank's status as the leading provider of foreign exchange, deposits and transfers, and guarantee services in Taiwan. --- **Medium to Long-Term (3-5 years) Goals:** 1. Ensure stable revenue growth. 2. Keep Mega Holdings and Mega Bank's Moody's credit rating at "stable".	1. Regular review of our financial positions and reporting of financial performance: Mega Group continues to ensure stable profitability, reporting a consolidated net profit after tax of NT$25.018 billion in 2020, down 13.6% from 2019 due to COVID-19. 2. In 2020, Mega Bank's net profit after tax was NT$20.332 billion, ranking No. 3 among domestic banks. The Bank's EPS was NT$2.37, leading most of our competitors.

2.2.4 Management Approach of Material Topics

Material Topics	Management Approach			Management Approach	
	Significance to Mega Holdings	Management Purpose and Methods	Policies and Commitments	Action Plans and Goals	Assessment Method and Performance
5. Anti-money Laundering and Anti-corruption	Mega identifies that anti-money laundering and anti-corruption are global concerns that if improperly managed will expose the company to operational, legal, and reputational risks. Our stakeholders also expect Mega Holdings to implement ethical governance and show responsible and ethical business conducts.	The Company adopts AML and anti-corruption measures, provides relevant training and exercise plans for employees, and builds a complete corporate system and culture. (Refer to CH8 Sustainable Governance for details)	Mega Holdings has established the "Mega Financial Group Anti-Money Laundering and Countering Financing of Terrorism Policy", "Mega Financial Group Anti-Money Laundering and Countering Financing of Terrorism Information Sharing Procedures" and "Mega Financial Group Overall Anti-Money Laundering and Countering Financing of Terrorism Plan", prohibit money laundering and insider trading activities.	**Annual targets:** 1. Regularly convene anti-money laundering (AML) meetings, and compliance with AML regulations. 2. Ensure that all AML personnel complete the statutory required training hours. --- **Medium to Long-Term (3-5 years) Goals:** 1. Continue to follow international AML supervision trends, strengthen the professional AML skills of subsidiary employees, and implement AML system. 2. Continue to optimize AML/CFT systems. 3. Continue to raise AML/CFT awareness and improve AML/CFT skills of subsidiaries.	1. Regular review of anti-money laundering meetings: Six anti-money laundering meetings were held in 2020. 2. Regular review of AML personnel training: In 2020, 100% of the Group's AML personnel have completed the statutory required number of hours of training on AML.
6. Talent Development and Management	The Company offers premium financial products and services, and ensures that employees continue learning and improving their professional knowledge. Effective management of employees' capabilities is key to corporate sustainable development.	The Company provides a diverse range of professional training courses and development plans for employees, and creates a workplace that is friendly for continuous learning and innovation to refine employees' competency and stimulates their potential. (Refer to CH6 Employee Care for details)	Mega Holdings has established a Code of Conduct for Employees and Employee Performance Appraisal Guidelines to build an ethically managed corporate culture. In addition, Job Promotion Rules for Employees are established to promote outstanding employees, encourage the continuing education of employees, and refine professional knowledge and managerial skills.	**Annual targets:** 1. Implement training programs and set the Group's annual training goal to 48 hours of training per employee. 2. Continue organizing professional certification subsidy plans. 3. Regularly conduct employee performance evaluations. --- **Medium to Long-Term (3-5 years) Goals:** 1. Continue organizing various training programs to foster professionals in response to FinTech trends. 2. Cultivate international finance talents and enhance employees' professional competencies. 3. Encourage employees to obtain certifications and pass qualification examinations, continue offering necessary subsidies, and optimize career competi tiveness. 4. Continue employee education and training with a goal of 50 hours in average training hours per employee.	1. Regular review of the Group's training status: On average, each employee of the Group received 47.7 hours of training in 2020. 2. Regular review of subsidized certification: The Group has subsidized the professional certification of 1,511 individuals in 2020, paying over NT$14 million in subsidies. 3. Regular review of employee performance evaluation results: Except for employees on probation and reinstated employees, 100% of the employees have undergone performance evaluation in the current year.
7. Occupational Health and Safety	The Company recognizes that employees are social assets crucial to the company. Creating a positive working environment ensures the physical, mental, and spiritual health of employees and enables them to work and serve customers efficiently.	The Company establishes measures to manage the occupational health and safety of employees (e.g., safe workplace, health-promotion activities, etc.) and take care of employees comprehensively. (Refer to CH6 Employee Care for details)	Mega Holdings has an Occupational Safety and Health 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.	**Annual targets:** 1. Continue organizing employee health examinations. 2. Continue organizing Employee Assistance Program (EAP) services. 3. Implement various occupational safety and health training programs in accordance with the Occupational Safety and Health Act. --- **Medium to Long-Term (3-5 years) Goals:** 1. Introduce the "ISO 45001 Safety and Health Management System". 2. Continue to provide employees with subsidies for health examinations. 3. Renew Employee Assistance Program (EAP). 4. Organize regular health seminars and related health promotion activities.	1. Regular review of employee health examinations: 3,705 employees in the Group had received health examinations in 2020. 2. Regular review of use of EAP services: A total of 40 employees used the Group's consulting services in 2020. Most of the employees consulted on issues involving interpersonal relationships and stress in the workplace. 3. Regular review of training on occupational safety and health: Relevant personnel of the Group have completed the statutory required number of training hours. In 2020, there were no sanctions on the Group for violation of the Occupational Safety and Health Act.
8. Innovation and Development of Digital Banking	The Company is aware that the advent of a digital banking era has an impact on traditional financial products and services. Therefore, we are committed to developing innovative technology platforms and optimizing operating procedures to capture more business opportunities from transactions with digital users.	The Company keeps abreast of FinTech innovation trends, develops and optimizes digital services, improves operating procedures, and enhances service efficiency. (Refer to CH5 Customer Care for details)	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, and information security incidents and also formulate policies, devise plans and goals, and review project progresses.	**Annual targets:** 1. Accelerate the implementation of branch digitization. 2. Improve digital banking service experience. 3. Reinforce our digital technology capabilities. --- **Medium to Long-Term (3-5 years) Goals:** 1. Develop online supplementary card application function that resolves ID verification restrictions to provide a more convenient application method. 2. Build the big data system, and gradually integrate related business application systems to improve the capacity for data analysis and management. 3. Respond to the development trends of FinTech by encouraging employees to develop digital finance patents and improve the overall competitiveness. 4. Continue to expand the mobile insurance purchase platform to provide external business personnel and insurance agency channels. Plan the introduction of mobile insurance claim services to enhance mobile services for insurance purchases and claims for customers.	1. Increase the number of STMs: As of the end of 2020, 98 STMs were deployed, serving 83,336 people. In total, 93,857 applicants opened an account with STM. 2. Set the annual sales target to have merchants use Taiwan Pay service: A total of 5,680 merchants used the service in 2020, achieving 137% of the target. 3. Review the performance of online robot investment and wealth management services: As of 2020, a cumulative total of 1,006 customers had placed orders, with roughly NT$67.6 million assets under our management.

2.2.4 Management Approach of Material Topics

Material Topics	Management Approach			Management Approach	
	Significance to Mega Holdings	Management Purpose and Methods	Policies and Commitments	Action Plans and Goals	Assessment Method and Performance
9. Employee Diversity and Equal Opportunity	As financial products and services become increasingly innovative and diverse, the Company realizes that the financial service sector is slowly turning into a knowledge/labor/capital-intensive sector. Only by recruiting a diversity of employees can we comprehensively cope with the increasingly complex financial environment, and these employees will only keep working for us if we treat them equally and fairly.	The Company 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. (Refer to CH6 Employee Care for details)	Mega Holdings 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.	**Annual targets:** 1. Achieve zero complaints about issues relevant to human rights violations. 2. Implement training on human rights policies. ---------- **Medium to Long-Term (3-5 years) Goals:** 1. Employ people with physical and mental disabilities pursuant to law, and comply with labor related laws and international basic labor and human rights. 2. Strengthen talent exchanges within the Group and increase employee diversity.	1. Review of complaints about issues relevant to human rights violations: In 2020, there were neither complaints about human rights and discrimination issues, nor reports of forced or compulsory labor, infringement upon the rights of indigenous peoples, or infringement upon the interests of employees within the Group; no child labor under 16 is employed by the Company. 2. Regular review of status of training on human rights policy: In 2020, the Group recorded 15,185 people attending human rights related courses, for a total 58,614 hours of training.
10. Customer Relationship Management	The Company is aware that maintaining effective customer relationship management is key to securing stable profit growth for the company. Providing comprehensive service experience can improve customer satisfaction, reduce customer complaints, and increase customer loyalty.	To protect the rights and interests of customers, we keep our product/service information transparent, which ensures that customers understand our products properly so as to avoid negative impacts resulting from violation of relevant laws due to information gap. (Refer to CH5 Customer Care for details)	Mega Bank has established the Fair Customer Treatment Policy and Guidelines for Fair Customer Treatment Principles Strategy and Consumer Protection, which show that we uphold the business philosophies of professional banking and ethical services to protect customers' rights and interests.	**Annual targets:** 1. Conduct Surveys of Customer Satisfaction. 2. Develop a complete Customer Complaint Mechanism to ensure that customer complaints are handled properly. ---------- **Medium to Long-Term (3-5 years) Goals:** 1. Develop different types of digital satisfaction surveys (e.g., email, interactive voice response (IVR), etc.) to identify customer concerns, establish quality management, and enhance customer loyalty. 2. Implement the "Principles for Fair Treatment of Customers in the Financial Services Industry" and "EU General Data Protection Regulation" (GDPR) and continue organizing KYC operations and training programs based on the principles of fair customer treatment in order to protect customer rights and interests. 3. Establish methods to identify new customers who are in the high-risk group.	1. Review of results of Surveys of Customer Satisfaction: Mega Bank conducted the "bank clerk telephone etiquette test" on its bank branches in 2020. Customer satisfaction scored 92.94 points on average, a 0.63% improvement from the 92.35 points in 2019. 2. Regular review of customer complaint handling: Mega Bank has set up a 24-hour customer service center. In 2020, the customer service center received about 93,591 calls on average every month. Dedicated personnel is assigned to process and respond to the customer complaints.
11. Green finance	The Company incorporates low-carbon transformation in our business development strategies, as we perceive that developing green financing can support the development of renewable energy technologies and promotion of low-carbon economic transformation, speed up the process of achieving the carbon reduction goals of the Paris Agreement, mitigate global warming, reduce climate change risks.	In response to the Green Finance 2.0 policy implemented by FSC, the Company encourages subsidiaries to plan ESG-related investments and loan products or services, which will allow us to fulfill our roles in bridging the gap between the financial sector, environmental protection, and economic growth. (Refer to CH4 Sustainable Finance for details)	Mega Holdings established the Sustainable Finance Policy in 2021, ensuring that we 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, loans, insurance coverages, and relevant sustainable finance products and support the development and innovation of low-carbon economy industries.	**Annual targets:** 1. Issue green bonds. 2. Sign the Equator Principles. 3. Support loans for "Five plus Two" innovative industries and renewable energy technologies. ---------- **Medium to Long-Term (3-5 years) Goals:** 1. Continue issuing green/sustainable bonds. 2. Formulate policies and plans specific to sustainable financing, such as responsible lending, responsible investment, and sustainable insurance policies. 3. Set the maximum limit for financing high-pollution/high-emission projects.	1. Issuance of green bonds: Mega Bank issued green bonds totaling NT$1 billion in 2020. 2. Signing of the Equator Principles: Mega Bank plans to sign the Equator Principles in the third quarter of 2021. 3. Loans for "Five plus Two" innovative industries and renewable energy technologies: At the end of 2020, Mega Bank had NT$359.7 billion and NT$71.194 billion in loans outstanding to "Five plus Two" innovative industries and renewable energy technologies, respectively.
12. Financial Inclusion	The Company is aware that financial inclusion is a solution to ending poverty, promoting business opportunities, and boosting economic growth. A steadily growing economy is characterized by an increase in purchase intention, which not only boosts the development of financial services but also introduces new sources of profit.	The Company provides universal access (e.g. remote areas, disadvantaged groups, etc.) to a full range of effective and reasonable financial products and services. (Refer to CH4 Sustainable Finance for details)	Mega Holdings established the Sustainable Finance Policy in 2021. We strive to generate a positive influence through our core business activities and motivate industry peers to shape a sustainable society, thereby fulfilling our corporate social responsibilities and enhancing inclusive financing.	**Annual targets:** 1. Strengthen the organization of SME loans. 2. Continue promoting Government Concessional Loan for Youth Housing. 3. Promote medical insurance for foreign disadvantaged groups. ---------- **Medium to Long-Term (3-5 years) Goals:** 1. Continue strengthening the organization of SME loans. 2. Continue promoting urban renewal and the reconstruction of old and dangerous buildings. 3. Continue to actively participate in wealth management seminars organized by the Trust Association and public welfare groups to strengthen the promotion of retirement trusts. 4. Ramp up the marketing of a retirement trust that allows landlords to rent out their property and use the rental real estate as a source of retirement income; and provide diversified and customized services for different groups of customers.	1. Regular review of SME loans: By the end of 2020, Mega Bank has approved loans to 20,525 applicants, totaling NT$518.4 billion, which was a 2.8% growth compared to 2019. 2. Regular review of Government Concessional Loan for Youth Housing: As of the end of 2020, Mega Bank has approved NT$93.471 billion in loans, which was 5.46% more than that in 2019. 3. Regular review of medical insurance for foreign disadvantaged groups: In 2020, Chung Kuo Insurance earned NT$1,891,271 from insurance premiums; 7,760 people were insured.
13. Climate Change	As governments and investors worldwide pay more attention to climate change issues, the Company is required to prudently assess climate-related risks and opportunities and regularly disclose 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 the Company cannot overlook.	By signing the TCFD in support of climate actions, the Company identifies climate change risks and opportunities, prioritizes addressing high-risk issues, and discloses management practices in annual reports, sustainability reports, on the company's website, and in CDP questionnaires. (Refer to CH3 Environmental Sustainability and CH8 Sustainable Governance for details)	Mega Holdings has incorporated the management of other new risks in our "Risk Management Policy and Guidance Principles", which require us to address the latent risks of climate change to the company's operations and finance and integrate related risk factors into existing risk management processes.	**Annual targets:** 1. Introduce ISO14064 GHG Inventory to all of the Group's operating units and obtain the third-party independent verification. 2. Continue purchasing renewable energy certificates (T-RECs). 3. Complete international CDP climate change questionnaires. ---------- **Medium to Long-Term (3-5 years) Goals:** 1. Communicate climate change issues with value-chain partners of the Group and support SDG 13 (Climate Action) of the UN. 2. Enhance the degree of fitting the TCFD framework and set mid/long-term climate-related goals and indicators. 3. Continue buying renewable energy certificates and taking actions to support the development of renewable energy industries.	1. Regular review of ISO14064 GHG Inventory: In 2020, the Group expanded the scope of its inventory to include 192 operating units throughout Taiwan for a coverage rate of 100% (excluding overseas units) 2. Renewable energy certificate target: In 2020, the Group purchased 352 certificates, which is 42 certificates short of the original target (394 certificates) because of the difference in the actual production volume of our suppliers. 3. Regular review of CDP questionnaire results: In 2020, Mega Holdings' CDP climate change questionnaire obtained a B score in the Management level.

3 Sustainable Environment

Committed to achieving sustainable and low-carbon operations, the Company implements various energy-saving and carbon-reducing measures in all of its operating units, establishes environmental management framework, formulates environmental policies, and sets the following improvement goal: Reduce more than 5% GHG emissions (Scope1+2) and water consumption till 2022 compared with the base year amounts in 2017.

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3.1 Green Operation

3.1.1 Environmental Management Approach

Through the Environmental Protection Working Group under the Sustainability Committee, the Company complies with the Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Policy and Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Guidance. Pursuant to these policies and guidelines, 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 energy and GHG management, responsible procurement, and supplier assessment and management). The progress of our goal achievements is regularly reviewed by the Sustainability Committee to manage the group's environmental sustainability.

Sustainability Committee
Environmental Protection Working Group
Administrative and General Affairs Units of Mega Holdings and Subsidiaries

■ Management Procedures

Devise plans and set goals → **Pass review** → **Keep track of progress regularly** → **Continue to make improvements**

- Devise plans and set goals: The Environmental Protection Working Group devises annual working plans and related goals/targets for the Group
- Pass review: Plans and goals are presented to the Sustainability Committee and Board of Directors for review and approval
- Keep track of progress regularly: The implementation status and progress are regularly reported to the Sustainability Committee
- Continue to make improvements: Plans for improving unachieved goals are proposed
- Assess environmental impact: The environmental impact of our operating activities is collected and assessed

Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Policy

Article 3 The Group shall fulfill corporate social responsibilities with respect to the following stakeholder and social responsibility issues:

IV. Environmental protection

The Group shall strive to achieve the goals of environmental sustainability based on the business philosophy of sustainable development.
The following actions shall be taken:
(I) Implement energy conservation and carbon reduction policies, and reduce the consumption of water, electricity, and fuel.
(II) Introduce electronic operating procedures to save the use of paper.
(III) Prioritize green procurement and use products with environmental protection certification.
(IV) Promote resource recycling and dispose of waste properly.

3.1.2 Environmental Management Certification and Assessment

The Company actively participates in international certifications and evaluations, organizes relevant training to enhance employees' understanding and professional knowledge on environmental sustainability, and reduces the environmental impact of our operating activities.

■ ISO 14001 Environmental Management System

Mega Chi-Lin Building was the first to adopt this system in 2017 and gradually completed verifications between 2018 and 2020. In future, we will keep the certifications valid through annual review procedures. Mega Financial Building, Mega Heng-Yang Building, Mega Securities Building, and Mega Insurance Building are planning to introduce this system before 2022.

■ ISO 14064-1: 2018 Greenhouse Gas Inventory

Since 2016, five office buildings of the Group have obtained ISO 14064-1 GHG inventory certification statements, with the scope of inventory expanding each year. In 2019, 139 operating units in northern and central Taiwan have completed verification, for a coverage rate of 61%. In 2020, the Group expanded the scope of inventory to include 192 operating units throughout Taiwan for a coverage rate of 84%, and obtained BSI's ISO 14064-1:2018 GHG inventory certification statement in May 2021.

■ CDP Climate Change Questionnaire

2017, the Company responded to the climate change questionnaires of CDP, an international NGOs, to review the environmental impact of the company's operations, identify the climate risks and opportunities we faced, and formulate related action plans. In 2020, we received a B Management level score, the same as our industry peers but better than the average performance of other companies in Asia (D) and around the world (C).

Case Study

To implement the 2020 GHG inventory and pass the third-party verification, the Company commissioned the Green Energy Environmental Science & Technology Service Association to conduct a total of 6 sessions and 18 hours of training in northern, central, and southern Taiwan. A total of 368 people had completed the training courses. Through training on GHG inventory, we ensure that the data collected from the inventory are accurate and hope to raise employees' awareness on issues relating to climate change, energy conservation, and carbon reduction.



3.1.3 Environmental Management Approach

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

Energy Consumption in the Past Three Years

Energy Type/Year	Category	2018	2019	2020
Electricity	Annual usage amount (kWh)	35,937,419	35,439,310	34,615,465
	Total expense (NT$)	135,782,000	135,201,000	122,147,000
	Energy consumption (GJ)	129,373	127,580	124,614
Gasoline	Annual usage amount (Liter)	432,264	435,193	427,130
	Total expense (NT$)	11,238,864	12,707,636	10,891,815
	Energy consumption (GJ)	14,114	14,209	13,946
Natural Gas	Annual usage amount (m³)	28,549	29,906	25,523
	Total expense (NT$)	427,073	445,365	299,774
	Energy consumption (GJ)	956	1,001	855
Energy consumption (Total heating value (GJ)		144,443	142,791	139,415
Energy consumption per capita (Total heating value (GJ)/Person)		15.90	16.67	14.07
Energy intensity (Total heating value (GJ)/NT$ million net revenue)		2.34	2.19	2.29

Note1 : Scope of energy consumption data included 192 operating units in Taiwan.
Note2 : 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.
Note3 : The coefficient for calculating energy consumption (heating value) was based on the Bureau of Energy's Table of Heating Value Per Unit of Energy Product (2018). Each kilocalorie is calculated as 4.186 joules.
Note4 : The total number of employees in the group is calculated based on the number of employees on the last working day of the year, excluding overseas employees.
Note5 : The Group does not produce or sell energy; therefore, energy sale of electricity, heating, cooling, and steam equals zero.

The objective of Taiwan's energy transition policy is to reduce coal-fired electricity, increase natural gas, promote green energy, and achieve nuclear-free power generation. To support this policy, reduce air pollution, conserve energy, and reduce carbon emission, Mega completed transactions the first renewable energy certificates transaction in 2019. We purchased 146 certificates, which equate to roughly 146,000 kWh of electricity. In continuing with and strengthening the promotion of green operations, the Company purchased 352 renewable energy certificates in 2020, which is equivalent to 352,000 kWh of electricity, from Hakka Affairs Council and Kaohsiung City Animal Protection Office through the network platform of the National Renewable Energy Certification Center, respectively, and is expected to purchase 413 certificates in 2021.

The Procurement of Renewable Energy Certificates (T-RECs) Unit: kWh

Year/Company Name	Mega Holdings	Mega Bank	Mega Securities	Mega Bills	Chung Kuo Insurance	Total
2019	29,200	29,200	29,200	29,200	29,200	146,000
2020	7,040	242,880	66,880	14,080	21,120	352,000

Note1 : In 2019, the certificates were allocated to Mega Holdings and 4 subsidiaries at 20% each.
Note2 : In 2020, Mega Holdings, Mega Bank, Mega Securities, Mega Bills, and Chung Kuo Insurance were allocated 2%, 69%, 19%, 4%, and 6% according to the kWh of electricity they actually used in 2019.

In 2015, the Company introduced the ISO 14064-1 GHG inventory to five main buildings for demonstration; later, the Company expanded the scope of the inventory and obtained the certification. In 2019, 139 operating units in northern and central Taiwan have completed verification, for a coverage rate of 72% (excluding overseas units). In 2020, the scope of inventory was expanded to include 192 operating units throughout Taiwan for a coverage rate of 100% (excluding overseas units). The direct GHG emissions (Scope 1) of Mega Group in 2020 was 23.12 metric tons of CO2e less than that in 2019. Because of the nature of our industry, GHG emissions from operating activities were primarily from electricity consumption (Scope 2). However, the Group expanded the scope of inventory every year, leading to significantly increased total GHG emissions in 2020 compared to 2019.

GHG Emissions in the Past Three Years (verified by the third party) Unit: Tons of CO2e

Category / Year	2018	2019	2020
Direct GHG emissions (Scope 1))	718.84	2,527.63	2,550.75
Direct GHG emissions (Scope 1) - Company cars	498.86	857.69	1,034.71
Energy indirect GHG emissions (Scope 2)	14,004.90	16,232.62	18,216.02
Scope 1+2 emissions	14,723.74	18,760.25	20,766.77
Other indirect GHG emissions (Scope 3 emissions)	—	46.80	457,058.00
Operating units verified by the third party	90	139	192
Number of operating units of the Group	227	228	228
Number of operating units of the Group (exclude oversea units)	192	192	192
Coverage ratio (%) of Operating units verified by the third party	40%	61%	84%
Coverage ratio (%) of Operating units verified by the third party (exclude oversea units)	47%	72%	100%

Note1 : The Group obtained a total of 146 renewable energy certificates (T-RECs) in 2019. The total Scope 1+2 emissions measured by location base was 18,838.06 metric tons of CO2e; the total Scopes 1+2 emissions measured by market base was 18,760.25 metric tons of CO2e.
Note2 : The Group obtained a total of 352 renewable energy certificates (T-RECs) in 2020. The total Scope 1+2 emissions measured by location base was 20,945.94 metric tons of CO2e; the total Scopes 1+2 emission measured by market base was 20,766.77 metric tons of CO2e.
Note3 : 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 "waste from business operations" in other indirect GHG emissions. In 2020, inventory of Scope 3 emissions was conducted on Mega Holdings and all subsidiaries; the category of emission was "business travel" and "investments" in other indirect GHG emissions.
Note4 : The external verification company was SGS Taiwan in 2018 and 2019, and BSI Taiwan in 2020.

Mega Holdings belongs to the financial service sector, which was not subject to the amended Renewable Energy Development Act in 2019 (the Act stipulates that major electricity users who use a chartered capacity of 5,000 kW or more must complete 10% of renewable energy installation within five years). Regardless, the Company still takes action to sustain the environment. For example, we voluntarily adopt various energy conservation and carbon reduction measures, such as purchasing renewable energy certificates, using cars with environmental protection certification, hybrid cars, and electric cars as company vehicle, replacing old and energy-consuming machines and equipment.

The reduction of Scope 1+2 emissions is up to 11.93% compared to 2017, the base year of self-declared GHG emissions. Mega has reached the target: reduce more than 5% GHG emissions (Scope1+2) till 2022 compared with the base year amounts in 2017 in advance.

Analysis of GHG Emissions Trend in the Past Three Years

Type of Activity	Year	Metric Tons of CO2e	Compared to the previous year (%)	Compared to the base year (%)
Purchase low-carbon energy (number of T-RECs)	2018	–	–	–
	2019	77.818 (146 T-RECs)	–	–
	2020	179.818 (352 T-RECs)	130.24%	–
	※ Due to supplier's electromechanical problem of the energy plant and the actual electricity production reduced, 2020 do not meet our annual procurement goal.			
	Year	Metric Tons of CO2e	Compared to the previous year (%)	Compared to the base year (%)
Scope 1 emissions (self-declaration)	2017 (base year)	1,071	–	–
	2018	1,044	-2.53%	-2.53%
	2019	1,053	0.85%	-1.69%
	2020	1,027	-2.47%	-4.12%
	※ Reaches the annual goal of Scope 1 emission (1,039 tons of CO2e) and also met the goal to the base line.			
	Year	Metric Tons of CO2e	Compared to the previous year (%)	Compared to the base year (%)
Scope 2 emissions (self-declaration)	2017 (base year)	19,896	–	–
	2018	19,155	-3.73%	-3.73%
	2019	17,964	-6.22%	-9.71%
	2020	17,440	-2.92%	-12.35%
	※ Reaches the annual goal of Scope 2 emission (19,299 tons of CO2e) and also met the goal to the base line.			
	Year	Metric Tons of CO2e	Compared to the previous year (%)	Compared to the base year (%)
Scope 1+2 emission (self-declaration)	2020	18,467	-2.89%	-11.93%

Note1 : The scope of GHG emissions includes all operating units of the Group. The Scope 1 calculates the direct emission of gasoline and nature gas; Scope 2 calculates the indirect emission of electricity procurement.

Note2 : The discharge coefficient of electricity and the GWP are referred to GHG emissions calculation chart (v.6.0.4) of Bureau of Energy, MOEA.

Emission Reduction Practices in the Past Three Years

Type of Activity	Year	Input cost (NT$)	Description of emission reduction practices in 2020
Purchase low-carbon energy (number of T-RECs)	2018	NA	We purchased 341 renewable energy certificates from Hakka Affairs Council and 11 renewable energy certificates from Kaohsiung City Animal Protection Office in 2020.
	2019	262,800	
	2020	704,000	
Reduce Scope 1 emissions: Reduce gasoline consumption	2018	12,712,000	Gasoline consumption was mainly from company cars. The action plans are 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.
	2019	12,383,000	
	2020	10,261,000	
Reduce Scope 2 emissions: Reduce electricity consumption	2018	136,162,000	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 plans are as follows: ● Replace lighting equipment in offices and replace traditional lighting with LED lamps. ● Replace air-conditioners; both Mega Financial Building and Mega Heng-Yang Building have switched to using energy-saving water 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.
	2019	135,201,000	
	2020	122,147,000	

Case Study

In 2020, Mega Holdings participated in the Demonstration, Promotion, and Subsidy for Energy Conservation Performance Guarantee Projects. Mega Financial Building and Mega Heng-Yang Building had their air-conditioning chilled water units completely replaced. The amount invested was NT$21,946,000; 1,491,000 kWh of electricity, equivalent to NT$4,812,000, is expected to be saved every year for an energy efficiency of 38.68%, equivalent to a reduction in Scope 2 emission, which is 758.919 tons of CO2e. According to the Agreement for Energy Conservation Performance Guarantee Demonstration, Promotion, and Subsidy signed by the Bureau of Energy, Ministry of Economic Affairs, a post-improvement measurement and verification report must be submitted to the Taiwan Green Productivity Foundation for review and inspection.

In addition, Mega Holdings and its subsidiaries switched off our lights from 20:30 to 21:30 on March 28, 2020, in support of the "Earth Hour" campaign organized by the World Wide Fund (WWF).

3.1.4 Water Resources Management

Mega Holdings belongs to the financial service sector. Our operating activities consume mainly general domestic water, which poses minimal impact on the environment. However, because Taiwan is located in a water-stressed region, our target is set to reducing water consumption by 1% each year. We also manage water resources by using multiple channels to urge employees to cherish our water resources and prioritizing equipment with water-saving labels (e.g., sensor taps and dual flush toilets).







Total Water Consumption in the Past Three Years

Item	Year	Usage (Liter)	Compared to the previous year (%)	Compared to the base year (%)
Water Consumption	2018	183,317	-2.30%	-2.30%
	2019	187,616	2.35%	0.00%
	2020	194,041	3.42%	3.42%
Water Consumption per Capita	2018	20.18	-6.05%	-6.05%
	2019	21.90	8.52%	1.96%
	2020	21.86	-0.18%	1.77%

Note1 : The scope of water consumption data included the 192 operating units in Taiwan. Water was mainly supplied for air conditioning and to employees for daily use.
Note2 : Water sources were from municipal water supplies without the use of groundwater or otherwise. Used wastewater was discharged into sewers.
Note3 : A promotion of cleaning and hand washing of the Group in response of pandemic, caused the water consumption increase in 2020.

3.1.3 Waste Management

Because of the nature of our industry, we do not produce physical products, meaning that our business operations do not produce toxic waste. Therefore, the Company does not exert a material impact on the environment. To fulfill our duties as a corporate citizen, we aim to reduce waste generation by 1% every year and actively sort, recycle and reuse our resources and waste. Various environmental protection training and activities are organized to occasionally remind employees, building management, and cleaning companies to reduce and manage waste.

The Group has launched a waste reduction program in 2018. Office waste is divided into general waste and recyclable waste. Mega Holdings and its subsidiaries have also implemented the "Zero Personal Bin Policy" to reduce domestic waste produced by employees. The Group has commissioned cleaning companies to dispose of general waste. Recyclable waste is delivered to qualified recycling plants while general waste is disposed by incineration.

Related statistics on the general waste (domestic waste) and recyclable waste (including paper, hardware, plastic, used batteries, and waste fluorescent tubes) of the Company's five main office buildings are provided below:

Waste Generated in the Past Three Years Unit: kg

Item	Category	2018	2019	2020
Recycled resources	Paper containers and waste	50,610	48,736	48,699
	Iron and aluminum cans	587	423	564
	Bottles and plastic items	1,302	1,552	1,604
	Batteries	125	147	169
	Waste fluorescent tubes	986	890	909
	Food waste	33,278	32,697	30,421
	Total	86,888	84,445	82,366
Domestic waste (non-recyclable)		108,593	128,606	144,558

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

Case Study

On October 17, 2020, Mega Bills participated in the 2020 autumn joint beach clean-up event, which was organized by the New Taipei City Government and took place in the Green Bay of Wanli District. Nearly 1,000 people from Wanli District, including Wanli District Office, Offshore Flotilla 2 under Coast Guard Administration, residents of Guihou Village and Wanli Village, Water Environment Patrol team volunteers, and 10 private enterprises, were called to jointly clean up the beach and coastal environments. In total, 12,500 kg of waste and 1,000 kg of recycled resources were collected during the beach clean-up activity.

On October 31, 2020, Mega International Investment Trust (MITC) organized an activity for employees to clean the Xiaoyeliu Beach in Taitung. Over a hundred employees and their family members had participated under strict compliance with pandemic regulations. Through these beach clean-up activities, employees were able to relax their mind and body and spend time with family, and their children were able to have fun while learning the correct environmental concept.





3.2 Responsible Procurement

3.2.1 Responsible Procurement Management

The Company prioritizes purchasing environmentally friendly products and practices responsible procurement in accordance with Subparagraph 3 (Prioritize green procurement and use products with environmental protection certification) of Paragraph 4 (Environmental Protection) in Article 3 of the Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Policy and Article 15 of the Mega Financial Holding Co., Ltd. - Corporate Social Responsibility Guidance.

Mega Financial Holding Co., Ltd.
Corporate Social Responsibility Guidance

Article 15 The Group is advised to take the effect of business operations on ecological efficiency into account, 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:

I. Reduce resource and energy consumption of their products and services.
II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
III. Improve recyclability and reusability of raw materials or products.
IV. Maximize the sustainability of renewable resources.
V. Prioritize practicing energy conservation and enhance the durability of products.
VI. Improve efficiency of products and services.

Green Procurement Table

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

Mega Group Green Procurement in 2020

Unit: NTD thousand

Type 1 & 2 Environmental Protection Certification		Type 3 Environmental Protection Certification			Total green procurement
Green Mark	Type 2 Green Mark	Energy label	Water Label	Green Building Label	
64,702		4,693			69,395

Case Study

Mega Bank was a three-time winner of the EPA's Outstanding Green Procurement and Green Consumption Organization Award and the Private Enterprise and Organization Green Procurement Award, which was organized by the Department of Environmental Protection, Taipei City Government.



3.3 Supplier Assessment and Management

3.3.1 Supplier Management Procedures

As a financial service provider, the Company's suppliers included service and equipment providers. Before we officially cooperate with a supplier, we carefully screen for suppliers in online inquiry systems of competent authorities (e.g., Ministry of Labor and Environmental Protection Administration of the Executive Yuan) to learn about whether suppliers have records of negative impact on the environment or society and use the information as reference for screening suppliers. In addition, we prioritize local products with environmental protection certification when making procurement.

Ex-ante Investigation → **Sign Statement** → **Communication and Management** → **Periodic Tracking**

- **Ex-ante Investigation**: Investigate whether a supplier has records of negative impact on the environment or society
- **Sign Statement**: Have suppliers sign the Supplier Statement of Corporate Social Responsibility when entering a contract with them
- **Communication and Management**: Remind suppliers about and communicate environmental sustainability and labor rights issues with them regularly
- **Periodic Tracking**: Check whether a supplier has made any violations regularly

As part of our supplier management, we established the Supplier Corporate Social Responsibility Management Guidelines in March 2019, requesting all subsidiaries of the Group to formulate or comply with relevant regulations. All partnering suppliers must meet regulatory requirements in the aspects of labor rights and human rights, occupational safety and health, environmental sustainability, and business ethics. They must also sign the Supplier Statement of Corporate Social Responsibility when signing a contract with us. If a supplier violates these Guidelines or engages in conducts stated in the Statement, the Company may terminate or rescind the contract at any time, and blacklist the offender. In 2020, suppliers with whom we signed a contract did not violate any laws and regulations nor engage in conducts prohibited in the aforementioned Guidelines/Statement.

According to the Supplier Statement of Corporate Social Responsibility, suppliers shall comply with related labor regulations, basic human rights of labor, and non-discrimination employment, establish and implement occupational safety and health regulations and procedures, not use child labor; adopt energy-saving equipment, improve environmental management, and meet the minimum statutory requirements for waste management to fulfill their corporate social responsibilities and avoid negatively impacting the Company's operations resulting from business relations.

Mega Financial Holding Co., Ltd. - Supplier Corporate Social Responsibility Management Guidelines
Supplier Statement of Corporate Social Responsibility

To fulfill corporate social responsibilities, the Company agrees to:

I. Comply with labor regulations and respect the internationally recognized principle of labor's basic human rights, protect legal rights and interests of employees such as employees' freedom of association and collective bargaining, and ensure that their employment policies do not contain differential treatments based on gender, race, age, or marital and family status, nor matters adversely impacting the basic rights and interests of employees.

II. Provide safe and healthful work environments for their employees, and comply with applicable rules and procedures to ensure that their operating activities will not directly or indirectly endanger employees or others.

III. Prohibit the use of child labor (under 16) any all forms of forced labor.

IV. Adopt energy-saving equipment and various environmental management measures, and engage in continuous improvement and innovation to reduce the impact of their operations on the environment.

V. Ensure that waste management procedures and standards, treatment and disposal of chemicals and other hazardous substances, and treatment of emissions and effluents are compliance with or superior to the minimum statutory requirements.

Supplier Statement of Corporate Social Responsibility Signed by Main Suppliers

Unit: NTD thousand

Year	Number of Contracts(A)	Contract Amount (B)	Number of Statement Signed (C)	Contract Amount under the Supplier Statement of Corporate Social Responsibility (D)	As a Percentage Contract Amount under the Supplier Statement of Corporate Social Responsibility (%) (=D/B)	Total Procurement Amount (F)	As a Percentage of Contract Amount under the Supplier Statement of Corporate Social Responsibility (%) (=D/F)
2019	952	2,480,211	952	2,480,211	100%	2,592,925	95.65%
2020	579	2,678,310	579	2,678,310	100%	2,831,090	94.60%

Note : Main supplier are those suppliers who signed the procurement contracts.

4 Sustainable Finance

In keeping pace with climate change and international sustainability trends, Mega closely monitors the development of sustainability issues by various industries and around the world. We hope to facilitate the identification of new business opportunities and mitigate environmental impact through measures such as providing suitable financial products and services, developing new digital FinTech, and supporting the development of sustainability-related industries.

4.1 Green Finance 47
4.2 Financial Inclusion 52



4.1 Green Finance

By implementing policies, the Financial Supervisory Commission (FSC) guides financial industries and companies to focus on risk management practices in relation to climate change and strengthen their information disclosure. The scope of green finance policies is expanded to include ESG topics. In August 2020, the FSC launched the Green Finance Action Plan 2.0, incorporating sustainable finance as the focus of implementation. The plan includes the adoption of sustainable financing practices such as signing the Equator Principles (EPs), complying with the Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), and Principles for Sustainable Insurance (PSI), and developing green finance products and services, among other specific measures. Through the creation of a positive cycle for sustainable development, private and public sectors are prompted to cooperate in transitioning Taiwan to a low-carbon economy and achieving the goals of sustainable development.

4.1.1 Responsible Lending

In 2019, Mega Bank and Mega Bills included information on whether borrowers have fulfilled responsibilities for environmental protection and their involvement in actions infringing upon the interests of the public or in violation of human rights into the credit review operating system. And the business units audit and provide remarks for the disclosure of all applications. Those that involve adverse news or other risk issues must be provided with sufficient explanation for the occurrence and improvement status to be used in the review procedures for assessing the approval, additional restrictions/commitments, reduction in loan amount, or rejection. They shall also be used as the reference for risk management.

■ Procedures for assessing and screening environmental, social, and governance (ESG) factors in credit analysis

When Mega Bank conducts credit and financial assessments, the company's operational management capability and the feasibility of its investment plans are assessed with due consideration to the company's ESG implementation status (e.g., records of significant pollution penalties or civil criminal litigation cases, and involvement in events that adversely impact the company's operations and image, and loss events), takes into the assessment of management ability of business and the feasibility of the investment project. In addition, Mega Bank plans to sign the Equator Principles (EPs) by the third quarter of 2021, thereafter, international standards will be adopted in credit reviews. Drawing on the framework of the principles, Mega Bank will realize the core value of sustainable finance guidelines and manage the potential environmental and social risks of credit applications, thereby keeping corporate operations in line with ESG standards and international trends in sustainable development. Furthermore, Mega Bank also discloses loan-related information on its website, including loans for urban renewal projects, urban renewal and reconstruction of dangerous and old building reconstructions, and"Five plus Two" innovative industries (e.g., renewable energy industries or circular economy industries). The Bank has cooperated with Taiwan Small & Medium Enterprise Counseling Foundation to host a seminar titled "New Challenges, New Opportunities for SMEs: Transform and Sustain" to keep customers informed of ESG-related risks and opportunities.

In 2020, Mega Bills did not suspend loans due to violation of ESG issues. Mega Bank has suspended loans to a borrower who reported revenue drop and was sanctioned for violation of the Soil and Groundwater Pollution Remediation Act, Air Pollution Control Act, and Waste Disposal Act in recent years.

Mega Bills ESG-based Credit Extension Procedures

STEP 1 Scope of Investigation

1. Involvement in environmental pollution?
2. Involvement in actions that endanger the interest of the public?
3. Involvement in actions that infringe upon human rights?

STEP 2 Data Collection

1. Environmental pollution inquiry channels:
(1) Pollution Release and Transfer Register (Environmental Protection Administration, Executive Yuan)
(2) R09 Information on Major Pollution Penalties Imposed on Corporate Entities (Joint Credit Information Center)
(3) Financial statements, annual reports, and Internet search
2. Endangering of public interest inquiry channels:
(1) Financial statements, annual reports, and Internet search
3. Infringement on human rights inquiry channels:
(1)Violation of Labor Laws by Business Entities Inquiry System (Ministry of Labor)
(2)Financial statements, annual reports, and Internet search

STEP 3 System Filing and Tracking

If a borrower is found to be involved in environmental pollution, endangering of public interests, and infringement on human rights, a credit checker will file this information under the "Social and Environmental Risk Assessment" program, and the credit personnel will place restrictions on the loan and implement post-loan management.

STEP 4 Disclosure in Credit Report

If a borrower is found to be involved in environmental pollution, endangering of public interests, and infringement on human rights, status of improvements must be disclosed and official evidence of such improvement must be enclosed. If status of improvement is unknown, the customer is asked to provide relevant information for clarification.

■ Policies and specific measures for responsible lending

Mega Bank

Mega Bank has established the Credit Extension Guidelines, and conducts credit reviews in accordance with the Equator Principles and Principles for Responsible Investment to review the compliance of all borrowers with environmental laws and regulations. Our credit extension policy expressly requires "paying attention to whether customers have fulfilled environmental protection, ethical management, and corporate social responsibilities as the basis for granting loans" and guides customers to fully implement environmental protection and CSR obligations.

Mega Bills

Mega Bills stipulates in its credit extension policy that whether a borrower fulfills environmental, ethical, and CSR obligations shall be considered when assessing the applicability of a credit application, and such consideration is the key guideline for making credit extension decisions. Subsequently, customers are guided to fulfill their environmental and CSR obligations.

■ Support loans for "Five plus Two" innovative industries and renewable energy technologies

Seeking to promote the structural transformation of the economy and industrial development, the Taiwan government encourages financial institutions to extend loans to "Five plus Two" innovative industries, including Asia Silicon Valley, Smart Machinery, Renewable Energy Technology, Biomedical Technology, National Defense Industry, New Agriculture, and Circular Economy.

Mega Bank has always supported the government's major national construction projects in a long-term, the credit balance of ESG related infranstructure projects in 2020 are shown below:

Credit Critiria	Credit Balance at the End of 2020
	Unit: NTD 100 million
Low Carbon Trnsportation	464.95
Waste Treatment and Energy from Biomass	2.43
Sewage Construction Plan	19.99

Mega Bank has always supported the government's major national construction projects and formulated the Directions for Making Loans to Key Start-up Industries at the end of 2016 in hopes of driving investment, integrating funds, technology, and talent, and creating job opportunities and boosting economy locally. By the end of 2020, the loans outstanding to "Five plus Two" innovative industries reached NT$359.7 billion, or 36.16% of the total corporate loans (NTD994.6 billion) in Taiwan at the end of the year, down 8.96% compared with 2019. This decrease was mainly due to the coronavirus pandemic, which reduced the capital demands of importers and exporters. Depending on the status of the pandemic in the first half of 2021, Mega Bank aims to achieve NT$6.6 billion increase in loans to Key innovative Industries. In addition, Mega Bank also offers mortgage loans for green buildings. The loans outstanding at the end of 2020 amounted to NT$513 million.

Loans to "Five plus Two" Innovative Industries by Mega Bank over the years

Unit: NTD 100 million

Year	Loans Outstanding at the End of the Year	Growth Rate (%)	Growth Amount	Description
2018	3,842	0.92%	35	1. The impact of COVID-19 on global supply chains in 2020 caused a decrease in the shipment of suppliers, resulting in the insufficient mobilization of working capitals. 2. Countries around the world successively enforced border lockdown, causing sluggish demand for end consumer products, which therefore decreased the import and export financing needs of suppliers.
2019	3,951	2.84%	109	
2020	3,597	-8.96%	-354	

Mega Bank Loans to "Five plus Two" Innovative Industries Outstanding in 2020

Unit: NTD 100 million

Circular Economy	1,638.49
New Agriculture	88.10
Smart Machinery	1,322.23
National Defense Industr	1,575.27
Biomedical Technology	238.46
Asia Silicon Valley	1,356.60
Renewable Energy Technology	711.94

Distribution of Loans to Renewable Energy Industries by Mega Bank in 2020

Unit: NTD 100 million

Item	Number of cases	Loans Outstanding at the End of the Year
Photovoltaic power	48	31.15
Offshore wind power	1	–
Onshore wind power	1	4.02

There were five project financing cases reviewed by ESG in 2020, accounting for 100% of total project financing. Mega Bank does not reject any project financing cases in 2020, without any financial settlement as well.

Mega Bills provides renewable energy technology loans pursuant to policies for "Five plus Two" innovative industries, and continues implementing regulations for credit extension to renewable energy technology industries. In 2020, Mega Bills extended a credit of NT$24.605 billion to 120 borrowers involved in renewable energy technology, and the balance was NT$12.709 billion, a net increase of NT$1.806 billion from the end of 2019.

4.1.2 Responsible Investment

Responsible investment has become a trend among global financial investment institutions in recent years. Not being a member of the United Nations, financial investment institutions in Taiwan cannot directly sign the Principles for Responsible Investment (PRI). Regardless, Mega still voluntarily follows the spirit of PRI and incorporate ESG factors in procedures for assessing and screening investment targets.

In 2020, a majority of Mega Group's subsidiaries did not suspend their investments in investee companies for violation of ESG issues.Only Chung Kuo Insurance and Mega International Investment Trust had decided in advance to withdraw their investment in one of thier invetment targets whose ESG ratings fell because of labor disputes and occupational safety concerns.

■ Procedures for incorporation of ESG factors in the screening of investment targets

Investment development assessment stage

Corporate ethical management and ESG risks are assessed; in principle, investment in a company is not made if the company violates the Stewardship Principles.

Post-investment management stage

1 Fulfillment of stewardship responsibilities

When investing in a company, the Company shall focus on the following items, including but are not limited to industry profile, opportunities and risks, shareholding structure, operational strategies, business profile, financial position, financial performance, environmental impacts, social issues, and corporate governance. The purpose of such focus is to determine the sustainable development strategies of a potential investee and keep track of the effectiveness of ESG implementation by the investee.

2 Principles for exercising of equity rights

To show respect for the professionalism of investee companies and to promote their development, the Company supports proposals proposed by the management in principle provided that such proposals are carefully evaluated and are in line with the company's general interest.

The Company shall in principle oppose proposals violating the environmental, social, or corporate governance of investee companies or those having negative influence on the sustainable development of investee companies (e.g., environmental pollution, violation of human rights, deprivation of labor rights, or false financial reporting, etc.).

■ Procedures for incorporation of ESG factors in the assessment of investment targets and results

Mega Bank

In December 2020, Mega Bank updated its Statement on Compliance with Stewardship Principles for Institutional Investors, and revised the Mega Bank Stewardship Principles to incorporate ESG factors in the procedures for assessing and screening investee companies. According to the Stewardship Principles, the Company shall take into consideration the ESG-related risks and performance of an investment target when using its own funds to invest in domestic stocks and bonds. In principle, the Company shall not invest in companies that severely violate ESG regulations as supported by specific evidence.

Mega Securities

Mega Securities assists environmental protection and renewable energy industries raise funds, develop the industry, and reduce the damage of the environment in accordance with the "Standard Operating Procedures for Primary Bond Markets".

Chung Kuo Insurance

CKI expressly specifies in its "Regulations on Investment Management Procedures and Operations" that if an investee fails to implement anti-money laundering and counter terrorism financing operations and fulfill environmental protection, corporate ethics, and social responsibilities, CKI shall reduce or terminate investments in the investee operations at an appropriate time. In addition to considering the business conditions of the investees, CKI considers whether they have provided CSR reports and whether they have conducted inappropriate activities that affect the society. CKI also learns about the operating conditions of the investee by collecting information and participating in its investor conferences and shareholders' meeting. In 2020, CKI invested in 13 Renewable Energy Technology stocks with a total value of NT$369 million.

Mega International Investment Trust

MITC limits its investment targets in accordance with the Screening Criteria for Pools of Assets in Primary Stock Investments and Taiwan Stewardship Principles for Institutional Investors. Concurrently, MITC gradually reduces investments in industries that pollute and damage the environment, unethical industries, and industries that are harmful to health.

Mega Venture Capital

As of the end of 2020, Mega Venture Capital invested NT$99.66 million in green energy industries, which accounted for 14.05% of its total investment.

■ Issuance/Underwriting of green and sustainable bonds

Issuance of green bonds by Mega Bank in 2020

Name of Bond Company	Issuance Date	Period	Interest rate (%)	Amount (NT$100 million)	Type of Green Investment Project
Mega Bank 2020 first term financial bonds	2020/3/11	3-year period	0.60%	10.0	● Renewable energy and energy technology development ● GHG reduction ● Pollution prevention and control ● Water conservation, purification or recycling and reuse

Underwriting of green bonds by Mega Securities in 2020

Name of Bond Company	Issuance Date	Period	Interest rate (%)	Amount (NT$100 million)	Type of Green Investment Project
E.SUN Commercial Bank 2020 second term financial bonds	2020/3/19	5-year period	0.58%	5.0	● Renewable energy and energy technology development
Taiwan Power Company 2020 fourth term corporate bonds	2020/11/13	5-year period	0.45%	3.9	● Renewable energy and energy technology development
Taiwan Semiconductor Manufacturing Co., Ltd. 2020 sixth term corporate bonds	2020/12/2	7-year period	0.44%	8.0	● Energy efficiency enhancement and energy conservation ● GHG reduction ● Other climate changes regulated or recognized by the Center
Total					**16.9**

■ Investment in Green and Sustainable Bonds

Green and ESG sustainable bonds held by Mega Group at the end of 2020

Company Name	Name of Bond Company	Bond Type	Amount (NT$100 million)	
Mega Bank	Taiwan Power Company 2017 fourth term common corporate bonds	Green bonds	11.5	20
	Far Eastern New Century 2017 second term common corporate bonds	Green bonds	5.5	
	Société Générale green bonds	Green bonds	3	
Mega Securities	Evergreen Marine 2017 first term corporate bonds	Green bonds	1	15
	E.Sun Bank 2019 second term green bonds	Green bonds	4	
	E.Sun Bank 2020 second term green bonds	Green bonds	5	
	TSMC 2020 sixth term corporate bonds	Green bonds	2	
	Far Eastern New Century 2017 second term common corporate bonds	Green bonds	1	
	Taiwan Power Company 2020 fourth term corporate bonds	Green bonds	2	
	CTBC Bank 2020 first term	ESG sustainable bonds	3	4
	Bank SinoPac 2020 seventh term green bonds	ESG sustainable bonds	1	
Mega Bills	CPC Corporation green bonds	Green bonds	10	41.8
	E.Sun Bank green bonds	Green bonds	10	
	Société Générale green bonds	Green bonds	3	
	Toyota Motor Finance green bonds	Green bonds	1.6	
	Ørsted green bonds	Green bonds	17.2	
Chung Kuo Insurance	Ørsted 2020 first term common corporate bonds	Green bonds	0.6	2.4
	Taiwan Power Company 2018 first term common corporate bonds	Green bonds	0.8	
	Hon Hai Precision 2017 second term common corporate bonds	ESG sustainable bonds	1	

4.1.3 Sustainable Insurance

Not being a member of the United Nations, financial investment institutions in Taiwan cannot directly sign the Principles for Sustainable Insurance (PSI). Regardless, Mega still voluntarily follows the spirit of sustainable insurance through developing sustainability-related insurance products and continuously providing digital services. In 2020, CKI continues to launch green insurance products, including comprehensive insurance for domestic personal travel (shared economy: rental vehicle and motorcycle liability insurance), comprehensive insurance for electronic equipment (solar power producers and citizens who set up their own solar panels for self-use), insurance for offshore wind power (co-insurance), agricultural insurance (persimmon farmers), and public accident liability insurance with additional coverage for accidental pollution.

Green insurance products

1. Promote the development of renewable energy industries
   - Offshore wind power industry: Provide engineering comprehensive insurance policy for wind farm developers.
   - Solar energy industry: Provide comprehensive insurance policy for the electronic equipment of solar panel manufacturers.
2. Actualize energy conservation and carbon reduction
   - Bicycle accident and public liability insurance: Encourage use of public transports with an extra layer of protection.
3. Assist with the repair and maintenance of polluted environments
   - Pollution liability business insurance: This insurance covers the compensation for damages to a third party caused by a pollution incident and the removal and remediation fees incurred thereof. In addition to protecting businesses, this product also lowers any social costs arising from environmental pollution.

4.1.4 Sustainable Finance Products

■ Green Credit Cards

The rise in environmental awareness has sparked business opportunities in the electric vehicle market. In September 2018, Mega Bank and Gogoro cooperated in the issuing of a green credit card called Gogoro Co-branded card, which offers interest-free instalment plans when buying a Gogoro scooter or cashback on monthly battery rental fees, among other special offers. When the card was first launched, over 50,000 cards were issued, and in less than a year, the Bank launched a second version of the co-branded card featuring a function to unlock the card-holder's electric scooter, in adherence to the tenets of "Environmental Protection, Energy Conservation, and Innovation."

■ Green Funds (ETFs)

Mega International Investment Trust plans to select sustainable development bonds or green funds (including stocks, bonds, stock-bond balanced funds or ETFs) that are associated with energy conservation, environmental protection, renewable energy technology, and high expected investment return, providing that these bonds or funds are in line with the expected return of market investment.

■ Electronic Insurance

Chung Kuo Insurance invites our cutomers to join our league of environmental protection and care the Earth, and actively promote paperless service. Besides continuing promoting electronic compulsory insurance certificate, CKI rolls out the electronic insurance since May.2020, and holds lottery activity from time to time. There are about 19,864 electric insurances in 2020, shall preserve around 178,776 pieces of A4 paper in total.

Case Study

In celebration of the 50th anniversary of "Earth Day" on April 22, 2020, Mega Bank introduced five special offers in relation to carbon reduction and use of renewable energy, inviting customers to jointly support Earth Day. These offers include a NT$50 spending credit when applying for the card online; a NT$500 spending credit and a chance of Gogoro scooter giveaway when applying for an electronic statement; 24-month interest-free instalment when purchasing a scooter with Gogoro Co-branded card, plus a NT$1000 credit on the purchase; a NT$100 spending credit and 17% cashback for first-time users of GoShare service; and 10% cashback when using Taipei Metro with Mega Bank iCash co-branded card on weekdays.

Mega Bank gives out 500 sets of reusable cutleries in addition to special credit card offers to encourage account holders, borrowers, and fund holders to apply for e-statements. Thus, energy conservation is encouraged, carbon emissions from paper printing and postal services can be reduced, and earth environment is protected.



4.1.5 Specialist Training on Sustainable (Green) Finance

Mega actively plans the strategies that the Group should adopt to manage sustainable (green) finance operations, builds profit models, and effectively monitors and manages how subsidiaries develop talented professionals. In addition to organizing in-house training courses, Mega also encourages employees to attend external courses or seminars to enhance their professional knowledge on sustainability. In future, we will hire professional consultants to provide general counseling on ESG issues, including training courses on the Group's sustainability reports (GRI, SASB), TCFD, DJSI, and CDP, etc. In 2020, Mega Holdings Group recorded 329 people who have completed training on sustainable (green) finance. In total, 1,270 hours were spent on training.

During the Unit Supervisor Training Course in 2020, Mega Bank provided a module called "The Challenges Facing the Financial Industry under Environmental and Social Changes, the Globalization of the Capital Market, and ESG Business Implications that Cannot be Overlooked". Employees were also encouraged to attend the following events: "2020 Summit on the New Green Finance Era", "2020 Training on Financing for Solar Energy," and "2020 Financial Knowledge Happy Learning Program: Financial Opportunities and Challenges in Green Finance and Sustainability" - hosted by the Taiwan Academy of Banking and Finance; "2020 Seminar Focusing on New Opportunities in Green Finance and Sustainable Development" - organized by Securities & Futures Institute; and "The Trends and Financing Framework of Solar and Wind Power Generation Industries" - organized by MBF. Employees were encouraged to attend the "Summit on the New Green Finance Era" and "Training on Financing for Solar Energy" hosted by Taiwan Academy of Banking and Finance.

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

4.2.1 Inclusive Financing Products

■ Reverse Mortgages and Retirement Trust

In September 2020, the FSC launched the Trust 2.0-" The Promotion Plan for Full Functions of Trust Services," which is expected to guide financial services firms to gradually elevate the functions of their trust departments and develop a comprehensive type of trust business that provides customers with services tailored to their everyday needs. In response to aging society, Mega Bank launched the "Happy LOHAS" reverse mortgage to help the elderly vitalize their own real estate and provide them with funding necessary for life after retirement.

Mega Bank has sold "Retirement Trust" to a cumulative total of 45 individuals in 2020, amounting to NT$384 million, which is a 61.49% growth compared to 2019.

Handling of Reverse Mortgage by Mega Bank Over the Years Unit: NTD 1 million

Year	Cumulative Number of Borrowers	Cumulative Amount Approved	Change amount	Growth Rate (%)
2018	11	55.22	—	—
2019	34	238.28	183.06	331.51%
2020	45	384.81	146.53	61.49%

Key Items of Inclusive Financing Products Unit: NTD 100 million

Items	Credit Balance at the End of 2020
Reverse Mortgages	0.26
Government Concessional Loan for Youth Housing	392.63
Government Concessional Loan for Young Entrepreneurs	4.23
Housing Loan for Green Building	5.13

Mega Bank has sold "Retirement Trust" to a cumulative total of 1,066 individuals in 2020, amounting to NT$4.625 billion, which is a 501.43% growth compared to 2019. The high growth rate is lead by a trust case from the reposible person of large enterprise.

Handling of Retirement Trust by Mega Bank Over the Years Unit: NTD 100 million

Year	Cumulative Number of Beneficiaries	Cumulative Scale of Property	Difference	Growth Rate (%)
2018	469	5.65	—	—
2019	824	7.69	2.04	36.11%
2020	1,066	46.25	38.56	501.43%

■ Government Concessional Loan for Youth Housing and Young Entrepreneurs

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. The provision of this loan has been extended four times to the end of 2020. Because this loan has effectively alleviated the financial burden of Taiwanese citizens and achieved housing justice, the Executive Yuan has agreed to extend the provision of this loan further to the end of 2022 and reduce the floating interest rate to 1.40%.

Mega Bank's Government Concessional Loan for Youth Housing has been granted to 20,678 applicants as of the end of 2020. The cumulative amount of loans approved was NT$93.471 billion, up 5.46% from 2019, ranking No. 5 among eight state-owned banks.

The Small and Medium Enterprise Administration, MOEA, introduced the "Young Entrepreneurs and Startup Loan" program to create a startup-friendly environment for young adults, promote entrepreneurship, boost economic development, and facilitate the acquisition of startup funds. As a strong supporter of this governmental program in 2020, Mega Bank has granted the "Young Entrepreneurs and Startup Loan" to 1,004 applicants. The cumulative amount of loans approved was NT$574 million, up 222.47% from 2019, pursuit an excellent promotion achievement.

Handling of the Government Concessional Loan for Youth Housing by Mega Bank Over the Years Unit: NTD 100 million

Year	Cumulative Number of Borrowers	Cumulative Amount Approved	Difference	Growth Rate (%)
2018	18,697	832.76	—	—
2019	19,752	886.33	53.57	6.43%
2020	20,678	934.71	48.38	5.46%

Handling of the Young Entrepreneurs and Startup Loan by Mega Bank Over the Years Unit: NTD 100 million

Year	Cumulative Number of Borrowers	Cumulative Amount Approved	Difference	Growth Rate (%)
2018	150	1.71	—	—
2019	154	1.78	0.07	4.09%
2020	1,004	5.74	3.96	222.47%

■ Small and Medium Business Loans

In response to the "Plan for Strengthening the Handling of Small and Medium Business Loans by State-Owned Banks" which was introduced in July 2005 by the FSC, the Company has long assisted small and medium businesses in obtaining working capital and building long-term partnerships. The Plan for Small and Medium Business Loans was developed to help domestic small and medium businesses operate stably. As of the end of 2020, SME loans were granted to 20,525 applicants cumulatively. The loans outstanding at the end of the year reached NT$518.4 billion, an increase of 2.8% compared to 2019.

Handling of SME Loans by Mega Bank Over the Years Unit: NTD 100 million

Year	Cumulative Number of Borrowers	Cumulative Amount Approved	Difference	Growth Rate (%)
2019	12,693	5,043	296	6.24%
2020	20,525	5,184	141	2.80%

Types of Loans Offered by Mega Bank in 2020 Unit: NTD 100 million

Type of Loan	Total number of borrowers	Total amount loaned	Ratio (%)	
Personal loans (consumer banking)	126,448	4,812	31%	100%
SME loans	34,733	6,179	40%	
Loans for large companies (non-SME)	4,974	4,019	26%	
Other	263	482	3%	

■ Urban renewal and the reconstruction of dangerous and old buildings

To effectively promote urban renewal projects, Mega Holdings offers all-inclusive, one-stop services by integrating its banking 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 2020, 30 loan applications have been granted to urban renewal projects, providing NT$20.486 billion in aid.

Handling of Loans for Urban Renewal and Reconstruction of Dangerous and Old Buildings by Mega Holdings Group in 2020 Unit: NTD 100 million

Company	Item	Number of applications	Approved loan limit	Total
Mega Bank	Urban renewal	9	96.75	152.49
	Reconstruction of dangerous and old buildings	12	55.74	
Company	**Item**	**Number of applications**	**Approved loan limit**	**Total**
Mega Bills	Urban renewal	0	—	22.37
	Reconstruction of dangerous and old buildings	6	22.37	
Company	**Item**	**Number of loan applications approved**	**Approved loan limit**	**Total**
Mega Asset Management	Urban renewal	3	30.00	30.00
	Reconstruction of dangerous and old buildings	0	—	

■ Microinsurance and Agricultural Insurance

To take care of economically disadvantaged groups, Chung Kuo Insurance offers microinsurance products that provide basic insurance coverage at low premiums for economically disadvantaged groups, thereby helping to fill the gaps in government social insurance or social relief mechanisms. In addition, to increase farmers' protection, Chung Kuo Insurance also provides parametric persimmon farming insurance, which calculates claims on the basis of typhoon wind speed and accumulated precipitation and simplifies the claims procedure, so that in the event of disaster-induced damage, farmers can quickly get their claim to facilitate their subsequent environmental restoration.

Handling of Microinsurance by Chung Kuo Insurance Over the Years Unit: NTD

Year	Number of applications	Insurance premium	Difference	Growth Rate (%)
2018	3,155	531,897	165,841	31.18%
2019	1,821	676,172	144,275	21.34%
2020	1,394	609,247	-66,925	-10.98%

Handling of Agricultural Insurance by Chung Kuo Insurance Over the Years Unit: NTD

Year	Number of applications	Insurance premium	Difference	Growth Rate (%)
2019	74	3,248,212	—	—
2020	28	1,321,272	-1,926,940	-145.84%

■ Group Medical Insurance (applicable for foreign workers, caretakers, and fishers)

To take care of foreign workers, caretakers, and fishers, Chung Kuo Insurance provides basic group coverage that provides daily benefits for hospital stay, so that disadvantaged foreign workers can receive basic financial support when they are hospitalized for injuries or illnesses. With this service, labor and employer relationships can be stabilized for greater social stability. In 2020, insurance premiums amounted to NT$1,891,271, and 7,760 people were insured.

■ Personal Injury Insurance for Elderly People

Chung Kuo Insurance provides complete solutions to the personal injury risks of senior citizens, with emphasis on the needs of elderly people with moderate to severe disabilities and those who require assistive devices or nursing care. These solutions enhance the financial support for middle-aged and senior citizens who are at risk of accidental disability. This insurance is applicable for people aged 60 to 80 years and can be renewed to a maximum age of 90 years. In 2020, the insurance premium amounted to NT$376,255, with a total of 60 cases.

■ Pandemic Relief

In 2020, the spread of COVID-19 around the world continued to impact economic development. Chung Kuo Insurance provides "Health Insurance for Government-Defined Communicable Diseases" and "Insurance for Expenses Incurred by Quarantinable Communicable Diseases", to protect the life and safety of the general public with the expectation to reduce any social costs derived as a result of the coronavirus pandemic.

As an active supporter of government policies, Mega Bank provides industry relief and economic stimulus. By strengthening its digital platform, the Bank mobilizes employees at home and abroad to take care of both its domestic and foreign customers. In Taiwan, Mega Bank has processed 13,483 corporate loan applications, 34,421 personal loan applications, and 665 credit card applications in 2020, approving a total of 48,569 financial relief applications. The government relief loans and relief programs organized by Mega Bank totaled NT$127.237 billion, revealing the efficiency with which Mega Bank actively provides relief loans and takes care of its customers.

Relief for enterprises

- **Leniency for existing corporate loans:** Assist enterprises suffering from decline in revenue due to the epidemic by extending existing loans and providing subsidies for reduction or waiver of interest payments.
- **Relief loans provided by government authorities:** Assist enterprises suffering from decline in revenue due to the epidemic in obtaining working capital or relief loans.
- **Central Bank project loans (including small-scale businesses):** To help small and medium enterprises continue their operations, the Central Bank provides funding for banks to provide secured loans for small and medium enterprises affected by the epidemic.
- **Mega Holdings "Love Enterprise Loan" program:** Mega Bank provides loans for small and medium enterprises to obtain working capital.

Relief for individuals

- **Leniency for existing personal loans:** Mega Bank provides extensions for the payment deadlines for principal and interest repayment for customers who are diagnosed with COVID-19, those who are subject to home isolation or home quarantine, or those who face difficulties in repayment of loans and interests due to the impact of the epidemic.
- **Deferral of credit card bill payments:** Assist credit card customers who had previously made payments regularly but are facing difficulties in repayment due to the impact of the epidemic by extending the credit card payment deadline.
- **Relief loans for workers:** Mega Bank provides loans for general expenses or working capital to domestic workers affected by the epidemic.

Active interest rate reduction

- **Mortgage for self-use residences:** In response to the 0.25% mortgage interest rate reduction implemented by the Central Bank, the loan interest rate of the balance of loans within a limit of NT$10 million (inclusive) is further reduced by 0.25% (from April 1, 2020 to September 30, 2020).
- **Consumer loans:** In response to the 0.25% interest rate reduction implemented by the Central Bank, the loan interest rate of the balance of loans within a limit of NT$10 million (inclusive) is further reduced by 0.5% (from April 1, 2020 to September 30, 2020).
- **Credit card revolving credit reduction:** Customers using revolving credit who hold valid cards and had made regular repayments enjoy an interest rate reduction of 0.75% during the project period (from April 1, 2020 to September 30, 2020) without being required to file applications.

4.2.1 Inclusive Financing Services

■ Accessible Services

Mega Bank provides a variety of convenient financial services for people with disabilities through a designated contact window and sets up a service bell and a guide at the entrance for any necessary assistance. As of 2020, a total of 344 Accessible ATMs have been set up, an additional 4 ATMs compared to 2019. A total of 10 ATMs designed for the visually impaired are also set up in airports and hospitals so as to provide accessible financial services for people with visual impairment. Mega Bank Website, Mega Securities Image Website and Mega Securities Wealth Management Website have been awarded Conformance Level A+ Accessible Web Accessibility Service by the National Communication Commission, improving accessibility for the visually impaired and the hearing impaired.

無障礙標章2.0 ACCESSIBILITY

■ Bilingual Branches

The government's "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" was aimed to encourage the establishment of bilingual branches, improve employees' English proficiency, and create a friendly environment for accessing bilingual financial services. In response, Mega Bank has established the Lanya Branch, a pilot branch for the bilingual initiative in 2020 in Tianmu, which is an area where foreigners frequent. In addition to a wide range of services such as credit cards, deposits, foreign exchange and remittance, digital banking, and wealth management, multiple bilingual documents are made available to assist foreigners with using our financial services. This bilingual branch has been well-received by customers.

Mega Bank currently operates 15 bilingual branches, further providing online bilingual services on our website, Internet Banking, ATM, and mobile app. Additional information on shops and MRT routes around each bilingual branch is provided so that foreigners in Taiwan are able to enjoy a banking-friendly environment. In 2021, Mega Bank plans to expand original 15 bilingual branches to 20 branches, and continuingly spand at 10 branches every six months. The original goal was to make all branches bilingual by 2028, but the Bank hopes to achieve this goal in advance by 2025 so that all 108 branches in Taiwan can become bilingual to provide accessible services for foreigners.

5 Customer Care

Since the global financial crisis in 2008 and the rapid development of digital financial technologies in recent years, the financial service sector has been highly scrutinized by competent authorities. To secure customer confidence, providing customers with diversified and convenient financial services and ensuring personal privacy and information security have become the most important issue in the financial sector.

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5.1 Customer Relationship Management

To effectively protect the rights and interests of customers, the subsidiaries of Mega Holdings Group have formulated specific policies, principles, and implementation plans in accordance with the relevant regulations of the Financial Supervisory Commission. They uphold the business philosophy of professional financial and ethical services to enhance consumers' confidence in Mega Holdings Group.

■ Enhancement of Measures Relevant to Customer Relations (including the adoption of Principles for Fair Treatment of Customers in the Financial Services Industry)

Mega Bank	Mega Bank has established the Fair Customer Treatment Policy and Guidelines for Fair Customer Treatment Principles Strategy and Consumer Protection, and incorporated routine training so that employees understand the importance of showing empathy toward customers and simultaneously practice relevant indicators. To implement continuous improvements and enhance service mechanisms, Mega Bank established the "Fair Customer Treatment Working Group" in 2019, which was renamed "Care and Fair Customer Treatment Committee" in 2020. The Committee is composed of various business management units and serves to reinforce the procedures for handling customer complaints. Additionally, the Bank voluntarily discloses and protects the interests and rights of its customers by setting up the "Principles for Fair Treatment of Customers" section on its website.
Mega Securities	Mega Securities has established the "Principles of Fair Customer Treatment Policy and Strategy" in 2016 and established the "Fair Customer Treatment Working Group". The hierarchy of this working group was upgraded in July 2020 to become a board-affiliated "Fair Customer Treatment Promotion Committee." Through departmental participation and cross-department coordination, policies and strategies relevant to the principles of fair customer treatment are adopted, and applicable regulations are incorporated in regular training courses to raise employees' awareness on the protection of financial consumers.
Mega Bills	Mega Bills has established the Fair Customer Treatment Policy and Fair Customer Treatment Principles Strategy to protect the rights of financial consumers in a fair, reasonable, and effective manner and enhance customer satisfaction and company image. To adopt the principles of treating customers fairly, professional lecturers are invited yearly to host training programs. In accordance with the nine principles stated by the Financial Supervisory Commission in the "Important Issues to be Noted by Financial Institutions When Adopting the Principles of Treating Customers Fairly," the company's internal regulations and agreements entered with customers are reviewed periodically.
Chung Kuo Insurance	Chung Kuo Insurance has established the Fair Customer Treatment Working Group that implements fair customer treatment policies through departmental participation and cross-department coordination. In compliance with the Company's Guidelines for Handling Consumer Disputes, the Working Group keeps constant track of the progress of consumer disputes and complaints every month, and presents a summary report to its leader for review. Furthermore, a quarterly summary of customer complaints or consumer disputes and improvement plans are presented at a meeting with the Fair Customer Treatment Working Group, during which members discuss and review whether there are violations of the Principles for Fair Treatment of Customers or the Financial Consumer Protection Act.
Mega International Investment Trust	Mega International Investment Trust has established "Principles for Fair Treatment of Customers and Related Policies, Strategies, Rules, and Code of Conduct" with the "Principles for Fair Treatment of Customers" as the core goal.

To strengthen the compliance of financial personnel, their awareness, and knowledge on treating customers fairly and reasonably, the subsidiaries of Mega Group have enhanced their customer relations and service quality by offering various offline and online courses.

■ Training on Forging Stronger Customer Relations

Mega Bank	Internally, Mega Bank continues to provide training courses on the "Code of Conduct for Employees," "Personal Data Protection Act," "Theory and Practices of the Principles for Fair Treatment of Customers for the Banking Sector," "Ethical Management," and "Employee Confidentiality." Videos for employee self-learning are available on the Bank's intranet digital learning site. In 2020, a total of 36,598 people have completed training.
Mega Securities	Mega Securities physical and online courses on Financial Consumer Protection Act (including Principles of Treating Customers Fairly) and Personal Data Protection Act. In 2020, a total of 3,017 people have completed training over a total training duration of 6,131 hours.

Mega Bills	Mega Bills provides internal training and case studies on Principles of Treating Customers Fairly, Rules for Handling Financial Consumer Disputes, and Personal Data Protection Act. Mega Bills also provides videos on online learning platforms for employees who cannot attend courses in person. Employees are also assigned to participate in external courses or seminars. In 2020, a total of 607 people have completed training.
Chung Kuo Insurance	Chung Kuo Insurance uses online learning platforms to provide courses on Financial Consumer Protection Act (including Principles of Treating Customers Fairly) and Personal Data Protection Act. Videos are made available on online learning platforms for continuous learning. In 2020, a total of 1,919 people have completed training.
Mega International Investment Trust	Mega International Investment Trust hosts yearly training courses on "Introduction to Laws for Financial Consumer Protection" and "Case Studies and Consumer Interaction Simulation." In 2020, a total of 95 people have completed training.

■ Awards for Customer Relations

Mega Bank	In May 2020	• Mega Bank won the Overseas Credit Guarantee Fund - Excellence Award for Total Credit Guaranteed, Financing Amount Growth in New Southbound Countries, and Excellence Award for Total Insurance and Margin Fund Guaranteed.
	In July 2020	• Mega Bank won The Digital Banker's 2020 Best Asset Manager for Investor Experience, Outstanding Wealth Management Offering for Affluent Clients, Best Private Bank for HNW Clients, and Best Wealth Manager for Client Experience.
	In August 2020	• Mega Bank won first place in the Best Wealth Value Addition Award in the Business Today's 14th Wealth Management Bank and Securities Evaluation. • Mega Bank was rated by the Financial Supervisory Commission as an Outstanding Bank for Providing Retirement Trust in the evaluation of providing property trust services for the elderly and people with disabilities. • Mega Bank was rated by the International Finance Magazine as the issuer of the Best New Credit Card.
	In October 2020	• Mega Bank won the Taiwan Contact Center Development Association 2020 Excellence in Customer Service.
	In November 2020	• Mega Bank won the Best Overseas Development Award, Best Consumer Banking Award, and Best Risk Management Award at the 10th Best Financial Practice Award hosted by Taiwan Academy of Banking and Finance.
	In December 2020	• Mega Bank was rated as the Banker's Best Bank of the Year in Taiwan. • Mega Bank won the 2020 14th Golden Security Award, which was hosted by the Joint Credit Information Center.
Mega Securities	In August 2020	• Mega Futures, a subsidiary of Mega Securities, was ranked Top 3 in the Treating Customers Fairly Evaluation for Securities and Futures Industries by the Financial Supervisory Commission.
	In December 2020	• Mega Securities was the Most Recommended by Customers in the 2020 Excellence Securities Rating hosted by Excellence magazine.

Mega Bills	In June 2020	• Mega Bills won fourth place in the 2019 Government Bond Performance Evaluation of Central Government Bond Traders. MBF was the only winning bill house.
	In November 2020	• Mega Bills won the Best Bills Finance Award at the 10th Best Financial Practice Award hosted by Taiwan Academy of Banking and Finance.
Chung Kuo Insurance	In March 2020	• CKI was made eligible by the Insurance Bureau, Financial Supervisory Commission for incentives as a well-performing microinsurance company under the Directions for Insurance Companies to Engage in Microinsurance Business.

5.1.1 Customer Satisfaction

As a financial service provider, Mega regards clients as the most important stakeholder. The Surveys of Customer Satisfaction enable us to better understand customers' true needs, develop products and services that customers require, improve customer loyalty and trust, and create competitive advantage and value for the company.

Company Name	2020 Surveys of Customer Satisfaction		Difference with 2019 Results	Description
Mega Bank	Employee manners	92%	Increase of 0.63%	Mega Bank conducted the "bank clerk telephone etiquette test" on 108 bank branches in 2020, and organized a "customer etiquette contest." In the second half of 2020, onsite inspection of 31 branches was completed. In 2020, customer satisfaction scored 92.94 points on average, a 0.63% improvement from the 92.35 points in 2019.
	Satisfaction with counter services	98%	Survey was not conducted in 2019	In September 2020, Mega Bank organized an event the day before Mid-autumn Festival where pomelo is gifted to participants who complete a questionnaire. This event was held in 46 branches across Northern, Central, and Southern Taiwan. Visiting customers were asked in random to complete an online questionnaire on their mobile phone after a service, and a pomelo was gifted to them as a show of appreciation for completing the questionnaire. In total, 2,928 valid questionnaires were retrieved, obtaining a customer satisfaction rate of 98%.
	Satisfaction of digital customers	82%	Survey was not conducted in 2019	In December 2020, Mega Bank used Facebook and Line to conduct Surveys of Digital Customer Satisfaction on mobile banking users (excluding users who refuse marketing activities and corporate users). In total, 33,468 valid questionnaires were retrieved, obtaining a customer satisfaction rate of 82%.
Mega Securities	97%		Survey was not conducted in 2019	Surveys of Customer Satisfaction were completed in December 2020. The satisfaction rate was 97% based on 2,431 questionnaires.
Chung Kuo Insurance	Customer satisfaction with claims service	89.5%	Reduction of 0.2%	In June, August, October, and December of 2020, CKI conducted a satisfaction survey of customers who made claims on their automobile insurance or health/injury insurance. The satisfaction rate was 89.52%.
Mega International Investment Trust	91.7%		Increase of 7.9%	MITC conducted a satisfaction survey on 500 customers in 2020. The average result was 9.17 points, up 7.9% from 2019.

The Average Customer Satisfaction Rate of Mega Group Over the Years

Year	2017	2018	2019	2020
Weight Average of Customer Satisfaction Rate	86.67%	85.00%	84.84%	84.26%

5.1.2 Customer Complaint Mechanisms

Mega provides customers with a variety of complaint channels to obtain their feedback. Consumers may file complaints in writing, by e-mail or by phone to the company.

■ Customer Complaint Filing Methods

Mega Holdings
Unit in Charge: Administration Dept.
Customer Service: (02)2357-8888#116
Mailbox: web@megaholdings.com.tw

Mega Bank
Unit in Charge: Customer Service Center, Administration Division
Customer Service: 0800-016-168 or (02)8982-0000
Mailbox: https://www.megabank.com.tw/about/customer-service/contact
Others: Chatbot – Hsiao Meh

Mega Securities
Unit in Charge: Customer Service Center
Customer Service: (02)2351-7017
Mailbox: https://www.emega.com.tw/emegaTran/customerService.do

Mega Bills
Unit in Charge: Administration Dept.
Customer Service: (02)2381-0033
Mailbox: mb01@megabills.com.tw

Chung Kuo Insurance
Unit in Charge: Personal Insurance Claims Service Dept.
Customer Service: 0800-053-588
Mailbox: e-service@mail.cki.com.tw

Mega International Investment Trust
Unit in Charge: Customer Service Group of Investment Planning Dept.
Customer Service: 0800-062-668 or (02)2381-5188#636
Mailbox: service@megafunds.com.tw

Mega Venture Capital
Customer Service: (02)2314-0878#25

Mega Asset Management
Unit in Charge: Administration Dept.
Customer Service: (02)6632-6789#319
Mailbox: mamc@megaamc.com.tw

■ Procedures for Filing Customer Complaint

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

→

Accept for Processing by the Unit in Charge
Register the complaint, and request the unit where the case occurred to report the facts and handling progress

→

Investigate
Unit in charge investigates the cause of complaint and drafts solutions

→

Report Regularly
Regularly report to the President, Board of Directors, and relevant units

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

Mega Bank	Mega Bank has set up the 24-hour customer service center. Customers may contact the customer service center by phone or website email. In 2020, the customer service center received an average of 93,591 calls including customer service requests and complaints every month. Mega Bank assigns dedicated personnel to process and respond to the customer complaints. The main complaints involved credit card, deposits and transfers, and service attitude. Once a customer complaint is received, Mega Bank provides a quick response in a friendly manner, and also regularly analyzes the cause of customer complaints. The Care and Fair Customer Treatment Committee conducts internal reviews and proposes corrective measures, and reports to the Board of Directors on a quarterly basis to keep the Board abreast of customers' feedback, thereby complying with the principles of treating customers fairly.
Mega Securities	Mega Securities has set up a customer service center. Customers can contact customer service personnel by phone or sending an email via the Contact Us page on its website. A dedicated staff will then be assigned to process and respond to the customer complaints. In 2020, 28,181 calls and 991 emails were received.
Mega Bills	Mega Bills provides various channels for customers to file a complaint by phone, in person, in writing, or by email. When a complaint is received, the unit in charge will accept the complaint for processing, complete the "Financial Consumer Dispute Report Form," and request the unit involved to report the facts, handling status, and proposed solutions. Once a solution is established, the unit in charge will inform the applicant and close the case.
Chung Kuo Insurance	Customers of CKI may file a complaint by calling the 0800 hotline, email, in writing, or through the company's website. CKI has set up a contact window for receiving customer complaints. After a complaint is filed and accepted, CKI notifies the units involved and requests them to provide details, which are then sent to a cross-department consumer dispute working group or committee for discussion. The resolutions adopted by the working group or committee are provided to the units involved for implementation. 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.
Mega International Investment Trust	MITC has established "Guidelines for Handling Business Disputes" and "Procedures for Handling Financial Consumer Disputes." Customer complaint procedures are described on the company's website and in transaction contracts.
Mega Asset Management	Customers of Mega Asset Management 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.

5.1.3 Marketing and Labeling

In recent years, the Financial Supervisory Commission has imposed penalties on a number of financial advisors for improper conduct. To avoid negative impacts, Mega actively strengthens employee training and reinforces financial advisor management measures. By using customer feedback surveys, disclosing information on company website, or sending emails, we remind customers of their interests and rights as part of our customer care practice.

■ Measures in response to "Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists"

In accordance with the "Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists," Mega Bank stipulates various internal control measures in personnel regulations, code of conduct, or operating regulations:

Aspects	Items	Control Measures
Personnel management system	Principles for recruiting financial advisors	1. **Due Diligence** The Bank shall conduct due diligence when recruiting employees. The Human Resource Division has established relevant procedures. 2. **Credit Check** Business units have developed a checklist based on the personal credit report provided by financial advisors. The checklist is used to check the credit status and financial position of a financial advisor. Financial advisors showing signs of irregularity are checked semi-annually, instead of annually, until improvements are made, and they are placed under the supervision of the "internal fraud prevention system" established by the Anti-Money Laundering and Financial Crime Compliance Department.
	Code of Conduct	Financial advisors shall uphold the principles of integrity when soliciting and servicing customers. They are strictly prohibited from acting as custodian for customers and engaging in unauthorized transactions and improper solicitation. The "Important Notes on the Professional Conduct of Financial Advisors" have been revised with reference to the table.
	Fraud Prevention Regulation Measures	This article stipulates that in the process of monitoring, a bank shall effectively take fraud prevention actions on financial advisors in accordance with laws and regulations. "Rules for Assessment of Financial Advisors on Leave" and matters to check after the job rotation of a financial advisor have been established.
Principles of internal control and internal check	Avoid unauthorized transactions	1. To deter unauthorized operations by employees, such as handling deposits/withdrawals, account opening, data changes, and investment transactions on behalf of a client, employees have been educated on the correct operating procedures and matters that are prohibited. 2. A confirmation call mechanism is adopted for some transactions to implement during the control. 3. Onsite inspection mechanism for financial advisor offices has been established, and a list of risk patterns is adopted to strengthen ex-post inspections.
	Avoid improper acquisition of a customer's Internet banking passwords to complete transactions on behalf of the customer	1. A password control mechanism has been established. 2. Letter of transaction confirmation is sent to customers from time to time. 3. A checklist for orders placed using the same IP between a customer and a financial advisor or between different customers has been designed. Bank branches are asked to make confirmation calls to customers through phone recordings. Severe penalties have been established to deter any violations.
	Avoid private transactions	1. Relevant checklists have been established. Bank branches are asked to provide detailed descriptions on the form and supporting documents. 2. The Anti-Money Laundering and Financial Crime Compliance Department has commissioned the establishment of an "internal fraud prevention system" to reinforce internal monitoring and deter fraudulent events by financial advisors. The system has been completed on February 26, 2021.
	Avoid selling products that are not approved by Mega Bank	Plans to establish a list of risk patterns to be monitored have been made. Customers are interviewed (in person or by phone) from time to time to determine whether they have noticed any irregularities when transacting with their financial advisor.
	Avoid having financial advisors produce their own bank statements	1. An information security inspection control mechanism is established. The scope of this mechanism includes computers used by financial advisors at work and emails sent out from their account. An external party is hired to set up a system for scanning and detecting bank statements that are produced by financial advisors themselves. The system automatically scans statements to strengthen inspection operations. 2. A checklist has been designed to check that information on a customer's statement (including email, address, and mobile phone number) matches the branch address and the contact information of the branch's financial advisor or others. Bank branches are asked to contact customers for confirmation or correction, and set their financial management system to reject transactions if a customer's contact information contains the same address as that of the branch or the same contact information as that of a financial advisor (email or address). On April 9, 2021, this checklist will include an item stating that a transaction will not be processed if a customer and financial advisor share the same mobile phone number.

■ Incidents of Non-compliance Concerning Marketing Communications

In 2020, there were two incidents of fines in violation of relevant marketing and communication regulations in Taiwan of Mega Group (Mega Bank and Chung Kuo Insurance) and one incident in violation of voluntary regulations. In additon, there was one incident of fines in violation of relevant marketing and communication regulations in one of the oversea branches of Mega Bank (Hong Kong).

Penalty Imposed on Mega Bank	
Date	May 7, 2020
Legal Basis	Article 196, Chapter 571 of the Securities and Futures Ordinance
Reason for Non-Compliance	Hong Kong Branch sold funds between 2014 and 2015, during which it failed to conduct appropriate assessment of a client's investment attribute, risk tolerance, and knowledge on derivative products and failed to assess the suitability of the recommended investment products or properly execute product due diligence, product risk assessment, and derivative fund classification. Such failure is in violation of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.
Result	The Hong Kong Securities and Futures Commission imposed a fine of HKD 7 million.
Response and Subsequent Improvements	I. Mega Bank signed a settlement agreement with the Securities and Futures Commission to resolve the disciplinary action and paid the fine. II. Description of improvement plans: (I) The Bank plans to revise its customer risk analysis handbook, and operations such as customer risk analysis and assessment mechanism, professional investor classification, and investor characteristic assessment will be carried out based on the revised handbook. (II) The Bank plans to introduce a sales procedure and suitability assessment handbook, improve the customer-product suitability assessment procedure, and strengthen control mechanisms for transactions with risk mismatch, investment recommendations, and provision of other investment options for customers. (III) The Bank plans to introduce a product due diligence handbook and step up its control over product risk assessment mechanisms, due diligence procedures, derivative classification, product recall procedures, and continuous product due diligence. (IV) The Bank plans to improve actual sales processes and strengthen training programs for financial advisors or planners to raise their compliance awareness; update financial information systems; and hire professional consultants and lawyers to assist with the setting up of a more completed financial service management mechanism. (V) The Bank plans to hire external consultants to verify improvements. The Hong Kong Branch has completed revising its wealth management handbook and documents as recommended.

Penalty Imposed on Mega Bank	
Date	July 27, 2020
Legal Basis	Paragraph 1, Article 164-1, Article 167-2, Article 167-3 of the Insurance Act and Article 30-1 of the Financial Consumer Protection Act
Reason for Non-Compliance	Mega Bank failed to check the suitability between a consumer and an insurance product, handle consumer disputes in accordance with internal regulations, conduct proper review of advertisement materials, and take non-financial indicators into consideration in Rules for Distribution of Remuneration to Sales Agents. The Bank provided a verbatim description of products to customers by following an audio-recorded template of the sales process. The Bank failed to explain the contents of important provisions, exclusions, and contents of the recommendations. The aforementioned failures raise the concern that said failures might disrupt the sound operations of the insurance agency business.
Result	The FSC has demanded rectification of two aspects in one month, imposed a fine of NT$3.3 million, and requested corrections to be made.
Response and Subsequent Improvements	I. The Bank has submitted an improvement report to FSC and paid the fine. II. Description of improvement plans: (I) The Bank plans to use a checklist to check the accuracy of the source of premiums written in the sales agent's report and the consistency of the policyholder's financial position. The Bank also plans to set up mechanisms for checking "the source of customer's premiums" and "the consistency in the financial information used in transactions between customers and the bank." (II) The Bank plans to check that the risk attribute assessment forms for investment-linked insurance products are correctly completed. Incorrectly completed forms will not be processed. (III) The Bank plans to establish a standard operating procedure checklist to ensure compliance in the handling of customer complaints. (IV) The Bank plans to establish the basis and procedure for reviewing insurance product advertisement materials. (V) The Bank plans to revise regulations relevant to the remuneration of insurance agents with due consideration to non-financial indicators. (VI) The Bank plans to strengthen sales agents' training on the audio recording of sales processes, and randomly check audio-recordings every month to ensure the implementation status.

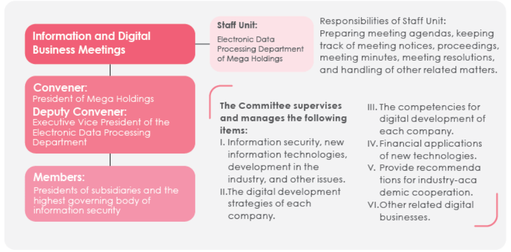
Penalty Imposed on Chung Kuo Insurance	
Date	August 11, 2020
Legal Basis	Subparagraph 8, Paragraph 1, Article 5 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises established under Paragraph1, Article 148-3 of the Insurance Act
Reason for Non-Compliance	The following operations were not compliance with the Insurance Act: CKI failed to establish sponsorship management regulations and a table showing clear delegation of responsibilities. Investigation revealed that CKI failed to obtain the original copy of the application form for a sponsored activity or organized the sponsored activity with the original copy. Relevant units failed to verify the authenticity of the sponsored activity and failed to retain an activity report or a record showing acknowledgement of receipt by the sponsorship recipient. In other words, CKI failed to keep a log book detailing the delivery of purchased items (e.g., vouchers) when handling procurements and expense reimbursement operations.
Result	A fine of NT$600,000 was imposed.
Response and Subsequent Improvements	CKI has established relevant regulations for the stated deficiencies, including Sponsorship Management Regulations, Entertainment Expense Management Guidelines, Sales Promotion Expense Management Guidelines, and Sales Promotion Voucher Management Guidelines. In addition to continuous promotion and implementation, these guidelines have been incorporated in the annual general review of relevant business units by the Audit Office of the Board of Directors to check the effectiveness of the improvement plans.

5.2 Information Security and Protection of Personal Information

5.2.1 Management of Information Security and Protection of Personal Information

The financial sector is a highly regulated industry due to its susceptibility to cyber attacks and high information security risks. Data leakage may cause service disruption and misappropriation of personal identity information, intellectual property rights, financial data, and other highly sensitive information, thus incurring costs relating to the repair or elimination of data system threats and litigious investigations, which in turn damage the company's reputation and negatively affect customer confidence.

To oversee the Group's information development and information security management matters and reduce information security risks, Mega Holdings has established the Information Security Policy and Guidelines for Information Security Management Operations. Pursuant to applicable regulations, Information and Digital Business Meetings are held, with the director of Mega Holdings (who is also the President of the Company) serving as the convener, the Executive Vice President of the Electronic Data Processing Department as the deputy convener, and the President of each subsidiary as committee members. Meetings are convened at least once each year and may be convened at any time based on business requirements. The Committee periodically discusses and reviews the information security of all subsidiaries, new types of information technologies, digital development, and information security incidents. The Electronic Data Processing Department is responsible for executing or coordinating related resolutions of the Committee. Material issues or resolutions are reported to the Board of Directors and the Risk Management Committee.



5.2.2 Measures for the Management of Information Security and Protection of Personal Information

Mega continues to review and confirm the adequacy of related regulations and measures to respond to the network threats and changes in the risks brought forth by technological developments. We establish comprehensive network and computer security protection systems, implement protection and monitoring mechanisms for important networks, conduct vulnerability scans and improvements from time to time, execute penetration tests, and organize social engineering exercises and information communication security training to ensure the adequacy and effectiveness of information security and network risk management. For instance, by sending emails, Mega Holdings trains and strengthens employees' ability to identify unknown e-mails monthly and in turn reduce risks of information security caused by malicious links or attachments. To verify employees' awareness on social engineering email attacks, the Company conducts e-mail social engineering tests on employees every six months. Mega Bank also appoints CPAs to conduct personal data protection project reviews annually.

Mega attaches a high level of importance to information security and customer's privacy. All related internal personal information protection regulations are established in accordance with the latest domestic and overseas laws and regulations to ensure compliance with global standards. Mega Holdings and its subsidiaries have completed related information security regulations and enhanced system protection. They also joined the joint defense system for financial information security to improve information security responses and protection of the organization. In addition, we attend external information security conferences, such as meetings held by the Information Security Working Group under the Bankers Association, and become a member of the Financial Information Sharing and Analysis Center (FISAC) to reduce risks by information sharing; we also actively attend seminars organized by Taiwan Academy of Banking and Finance and other information security professional institutions to reduce the impact of risks related to information security. In 2020, there were no incidents of data breach that would otherwise result in business discontinuation, information security problems, and infringement of privacy, nor were there secondary marketing using customers' information.

■ Measures for the Management of Information Security and Protection of Personal Information

Establish a 24/7 Security of Center (SOC)	
Mega Bank	In June 2020, Mega Bank completed drills on the reporting of information security incidents, and completed establishing a 24/7 Security of Center (SOC) in July.
Chung Kuo Insurance	In June 2020, CKI completed drills on the maintenance of information security and personal information security. In July 2021, CKI will hire an agent to lease the service of the 24/7 SOC. Relevant budget has been allocated.

Continue to purchase the E-commerce services and information security liability insurance	
Mega Bank	Insurance has been purchased in November 2020.
Chung Kuo Insurance	Insurance has been purchased in August 2020.

Perform vulnerability scan from time to time	
Mega Holdings	Two scans were performed in 2020.
Mega Bank	In 2020, Mega Bank performed monthly vulnerability scans on the Company's network equipment, servers, terminal equipment, and Internet equipment according to the vulnerability scan schedules.
Mega Securities	Scans were performed in the second half of 2020.
Mega Bills	In June 2020, the vulnerability of the DMZ zone and OA SERVER zone was scanned, and in October, computer systems information security assessments were conducted for the vulnerability scan of the entire company.
Chung Kuo Insuranc	Two vulnerability scans on internal and external websites were completed in 2020.
Mega International Investment Trust	Scans were performed in October 2020.
Mega Asset Management	Two vulnerability scans on servers were completed in July 2020.

Conduct penetration test from time to time	
Mega Holdings	Two penetration tests were completed in 2020.
Mega Bank	Penetration test on external service website was completed in October 2020.
Mega Securities	Penetration test was completed in the second half of 2020.
Mega Bills	Penetration test on company website was completed in June and November of 2020.
Chung Kuo Insurance	Two social engineering drills, one in May and another in November of 2020, were completed.
Mega International Investment Trust	Penetration test was completed in November 2020.
Mega Asset Management	Penetration test was completed in October 2020.

Conduct social engineering drills from time to time	
Mega Holdings	In 2020, Mega Holdings has carried out two internal social engineering drills, and one group-level drill.
Mega Bank	Email social engineering drills, one in May and another in November 2020, were completed.
Mega Securities	Social engineering drills were completed in 2020.
Mega Bills	Email social engineering drills, one in June and another in November 2020, were completed.
Chung Kuo Insurance	Two social engineering drills were completed in May 2020.
Mega International Investment Trust	Social engineering drills were completed in 2020.
Mega Asset Management	Social engineering drills were completed in October 2020.

Introduce ISO 27001 Information Security Management System	
Mega Bank	In June 2020, Mega Bank passed the ISO 27001 review to renew its certificate.
Mega Securities	In July 2020, MS completed the ISO 27001 certification, which is valid for 3 years.
Chung Kuo Insurance	In May 2020, CKI completed the ISO 27001 certification and obtained a new certificate, which is valid for 3 years.

2020 Mega Group Training Courses on Compliance with Information Security and Personal Information Laws and Regulations			
Total course hours	Course enrollments	Total number of employees in 2020	Average training hours per person in 2020
32,452.5	30,284	9,298	3.49

5.3 Innovation and Development of Digital Banking

In response to the global Fintech trends, Mega is committed to the innovation and development of digital banking, with a focus on "Accelerating the Promotion of Branch Digitalization," "Enhancing Digital Financial Service Experience," and "Strengthening Digital Technology Capabilities" through continuous research and development and process optimization.

In recent years, Mega has continued to promote various mobile digital services based on customer needs, which are determined through stakeholder communication, and worked closely with its banking, securities and property insurance subsidiaries in cross selling and integration of the Bank's digital deposit accounts. Mega launched the digital securities account opening and online travel insurance functions to expand the Group's financial service experience and maximize synergy.

5.3.1 Accelerate the Implementation of Branch Digitization

■ Establishment of the Financial Confirmation Blockchain Platform

Traditional confirmation letters to accounting firms must be mailed via registered mail and provided with a return mail envelope. Each confirmation takes an average of 5 days to complete. Mega Bank connects to the blockchain confirmation system of Financial Information Service Co. Ltd. to expedite confirmation and reduce manual operations and costs of branches. We 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 2020, we processed 3,899 confirmations via blockchain, which reflects a gradual increase in the number of blockchain confirmations as a percentage of all confirmations.

To implement digital audit operations, Mega Bills actively participates in the planning and implementation of Financial Information Service's system (bills inquiry letter). The system uses blockchain technology combining digital certificates and digital signatures to digitize accountants' paper-based confirmations. After the system is adopted, manual operations such as making data inquiries, filling forms, printing papers, and sending mails will be performed by the system, and any forms/files/documents will be sent via the Financial Information Service's platform. This change will not only improve the efficiency of deliveries but also resolve problems such as lost mails and data breach.

■ Establishment of the STM (Smart Teller Machine)

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, we have significantly reduced the operation time required for opening accounts over the counter from an average of 60 minutes to 18 minutes. We 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 1,705,860 sheets of printed documents. As of the end of 2020, 98 STMs were deployed, serving 83,336 people. In total, 93,857 applicants opened an account using STM.

5.3.2 Improve Digital Banking Service Experience

■ Expand the Scope of Mobile Payment Services

Mega Bank actively implements Taiwan Pay, a mobile payment service, to promote mobile payment services. The Bank has cooperated with multiple electronic payment companies (JKOS, O'Pay, Gama Pay, LinePay Money, EasyCard, and EasyPay) to provide debit services, increase the visibility of mobile payment services, and simultaneously integrate marketing resources to jointly establish mobile payment application scenarios, thereby building a mobile ecosphere that satisfies consumers' needs for mobile payment in different settings.

In 2020, the annual sales target of Mega Bank was to have 4,150 merchants use Taiwan Pay service. In total, the sales unit of Mega Bank had convinced 5,680 merchants to use this service, achieving 137% of the target.

■ Digital Deposit Account

In 2020, Mega Bank had opened 92,317 accounts in total, including 56,721 NTD accounts and 35,596 foreign currency accounts. Mega Bank provides a one-stop digital financial service, in which customers can open a trust account, and apply for Internet banking, debit card, and credit card at the same time when opening a digital deposit account.

■ Expand the Service Scope of Digital Channels

Mega Bank's online banking and mobile app accounting opening 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 2020, the Bank has opened 1.1 million Internet banking accounts, up 12.27% from 2019; and roughly 700,000 mobile app accounts, up 13.44% from 2019.

Mega Securities' "Digital Account Opening 2.0 Project" was launched in January 2020. It is different from the current video conference account opening app service and it provides two types identity verification and account transfer services with a bank card or online banking certification. It is a one-stop account opening service that does not require the customer to visit a branch. Given the FSC's Bank 3.0 goal (i.e., increasing the percentage of securities purchased electronically to 70% in 2020), Mega Securities actively promotes electronic order placement services (including online, mobile, and telephone banking). As a result, 70% of all transactions in 2020 were made electronically.

Chung Kuo Insurance launched a mobile app in 2018 to provide insurance policyholders with "online payment", "online insurance purchases", "accident site self-assistance", "claim application", and "convenient online survey" services. It also continued to optimize the app in 2020 to provide customers with convenient real-time services.

Statistics on the Cumulative Number of Digitally Opened Accounts of Mega Group in the Past Three Years				
Mega Bank	**2018**	**2019**	**2020**	**Difference between 2020 and the previous year (%)**
Number of Online Banking Accounts	Approx. 870 thousand	Approx. 980 thousand	Approx. 1.1 million	12.27%
Number of Mobile App Accounts	Approx. 510 thousand	Approx. 620 thousand	Approx. 700 thousand	13.44%
Total Number of Accounts	Approx. 1.38 million	Approx. 1.6 million	Approx. 1.8 million	12.50%
Mega Securities	**2018**	**2019**	**2020**	**Difference between 2020 and the previous year (%)**
Digital Accounts	175	259	5,067	1,856%
Mega International Investment Trust	**2018**	**2019**	**2020**	**Difference between 2020 and the previous year (%)**
Digital Accounts	6,403	6,570	6,779	3.18%

Note1 : Digital accounts include margin account opening/contract renewal/limit adjustment, fund lending, securities lending, and wealth management.
Note2 : Mega Securities develop a new system that one could identified ID and contracted settlement account by using Mega Bank's combo card or online bank account and code, instead of online vedio before; in addition to a new function of OCR credential automatic recognition function, to reduce the time spending on filling form and convenience of online account opening for responding to heavier Taiwan stock market and the trend of digital account.

■ Launch Online Robot Services

In January 2020, Mega Bank launched the online robot investment and wealth management services, which provide NTD and USD investments coupled with three financial planning topics, "Smart Investment," "Dreams-Come-True Program," and "LOHAS-based Retirement." Through big data algorithm, investment portfolios are customized according to customers' investment risk attribute and preference. As of 2020, 1,006 customers have used these services, entrusting Mega Bank to manage a total of NT$67.6 million assets.

Mega Securities also implemented the "Securities Welcome Robot Project" which makes use of natural language processing (NLP) and robots to provide onsite customers with inquiry services for financial products, price trends chart, and interactive Q&A services for finance-related questions.

■ Use Social Media Platforms

Mega Bank's LINE official account provides 15 account notification services and issues an average of 1.34 million notifications each month. In addition to saving 89% of the cost of the SMS delivery, customers can also actively inquire foreign exchange rates, service locations, credit card 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, 2020, 2.82 million people have joined the account.

Mega Securities continues to operate official accounts on social media including Facebook and LINE. In addition to providing financial news services on the two major social media platforms, it also provides push notifications for customer-selected stocks and news on purchased stocks, real-time transaction price and volume alerts, transaction reports, various account inquiries, and exclusive services. In 2020, Mega Securities launched a warrant trading service that enables investors to quickly screen for warrants and seize investment opportunities. As of the end of December, 2020, Mega Securities' LINE official account currently has 38,841 members.

5.3.3 Reinforce Digital Technology Capabilities

In a future world of FinTech and digital transformation, Mega continue to introduce new technologies to connect to various professional operations in finance such as continuing to optimize digital account opening functions, integrating optical character recognition (OCR), automatic identification of identity certificates uploaded by customers, and automatically load fields for account opening to minimize labor requirements and reduce human errors. Mega also works with other start-ups to file applications to the competent authority in the form of a regulatory sandbox to implement financial innovations and use new technologies for providing customers with the fastest and most comprehensive financial services.

■ Application of AI Technologies and Internet of Things (IoT)

Under a trend driven by digital technologies, Mega Bank uses AI technologies to develop a teller AI assistant system. Specifically, branch teller counters are equipped with a tablet computer that is operated by the bank's current operating system, and tellers and customers can use the AI technology to interact and experience an innovative AI-assisted service. In addition, Mega Bank supports the government's "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" by integrating its teller AI assistant system with a multilingual translation function. Thus, service quality and capacity can be enhanced to create a corporate culture in which customers are treated fairly.

Mega Securities integrates innovative technologies and artificial intelligence and continues to create actual applications and settings for FinTech. It introduces machine learning (ML), natural speech processing (NLP), chatbot, and service robot technologies. Mega Securities will continue to employ AI in financial products and services including the "Mega Wealth Management Secretary", "Smart Customer Service on the Official Website", and the "Welcome Robot Hsiao Pei".

Chung Kuo Insurance participates in the plan for the establishment of an innovative service platform based on IoT big data analysis for the insurance industry in the digital economy program of Tsing Hua University and the Ministry of Science and Technology. The preliminary plan involves a partnership between the Company, Tsing Hua University, and the dash cam manufacturer Mio. The AI technology trained by the University is used to read dash cam images to provide rapid claim services for small motorcycle insurance products.

■ Digital Finance Patents

Mega Bank's Patents in 2020 by Type and Number

Invention patents	Utility model patents	Design patents	Total number of patents approved
56	215	0	271

Case Study

Mega Bank has developed a smart appraisal system, which links the digital Mortgage Application platform to the bank's internal robotic process automation (RPA) and E-map valuation system, providing a completely digitized and automated process through which customers can obtain quotes, apply for loans, and access intrabank appraisals. This system shortens the entire mortgage application process and enables customers to obtain loans easily and efficiently.

The smart appraisal system has been granted six utility model patents by the Intellectual Property Office. The system was launched in March 2019, and since then, the number of users has increased exponentially. The amount of mortgage applied for using this platform and subsequently approved by Mega Bank reached approximately NT$10.5 billion as of December 2020. Such considerable amount shows that users were extremely satisfied with the use and speed of the Mortgage Application service.



6 Employee Care

Employees are the important corporate assets and the fundamental for the development of a company's business operations. To forge a harmonious labor-management relationship and form a partnership that leads to mutual existence, prosperity, and success, the human resource department of Mega Holdings and its subsidiaries cares for the health of employees and attempts to build a happy enterprise by providing comprehensive plans and assistance with respect to employee recruitment, development, retention, benefits, and retirement, through the Sustainability Committee's Employee Care Working Group.

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6.1 Employment Relationship and Labor-Management Relations

Since 2011, Mega Holdings has been selected as a component of the TWSE RA Taiwan Employment Creation 99 Index (EMP99), showing that the number of employees of the Company ranks highly among listed companies in Taiwan.

Sustainability Committee
↓
Employee Care Working Group
↓
Human Resource Divisions of Mega Holdings and Subsidiaries

6.1.1 Human Resources

In 2020, the Company had 9,298 full-time employees, 332 temporary employees, and 512 full-time employees in subsidiaries which are not included in the report, totaling 10,142 employees. Specifically, 3,843 of the full-time employees were male employees and 5,455 were female employees, for a male-to-female ratio of 41:59.

Mega Group's Global Employee Structure in the Past Three Years

2018	Female		Male		Subtotal	Number of full-time employees in Taiwan	Number of full-time employees overseas	Subtotal
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Female+ Male			Taiwan+Overseas
Number of full-time employees	5,184	58%	3,772	42%	8,956	8,172	784	8,956
Number of part-time employees (contracted)	249	67%	123	33%	372			
Number of employees in subsidiaries which are not included in the report					540			
Total Number of Employees					**9,868**			

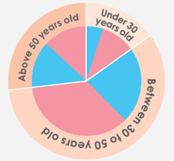
2019	Female		Male		Subtotal	Number of full-time employees in Taiwan	Number of full-time employees overseas	Subtotal
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Female+ Male			Taiwan+Overseas
Number of full-time employees	5,494	58%	3,922	42%	9,416	8,568	848	9,416
Number of part-time employees (contracted)	191	52%	177	48%	368			
Number of employees in subsidiaries which are not included in the report					519			
Total Number of Employees					**10,303**			

2020	Female		Male		Subtotal	Number of full-time employees in Taiwan	Number of full-time employees overseas	Subtotal
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Female+ Male			Taiwan+Overseas
Number of full-time employees	5,455	59%	3,843	41%	9,298	8,438	860	9,298
Number of part-time employees (contracted)	226	68%	106	32%	332			
Number of employees in subsidiaries which are not included in the report					512			
Total Number of Employees					**10,142**			

Note1 : The contracted employees are mainly drivers for managerial and interns. Drivers' duty is to provide the pick-up service for managerial; interns' duty is for delivering the official papers, oranging meetings and other logistics affairs.

Mega Group's Global Full-time Employees in 2020: Distribution by Age

Female
1,214 people, **13.06%**
Male
1,304 people, **14.02%**

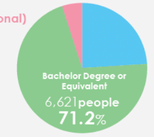


Male
457 people, **4.92%**
Female
956 people, **10.28%**
Male
2,081 people, **22.38%**
Female
3,286 people, **35.34%**

Number of Employees
9298人, **100%**

Mega Group's Global Full-time Employees in 2020: Distribution by Education

Senior High (Voacational) School
419people
4.5%



Bachelor Degree or Equivalent
6,621people
71.2%

Master's Degree
2,227people
23.95%

Phd , 7 people , 0.05% | Junior High School or Below , 24 people , 0.3%

Mega is a long-time advocate of gender equality issues. In 2020, the Company had 2,726 managers, accounting for 29% of full-time employees, and female managers accounted for 51%, there were 18 female managers added comparing to the previous year to achieve gender equality, met our goal that the ratio of each gender of managerial doesn't exceed 60% in 2020, to support the SDGs target 5: Gender Equality by real actions and to empower women.

5 GENDER EQUALITY

Female Employees and Managers of Mega Group in the Past Three Years

2018			Number of Employees	Percentage (%)	Managerial role		Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
Full-time (number of employees)	8,956	Female employees	5,184	58%	Female employees	Top-level managers (EVP or above)	14	36%	1,342	51%
						Middle-level managers (unit head)	101	36%		
						Low-level managers (non-unit head or above)	1,227	51%		
2019			**Number of Employees**	**Percentage (%)**	**Managerial role**		**Number of Employees**	**Percentage (%)**	**Number of Employees**	**Percentage (%)**
Full-time (number of employees)	9,416	Female employees	5,494	58%	Female employees	Top-level managers (EVP or above)	18	39%	1,362	50%
						Middle-level managers (unit head)	111	32%		
						Low-level managers (non-unit head or above)	1,233	53%		

2020			Number of Employees	Percentage (%)	Managerial role		Breakdown by age	Number of Employees		Percentage (%)	Number of Employees	Total	Percentage (%)
Full-time (number of employees)	9,298	Female employees	5,455	59%	Female employees	Top-level managers (EVP or above)	Under 30 years old	0					
							Between 30 to 50 years old	2	17	40%	1,380	2,729	51%
							Above 50 years old	15					
						Middle-level managers (unit head)	Under 30 years old	0					
							Between 30 to 50 years	27	104	30%			
							Above 50 years old	77					
						Low-level managers (non-unit head or above)	Under 30 years old	1					
							Between 30 to 50 years	674	1,259	54%			
							Above 50 years old	584					
		Male managers	3,843	41%	Male managers	Top-level managers (EVP or above)	Under 30 years old	0					
							Between 30 to 50 years old	1	26	60%	1,349		49%
							Above 50 years old	25					
						Middle-level managers (unit head)	Under 30 years old	0					
							Between 30 to 50 years old	58	240	70%			
							Above 50 years old	182					
						Low-level managers (non-unit head or above)	Under 30 years old	1					
							Between 30 to 50 years	478	1,083	46%			
							Above 50 years old	604					

Percentage of Managers in the Sales Department

Female
971 people, 55%

Male
798 people, 45%

Percentage in STEM Roles

Female
167 people, 30%

Male
394 people, 70%

6.1.2 New Employees

In 2020, the total number of new employees was 556, due to COVID-19, there was a reduction of 567 employees compared to 2019. The new employment rate was 5.98%.

New Employment of Mega Group Globaly in the Past Three Years

2018 Items	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	New employment rate (%)
	Female	Male	Female	Male	Female	Male					
Number of new employees	356	203	234	227	22	27	1,069	901	168	8,956	11.94%
Percentage (%)	33.3%	19.0%	21.9%	21.2%	2.1%	2.5%	100%	84.3%	15.7%		

2019 Items	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	New employment rate (%)
	Female	Male	Female	Male	Female	Male					
Number of new employees	252	155	384	302	15	15	1,123	978	145	9,416	11.93%
Percentage (%)	22.4%	13.8%	34.2%	26.9%	1.3%	1.3%	100%	87.1%	12.9%		

2020 Items	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	New employment rate (%)
	Female	Male	Female	Male	Female	Male					
Number of new employees	156	84	159	130	17	10	556	453	103	9,298	5.98%
Percentage (%)	28.1%	15.1%	28.6%	23.4%	3.1%	1.8%	100%	81%	19%		
Number of employees	956	457	3,286	2,081	1,214	1,304	9,298	8,438	860		
New employment rate by the age and gender (%)	16.3%	18.4%	4.8%	6.2%	1.4%	0.8%	6.0%	5.4%	12.0%		

Note1 : New employees: Those joining the organization for the first time (reinstated employees are not included).
Note2 : New employment rate (%) = Number of New Employees / Number of Employees by the end of the year.

Mega recruits talented professionals by using a wide range of channels, such as job banks, media outlets, or referrals by employees. The recruitment process includes a review of written information and written tests or interviews. Applicants' background and experience are verified through a rigorous review procedure so as to hire employees who are fit for the job. Given the rapid development of digital FinTech applications in recent years, Mega Bank actively recruits talented professionals, upon realizing that the company lacks experts in website development, community management, digital marketing, and FinTech business planning. We expect to hire two digital marketers and service experience designers, and two digital service and channel developers in 2021.

Mega Group's Expense on Recruitment

Unit: NTD

Year	2017	2018	2019	2020
Expense on Recruitment	2,408,804	5,304,422	4,039,418	958,390
Expense on Recruitment of per full-time employee	283.86	593.20	429.73	103.07

6.1.3 Resigned Employees

In 2020, 446 employees had resigned, a decrease of 11 people from 2019. The turnover rate was 4.80%.

Year	2017	2018	2019	2020
Number of full-time employees	8,502	8,956	9,416	9,298
Employee Turnover Rate (%)	4.46%	5.18%	4.85%	4.80%
Voluntary Turnove Rate (%)	3.14%	3.63%	3.65%	3.56%

Mega Group's Global Resigned Employees in the Past Three Years

2018	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	Turnover Rate (%)
Item	Female	Male	Female	Male	Female	Male					
Number of turnover employees	104	83	135	105	19	18	464	344	120	8,956	5.18%
Percentage (%)	22.4%	17.9%	29.1%	22.6%	4.1%	3.9%	100%	74.1%	25.9%		

2019	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	Turnover Rate (%)
Item	Female	Male	Female	Male	Female	Male					
Number of turnover employees	94	83	82	153	13	32	457	361	96	9,416	4.85%
Percentage (%)	20.6%	18.2%	17.9%	33.5%	2.8%	7.0%	100%	79.0%	21.0%		

2020	Under 30 years old		Between 30 to 50 years old		Above 50 years old		Total	Taiwan	Overseas	Number of full-time employees	Turnover Rate (%)
Item	Female	Male	Female	Male	Female	Male					
Number of turnover employees	111	67	124	104	17	23	446	371	75	9,298	4.80%
Percentage (%)	24.9%	15%	27.8%	23.3%	3.8%	5.2%	100%	83.2%	16.8%		
Number of employees	956	457	3,286	2,081	1,214	1,304	9,298	8,438	860		
Turnover rate by the age and gender (%)	11.6%	14.7%	3.8%	5.0%	1.4%	1.8%	4.8%	4.4%	8.7%		

Note1 : Turnover employees: Employee turnover includes employees who resign voluntarily or are laid off or die in Service, which does not include employees who are retired or are on leave without pay.
Note2 : Turnover Rate (%) = Number of Employee Turnover / Number of Employees by the end of the year.

6.1.4 Remuneration and Benefits

Mega pays new employees different basic salaries depending on their position levels regardless of gender, age, race, religion, political standpoint, marital status, or membership. The basic salaries of new employees, at home and abroad, across the Group are higher than the minimum wages of countries where they operate; subsequently, employees' compensation will vary year by year based on the performance bonuses and the increase of salary.

Since 2014, Mega Holdings has been selected as a component of the Taiwan High Compensation 100 Index, showing that the salary paid to Mega employees is superior to that offered by 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. As of the end of 2020, Mega Holdings, Mega Bank, Chung Kuo Insurance, and Mega Securities have a total of 7,857 full-time employees holding non-managerial positions. The average annual salary of full-time employees holding non-managerial positions was NT$1,426 thousand and the median annual salary of full-time employees holding non-managerial positions was NT$1,134 thousand. Both figures were lower than 2019 mainly due to an increase in the number of new entry-level employees of Mega Bank.

Average and Median Difference in Remuneration and Bonus by Gender of Mega Group in Taiwan

Indicator	Average
Average difference in remuneration between men and women	17.90%
Median difference in remuneration between men and women	18.26%
Average difference in bonus between men and women	14.64%
Median difference in bonus between men and women	17.74%

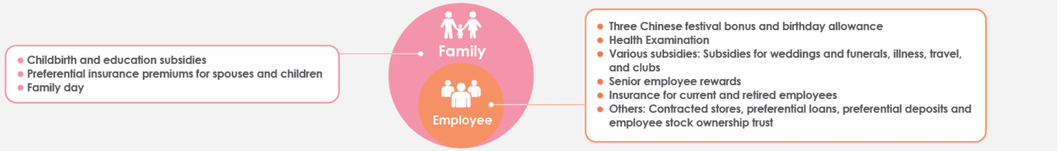
2020 Average and Median Salary of Full-Time Non-Managerial Employees of Mega Group in Taiwan

Item	2018	2019	2020	Difference between 2020 and previous year	Percentage (%) difference between 2020 and previous year
Number of full-time non-managerial employees	7,008	7,575	7,857	282	3.72%
Average annual salary of full-time non-managerial employees (NTD thousand)	1,441	1,435	1,426	-9	-0.63%
Median annual salary of full-time non-managerial employees (NTD thousand)	1,151	1,138	1,134	-4	-0.35%

Note: The scope of 2018 includes Mega Holdings, Mega Bank, Mega Securities and Chung Kuo Insurance. Mega Bills was added in 2019 and 2020. Managerial role is defined as the role of a manager.

In addition to basic salary, various benefits are also provided to employees of the Company, including life insurance, health insurance, disability insurance, parental leave, retirement plans, employee share ownership, employee clubs, and travel subsides.

Employee Benefins of Mega Bank



As a voluntary supporter of the government's population policy that encourages people of marriageable age to get married and give birth to children in order to address population aging and low birth rate issues, Mega Holdings and its subsidiaries provide employees with up to NT$30,000 marriage subsidy and NT$80,000 childbirth subsidy. These benefits serve to alleviate the financial burden of our employees. In 2020, Mega Group granted over NT$2.6 million in marriage subsidy to 146 employees; and more than NT$14 million in childbirth subsidy to 216 employees, an increase of 30 employees compared to the previous year.

Marriage and Childbirth Subsidies Provided by Mega Group in Taiwan for the Past Three Years

Item	2018		2019		2020	
	Number of applicants	Total Amount (NTD)	Number of applicants	Total Amount (NTD)	Number of applicants	Total Amount (NTD)
Marriage Subsidy	135	2,572,000	152	2,904,000	146	2,614,000
Childbirth Subsidy	150	10,948,400	186	13,752,000	216	14,034,167

Note: Each company offers different subsidy and incentive measures.

Maga has a complete parental leave system, which permits employees who meet the criteria specified in the Act of Gender Equality in Employment and other relevant regulations, to apply for unpaid parental leave while keeping their right to work and ensuring that employees maintain a balance between work and family.

In 2020, 316 employees (121 male and 195 female employees) were eligible for parental leave. A total of 73 employees (8 male and 65 female employees) took unpaid parental leave.

Unpaid Parental Leave of Mega Group in Taiwan in the Past Three Years

Items	2018			2019			2020		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees eligible for parental leave	–	–	–	164	84	248	195	121	316
Number of employees who took unpaid parental leave	64	8	72	71	9	80	65	8	73
Number of employees who should be reinstated	69	5	74	62	10	72	99	11	110
Number of employees who were reinstated	56	3	59	54	7	61	73	4	77
Reinstatement rate (%)	81.16%	60.00%	79.73%	87.10%	70.00%	84.72%	73.74%	36.36%	70.00%
Number of employees who were reinstated in the previous year	35	3	38	56	3	59	54	7	61
Number of employees still on the job 12 months after reinstatement in the previous year	34	2	36	49	3	52	50	7	57
Retention Rate (%)	97.14%	66.67%	94.74%	87.50%	100.00%	88.14%	94.34%	100.00%	93.44%

Note1 : Mega started disclosing the number of employees eligible for parental leave in 2019.
Note2 : Reinstatement rate (%) = (Number of employees who were reinstated/Number of employees who should be reinstated) x 100%.
Note3 : 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) x 100%.

Mega Holdings has established Employee Retirement Regulations in accordance with the Company's Retirement Regulations, the Labor Standards Act, and the Labor Pension Act.

Employee Retirement Regulations

The Company's Retirement Regulations	Except for appointed managerial officers and those who are eligible under the Labor Pension Act, employees' pensions shall be appropriated monthly at a rate determined based on the net pension cost of the year within 15% of the total salary to the reserve account under the supervision of the Supervisory Committee of Employee Retirement Reserve.
The pension system under the Labor Standards Act	Employees' pension reserves are appropriated monthly at an actuarial rate. The Supervisory Committee of Labor Retirement Reserve is set up according to the law to supervise the appropriation and application of the pension reserve.
The pension system under the Labor Pension Act	The Company shall contribute monthly an amount based on 6% of the employees' monthly salary to the employees' individual pension account with the Bureau of Labor Insurance.

To increase employee solidarity and talent retention, and take care of employees in their retirement, Mega Holdings and Mega Bank began organizing employee stock ownership trusts in January 2020, there are 72% of the Group employees could access this benefit. 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.

6.2 Employee Diversity and Equal Opportunity

Mega adopts a diverse hiring policy and does not discriminate based on nationality, race, gender, age, etc. We provide equal job opportunities for disadvantaged groups, and design jobs based on individual expertise and characteristics so that they have the chance to contribute their talents to society and improve quality of life. As of the end of 2020, the Company has 9,298 full-time employees, including 62 disabilities and 4 indigenous employees.

Global Employee Diversification in Mega Group Over the Past Three Years

2018

Items		Under 30 years old		Between 30 to 50 years old		Above 50 years old		Managerial	Non-Managerial	Taiwan	Overseas
Number of full-time employees in Taiwan	8,956	Female	Male	Female	Male	Female	Male				
Disability employees	63	–	–	9	11	16	27	4	59	63	0
			–		20		43				
Percentage (%)	0.70%		0.00%		0.22%		0.48%	0.04%	0.66%	0.70%	0.00%
Indigenous employees	6	1	–	5	–	–	–	–	6	6	0
			1		5		–				
Percentage (%)	0.07%		0.01%		0.06%		0.00%	0.00%	0.07%	0.07%	0.00%

2019

Items		Under 30 years old		Between 30 to 50 years old		Above 50 years old		Managerial	Non-Managerial	Taiwan	Overseas
Number of full-time employees in Taiwan	9,416	Female	Male	Female	Male	Female	Male				
Disability employees	62	1	2	6	11	13	29	3	59	61	1
			3		17		42				
Percentage (%)	0.66%		0.03%		0.18%		0.45%	0.03%	0.63%	0.65%	0.01%
Indigenous employees	9	1	1	6	1	–	–	–	9	9	0
			2		7		–				
Percentage (%)	0.10%		0.02%		0.07%		0.00%	0.00%	0.10%	0.10%	0.00%

2020

Items		Under 30 years old		Between 30 to 50 years old		Above 50 years old		Managerial	Non-Managerial	Taiwan	Overseas
Number of full-time employees in Taiwan	9,298	Female	Male	Female	Male	Female	Male				
Disability employees	62	1	1	12	10	13	25	4	58	61	1
			2		22		38				
Percentage (%)	0.67%		0.02%		0.24%		0.41%	0.04%	0.62%	0.66%	0.01%
Indigenous employees	4	–	–	4	–	–	–	–	4	4	0
			–		4		–				
Percentage (%)	0.04%		0.00%		0.04%		0.00%	0.00%	0.04%	0.04%	0.00%

Note: In 2020, CKI has a total of 4 indigenous employees (0.04%), including 3 from Amis tribe (0.03%) and 1 from Bunan tribe (0.01%).

6.3 Talent Development and Management

Mega spares no effort when it comes to organizing staff training courses. In addition to a diverse array of professional training courses and development programs, professional financial training courses, foreign language courses, special overseas study programs, seminars, and digital learning platforms are also provided. By subsidizing employees to obtain professional licenses and take foreign language proficiency tests, Mega creates a workplace that is friendly for continuous learning and innovation to refine employees' competency and stimulate their potential.

6.3.1 Training

On average, each employee of the Group received 47.7 hours of training in 2020, which was 11.09 hours shorter than previous year due to COVID-19.

Training Programs Provided by Mega Group in Taiwan for Full-Time Employees in the Past Three Years

Year	2018	2019	2020
Total training hours	428,365.48	553,556.64	443,485.00
Number of full-time employees in Taiwan	8,956	9,416	9,298
Training hours per person	47.83	58.79	47.70
Training expenses (NTD thousand)	152,172	100,959	59,556
Training expenses per person (NTD thousand)	16.99	10.72	6.41
Net income (NTD thousand)	61,609,000	65,275,000	60,809,922
Percentage of net income (%)	0.25%	0.15%	0.10%

Employees are encouraged to attend seminars and training courses to strengthen their workplace capabilities or to prepare themselves for future job functions. Mega covers training fees in full when it appoints or approves an employee to take a training course. In addition, registration fees and certification fees are covered, in full or in part, by the Company when employees participate in relevant professional certification or qualification examinations, such as the Certified Financial Planner (CFP), Associate Financial Planner (AFP), Certified Financial Service Auditor (CFSA), and Certified Anti-Money Laundering Specialist (CAMS), etc. In 2020, the Group has subsidized the professional certification of 1,511 individuals, paying over NT$1.4 million in subsidies.

The status of Full-time employee training in 2020

Total training hour	
443,485	
Training hour per person	
47.70	
Training expense (NTD thousand)	
59,556	
Training expense per person	
6.41	

	Female	Male
Training hours	259,219	184,266
Number of employees	5,455	3,843
Training hours per person	47.52	47.95

	Courses organized by the Group	Courses organized by external institutions
Training hours	364,771	78,714

	Managerial			Non- managerial
Training hours	161,442			282,043
	Low-level 146,719	Middle-level 13,185	Top-level 1,539	

Professional Certification Subsidies Provided by Mega Group in Taiwan for the Past Three Years

Year	Managerial				Non- managerial			
	Female		Male		Female		Male	
	Number of Employees	Total amount (NTD thousand)	Number of Employees	Total amount (NTD thousand)	Number of Employees	Total amount (NTD thousand)	Number of Employees	Total amount (NTD thousand)
2018	307	3,307	206	2,078	1,079	4,719	589	1,914
2019	327	544	242	481	1,493	1,676	823	754
2020	117	90	84	134	845	704.14	465	491

6.3.2 Professional Talent Training Programs

To provide environment and resources that are fit for employees, Mega Bank regularly recommends outstanding intermediate-level employees who have the intention and potential; qualified employees will be given internal training courses and subsequent plans for external professional training to become reserve supervisors, cadres, or expatriates.
According to its "Annual Training Plan," Mega Bank organizes lectures based on a business category. It also organizes professional lecture courses from time to time according to company strategies, financial market trends, and regulatory changes, among other factors. These courses serve to strengthen professional competency training programs for employees. In 2020, approximately 8,805 employees attended 148 sessions of intrabank lecture courses in total.

Additionally, to bridge the gap in its intrabank training, Mega Bank also appoints employees to attend professional training courses and conferences hosted by external institutions (e.g., Taiwan Academy of Banking and Finance, Bankers Association, Trust Association, Securities and Futures Institute, and hung-Hua Institution for Economic Research, etc.). In 2020, approximately 4,707 bank employees attended 835 sessions of external lecture courses in total.

Training Programs for Professional Talents

Unit Supervisor Training Program	At Mega Bank each year, unit supervisors recommend bank clerks with outstanding work performance and potential for development from each unit to take training courses on digital banking, financial markets, wealth management, consumer banking service, risk management, management accounting, corporate syndicated loans, compliance, AML, information security, and case studies of overseas branch management. Expert scholars in the finance industry and consulting companies are invited to lecture on topics such as "Analysis of Recent Financial Laws and Regulations," "Study on Corporate Problems with Window Dressing and Financial Fraud," "Business Implications of Green Finance and ESG," and "Leadership." Over the last six years, we trained a total of 257 employees of which 38 have been assigned to serve as unit supervisors. The number of assigned personnel accounts for approximately 15% of the trained employees. The 2020 Unit Supervisor Training Program of Mega Securities involved on-the-job training programs for mid-level and senior executives, which were hosted by Taiwan Securities Association and Chinese National Futures Association. In 2020, 49 people participated and they received 598 hours of training in total.

Elite Training Program

Elite Training Program	Mega Bank began organizing the " Elite Training Course" in 2014 to provide training to outstanding intermediate-level employees under 45 years old, who have the intention and potential with courses on deposit and remittances, wealth management, AML, and other related bank businesses, as well as practical courses such as "Communication Skills", "Team Growth", and "Service Experience." The Program is now in its tenth year and it has accumulated a total of 650 trainees (101 trainees in 2020) who have gained practical experiences from serving in important positions at the Head Office and domestic and overseas business units and are continuously 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. The 2020 Elite Training Program of Mega Securities included the GoPros training program on "Analysis of Trends and Industry Outlook" which was hosted by Securities and Futures Institute. Courses offered in 2020 were aimed at fostering professionals in finance for innovative industries and enabling participating learners to better understand the risks, prospects, and opportunities associated with investments in innovative industries.
Overseas Trainee Program	Mega Bank actively develops talents for overseas assignments. In addition to recruiting talents for overseas assignments and assigning them first to domestic business units for rotations and training, Mega Bank also offers overseas training schemes such as overseas rotation and branch internship programs so that domestic employees can learn how overseas branches operate and thus further enrich their work experience and professional competency. As of the end of 2020, Mega Bank has recruited more than 200 trainees for overseas assignments.

Professional Training Program Provided by Mega Bank in the Past Three Years

Core Competency Training	Project Name		2018		2019		2020	
• Business management philosophies • Branch businesses • Team leadership and motivation • Risk management • Decision-making and execution • Time and stress management • International business etiquette and communication skills	Unit Supervisor Training Course	Number of trainees	52	Number of trainees	36	Number of trainees	38
		Training hours per person	31.5	Training hours per person	33.0	Training hours per person	34.5
		Input of expense (NTD)	115,000	Input of expense (NTD)	207,445	Input of expense (NTD)	182,820
	Elite Training Course	Number of trainees	69	Number of trainees	88	Number of trainees	101
		Training hours per person	32.0	Training hours per person	33.0	Training hours per person	27.5
		Input of expense (NTD)	148,401	Input of expense (NTD)	193,457	Input of expense (NTD)	192,304
	Seminar on Overseas Branch Businesses	Number of trainees	47	Number of trainees	31	Number of trainees	70
		Training hours per person	32.0	Training hours per person	33.0	Training hours per person	33.0
		Input of expense (NTD)	143,265	Input of expense (NTD)	125,375	Input of expense (NTD)	91,219

6.3.3 Job Rotation Program

Job rotation aims to develop talents for bank 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, job rotation for employees is implemented in three ways, namely, internal job rotation, job rotation between units, and talent exchange within the Group.

Job Rotation Program

Internal job rotation	It refers to the transfer of jobs within a unit, and is divided into the adjustment of the business task and job content. Each head of the unit shall always pay attention to the job rotation training to ensure that each employee can fully understand each work area in the unit. In case there is a lack of manpower in the unit, employees in the department could offer support and assistance to one another. Meanwhile, the rotation also enables the employees to perform their duties well when transferred to other work areas.

Year	2017	2018	2019	2020
Average rate of internal job rotation within the group (%)	14.93%	17.10%	18.35%	18.44%

Job rotation between units	It refers to the transfer of jobs between units, including job rotation (or temporary transfer) between domestic and overseas units. Job rotation between units is implemented every year from time to time in accordance with the Five Principles of Job Transfers as specified by the laws and regulations.
Talent exchanges within the Group	Mega Holdings has established Group Talent Exchange Regulations to promote the exchange of talents between companies of the Group and enhance training of professional talents in response to the need of cross-industry operations.

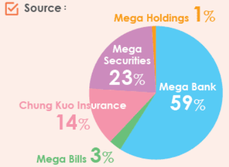
6.3.4 Performance Evaluation

Mega Holdings has a set of Employee Performance Appraisal Guidelines in place to organize performance evaluations for employees at the end of each year. The purpose of these evaluations is to attain performance targets of the organization and uncover the potential of employees. Following the rigorous operating procedures, supervisors at all levels evaluate the performance of employees in a fair and just manner. Except for employees on probation or reinstated employees, all employees will undergo the performance evaluation in the current year. In addition, Job Promotion Rules for Employees are established to promote outstanding employees, encourage the continuing education of employees, and refine professional knowledge and managerial skills.

6.3.5 Employee Engagement Survey

An employee engagement survey serves to shed light on the relationship between employee engagement, satisfaction and job performance within Mega Groups. In 2020, a professional agency was hired to conduct online questionnaire survey and interviews on Mega Holdings and its banking, securities, bills, and insurance subsidiaries. On the premise that employees are satisfied with their job, the positive effect of employee engagement on job performance was examined.

Source：



Sample size: For this questionnaire survey, 5,543 questionnaires were retrieved, it covered 59.61% of the total employee of the Group, including 3,239 (59%) from Mega Bank, 175 (3%) from Mega Bills, 789 (14%) from CKI, 1,279 (23%) from Mega Securities, and 61 (1%) from Mega Holdings. In total, 8,385 people were surveyed for an overall response rate of 66.11%.

Survey method: Employee engagement survey was conducted using qualitative interviews and quantitative questionnaires. The questionnaire adopted a 5-point Likert scale. With reference to the Gallup and Towers Watson's definition of employee engagement, items were designed to determine employees' perception in terms of basic needs, contribution, sense of belonging, growth, cognition, affection, and action.

Survey results: Results showed that the score for Mega Group's Employee Engagement Survey was 3.87; and 74.03% of employees were actively engaged. Specifically, men scored slightly, but not significantly, higher than women, and mangers scored considerably higher than non-managers. Moreover, seniority exhibited positive correlation, meaning that higher position scored higher on employee engagement.

Employee Engagement	Male	Female	Non-managerial role	Managerial role		Total
				Mid-level manager	Top-level manager	
Sample size	2,312	3,231	4,654	861	28	5,543
Percentage (%)	41.71%	58.29%	83.96%	15.53%	0.51%	100%
Score	3.78	3.73	3.74	3.81	3.84	3.87

Management recommendations:

- Provide clear work instructions and training plans to ensure proper delegation of responsibilities.
- Continue to build a friendly workplace, and provide comprehensive welfare measures and physical and mental support programs.
- Strengthen labor-management communication channels,and enhance employees' sense of competence and willingness to engage.
- Improve job performance feedback, and establish a transparent assessment system and promotion channels.

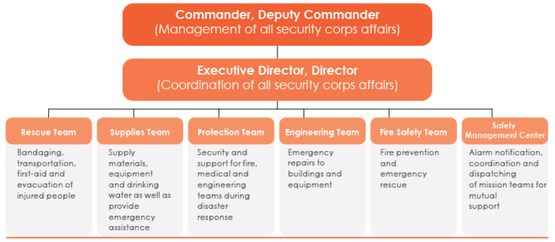
6.4 Occupational Health and Safety

Mega regards employees as important assets. The Company establishes an Occupational Safety and Health Management Plan in accordance with the Occupational Safety and Health Act to prevent occupational hazards, protect the physical, mental, and spiritual health of employees, and ensure workplace safety.

6.4.1 Occupational Safety and Health Management System

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

Organizational Chart and Duties of Security Corps Task Forces



Mega sets up a safety and health organization according to the size of subsidiaries and appoints relevant personnel to implement safety and health management and automatic inspection measures. In particular, Mega Bank has set up a unit in charge of labor safety and health and the Occupational Safety and Health Committee, which consists of an Executive Vice President as the chairperson, 6 members from the management, and 3 members from the union (accounting for 33% of the total members). The Occupational Safety and Health Committee convenes a meeting every three months to resolve and supervise the plans for employees' health and safety. The occupational safety and health system covers the full-time employees, and those who are not included, so as the contracted workers, are responsibed by the contracting company and would help the related training and health exam etc.

6.4.2 Occupational Safety and Health Training Programs

Mega provides occupational safety and health training programs, including training for supervisors in charge of occupational safety and health, fire prevention personnel training, and first aid training, in accordance with the Occupational Safety and Health Act, to ensure workplace safety, which not only benefits employee solidarity but also enhances work efficiency and service quality. In 2020, the Group was not subject to penalties for violation of the Occupational Safety and Health Act.

Occupational Safety and Health Training of Mega Group in Taiwan in the Past Three Years

Items	2018		2019		2020	
	Number of employees	Total training hours	Number of employees	Total training hours	Number of employees	Total training hours
Training for supervisor in charge of occupational safety and health	75	1,015	56	1,415	57	1,328
Fire prevention personnel retraining	113	1,031	23	195	185	1,272
First aid personnel training	27	366	33	393	46	333

6.4.3 Occupational Safety and Health Management Measures

■ Workplace First Aid and Labor Safety

According to Article 6 of the Occupational Safety and Health Act: "The employers shall adequately plan and adopt the necessary safety and health measures to allow for evacuation, first-aid treatment, rest, or other actions to protect the physical and mental health of laborers." For this reason, Mega assigns each office building with security personnel or security guards, and sets up a 24-hour surveillance system to control personnel access and handle emergencies. Mega also requires a security company to organize training courses for security personnel every year according to contract. In 2020, all security personnel have completed training on safeguards, emergency treatment, and human rights.

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

Workplace First Aid and Labor Safety in Mega Group

Activities	Mega Holdings	Mega Bank	Mega Securities	Mega Bills	Chung Kuo Insurance	Mega International Investment Trust
Automated External Defibrillators (AED)		✓	✓		✓	
First-aid medicine and equipment	✓	✓	✓	✓	✓	✓
Fire and disaster prevented equipment	✓	✓	✓	✓	✓	✓
Fire and disaster prevention drill	✓	✓	✓	✓	✓	✓

■ Health Promotion and Safe Workplace

Mega has cooperated with multiple hospitals to provide employees with regular health examinations that are superior to statutory requirements. Employees may apply for official leave to visit hospitals for health check-ups. 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. We hope to help employees understand their physical conditions through health examinations, and continue to track and treat abnormal and potentially high-risk items, so as to achieve early disease prevention. In 2020, the Group had 3,705 employees undergo health examinations, a decrease of 270 people compared to 2019 primarily due to the COVID-19 issue, Mega Securities has suspended employee health examinations for the year.

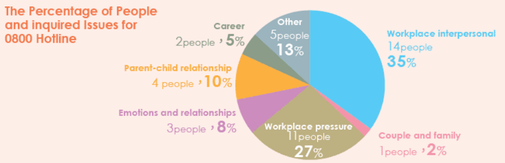
Employees Health Examinations of Mega Group in the Past Three Years

Year	Total number of employees	Under 40 years old		Between 40 to 50 years old		Above 50 years old		Taiwan	Overseas
		Male	Female	Male	Female	Male	Female		
2018	4,897	511	861	558	805	1,191	971	4,796	101
2019	3,975	403	816	465	491	1,032	768	3,841	134
2020	3,705	490	758	297	383	1,013	764	3,664	41

Mega pays close attention to not only employees' physical health but also their mental health and continuously provides channels for stress relief, communication, and problem-solving. Mega appointed a professional psychological consultation institution in the second half of 2019 to provide psychological consultation services for employees of the Group. Employees can use the 0800 hotline, email, or one-on-one consultation to seek psychological consultation with a psychologist. A total of 40 employees used the consulting services in 2020. Most of the employees consulted on issues involving interpersonal relationships and stress in the workplace.

Because Mega Bank and Mega Securities have a high number of employees, they established a medical room where a stationed physician and nurses are available to provides onsite medical services, including health consultation, minor injury or disease treatment, emergency treatment, and implementation of employee protection plan. On average, about 100 employees consult the physician every month.





Health Promotion and Safe Workplace in Mega Holdings Group

Activities	Mega Holdings	Mega Bank	Mega Securities	Mega Bills	Chung Kuo Insurance	Mega International Investment Trust
Health lectures	Irregularly (None in 2020)	✓	Irregularly (None in 2020)	✓	✓	
Health examination	✓	✓	Twice a year (None in 2020)	✓	✓	✓
Workplace flu vaccinated	✓	✓	Irregularly (None in 2020)	✓		
Psychological consultation	✓	✓	✓	✓	✓	✓
Sports clubs		✓	✓			
Healthy diet		✓				
Breastfeeding rooms	✓	✓	✓	✓	✓	✓
Smoke-free workplace	✓	✓	✓	✓	✓	✓
Working environment inspection	✓	✓	✓	✓		✓
Employee health insurance	✓	✓	✓	✓	✓	✓
Stationed physicians		✓	✓			Irregularly
Stationed nurses		✓	✓		✓	✓

Mega utilizes the E-Learing platform to deliver related questionaire or executes an on-site inspectation for hazard identification and risk assessment, replying to the four protections plans under the national Occupational Safety and Health Act, which are Prevention of Human-Factor Hazards, Prevention of Abnormal Workload-triggered Diseases, Prevention of Illegal Infringement at Work and Protection of Maternal Health.

■ Prevention of Human-Factor Hazards

Article 6 of the Occupational Safety and Health Act states that: "the employers shall adequately plan and adopt the necessary safety and health measures to prevent musculoskeletal disorders induced by repetitive operations and related works." Accordingly, larger subsidiaries of Mega Group have successively established the Human-Factor Hazards Prevention Plan since 2018. At the end of 2020, Mega Bank introduced courses on the prevention of musculoskeletal disorders to its occupational safety and health training programs. In total, 5,722 people attended these courses and all of them (100%) responded to a questionnaire on musculoskeletal disorders. In 2021, Mega Bank plans to investigate and analyze pain levels. Those whose scored high on pain levels will be subjected to follow-up management. Nursing personnel and physicians will inspect the workplace and provide related human-factor engineering improvement guidance and health education information.

■ Prevention of Abnormal Workload-triggered Diseases

Article 6 of the Occupational Safety and Health Act states that: "The employers shall adequately plan and adopt the necessary safety and health measures to prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours." Accordingly, larger subsidiaries of Mega Group have successively established Abnormal Workload-triggered Diseases Prevention Plan since 2018 to prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours, for high-risk employees. During employee training in 2020, Mega Bank administered an abnormal workload risk assessment questionnaire survey; 5,796 valid questionnaires were collected for a response rate of 100%. Statistical analysis revealed that 86 employees were at high risk of workload-triggered diseases. Thus, measures such as health examinations and lectures and interviews with stationed physicians and nurses were adopted, and health guidance and suitable work adjustments were arranged to prevent workload-triggered diseases and ensure employees' physical and mental health.

■ Prevention of Illegal Infringement at Work

Article 6 of the Occupational Safety and Health Act states that: "The employers shall adequately plan and adopt the necessary safety and health measures to prevent wrongful physical or mental harm caused by the actions of others during the execution of job duties." Accordingly, larger subsidiaries of Mega Group have established the "Prevention Plan for Illegal Infringement at Work" since 2015 and published a written statement prohibiting workplace violence and adopting a zero-tolerance principle for illegal infringement in the workplace. Educational materials were also included in the employees' annual training courses and health seminars. Mega Bank conducted a statistical analysis of risk factor hierarchy in 2020 and classified latent risks of illegal infringement into psychological violence, physical violence, verbal abuse, and sexual harassment. Risk analysis results have been presented to the Occupational Safety Committee, and we will continue to adopt relevant prevention measures and improvement plans. Chung Kuo Insurance has received a suspected incident of workplace violence, after the investigation by the task force determines that it was a managerial conflict, but not a work violence. Even though, the Group considered the suspected incident important, and would hold relevant training continuingly.

■ Protection of Maternal Health

Pursuant to Article 31 of the Occupational Safety and Health Act and the Regulations for Implementing Maternal Health Protection of Female Workers, larger subsidiaries of Mega Group have established Maternal Health Protection Plan since 2016. The plan is integrated in the human resource leave application system for follow-up management. In 2020, Mega Bank has 189 pregnant employees and 67 breastfeeding employees, all of whom have been listed as people who need follow-up care. These employees are subjected to occupational risk and health assessment by a stationed physician and they are also provided with information on health guidance and childcare allowances so as to ensure that the health of mothers is protected.

6.4.4 Occupational Injury

For employees who are injured due to the performance of duties or accidents during commutes, Mega ignites the investigation sytem to find the cause of the incidence and provide health care, and further helps them to apply for occupational outpatient services, hospitalization, injury, sickness, and disability benefits, depending on the severity of their injuries. We grant occupational sick leaves and offer consolation, there would be a nurse to track the health status and analyze, calculate the cuase of incedent, so as to raise preventive and corrective measures. In 2020, the occupational injuried are mostly fall injuried (such as graze and bruise), none of the severe occupational incidenct (i.e took at least 6 months from injured to recover) or injured incident of workers at the workplace happened. The Group is registered an occupational injury rate of 3.00% and lost day rate of 26.14%, which are significantly lower than those in 2019.

Occupational Injury of Mega Group in Taiwan for the Past Three Years

Items	2017		2018		2019		2020	
Total work days in a yeart	249		248		250		249	
Total work hours in a year	1792.8		1,785.6		1,875.0		1,867.5	
Number of injured	Female	28	Female	38	Female	38	Female	40
	Male	21	Male	30	Male	27	Male	16
	Total	49	Total	68	Total	65	Total	56
Occupational Injury Rate (IR) (%)	2.73%		3.81%		3.47%		3.00%	
Type of Injury	Injury sustained in the workplace or during duty performance	3	Injury sustained in the workplace or during duty performance	21	Injury sustained in the workplace or during duty performance	14	Injury sustained in the workplace or during duty performance	13
	Injury sustained during commute	46	Injury sustained during commute	47	Injury sustained during commute	51	Injury sustained during commute	43
	Total	49	Total	68	Total	65	Total	56
Deaths	Female	0	Female	0	Female	0	Female	0
	Male	0	Male	0	Male	0	Male	0
	Total		Total	0	Total	0	Total	0
Lost Work Days	Female	217.625	Female	319.25	Female	417.88	Female	388.38
	Male	160.125	Male	165.50	Male	280.13	Male	100.88
	Total	377.75	Total	484.75	Total	698.00	Total	489.25
Lost Day Rate (LDR) (%)	21.07%		27.15%		37.23%		26.20%	
Absence Days	Total	6,513	Total	7,554	Total	8,769	Total	7,699
Absence Rate (AR) (%)	0.3077%		0.3401%		0.3725%		0.3325%	

Note1 : Injury Rate (IR) = Number of Injured x 1,000,000 / Total Working Hours
Note2 : Lost Day Rate (LDR) = Total Lost Work Days x 1,000,000 / Total Working Hours
Note3 : Absent Days = Total number of days lost due to all forms of absence, including occupational injury, illness, menstrual leave, mild illness (e.g., cold, fever, or flu), and personal leave and sick leave for undisclosed reasons, and excluding pre-arranged or permitted absence (e.g., family care leave, holidays, training, maternity leave, paternity leave, marriage leave, compassionate leave, and official leave)
Note4 : Absence rate (AR) = Total number of absence days / Total work days of all employees ×100%

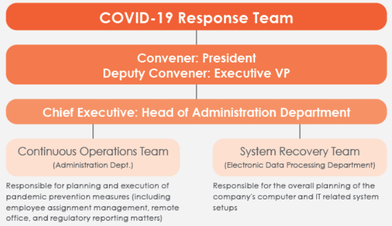
6.4.5 COVID-19 Pandemic

In 2020, COVID-19 impacted the global industry and economic development. Facing such unprecedented impact and uncertainty, the Company becomes aware of the importance of a Business Continuity Planning (BCP). Each subsidiary has organized its respective emergency task force, with the President of the Company acting as the convener. Combined with the duties of relevant units, the task force ensures that emergencies are resolved quickly and effectively. In the future, social impacts and closing down of businesses caused by the pandemic and emergencies may become the "New Normal," with significant changes being made to existing work models and processes, from physical offices, remote offices to remote online offices at home. The task force comprises continuous operation and system recovery teams to ensure the continuous business operation, the security of remote data access, and real-time tracking of various risks to implement sustainable development.

■ Management Mechanisms

1. **Access control for employees and visitors:** Employees and visitors must have their body temperature measured and wear masks. Visitors must sign in (and complete a health declaration form in advance).
2. **Employees traveling abroad:** Employees and all supervisors are advised to avoid traveling abroad for non-essential and unofficial businesses.
3. **Employee health management:** Employees are asked to conduct self-health management every day, wash their hand regularly, and pay attention to their respiratory hygiene and cough etiquette.
4. **Floor control:** Access control is implemented on every floor of the building.
5. **Environmental decontamination:** The frequency of decontaminating public areas such as elevators and conference rooms are increased

■ Management Framework



Convener: Supervises and oversees all matters relating to COVID-19

Deputy Convener: Assists in the supervision and overseeing of all matters relating to the coronavirus pandemic

Chief Executive:

1. Supervises the execution of all matters relating to the coronavirus pandemic
2. Oversees matters pertaining to coronavirus prevention
3. Liaisons and announcements relating to pandemic prevention measures

6.5 Human Rights Policy

Mega complies 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, Mega respects the basic rights granted to employees by law and never restrains or prevents employees from forming a union or clubs. In September 2018, Mega Holdings established the"Human Rights Policy" in accordance with the UN's Universal Declaration of Human Rights, UN Global Compact and related regulations of the UN International Labour Organization and disclosed it on the company website. In 2020, there were neither complaints about human rights and discrimination issues, nor reports of forced or compulsory labor, infringement upon the rights of indigenous peoples, or infringement upon the interests of employees within the Group; no child labor under 16 is employed by the Company.



Human Rights Training of Mega Group in Taiwan for the Past Three Years

Items	2018	2019	2020
Total number of employees	14,886	18,172	15,185
Total training hours	67,166	65,872	58,614

Mega organizes human rights policy training each year. Human rights related courses included the Personal Data Protection Act, ethical management training, employee confidentiality training, theory and practice of the Fair Customer Treatment Principle in the Financial Industry, general employee safety and health training, and Act of Gender Equality in Employment. In 2020, the Group recorded 15,185 people attending human rights related courses, with a total 58,614 training hours.

6.5.1 Gender Equality

To protect gender equality in employment, fulfill the spirit of the Constitution for eliminating gender discrimination, and promote actual equality of gender in the work place, Mega provides female employees with maternity leave when they give birth and set up breastfeeding rooms in accordance with the "Act of Gender Equality in Employment". In addition, employees may apply for unpaid parental leave before their children turn three and reserve 100% of their right to work. To promote and achieve gender equality, Mega established the "Sexual Harassment Prevention Measures, Appeals, and Disciplines" and posts information (helpline and mailbox) on relevant guidelines and grievance channels publicly in the office area to ensure that employees better understand how to prevent and respond to sexual harassment in the workplace. There were no sexual harassment complaints in 2020 and penalties for violation of the Act of Gender Equality in Employment.

6.5.2 Avoiding Forced or Compulsory Labor

Mega adheres to the Labor Standards Act, which stipulates that employees shall not be forced to work outside of normal working hours for health or other legitimate reasons. In 2020, the Group reported two violations of the Labor Standards Act, mainly involving the company's failure to pay overtime as required by law. Therefore, we included "overtime" as a human rights issue that is critical to the company. In addition, Mega has strengthened overtime system control and warning mechanism to prevent employees from working overtime and being forced to work. To protect employees' rights, employees should notify their unit supervisor for approval if overtime is necessary, and they are given overtime pay or compensatory leave pursuant to law.

No.	Government	Announcement	Sanction Date	Sanction Letter Number	Company Name	Law Violated	Provision Violated
1	Kaohsiung City	109/10/08	109/05/20	Kaohsiung City-Lao-Tiao-Zi No. 10935265400	Chung Kuo Insurance	Article 24 of the Labor Standards Act	Failure to pay overtime in accordance with law
2	Taipei City	109/07/03	109/05/15	Taipei City-Lao-Dong-Zi No. 10960296051	Mega Bank	Paragraph 2, Article 22 of the Labor Standards Act	Failure to pay worker's salary

Human Rights Due Diligence

Identify Human Rights Issues

Identify human rights issues related to operating activities for all employees of Mega Group, including gender equality, employee health and safety, overtime, discrimination and sexual harassment, labor disputes, etc.

Assess High-Risk Human Rights Issues

Conduct risk assessment on the identified issues, and those at risk of being penalized are considered a major risk.

Manage High-Risk Human Rights Issues

Mega Group conducted a survey on employees who work more than 40 hours of overtime per month in 2020 (high-risk group). Improvement is made if employees who work more than 40 hours of overtime per month have not worked more than 40 hours of overtime for 3 consecutive months; otherwise, improvement is not made. In 2020, a total of 3,277 employees in the Group worked more than 40 hours of overtime per month (35.24% of the group's employees), of which 28 people worked less than 40 hours of overtime for 3 consecutive months, and the overtime improvement rate was 0.85%.

Prevent and Improve High-Risk Human Rights Issues

To effectively prevent and improve overtime and reduce the risk of being sanctioned, Mega adopts the following practices:

- **Preventive Measures:** Strengthen overtime system control and warning mechanism.
- **Improvement Measures:** Employees should notify their unit supervisor for approval if overtime is necessary, and they are given overtime pay or compensatory leave pursuant to law.

The Group has 100% implement the above preventive and improvemet measures.

6.5.3 Collective Bargaining Agreements

To facilitate labor relations, promote business development, and protect the interests and rights of employees, larger subsidiaries of Mega Group such as Mega Bank have entered into a collective agreement, which specifies labor conditions, such as remuneration, working hours, leaves, employment, transfers and dismissal, retirement and pensions, and health and safety issues. The smaller subsidiaries of Mega Group did not establish a union, but the interests and rights of their employees are protected by labor laws and regulations. To secure the employees' right to work, Mega informs the employees in advance of any unit establishment, relocation or downsize and merge. If a change of business nature results in no suitable jobs for the employee, or the employee is not competent enough for the job, Mega informs the employee of termination of employment contract at least 10-30 days in advance according to the Labor Standards Act.

The labor union of Mega Group is composed of employees, with member (representative) meetings as the highest governing body. Directors (supervisors) will be appointed to form a Board of Directors. Member (representative) meetings are held at least once every year, and meetings of the Board of Directors are held at least once every 3 months. Mega Holdings, Mega Bank, Mega Securities and Chung Kuo Insurance each have a labor union. The Mega Bank Union has 5,919 members, accounting for 89% of total employees, while Mega Holdings' union has 47 members, accounting for 82% of total employees. The proportion of employees in Mega Group who participated in the labor union is 64%.

Mega has organized regular labor-management meetings with the union in 2020 to exchange opinions on various issues and communicate. Mega also utilizes other communication platforms, such as ad hoc discussions with the directors and supervisors of the union, to strengthen the stability of labor-management relations.

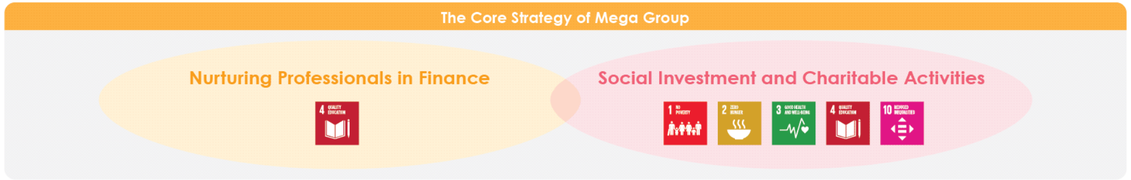
7 Social Prosperity

Mega actively participates in various public welfare activities to fulfill its duties as a corporate citizen. More tangible support and assistance are provided to social education, sports, arts and cultural, and disadvantaged groups through the resources and power of Mega Charity Foundation and Mega Bank Cultural and Educational Foundation. In 2020, Mega Group invested more than NTD 53.68 million in social welfare. Through a series of charitable activities, we hope to spread love to every corner of society.

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7.1 Nurturing Professionals in Finance

Integrating the Group's professional competencies, Mega integrates industrial, governmental, and academic resources in training camps organized by colleges, company visits, or financial knowledge events hosted by competent authorities to assist with the promotion of financial education.

Activity	Social Benefits	Number of Beneficiaries
Corporate visit: Taiwan Student Association, NFAC Youth (originally called NTU Finance Life Camp), and Department of Finance of Chung Yuan Christian University paid a visit to Mega Bank.	Facilitated exchanges between the industry, government, and academia, improved corporate image, and fulfilled corporate social responsibilities. Visited the Exhibition on the History of Mega Bank to learn the financial development of Taiwan.	230 people participated
Activity Sponsorship: Sponsored the 13th NCTU International Finance Conference	To promote the financial development of Taiwan and exchange between international finance industries and academia, the Foundation of Pacific Basin Financial Research held the 13th NCTU International Finance Conference on January 10, 2020. The theme of the conference was "FinTech and Risk Management." Esteemed finance and economics scholars from Taiwan and distinguished expert scholars from overseas were invited to the conference. Mega Bank provided NT$50,000 in sponsorship to not only support academic development but also improve the learning platform for expanding the international financial perspective and business management knowledge of mid-level to senior executives.	200 people participated
Activity Sponsorship: Sponsored the 2020 Chung-Hua Financial and Economic Forum	Chung-Hua Institution for Economic Research planned a series of activities: Chung-Hua Financial and Economic Forum, Chung-Hua Financial and Economic Trends Seminar, Chung-Hua Financial and Economic Presentation, Chung-Hua Elite Leadership Class, and an event welcoming prominent financial and economic experts from mainland China. Resources such as Database Use inquiry service are used to organize a range of courses on international finance and economic and business management for participating members. Mega Bank provided NT$200,000 to sponsor these activities, which can facilitate the use of the Institution's research resources and also support academic development.	Mega Group and academic communities in Taiwan
Publication Sponsorship: Sponsored the publication of Commercial Times 2020 Wealth Trends Forecast	Mega Bank provided NT$98,000 to sponsor the printing of Commercial Times' 2020 Wealth Trends Forecast, which analyzes international financial and economic trends, industry dynamics, overall market trends, and investment strategies. These topics are beneficial for various industries and members of the public.	Members of the general public

Activity	Social Benefits	Number of Beneficiaries
Event Preparation: Hosted the 2020 Mega Fintech Creativity Contest	FinTech is the use of information technology in various banking service domains to make financial services more innovative and efficient. The development of FinTech is a trend that the technology and financial industry cannot ignore in the future. Mega Bank Cultural and Educational Foundation hosted the 2020 Mega FinTech Creativity Contest to foster campus FinTech capabilities. This activity costed NT$1,896,385 and has received enthusiastic responses on campus. In total, 252 works were submitted. This contest can promote innovative Fintech ideas among young students and cultivate FinTech literacy and competitiveness of young adults in Taiwan.	**252 teams of undergraduate students signed up for it**
Activity Sponsorship: Sponsored the Central News Agency in the campus event "I am a Foreign Correspondent"	To cultivate the international perspectives of young adults in Taiwan, Mega Bank Cultural and Educational Foundation provided NT$1 million to sponsor the campus event "I am a Foreign Correspondent" hosted by the Central News Agency. The Central News Agency is a national communications agency boasting a wide range of international news resources. The Agency has almost 30 correspondents stationed overseas, providing international news for Taiwanese people on a daily basis. To encourage young Taiwanese adults to read international news and bolster their international competitiveness, the Central News Agency hosted the campus event "I am a Foreign Correspondent", which aims to train young adults in Taiwan to develop a global macroscopic perspective and eventually become the vanguard of corporate globalization with a broadened global horizon.	**23 lecturers were held, reaching an audience of approximately 2,000 teachers and students**
Activity Sponsorship: Sponsored the "Grand Future of Taiwan" Summit Forum organized by Business Today Magazine	Business Today Magazine hosted the "Grand Future of Taiwan" Summit Forum from July 29-30, 2020 at the Taipei Shangri La Far Eastern Plaza Hotel. The forum focused on discussing the continuation of the US-China trade war, international economic trends and the advent of 5G technology, and the future development of Taiwan, among other topics. Over 2 days, 490 and 530 people attended the forum in person and online, respectively. Mega Bank provided NT$500,000 in sponsorship. Benefits included providing industry practitioners, governmental officers, and academic scholars with insight into international economic trends, and the synergy of creating Taiwan's future with new technology and new economic thinking, and enhancing corporate image to a level that supports financial development.	**Over 2 days, 490 and 530 people attended the forum in person and online, respectively**
Activity Sponsorship: Sponsored the 2020 Thinker Forum hosted by Economic Daily News	On November 16, 2020, the Economic Daily News hosted the 2020 Thinker Forum, inviting industry practitioners, governmental officers, and academic scholars as well as think tank scholars and corporate owners to collectively discuss the impact and changes caused by COVID-19 to the global economy and the post-pandemic global industrial trends. Due to COVID-19 this forum was for the first time made available online and attracted 4,500 viewers. A total of 320 people attended the event in person. Mega Bank provided NT$500,000 in sponsorship. Benefits included opportunities for discussing the investment trends and strategies of Taiwan's new economic market after the pandemic, promoting outward expansion of Taiwan's economy, and branding the bank's image as a supporter of financial academic development.	**There were more than 4,500 online viewers, and 320 people attended the event in person**
Scholarships: Made scholarship donations to National Tsing Hua University, Chung Yuan Christian University, and National Chengchi University.	The Company made scholarship donations to National Tsing Hua University (NT$1 million), Chung Yuan Christian University (NT$450,000), and National Chengchi University (NT$100,000), to encourage young students to work hard, help outstanding students concentrate on their academic studies, and provide comprehensive educational resources.	**Faculty staff members and students of National Tsing Hua University, Chung Yuan Christian University, and National Chengchi University**
Event Promotion: Mega Securities participated in the 2020 Financial Services Charity Carnival, which was hosted on November 28, 2020 in Chiayi by the Taiwan Federation of Financial Unions.	This event was focused on the promotion of charitable acts and financial knowledge, evoking people's financial awareness and care for disadvantaged groups in society.	**Approximately 500 people, including disadvantaged groups and the general public**

Case Study

Mega Bank Cultural Educational Foundation hosted and Mega Bank co-organized the 2020 Mega FinTech Creativity Contest; 252 teams of university students had signed up for it, and 17 teams were enlisted. A combined total of NT$600,000 has been rewarded. The Honeycomb app, designed exclusively for couples by NTUST Department of Business Administration, won first prize and received NT$200,000 in prize money.

Chairman of the Mega Bank Cultural and Educational Foundation, Mr. Chao-Shun Chang indicated that the financial industry must rely on the skills of outstanding digital technologists in order to succeed digital transformation quickly and swiftly. On the one hand, this creativity contest represents the Company's commitment to digital FinTech. On the other hand, we hope to give students who are creative in FinTech a chance to put their skills into practice and become a FinTech specialist.





Case Study

Mega Securities participated in the 2020 Financial Services Charity Carnival, which was hosted on November 28, 2020 in Chiayi by the Taiwan Federation of Financial Unions. The theme of this event was the promotion of financial knowledge and charitable acts and enabling members of the public to understand the commitment and dedications that the financial industry has made to promoting financial education and social welfare. We hope to unite the resources of various financial associations, associated institutions, and financial institutions to promote financial education and highlight the proactive roles and image of financial service providers in promoting public welfare and fulfilling social responsibilities.



7.2 Social Investment and Charitable Activities

The Social Welfare Working Group, which is affiliated with the Company's Sustainability Committee, formulates work implementation plans and goals for the year that aim to expand the company's social influence through social investments and charity activities, thereby taking concrete actions to support the UN SDG 1: No Poverty, SDG 2: No Hunger, SDG 3: Good Health and Well-Being, SDG 4: Quality Education and SDG 10: Reduced Inequality.

Social Investment and Charitable Activities

- Alleviate Poverty and Support the Disadvantaged
- Promote Sports Activities
- Support Community Development
- Support Arts and Culture

Charity Activities of Mega Group in 2020

Unit: NTD

Charity Types	Amount	Percentage (%)
Charity donation	11,449,824	21.3%
Community investment	2,737,462	5.1%
Business initiatives	39,495,585	73.6%
Total	**53,682,871**	**100%**

Breakdown of the use of funds for charity activities of Mega Group in 2020

Unit: NTD

Items	Amount	Percentage (%)
Cash donation	44,579,759	83.04%
Volunteer work expenses	138,550	0.26%
Supplies donation	563,553	1.05%
Management expenses	8,401,009	15.65%
Total	**53,682,871**	**100%**

Note1 : Volunteer work expenses are calculated by the average base wage of entry-level employees NT$425/hr.

Note2 : Administration fees include Insurance, cleaning of vests, transportation, and mail and cable expenses, among other expenditures.

7.2.1 Alleviate Poverty and Support the Disadvantaged

Activity	Social Benefits	Number of Beneficiaries
Project sponsorship: Adopted children from Taiwan Fund for Children and Families	Assist children living in poverty or with broken families, and helped young adults secure a stable source of economic subsidy.	**15 children benefited**
Project sponsorship: Provided lunch subsidies for disadvantaged students of Pingdong Vocational High School in the second term of 2020	Made sure disadvantaged students could concentrate on their study without worrying about starvation.	**47 students benefited**
Project sponsorship: Sponsored Mennonite Christian Hospital's "Social Service and Diseases of Poverty Care Fund"	Secured complete health care for patients and helped them to readapt to social life.	**33 patients benefited**
Project sponsorship: Sponsored Camillians Saint Mary's Hospital Luodong "Emergency Healthcare Relief Program"	Secured accessibility to medical and health care for disadvantaged people living in rural areas who experienced unexpected change.	**34 patients benefited**
Project sponsorship: Provided NT$300,000 to cover the cost of St. Joseph Home	Improved the living environment and health care for residents with physical or mental disabilities.	**229 people benefited**

Activity	Social Benefits	Number of Beneficiaries
Project sponsorship: Sponsored the purchase of medical equipment for Little Sisters of the Poor in New Taipei City	Mega Charity Foundation donated medical equipment to the value of NT$128,000 to Little Sisters of the Poor in New Taipei City and organized three volunteering activities for this organization. Little Sisters of the Poor is a nursing home for older adults aged 70 years or above who live alone or live in poverty. This organization relies completely on private donations. Through its Foundation, the Company sponsors the costs of purchasing medical equipment for residents of this nursing home to ensure that residents receive effective health care. In addition, the Company also recruits volunteers to provide companionship and care on weekends to fulfill our corporate social responsibility.	**60 elderly adults benefited**
Project sponsorship: Sponsored the Beunen Foundation	Ensured that elderly adults gain access to effective health care for better quality of life.	**5,292 people benefited**
Project sponsorship: Sponsored the Taipei Kuanyin-Line Psychological and Social Service Association - the Family and Emotional Care Hotline	Provided care to disadvantaged families, elderly people who live alone, and people who were affected by accidental disasters, and reduced the occurrence of unfortunate events in society.	**2,281 people benefited**
Project sponsorship: Sponsored the Chinese Taipei Baseball and Softball Association for the Disabled	Helped people with disabilities who are passionate about baseball and softball to find the meaning of life and achieve self-affirmation.	**240 people benefited**
Project sponsorship: Sponsored charity groups such as Down Syndrome Foundation, Find Your Happy Place, and Yunlin Elderly Long-Term Care Association	Provided care for people with physical disabilities and disadvantaged groups to improve their living environment.	**200 people benefited**
Project sponsorship: Donated money to the education reserve funds of senior high schools or below and provided emergency aid and healthcare subsidies	Took care of students and groups that are economically disadvantaged or whose families experienced unexpected changes, so as to ensure that they complete their study and to alleviate predicaments in everyday life.	**120 people benefited**
Project sponsorship: Sponsored Andrew Charity Association to purchase microinsurance policies	Provided economically disadvantaged people with basic protection against severe economic impact caused by unexpected incidents.	**47 people benefited**
Project sponsorship: Donated KHR10 million (about NT$70,000) in response to the international relief aid for the flooding disaster in Cambodia	Assisted local victims and government with reconstruction works.	**Local residents benefited**
Event Preparation: Organized the Mega Dragon Boat Zongzi Making charity event	A charity event of making zhongzi (rice cakes) for the Dragon Boat Festival was held to let disadvantaged groups and children living in rural areas to celebrate the Dragon Boat Festival. Through this event, 1,800 rice cakes were made and donated to eight disadvantaged groups and elementary schools in rural areas, so that disadvantaged elderly people and children could enjoy the spirit of the Dragon Boat Festival and perceive the care of the society.	**Donated to eight disadvantaged groups and elementary schools**
Event Preparation: Organized the 2020 year-end volunteering activity and donated suppliers	To fulfill corporate social responsibilities, Mega Charity Foundation launched a Christmas volunteering activity in December 2020, recruiting more than 100 employees from the company's bank, securities, bills, property insurance, investment trust, and asset management subsidiaries to volunteer on weekends. In total, NT$190,000 worth of supplies were donated and visits were paid to social welfare institutions in Taiwan including nurseries, care homes, and nursing homes to spend time with elderly adults and disadvantaged people during this festive season.	**More than 500 people benefited**
Project sponsorship: Responded to global relief efforts for the Australian Wildfire	In response to the global relief efforts for the Australian Wildfire and to fulfill corporate social responsibilities, Mega Bank donated AUD 5000 to the New South Wales fire department to assist victims of the wildfire and government with reconstruction works.	**Local residents benefited**

Case Study

At the end of the year, Mega Holdings cancelled its year-end dinner parties in response to the coronavirus pandemic, and instead organized charity activities and encouraged colleagues to volunteer. In December, the Christmas season, Mega Charity Foundation launched a Christmas volunteering activity, recruiting more than 100 employees from the company's bank, securities, bills, property insurance, investment trust, and asset management subsidiaries to volunteer on weekends. They donated supplies and paid visits to social welfare institutions in Taiwan including nurseries, care homes, and nursing homes to spend time with elderly adults and disadvantaged people during this festive season.

The Chairman of Mega Charity Foundation, Mr. Chao-Shun Chang, encouraged employees to care for the society and volunteer their services even as they pursue business performance. In 2021, the Foundation will continue to unite the forces of Mega Holdings and its subsidiaries and actively host and participate in more social welfare and charity activities.

The Christmas charity activity was participated by subsidiaries of Mega Holding. Mega Asset Management the President Pei-Chun Chen led employees and volunteers from MITC to visit the Little Sisters of the Poor in New Taipei City, where they made cakes and sang songs with residents of the nursing home. Mega Bank: The manager of the Zhunan Branch, Shu-Chuan Chen, led her team to visit the Yu An Retarded Children's Home in Miaoli and spend Christmas with the children by making dumplings. Mega Securities: The Vice President of the branch in Central Taiwan, Yong-Cheng Hou recruited volunteers to visit the Daniel A. Poling Memorial Babies' Home. CKI: Employees from the Kaohsiung branch actively volunteered to spring-clean Kaohsiung City Children's Home. Mega Bills: The Assistant Vice President, Shi-Ming Wang invited employees and children of employees to form a charity performance group for St. Anne's Home, where they played music and sang Christmas carols for people with physical disabilities.



Mega Charity Foundation joined forces with the Group to donate supplies such as baby formulas and diapers and provide thoughtful services in the shortest time possible to social welfare institutions that need our assistance and care. In future, we will integrate more resources and power to put in more educational, sports, and arts and cultural resources to the society for the benefits of disadvantaged groups, thereby spreading our love to every corner of society.







7.2.2 Support Community Development

Activity	Social Benefits	Number of Beneficiaries
Project procurement: Supported fishermen that were affected by the pandemic by purchasing fishery products from local fishermen associations, and donated these products to schools	To support fishermen that were affected by the pandemic, the Company purchased 100 kg of Groupers and Fourfinger threadfin from Pingtung Linbian Township Fishermen's Association and donated them to athletes from primary sports training schools, such as the weightlifting team of Tainan Daneiguomin Junior High School, baseball team of Kao-Yuan Vocational High School of Technology & Commerce, and baseball team of Yilan Datong Elementary School. The purpose was to reduce the impact of the pandemic on the livelihoods of fishermen and donate fishery products to rural school students to keep them healthy and well-nourished.	**3 schools, 75 people benefited**
Project procurement: To support domestic pomelo farmers	To support domestic pomelo farmers, Mega Bank purchased roughly 2,280 kg of pomelo from local farmers in Yunlin Douliu and gave them to clients and employees.	**More than 6,000 people benefited**
Project procurement: To support domestic banana farmers	There was a glut of bananas in Taiwan. Mega Holdings and Mega Bank purchased 4,536 kg of bananas from local farmers in Pingtung and Kaohsiung and gave them to employees.	**More than 6,000 people benefited**
Project activities: Organized and took part in beach clean-up activities	On October 31, 2020, MITC organized an activity for employees to clean the Xiaoyeliu Beach in Taitung. Over a hundred employees and their family members had participated. On October 17, 2020, Mega Bills working with the New Taipei City Government to organize an autumn joint beach clean-up activity in Shimen; a total of 101 employees, including their family members had participated.	**More than 200 people benefited**

Activity	Social Benefits	Number of Beneficiaries
Project sponsorship: Sponsored the Verbal Expression Training Camp, which was organized by New Taipei City Citizen Moral Character Promotion Association	The Verbal Expression Training Camp was organized by New Taipei City Citizen Moral Character Promotion Association and took place between September 17, 2020 and January 28, 2021. Professional teachers were recruited to teach classes, and training programs and courses with great joy and fulfilling activities were provided. In total, 20 sessions of verbal expression teaching course were held to approximately 500 participants. This made total cost of NT$20,000. Benefits included providing educational opportunities for Taiwanese nationals, fulfilling social responsibilities, and giving back to the society.	More than 500 people benefited
Project sponsorship: Sponsored the Sunshine Academic Lifelong Learning activity, which was organized by New Taipei City Environmental Protection Association	Sunshine Academic Lifelong Learning activity was organized by New Taipei City Environmental Protection Association and took place between October 7, 2020 and December 9, 2021. Expert scholars were recruited to provide lectures on issues that are of interest and inspirational to the general public and current affairs. In total, 10 lifelong learning lectures were provided and participated by 1,000 people. Mega Bank Cultural and Educational Foundation provided NT$20,000 in sponsorship to the event. Sponsoring such activity not only provides everyone with the chance to learn but also enhances the company's image of being a contributor to the welfares of the public.	More than 1,000 people benefited
Project sponsorship: Sponsored the junior high school fieldtrips of the "Anti-drug Performance of Paper Windmill Theatre" organized by the Paper Windmill Foundation in 2020	Due to drug abuse among teenagers in Taiwan, we hope to provide teenagers who may be exposed to drug use with a memorable and relaxing anti-drug performance that would enable viewers to let their guards down and learn anti-drug concepts. Provided NT$1.28 million to sponsor the junior high school fieldtrips of the "Anti-drug Performance of Paper Windmill Theatre" organized by the Paper Windmill Foundation in 2020. This performance was presented to a total of 6,350 teachers and students from eight schools in Taiwan, including Qingnian Junior High School, Gangshan Junior High School, Municipal Fushanguomin Junior High School, Qishan Junior High School, Municipal Cianjhen Junior High School, Kaohsiung Municipal MingHua Junior High School, Zhong-Hua Junior High School, and Huey Deng High School and Junior High School. Benefits included helping teenagers to stay away from drugs and Promoting the idea of "Say No to Drugs."	6,350 teachers and students benefited

Case Study

Mega Group is an active participant of environmental initiatives to protect the ocean and earth. Employees of Mega International Investment Trust and Mega Bills along with their children, worked hand in hand to pick up trash on the beach. This activity enables parents and their children to share an experience, which helps children of the next generation learn about environmental protection and develop the concept of being friendly to earth environment. Volunteers picked up all kinds of marine litter that washed ashore, and then systematically classified the trash they collected. Through data analysis, the volunteers gained a deeper understanding of how much wastes such as plastic bags, plastic bottles, polystyrene, disposable toothbrush, and plastic straws, are polluting the marine environment.

These plastic products are often discarded after a short period of use in our daily lives, and for numerous reasons ended up in the ocean, causing ocean pollution and ecological damage. We hope that the beach clearing event would motivate volunteers to think about what they can do in their daily lives to reduce their usage of plastic and change their behaviors such as by bringing their own utensils and shopping bags. These steps can help us protect the ocean and earth.





7.2.3 Promote Sports Activities

Activity	Social Benefits	Number of Beneficiaries
Project sponsorship: Continued sponsoring archery teams to cover their equipment purchases and training programs	To cultivate excellent archers and provide archers with a positive learning environment where they can practice for competitions, the Company has provided NT$1.2 million in sponsorship for Dongao Elementary School, Nan'ao Elementary School, Zhuoxi Elementary School, Yuli High School, and Yuli Junio High School to purchase archery equipment and provide training programs for their archery teams.	3 elementary schools, 1 junior high school, and 1 senior high school benefited
Project sponsorship: Continued organizing archery sponsorship program and hosted the Nationwide Mega Cup Archery Elite Contest	To foster archery elites and provide domestic archers with a stage to perform, the 2nd Nationwide Mega Cup Archery Elite Contest was held on September 2-4, 2020 at the Yuli Elementary School Yongchang Branch in Hualien, with the Yuli Junior High School co-working. In total, 25 teams rallied in the contest, and the total expense was NT$560,000.	25 teams of about 400 people participated

Activity	Social Benefits	Number of Beneficiaries
Event Preparation: Organized the "Mega Holdings Summer Camp - Sharpshooter" activity	The "Mega Holdings Summer Camp - Sharpshooter" activity was held on July 29-31, 2020 to support the development of a sports foundation that would help teenagers to develop proper interests. The total expense was NT$290,000 and 150 students participated. Benefits included strengthening the Foundation's support for sports activities, providing teenagers with opportunities to practicing archery, and promoting archery as a sport in Taiwan.	150 students participated
Project sponsorship: Sponsored the 2020 International Invitational Event, which was hosted by the Chinese Taipei Football Association	To foster excellent football players, provide players with a stage to perform, and improve their skills, we planned a domestic joint tournament system and also actively continued to organize international invitational events, with the hope of increasing the international visibility of Taiwan. Provided NT$1.50 million to sponsor the 2020 International Invitational Event, which was hosted by the Chinese Taipei Football Association.	302 teams comprising 5,412 players participated.
Project sponsorship: Sponsored tournaments organized by Keelung City Social Basketball Association	To encourage citizens to engage in proper leisure activities, the Keelung City Social Basketball Association held the 10th Weekend Basketball Joint Tournament at Keelung Gymnasium between February 22 and March 15, 2020. The Company provided NT$50,000 in sponsorship.	Over 5,000 people benefited
Project sponsorship: Sponsored the 2020 Hualien Probation Basketball International Basketball Tournament, which was co-organized by Hualien Probation Basketball Association	To encourage teenagers and members of the public to participate in sports events and engage in proper leisure activities, the 2020 Hualien Probation Basketball International Basketball Tournament was held at the Hualien Gymnasium from November 11 to 15, 2020. Due to the pandemic, foreign basketball teams were unable to attend the tournament this year. However, six teams of 153 players representing Taoyuan Pauian Archiland, Yulon Dinos, Taiwan Beer, Bank of Taiwan, Kaohsiung Jeoutai Technology, and Chien Hsin University of Science and Technology still played in the tournament. There were about 4,000 viewers. An amount of NT$50,000 in sponsorship was provided.	6 teams, 153 players, and 4,000 viewers.
Event Preparation: Organized the "Mega National Amateur Golf Summer Championship"	To promote golf as a sport and foster professional young golfers, the Company provided NT$1.2 million in sponsorship to the Golf Association of the Republic of China for hosting the Mega National Amateur Golf Summer Championship and providing training for young golfers.	A number of golfers benefited
Project Donation: Donated money for Yilan Sports Association to train entry-level baseball players	To increase the international sporting index of Taiwan and train entry-level baseball players, the Company donated NT$2.2 million in September 2020 to Yilan Sports Association. The donations are used to train baseball teams from 8 elementary schools and 3 junior high schools in Yilan County.	8 elementary schools and 3 junior high schools benefited
Project sponsorship: Sponsored the Uni-President Lions	For four years in a row since 2018, the Company has been a sponsor of the Uni-President Lions to support sports activities in Taiwan.	Over 7,000 people benefited
Event Preparation: Organized the "Mega Makes Your Baseball Dreams Come True: Baseball Stars Coaching Day" event	To train potential baseball players and share experiences, we invited two members of the Uni-President Lions, An-Ko Lin and Fu-Lin Kuo, act as instructors for the "Mega Makes Your Baseball Dreams Come True: Baseball Stars Coaching Day" event, which was held at Yilan Datong Elementary School on November 25, 2020. Baseball teams from three elementary schools in Yilan (Datong, Jhu Lin, and Nei Cheng) were invited, and about 70 young baseball players attended. The total expense was NT$30,000.	About 70 young baseball players attended
Project sponsorship: Sponsored the "50 Years of Heritage: Meiho Huaxing OB Event" which was organized by Meiho Senior High School in Pingtung	Meiho Senior High School established a Youth Baseball Team in 1970. Representing Taiwan in world championships, the team has repeatedly performed excellently and cultivated key baseball players in Taiwan. The Team celebrated its 50th anniversary in 2020, with Meiho OB Team hosting the "50 Years of Meiho Baseball: Meiho Huaxing OB Event" on December 5, 2020 at Meiho Senior High School. The event enabled baseball fanatics to relive the memories of being a "Three-time Champion" and promoted baseball activities. An amount of NT$300,000 was provided.	250 people benefited
Project sponsorship: Sponsored the Merida-MAXXIS Cup Changhua Classic Bike Festival cycling event	Merida Industry Co. Ltd. hosted the Merida-MAXXIS Cup Changhua Classic Bike Festival cycling event on October 24, 2020. About 5,000 people had signed up to participate. This festival has gained significant popularity as a distinguished event. The Company provided NT$500,000 in sponsorship. Benefits included promoting the bicycle industry, increasing the visibility of Taiwan as a high-tech country, and highlighting the Bank's role as an active supporter of sports games and promoter of Taiwan's economy.	About 5,000 people signed up to participate
Project sponsorship: Sponsored the Unified Invoice Cup Road Running hosted by the Ministry of Finance	Benefits included promoting social welfare by donating uniform invoice receipts to charities and hosting running races to encourage healthy habits; increasing tax collection by collecting uniform invoice receipts in support of the Ministry of Finance's policy implementation; and reinforcing the promotion of policy implementation and increasing the brand image of state-owned financial institutions.	21,500 receipts were collected and donated to disadvantaged groups, and 7,000 people participated in the running race

Case Study

In 2020, Mega Group hosted the 3rd Mega Cup Dream Come True Youth Baseball Championship in Yilan. The event attracted the enthusiastic participation of 33 elementary school youth baseball teams from northern, central, and southern Taiwan, Yilan, Hualien, and Taitung. As a baseball fanatic, Mr. Chao-Shun Chang, Chairman of Mega Bank Cultural and Educational Foundation, was invited to throw the ceremonial first pitch. Mega Group has been a long-time sponsor of numerous elementary school youth baseball teams in Yilan. A wide range of equipment and substantial training funds are provided to reinforce the fundamental baseball training of Taiwan. By organizing tournaments, we hope to verify the effectiveness of the players' daily training, increase opportunities for competitions and exchange, and reinforce the country's strengths in baseball.



7.2.4 Support Arts and Culture

Activity	Social Benefits	Number of Beneficiaries
Project sponsorship: Mega Bank Cultural and Educational Foundation sponsored the training of Jinyang Elementary School on the traditional Atayal culture to promote the sustainability of traditional Atayal dancing and culture	Jinyang Elementary School is located in a remote area upstream of Nan'ao Nanxi in Yilan County. Residents around this school are mostly the Atayal people. To preserve and promote the traditional culture and skills of Atayal, the school uses group activities and spare time to teach children traditional dances and hunting culture, thereby ensuring the sustainable development of this indigenous culture. The Company provided NT$100,000 to sponsor this activity. Benefits included taking care of children living in remote areas, sustaining the dance culture and skills of Atayal, fulfilling social responsibilities, and strengthening the company's image as a contributor of social welfare.	**44 people benefited**
Project sponsorship: Supported the "Puzangalan Children's Choir 2020 Training Program" in Pingtung County	Pintung Puzangalan Children's Choir was established in 2008. Composed of indigenous children, the choir group sings mainly Paiwan traditional songs, using modern chorus arrangement to present traditional indigenous tunes. The choir group is based in a remote area and is composed of indigenous children. Its funding is limited, and the training funds and educational aid programs for students are unsustainable. The Company provided NT$200,000 in sponsorship to support children living in remote areas to sing indigenous folk songs and compete abroad on behalf of Taiwan.	**47 people benefited**
Project sponsorship: Sponsored the special exhibition of the General Association of Chinese Culture - Let's Time Travel!	The Let's Time Travel! exhibition organized by the General Association of Chinese Culture mainly involved introducing the toys and games that were popular over the past 70 years in Taiwan. The inheritance of Taiwan's local cultural education is promoted by presenting games of the past through technological interaction. Mega Bank Cultural and Educational Foundation provided NT$3 million to sponsor the collective promotion of life, arts, and culture education.	**The exhibition lasted 43 days, attracting 4,538 visitors**
Event Organization: Organized large-scale music concerts in Northern, Central, and Southern Taiwan	To support the development of local arts and culture industries, the Company organized a "Music Feast" music concert, which took place on August 12, 2020 and September 4, 2020 in Taipei International Convention Center and National Kaohsiung Center for the Arts, respectively. In addition to performance by Evergreen Symphony Orchestra, renowned ensembles, pianists, and vocalists were also invited to perform. The concert was well-received by those that attended. Both concerts attracted a combined total, 4,900 people. On November 12, 2020, the New Art Symphony Orchestra was commissioned to host the "2020 Mega Bank VIP Night: Annual Performance of New Art Symphony Orchestra" at the National Taichung Theater. Related expenses totaled NT$1.98 million. In addition to performance by New Art Symphony Orchestra, violinist Jing-Hong Luo, Chinese flute player Chong Ren, Erhu performer John Chiang, pianist touring the U.S. Fanya Lin, soprano Chi-Cheng Chiang, and baritone Sheng-An Yang were also invited to perform. The concert was well-received by the roughly 1,820 people that attended.	**Three concerts, attended by 6,720 people in total**
Project sponsorship: Revitalized the arts and culture industry by purchasing tickets to the 2020 Music Concert of Taipei Ladies Singers (TLS)	The Taipei Ladies Singers (TLS) was established in 2007. This choir group holds spring and annual music concerts regularly, and for three years in a row, it has won Gold Award for the National Social Group Choir Competition. On September 14, 2020, the group performed at the National Concert Hall. To support local choir groups and revitalize the arts and culture industry, the Company spent NT$50,000 on tickets to the 2020 Music Concert of Taipei Ladies Singers (TLS) as show of our support.	**80 people benefited**
Project sponsorship: Sponsored the 11th Tai Zi Culture Festival and Environmental Protection event	Leaders of the Parade have performed Electric-Techno Neon Gods dances over the last 11 years, since the 2010 Tai Zi September Arts Festival Carnival. On November 22, 2020, the 11th Tai Zi Culture Festival and Environmental Protection event was organized as a celebration for the gods. Various cultural presentation and business activities were also held during the event to advertise the unique culture of Taiwan. The Company provided NT$60,000 in sponsorship to implement local cultural inheritance and industrial marketing, and raise environmental awareness.	**Approximately 3,000 people participated**
Project sponsorship: Sponsored the 2020 Taiwan Fashion Design Award	Taiwan Fashion Design Award, organized by the Industrial Development Bureau, Ministry of Economic Affairs in Taiwan and executed by the Taiwan Textile Federation (TTF), is the largest fashion design event in Asia, drawing over 400 participants from 12 countries across Europe, America, and Asia. The final contest and award ceremony of the 2020 Taiwan Fashion Design Award was initiated at Warehouse No.4 of Songshan Cultural and Creative Park on October 5, 2020. The Company provided NT$300,000 in sponsorship. Benefits included discovering international fashion designers, helping new designers to become the backbone of the textile and apparel industries, and enhancing aesthetic culture and educational literacy.	**Nearly 400 contestants from 12 countries across Europe, America, and Asia**
Project sponsorship: Sponsored the General Association of Chinese Culture "Republic of China 2020 National Day Light Sculpture Show"	In celebration of the 2020 National Day, the General Association of Chinese Culture organized National Day light show to illuminate Taiwan's Presidential Office, as well as a series of other performances integrating Taiwan's culture, landscapes, and humanistic qualities to demonstrate the cultural capacity of Taiwan. Five days of the 30-session National Day Light Sculpture Show beginning on October 6, 2020 had attracted more than 200,000 views and attendance by over 10,000 Taiwanese nationals and foreigners on the Double Ten National Day. The Company provided NT$4 million in sponsorship to elevate the international visibility of Taiwan's culture.	**5 days of the 30-session National Day Light Sculpture Show attracted more than 200,000 views and attendance by tens of thousands Taiwanese nationals and foreigners on the Double Ten National Day**
Project sponsorship: Sponsored the Taipei Kuanyin-Line Psychological and Social Service Association - the Family and Emotional Care Hotline	Taipei Kuanyin-Line Psychological and Social Service Association hosted a charity music concert on August 29, 2020 at the National Concert Hall. The Company provided NT$300,000 in sponsorship. Benefits included assisting the association with providing care to disadvantaged families, elderly people who live alone, and people who were affected by accidental disasters, reducing the occurrence of unfortunate events in society, highlighting the Bank's role as an active supporter of cultural and arts activities, and fulfilling our corporate social responsibilities.	**Approximately 1,500 attended the concert**

Case Study

A diverse array of toys and games has been introduced over time, ranging from poking lottery games, spinning tops, to arcade machines. Despite the diversity, toys and games still bring many happy childhood memories to everyone. Mega Bank Cultural and Educational Foundation sponsored the special exhibition - Let's Time Travel! by providing NT$3 million to support the sustainable development of cultural education and traditional cultural arts in Taiwan. This event exhibited the toys and games that were popular over the past 70 years in Taiwan. By playing games of the past through technological interaction, adults of different generations were able to refresh their childhood memories, and children of new generations were also able to understand how games have evolved over time.



Mega Group's Business and Social Beneficiaries on Charity

Charity Strategy	Indicators of Business Beneficiaries			Indicators of Social Beneficiaries	
	Number of media exposure	Number of "like" for the FB post	Number of reaches	Monetary input (unit: NTD)	Participants/ Beneficiaries
1.Nurturing professionals in finance	33	2,124	9,674	5,894,385	9,674
2.Alleviate Poverty and Support the Disadvantaged	30	1,837	8,858	5,656,603	10,658
3.Support sport and arts & culture	63	3,856	244,906	38,533,278	251,906

8 Sustainable Governance

Mega Holdings continues to implement and improve corporate governance by focusing on ethical management, compliance, anti-money laundering, and risk management. We also make use of the professionalism, diversity, and independent directors to create a safe and effective business environment and an open and transparent governance system and provide the management team with comprehensive recommendations for decisions, secure profitability, and competitive advantage, with the aim of becoming and Asia regional financial group.

8.1 Corporate Governance 97
8.2 Business Performance 105
8.3 Risk Management 109
8.4 Climate-Related Financial Disclosure 112

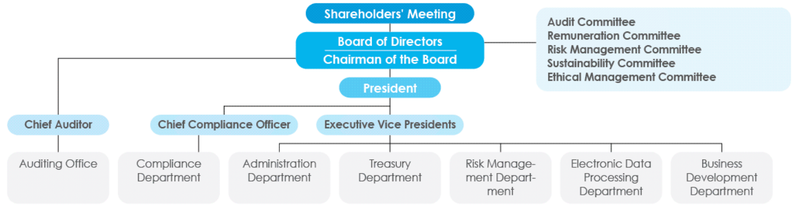


8.1 Social Investment and Charitable Activities

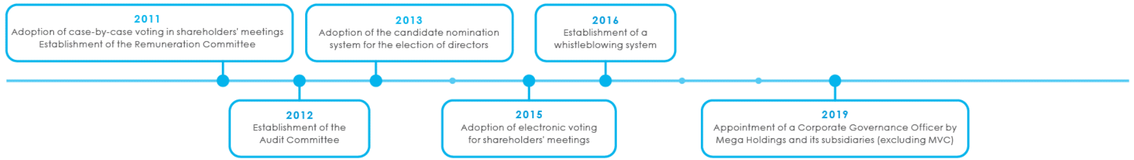
In 2020, Mega has ranked the Top 5% Listed Company in the 6th Corporate Governance Evaluation and was selected as a constituent stock of Taiwan Corporate Governance 100 Index, both achievements highlight the Company's resolve to improve its corporate governance.

■ Governance Framework

Mega Holdings has established a sound corporate governance structure. The shareholders' meeting is responsible for the distribution of dividends, amendments to Articles of Incorporation and internal regulations, and the election of directors, etc. The Board of Directors is established under the shareholders' meeting and it is the highest governing body of the Company. The Board of Directors performs its duties according to the Articles of Incorporation and resolutions passed in the shareholders' meeting and it is responsible for passing 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 Audit Committee, the Remuneration Committee, the Risk Management Committee, the Sustainability Committee, and the Ethical Management Committee have been established under the jurisdiction of the Board of Directors to help review proposals and ensure the quality of decision-making.



Mega Holdings and its subsidiaries (excluding Mega Venture Capital) appointed a Corporate Governance Officer in 2019 and appointed competent personnel to handle related corporate governance affairs to strengthen the corporate governance structure. Specific corporate governance practices adopted by the Company over the years:



8.1.1 Operations of the Board of Directors

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

The directors shall include at least three independent directors, and the number of independent directors shall be no less than one-fifth of the director seats in accordance with the current Articles of Incorporation. In future, the Company will amend its Articles of Incorporation in accordance with the FSC's Corporate Governance 3.0: Sustainable Development Roadmap and relevant laws to stipulate that directors shall be re-elected by 2024 the latest so that the number of independent directors shall be no less than one-third of the director seats.

■ Structure of the Board of Directors

The composition of the members of the Board of Directors of Mega Holdings is based on requirements for the Company's operations, business models, and development. Among the 12 directors and 3 independent directors in office as of the end of 2020, only 2 directors are managerial officers of Mega Holdings. The professional background of the directors covers law, accounting, banking, finance, and economics; the professional skills include risk management, compliance, anti-money laundering, finance, economic analysis, business management, internal control, and industry knowledge. Each board member has the necessary knowledge, skill, and experience to perform their duties. In addition, at least one director with professional knowledge of the operations of subsidiaries is appointed. In 2020, the average age of the Mega Holdings' directors was 57.27 years-old. The Company values gender equality in the composition of the Board of Directors and aims to elect at least 4 female directors or to have female directors make up 25% of the board. Following the appointment of Director Yi-Chuan Wu, a representative of the Ministry of Finance, in January 2021, 4 of the 15 directors are female directors, accounting for 26.67% of the board, which is above the set target.

Appointed Unit	Unit: Number of Seats
Ministry of Finance	9
National Development Fund, Executive Yuan	1
Chunghwa Post Co., Ltd.	1
Bank of Taiwan Co., Ltd.	1
Independent Director	3
Total Seats	15

Mega Holdings values the independence of directors. The Chairman and President are not the same individual or have relations such as spouses or relatives within the first degree of kinship. Directors also do not have relations within the second degree of kinship. Our independent directors meet the independence criteria set forth by the competent authority and do no 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. Mega Holdings' Corporate Governance Best Practice Principles stipulate that independent directors may not serve more than three consecutive terms to ensure that independence is not reduced by extended association. The three current independent directors have served for approximately 3 years on average. Please refer to the Annual Report of Mega Holdings (Corporate Governance Report - Information Regarding Directors and Managers) for more information on each director.

Distribution of Board Members by Gender	Number of Seats	Ratio (%)
Female	4	27%
Male	11	73%

Distribution of Board Members by Age	Number of Seats	Ratio (%)
Aged between 40 to 49 years old	3	20%
Aged between 50 to 59 years old	8	53%
Aged above 60 years old	4	27%

Distribution of Board Members by Terms of Office	Number of Seats	Ratio (%)
Less than 1 year	3	20%
1-3 years	8	53%
3 years or above	4	27%

Distribution of Board Members by Academic Qualifications	Number of Seats	Ratio (%)
Bachelor or Equivalent	2	13%
Master's Degree	6	40%
PhD	7	47%

Note: Directors (representatives) served an average term of 2.42 years. Directors will be re-elected in 2021.

Mega Holdings attaches a high level of importance to board diversification. The professional background of its directors includes banking, economics, accounting, finance, law, information security, and corporate sustainability, among other professional industry experiences and knowledge. In addition, the Company sets its board independent target to be 80% of total seats. In 2020, 93.33% of the board members met the independence criteria, which is above the set target. Specifically, the Chairman Chao-Shun Chang did not concurrently serve as the Company's manager for 4 years and 4 months since he took office in September 2016 to the end of 2020, thus meeting the independence criteria. Director Kuang-Hua Hu concurrently served as the Company's President and thus does not meet the independence criteria of external directors.

Title	Name	Core Competence (Industry Experience/Professional Knowledge)											
		Nationality	Gender	Decision Management	Financial Knowledge	International Industry Economics	Financial Accounting	Taxation	Law (Note 1)	Information Security and Digital Technology	ESG Sustainability	GICS (Note 2)	Independence (Note 3)
Chairman	Chao-Shun Chang	Republic of China	Male	✓	✓	✓	✓	✓			✓	Finance	✓
Director (President)	Kuang-Hua Hu	Republic of China	Male	✓	✓	✓	✓			✓	✓	Finance	
Independent Director	Jiun-Wei Lu	Republic of China	Male	✓	✓	✓			✓	✓	✓	Finance	✓
Independent Director	Ying-Ko Lin	Republic of China	Male		✓	✓	✓			✓	✓	Finance	✓
Independent Director	Chang-Ching Lin	Republic of China	Male	✓	✓	✓		✓		✓	✓	Finance	✓
Director	Yong-Yi Tsai	Republic of China	Male	✓	✓	✓	✓	✓			✓	Finance	✓
Director	Cheng-Te Liang	Republic of China	Male	✓	✓		✓	✓			✓	Finance	✓
Director	Chun-Lan Yen	Republic of China	Female	✓	✓	✓	✓	✓				Finance	✓
Director	Chiung-Min Tsai Note 4	Republic of China	Male		✓	✓	✓					Finance	✓
Director	Yi-Chuan Wu Note 4	Republic of China	Female		✓	✓	✓					Finance	✓
Director	Wen-Ling Hung	Republic of China	Female	✓	✓			✓	✓			–	✓
Director	Pei-Chun Chen	Republic of China	Female	✓	✓	✓			✓		✓	Finance	✓
Director	Chi-Hsu Lin	Republic of China	Male	✓	✓	✓	✓				✓	Finance	✓
Director	Keh-Her Shih	Republic of China	Male	✓		✓			✓		✓	Finance	✓
Director	Hong-Mo Wu	Republic of China	Male	✓	✓	✓				✓	✓	Finance	✓
Director	Kuo-Hsim Lee	Republic of China	Male	✓	✓		✓	✓				Finance	✓
Total				13	14	12	9	7	4	5	11		14

Note1 : Including compliance and anti-money laundering.
Note2 : Tier 1 of the Global Industry Classification Standard (GICS)
Note3 : The independent status of external director adopts the following criteria. It must satisfy at least 4 items in following 9 items, and at least 2 items in the first 3 items:

(1) The director must not have been employed by the company in an executive capacity within the last five years.
(2) The director must not accept or have a family member who accepts any payments from the company or any subsidiary of the company in excess of US$60,000 during the current fiscal year or any of the past three fiscal years, other than those permitted by SEC Rule 4200 Definitions.
(3) The director must not be a family member of an individual who is, or during the past three years was employed by the company or by any subsidiary of the company 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 a significant customer or supplier of the company.
(6) The director must have no personal services contract(s) 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 three years.
(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.

Note4 : Director Yi-Chuan Wu was appointed on 2021/01/16, and Chiung-Min Tsai was dismissed on the same date.

■ Operations of the Board of Directors and Avoidance of Conflicts of Interest

Major deficiencies identified by regulators at home and abroad and in internal / external audit reports and their corresponding improvements, and major issues concerning operation and business were reported to the Board of Directors for timely responses. Additionally, Mega Holdings has established clear regulations on the avoidance of conflicts of interests for directors who shall uphold a high level of discipline. Directors shall explain and recuse themselves from discussions and votes of the proposals involving the conflict of interests with themselves or their representative corporations in the board meeting, and shall not exercise voting rights on behalf of other directors.

Mega Holdings' board attendance target is 80%. In 2020, the Board of Directors held a total of 12 meetings; board members averaged an attendance in person rate of 93.14, and all three independent directors attended all board meetings 100% in person.

Average Board Member Attendance Rate (%)	Name of Independent Director	Average Independent Director Attendance Rate (%)	Attendance Status			
			Required Attendances	Attendances in Person	Attendances by Proxy	Absence
93.14%	Jiun-Wei Lu	100%	12	12	0	0
	Ying-Ko Lin		12	12	0	0
	Chang-Ching Lin		12	12	0	0

■ Continuing Education of Directors

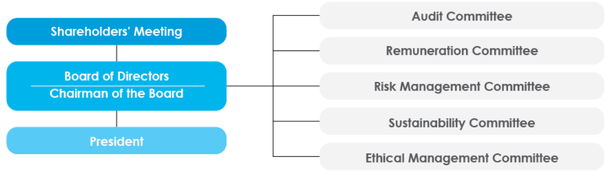
Mega Holdings provides diverse continuing education courses in external institutions for board members in accordance with international corporate governance development trends and the latest compliance and AML regulations to strengthen their skills needed for the execution of their duties and advance with the times. In 2020, board members continued to attend training courses in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE listed and TPEx Listed Companies. The total number of training hours for all directors was 146.5, and the average number of training hours per person was 9.77. The total number of training hours for the 1 new director was 12 (excluding Director Keh-Her Shih to be elected on 2021/12/21) and the number of training hours for the 13 re-appointed directors was 9.88. The overall training hours exceeded the requirement of 12 hours for new directors and 6 hours for re-appointed directors in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". The training courses covered corporate governance, anti-money laundering, risk management, internal control, business decision making, and legal risks. The continuing education of directors in 2020 has been disclosed on the Market Observation Post System and the Company's website.

■ Director Performance Evaluation

To implement corporate governance and strengthen the functions of the Board of Directors, Mega Holdings established the Guidelines on the Performance Evaluation of the Board in 2015 and had the Guidelines published on its website and the Market Observation Post System. Starting from 2015, the Board of Directors, each functional committee, and all directors conducted the self-evaluation every year; Mega Holdings also engages an external independent institution or expert team to evaluate the performance of the Board of Directors and each functional committee at least every three years. To strengthen the integrity of the performance evaluation and implement related information disclosure requirements for the Corporate Governance Evaluation of the Taiwan Stock Exchange Corporation, Mega Holdings amended the title and certain articles of the Board of Directors Performance Evaluation Guidelines in July 2019 to improve the information transparency of the evaluation guidelines and evaluation results.

The performance evaluation of the Company's 2018 board of directors was performed by an external agency, and performance evaluations for 2019 and 2020 were conducted by the Company in accordance with the Rules for Board Performance Evaluation. The results of evaluation and recommendations for improvement for 2020 were reported to the Board of Directors in December 2020. The implementation status and explanation of the evaluation methods were disclosed in the Company's Annual Report.

■ Functional Committees under the Board of Directors



Name of Committee	Members	Authority	Frequency of Meetings	Attendance in Person Rate (%)
Audit Committee	All 3 independent directors	Review of the internal control system, compliance, appointment (dismissal) or remuneration of CPAs, transactions of material assets or derivatives transaction, offering or issuance of equity-type securities, annual and semiannual financial statements, and appointment or dismissal of financial, accounting, or internal audit officers	At least one meeting each quarter (8 meetings were held in 2020)	100%
Remuneration Committee	All 3 independent directors	Establish and regularly review directors and managerial officers' performance, assess remuneration policy/system, standards and structure, and regularly assess and establish the remuneration for directors and managerial officers	At least two meetings each year (4 meetings were held in 2020)	100%
Risk Management Committee	The Chairman of Mega Holdings serves as the chairperson of the Risk Management Committee, and executives from each department and the chairman of each subsidiary served as the members; the Chief Auditor and the risk control manager from each subsidiary attended meetings as nonvoting delegates	Review the Risk Management Policy, targets, and changes in related systems, regulations, and guidelines or related risk management proposals, and supervise the establishment of risk management mechanisms of Mega Holdings and subsidiaries	At least one meeting every two months (6 meetings were held in 2020)	93.75%
Sustainability Committee	The President of Mega Holdings serves as the chairperson of the Committee; the Executive Vice President of Mega Holdings serves as the Executive Director; the directors and Executive Vice Presidents of Mega Holdings and Presidents of subsidiaries serve as committee members	Plan and formulate the Group's ESG related policies, review and set the Group's annual ESG plans and goals, and keep track of and review the implementation results of the Group's various ESG projects.	At least one meeting each six months (4 meetings were held in 2020)	93.75%
Ethical Management Committee	All 3 independent directors	Review the Ethical Corporate Management Policy and supervise the training for the Ethics Policy; assist with incorporating ethical and moral values into the corporate business strategy, as well as implement preventive measures for ensuring ethical corporate management in accordance with the law; review the whistleblowing system and ensure the effectiveness of its execution, etc.	The Ethical Management Committee was established in March 2020 following the resolution and approval of the Board of Directors. The Committee convenes at least one meeting every year. (1 meeting was held in 2020)	100%

■ Remuneration Policy for Directors and Senior Managements

1. Directors (including independent directors)

(a) **Directors:** Remuneration includes directors' compensation and traffic allowance. Directors' remuneration is calculated in accordance with Article 31-1 of the Company's Articles of Incorporation, which states that the current year's earnings (pre-tax income before deducting the remuneration to employees and directors) of the Company shall first be applied to cover all its accumulated losses, and not more than 0.5% of the remaining balance shall be appropriated as remuneration to directors. Where a director is a legal representative, the remuneration of the director shall be paid to institutional shareholder, and each director shall be paid travel allowance every month.

(b) **Independent Directors:** 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 Holdings' Board of Directors.

(c) **Chairman:** Chairman's remuneration includes salary, pension fund, and various bonuses, as well as business expenses such as rent and fuel expenses, among other items in accordance with the Regulations Governing the Salary Standards for the Chairman and President of State-Owned Private Enterprises and Investee Companies as Appointed or Referred to by the Ministry of Finance and the Company's Articles of Incorporation.

2. Senior Management Personnel

(a) Remunerations paid to managers are determined based on the Company's Articles of Incorporation, business performance, contribution to company operations, and industry standards with due consideration to the individual performance of managers and the company's future risks. Reasonable amount of remuneration is paid and includes salary, pension fund, various bonuses, employee remuneration, as well as business expenses such as rent and fuel expenses. Remunerations related to managers are reviewed and approved by the Remuneration Committee of Mega Holdings and Board of Directors.

(b) In addition to 2-month annual bonuses, performance bonus is also paid to individual employees based on a comparison of such indexes as pre-tax profit margin and earnings per share (EPS), return on equity (ROE), return on asset (ROA) with industry standards.

(c) In 2020, the average total shareholding of the Company's senior managers is 1.8 times their total annual fixed salary.

Mega Compensation and Shares of the President and Executive Vice President

Title	Market value of shares held / Fixed salary
President	0
Executive Vice President A	2.13
Executive Vice President B	2.73
Executive Vice President C	0.59

Note1 : The number company shares held is calculated by the number of shares held by the incumbent, spouse, minor children, and in the name of others.
Note2 : The market value of shares held is calculated based on the average closing price of NT29.8 in December 2020.
Note3 : The President's total compensation for 2020 was 2.8 times the average employee salary of NT$2,281 thousand and 3.10 times the employees' median salary of NT$2,045 thousand.

8.1.2 Ethical Management and Compliance

Ethical Management

To develop an effective corporate governance system and shape an ethical culture, Mega Holdings and subsidiaries have established the Ethical Corporate Management Principles, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct, and Code of Conduct for Employees, and regularly report the compliance status of ethical management to the Board of Directors. As of 2019, all directors and senior executives ranking Executive Vice President and above of Mega Holdings are required to sign the compliance statements for the Ethical Corporate Management Policy. In 2020, 100% of the aforementioned individuals have signed the statement. In addition, we execute regular educational training and campaign activities in coordination with internal control and internal audit measures, so that all employees are educated on the company's ethical corporate management policy, prevention plans, operating procedures, and consequences of unethical conducts to incorporate ethical management as a part of the corporate culture.

The scope of the Ethical Corporate Management Principles, signed statement, and training in relation to the employees, business partners, and subsidiaries of the Group are as follows:

Entity	Coverage rate (%)	Statement signed rate (%)	Training provided rate (%)
Group employees	100%	100%	100%
Business partners (including contractors, suppliers, and service providers)	100%	100%	35%
Subsidiaries	100%	100%	100%

To implement a corporate culture of ethical management, Mega Holdings and its subsidiaries refuse all forms of bribery and direct or indirect political contributions. In 2020, Mega Holdings and subsidiaries made zero political contribution. Details are as follows:

Annual Donations and Expenditures in 2020	Unit: NTD
Lobbyist/organizations, interest groups	0
Political organizations and candidates	0
Industry/trade associations and think tanks created for the purpose of political	0
Others (e.g., expenses related to election agenda and public ballots)	0
Total	**0**
Data coverage (%)	**100%**

■ Whistleblowing System

Mega Holdings has established a whistleblowing system and specified the whistleblowing hotline, whistleblowing mailbox, and protective measures for whistleblowers. Independent units are assigned to exercise rights and take charge of processing reports. Employees and external personnel may use the whistleblowing channels to report violations of laws or regulations. When a filed report is found to involve material misconduct or likelihood of material impairment to the company, the unit handling the whistle-blowing system shall immediately prepare a report and present it to the Board of Directors. If the filed report involves a major contingency or violation, it shall be handled in accordance with the Major Contingency Operating Procedure Guidelines and reported to the applicable authorities.

To ensure that employees comply with ethical and moral standards and to establish an ethically managed corporate culture, Mega Holdings has established the Code of Conduct, which imposes the highest requirements on employees with respect to their positions and conducts, and stipulates disciplinary actions and improvement measures for those who violate the relevant regulations of the company. Any employees engaging in unethical conduct shall be punished in accordance with the relevant provisions of the Company's Regulations Governing Rewards and Penalties according to the severity of the violation. In addition, the implementation of relevant training programs is reinforced.

Items	2018	2019	2020
Number of reported cases	5	13	15
Number of cases established after investigation	3	3	1
Number of cases of inappropriate conduct found in investigations	1	1	0

Note: Number of reported cases includes reporting channels and other sources.

■ Complete Training on Ethical Management

Mega Group has organized internal and external training on ethical management (including UNCAC, whistleblower protection, ethical corporate management, employee confidentiality, misappropriation of client funds by wealth management specialists, and other training programs) with 8,618 enrollments and a completion rate of 93.36% in 2020, which meets the annual target of 90%. Certain employees were unable to attend training programs due to their shift schedule or duties. We will increase training completion rate by including training methods such as online learning in the future.

The Ethical Management Training of Mega Group in 2020	
Number of employees who completed training on ethical management	8,618
Number of full-time employees in 2020	9,298
Training completion rate (%)	**93.36%**

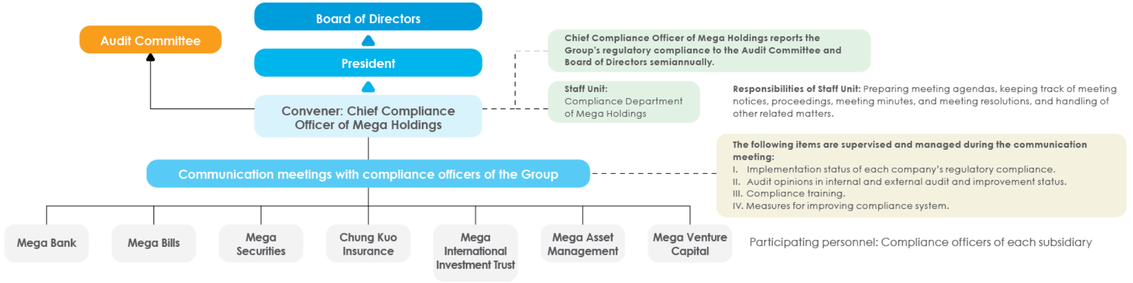
Regulatory Compliance

■ Group Management Mechanisms

Regulatory compliance is the focus of Mega Holdings' internal control system. A "regulatory compliance system" is established in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The Compliance Department is designated as the unit in charge of regulatory compliance and affiliated with the President of the Company. The department is responsible for the planning, management, and adoption of regulatory compliance system and for supervising the compliance works of subsidiaries. To strengthen the independence of compliance, Mega Holdings has since July 2019 separated legal affairs from regulatory compliance, and thus, the Legal & Compliance Department was renamed the Compliance Department. Mega Holdings appoints a chief compliance officer to take charge of overseeing compliance affairs and reporting to the Audit Committee and Board of Directors every six months. If a material violation is discovered or there is a rating downgrade by the competent authority, the chief compliance officer shall immediately report to the directors and report to the board of directors any matters relating to compliance with applicable laws and regulations. All subsidiaries (excluding Mega Venture Capital) have appointed a chief compliance officer responsible for the planning and promotion of compliance works. Please refer to CH5 Customer Care and CH7 Employee Care for more information on regulatory violations of the Group.

Mega Holdings has convened quarterly communication meetings for compliance officers of the Group since 2017 to strengthen the compliance of subsidiaries. The Chief Compliance Officer chairs the discussion of the implementation status of the compliance system by each company, audits opinions in internal and external audit and improvement status, compliance training, measures for improving compliance system, and related matters. A total of four Compliance Committee Meetings were held in 2020.

■ Group Management Framework



■ Complete Compliance Training

Mega Group provided comprehensive compliance training for employees, directors, and supervisors. In 2020, 3,009 employees completed compliance training, for a training completion rate of 100% in all categories.

The Compliance Training of Mega Group in 2020	
Number of employees who completed compliance training	3,009
Number of employees who completed the statutory required hours of training	3,009
Training completion rate (%)	**100%**

■ Internal Audit System

Mega Holdings has established a chief auditor system and established an internal audit unit under the Board of Directors in accordance with the "Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". They assist the Board of Directors and the management in audits and evaluations on the effectiveness of the internal control system. The internal audit unit formulates the annual audit plan based on the subsidiaries' level of overall risks, nature of their business operations, and the implementation status of their internal control system. It conducts a general audit of Mega Holdings' businesses once a year and a special audit of Mega Holdings' and each subsidiary's finance, risk management and compliance once every six months. The internal audit unit follows up the state of improvement in deficiencies and submits business reports to the Audit Committee and the Board of Directors semiannually.

To enhance the internal control and internal audit systems, subsidiaries are required to report any regulator's pending punishment to the Company immediately and report the information in the next meeting of the Board of Directors of Mega Holdings and the subsidiary. They must also propose the cause, corrective measures, and the expected deadline for improvement. The internal audit unit is responsible for following up the corrective measures until improvements are completed. In 2020, there was zero lawsuit against the Group for misconducts relating to anti-competitive, anti-trust behavior, or monopoly practices.

To enhance the professional knowledge and capability of auditors, Mega Group has made hiring Certified Internal Auditors (CIA) and Certified Information Systems Auditors (CISA) a priority. The skills of relevant operating personnel are periodically assessed using the Proficiency Test for Bank Internal Control and Audit. In 2020, Mega Group has 13 employees who are CIA, 4 employees who are CISA, and 4,501 employees who have passed the Proficiency Test for Bank Internal Control and Audit.

Employees with Professional Auditor Certification or Passed Relevant Test in Mega Group	
Items	**Number of Employees**
Proficiency Test for Bank Internal Control and Audit	4,501
Certified Internal Auditors (CIA)	13
Certified Information Systems Auditors (CISA)	4

8.1.3 Anti-Money Laundering and Counter-Terrorism Financing

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

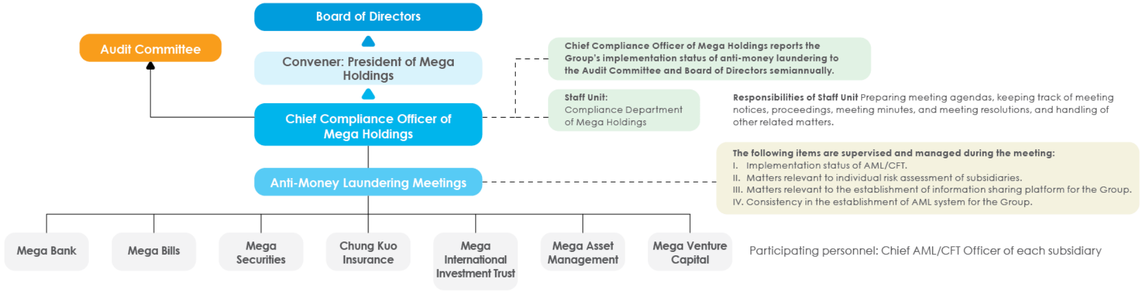
Group Management Mechanisms

To effectively monitor and manage the AML/CFT practices adopted by subsidiaries, Mega Holdings delegates its President to regularly convene AML meetings and supervise each subsidiary's AML/CFT practices. The scope of supervision includes regular review of clients, employee training, reporting of suspected money laundering or terrorist financing transactions, case study of money laundering or terrorist financing transactions, AML meetings and group operations, risk appetite and risk limits of money laundering and terrorist financing activities, and testing of compliance with Money Laundering Control Act, a total of six AML meetings were held in 2020.

The Board of Directors appoints the chief compliance officer in charge of supervising the Group's AML/CFT practices, and reporting the implementation status of AML/CFT to the Audit Committee and Board of Directors every six months. Each subsidiary establishes an AML/CFT committee or working group to facilitate the delegation of tasks for managing the group's AML/CFT operations.

Mega Holdings appoints the Compliance Department as the dedicated unit in charge of formulating and reviewing relevant policies and processes, and establishes an information sharing platform for the group. Using an AML/CFT platform, subsidiaries regularly share and collect such information as lists of high-risk customers and cases of de-identified reporting of suspected money laundering or terrorist financing transactions, to implement the principles of consistency in AML/CFT.

Group Management Framework



Anti-Money Laundering Regulations of Mega Group

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

In accordance with the laws and regulations of Taiwan and the consistency requirements of the Group and with reference to the 40 recommendations of the Financial Action Task Force (FATF), all subsidiaries have developed sound organizational structures, policies, and procedures to effectively identify and assess various risks of money laundering and terrorist financing so that the identified risks and vulnerabilities can be controlled to meet the requirements of international regulations. The implement procedure includes client due diligence (CDD) in both physical and non-physical way, CFT name list review, politically exposed persons name list review and monitor and the participation of high-level managers on AML/CFT client audit.

Mega Bank has joined the Association of Certified Anti-Money Laundering Specialists (ACAMS). As a further testament to its resolve to combat illicit acts, the Bank also discloses on its website the AML and Sanctions Risk Appetite Statement and Statement of Internal Control System on AML/CFT. In addition, Mega Bank has appointed an external independent agency to review the internal control system for combating money laundering and terrorist financing every year, demonstrating our determination to combat non-compliance.

Comprehensive Training System and Incentive Measures

Mega Group strives to combat money laundering and terrorism financing. Every year, experts inside and outside of the organization are invited from time to time to provide training, lectures, and courses on AML/CFT, which in turn improves the professional knowledge and skills of AML/CFT personnel. In 2020, 100% of the Group's AML personnel have completed the statutory required hours of training on AML.

Each subsidiary provides relevant subsidies to encourage employees to obtain domestic and international AML/CFT certifications. As of the end of December 2020, 3,384 employees have obtained the Certified Anti-Money Laundering Specialists (CAMS) certification and 806 employees have passed the Taiwan Academy of Banking and Finance "Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist."

AML Training of Mega Group in 2020

Items	Number of Employees
Number of employees who completed AML training	3,135
Number of employees who completed the statutory required hours of training	3,135
Training completion rate (%)	**100%**

Employees with Professional AML Certification or Passed Relevant Test in Mega Group

Items	Number of Employees
Certified Anti-Money Laundering Specialists (CAMS)	3,384
Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist	806

AML and Anti-Fraud Achievements

Mega Bank continues to review reports of suspicious transactions and remains committed to improving the quality of reports, helping the government fight crime, fulfilling corporate social responsibilities, and improving the AML system.

Mega Bank forwards case studies of caring services for frauds over the counter at financial institutions, to help employees in domestic business units provide care to customers over the counter, successfully prevent fraud, and reduce losses of customers. The information is also placed in the Q&A part of the "AML section" on the employees' website. AML supervisors are required to increase employees' awareness, incorporate the information in training programs, and report the implementation status to manage the implementation results.

Mega Bank AML and Anti-Fraud Achievements Over the Years

Items / Years	2018	2019	2020
Number of cases of fraud blocked for customers	10	12	31
Amount (NTD)	6,212,474	4,714,260	14,246,305

8.2 Business Performance

Revenues of Mega Holdings are mainly generated from investments in Mega Bank and Mega Bills, which are engines that power the profitability of the Group, as well as securities, investment trust, and property insurance services. Mega Holdings integrates the financial products and services of other subsidiaries by using cross-selling methods and actively expands and develops different profit models to maximize the synergy of the Group and thereby satisfies the expectations of shareholders and other stakeholders

8.2.1 Economic Performance

In 2020, the global spread of the coronavirus pandemic has destabilized the global financial markets, which directly impacted the revenue performance of Mega Holdings. In 2020, Mega Holdings reported a net income of NT$60.8 billion, decline 6.84% from 2019. Nevertheless, Mega Holdings is expected to see momentum in its profit growth as the pandemic slows down and the economy recovers in 2021.

The Generated and Distributed Direct Economic Value of Mega Group Over the Years Unit: NTD thousand

Items / Years		2017	2018	2019	2020
Direct Economic Value Generated	Net interest income (A)	35,879,524	38,044,552	35,066,848	31,550,874
	Non-interest net income (B)	23,780,864	23,564,855	30,208,014	29,259,048
	Net Income (A+B)= Subtotal of Direct Economic Value Generated	**59,660,388**	**61,609,407**	**65,274,862**	**60,809,922**
Economic Value Distributed	Operating costs	(9,039,371)	(10,338,544)	(11,274,338)	(9,282,236)
	Employee salary and benefits	(16,933,655)	(18,096,204)	(19,538,641)	(19,736,020)
	Donations	(222,579)	(167,177)	(85,458)	(82,300)
	Share dividend distributed to shareholders	(17,719,905)	(18,739,395)	(20,737,777)	(20,737,777)
	Income tax expenses	(3,551,632)	(2,986,515)	(4,699,474)	(4,312,670)
	Subtotal of Economic Value Distributed	**(47,467,142)**	**(50,327,835)**	**(56,335,688)**	**(54,151,003)**

Note: In 2020, Mega Group made donations to educational, cultural, public-interest, charity institutions or associations and charitable trusts. No political donations or other improper donations were made.

The Financial Performance of Mega Group Over the Years Unit: NTD thousand

Item	2017	2018	2019	2020
Total Assets	3,547,292,507	3,542,059,361	3,683,547,780	3,856,376,532
Total Liabilities	3,249,196,945	3,227,803,932	3,359,486,532	3,529,787,572
Total Equity	298,095,562	314,255,429	324,061,248	326,588,960
Net Income	59,660,388	61,609,407	65,274,862	60,809,922
Net Profit after Tax	25,729,095	28,093,445	28,954,800	25,017,968
Return on Assets (ROA) (%)	0.75%	0.79%	0.80%	0.66%
Return on Equity (ROE) (%)	8.72%	9.04%	9.07%	7.69%
EPS (NTD)	1.89	2.07	2.13	1.84

Note: Please refer to Mega Holdings Annual Report, website, or the Market Observation Post System for further information on the financial statements.

The Financial Performance of Mega Group Subsidiaries in 2020 Unit: NTD thousand

Item	Total Assets	Net Income	Net Income after Tax	EPS (NTD)
Mega Bank*	3,433,685,136	48,490,878	20,332,081	2.38
Mega Securities*	75,113,396	2,713,432	1,546,600	1.33
Mega Bills*	304,305,466	4,684,540	2,930,997	2.23
Chung Kuo Insurance*	19,136,799	1,570,691	301,831	1.01
Mega International Investment Trust*	926,017	389,722	82,058	1.56
Mega Asset Management	14,315,565	424,580	208,440	1.04
Mega Venture Capital	831,477	871,000	69,655	0.68

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

8.2.2 Tax Governance

■ Tax Governance Policy

In 2017, Mega Holdings established the Tax Governance Policy to keep up with the international trend, implement compliance with tax laws and regulations, achieve the sustainable development of the company, enhance corporate value and fulfill our duty of CSR. The policy states that the Board of Directors has the final decision-making authority to ensure that sound tax risk management mechanisms are implemented, assesses the overall 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.

Mega Holdings establishes the following Tax Governance Policy in accordance with the principles of integrity and stability:

Principle	Description
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	Improve professional tax competencies and continue talent development.

■ Country-by-Country Report (CbCR)

Net Income, Profit before Income Tax and Income Tax Payment in Different Tax Jurisdictions Around the World of Mega Group in 2020 Unit: NTD 100 million

Tax Jurisdictions	Main Business	Number of Employees	Net Incomet	Profit before Income Tax	Accrued Income Tax	Income Tax Paid
Taiwan	Bank, securities, bills and property insurance	8,649	512.79	260.80	34.72	9.12
Hong Kong	Bank	80	11.76	8.57	1.50	6.94
China	Bank	104	10.79	8.36	0.74	0.20
Japan	Bank	39	7.43	5.05	1.41	1.16
Australia	Bank	54	8.38	4.66	1.55	0.70
Other Countries	Bank	743	56.95	5.87	3.37	3.68

■ Income Tax Analysis

(1) Income Tax Rate

Effective Tax Rate and Cash Tax Rate of Mega Group in 2019 and 2020 Unit: NTD thousand

Items	2019	2020	Average
Profit before Income Tax	33,654,274	29,330,638	31,492,456
Income tax expense	4,699,474	4,312,670	4,506,072
Effective tax rate (%)	13.96%	14.70%	14.31%
Income tax paid	2,503,981	1,843,956	2,173,969
Cash tax rate (%)	7.44%	6.29%	6.90%

Note: Mega Group's effective tax rate in 2019 and 2020 were higher than its cash tax rate due to the following reasons:
(1) In 2019, the adjustments to the temporary difference between financial income and tax income caused the result.
(2) In 2020, according to the rule No.10904595840 announced by the Ministry of Finance, profit-seeking enterprises affected by the COVID-19 could apply for the extension of 2020 income tax caused the result.

(2) Income Tax Rate Analysis

Income Tax Rate Analysis of Mega Group in 2019 and 2020

Items	2019	2020	Average	Global Banking Industry Average (Note 1)
Effective tax rate (%)	13.96%	14.70%	14.31%	25.82%
Cash tax rate (%)	7.44%	6.29%	6.90%	21.28%

Note1 : Global banking industry average was based on data published by Robeco SAM.
Note2 : Mega Group's effective tax rate in 2019 and 2020 were lower than the global banking industry average due to the following reasons:
(1) Mega Group mainly operates in Taiwan where the corporate income tax rate is 20%, which is lower than other countries.
(2) For 2019 and 2020, according to the Taiwan's Offshore Banking Act, income of offshore banking branches is exempt from business income tax. The income of Mega Group's offshore banking branches makes up approximately 35%-40% of Mega Group's income. According to the Income Basic Tax Act, this income is subject to basic taxation at 12%, which is lower than other countries.

8.2.3 Membership of Associations

Mega Holdings 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 Holdings and Mega Bank also serve as the Managing Directors of the Bankers Association of the Republic of China and the Bankers Association of Taipei. The Chairman of Mega Securities also serves as the Director of Taiwan Securities Association and the convener of its International Affairs Committee. Mega actively participated in projects or committees of trade associations to share information and its practical experience in business and corporate social responsibilities. We also propose recommendations for government policies through the trade associations to promote the healthy development of the overall finance industry. As of the end of 2020, Mega Group has participated in nearly 40 associations at the organization level, with 19 senior executives of Mega Holdings holding a position in these associations.

Membership of Associations/Organizations	Position	Company Name	Name of Representative
The Bankers Association of the Republic of China	Managing Director	Mega Bank	Chao-Shun Chang
The Bankers Association of the Republic of China	Director	Mega Bills	Mei-Chu Liao
The Bankers Association of Taipei	Managing Director	Mega Bank	Chao-Shun Chang
The Bankers Association of Taipei	Director	Mega Bills	Mei-Chu Liao
Chunghwa Finance Research and Development Association	Director	Mega Bank	Chao-Shun Chang
Asian Bankers Association (ABA)	Director	Mega Bank	Chao-Shun Chang
Trust Association of R.O.C.	Director	Mega Securities	Pei-Chun Chen, Chao-Long Chen
Taiwan Securities Association	Director	Mega Securities	Pei-Chun Chen
Securities Analysts Association, Chinese Taipei	Supervisor	Mega Securities	Pei-Chun Chen
Securities Investment Trust and Consulting Association	Director	Mega Securities (investment advisory subsidiary)	Hsiu-Li Lee
Chinese National Futures Association	Director	Mega Securities (futures subsidiary)	Pei-Chun Chen
R.O.C. Bills Finance Association	Chairperson	Mega Bills	Mei-Chu Liao
The Non-Life Insurance Association of the Republic of China	Managing Director	Chung Kuo Insurance	Cheng-Te Liang
Nuclear Energy Insurance Pool of the Republic of China	Chairperson	Chung Kuo Insurance	Cheng-Te Liang
Risk Management Society of Taiwan	Chairperson	Chung Kuo Insurance	Cheng-Te Liang
Life Insurance Management Institute of the Republic of China	Managing Director	Chung Kuo Insurance	Cheng-Te Liang
CR Classification Society	Supervisor	Chung Kuo Insurance	Cheng-Te Liang
Nuclear Energy Insurance Pool of the Republic of China	President	Chung Kuo Insurance	Chien-Feng You
Engineering Insurance Association (EIA)	Managing Director	Chung Kuo Insurance	Ying-Hao Weng
The Actuarial Institute of Chinese Taipei	Director	Chung Kuo Insurance	Shu-Chuan Chen
Chinese Insurance Service Association	Director	Chung Kuo Insurance	Chia-Hsiang Wei

8.3 Risk Management

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

8.3.1 Risk Management Mechanisms

Mega Group has developed rigorous risk management policies and procedures for controlling internal operations. Dedicated units are appointed in charge of monitoring the implementation status of the Group's risk management policy. Indicators for measuring risks are established for various major risks, and risk appetite mechanisms are examined periodically through assessment reports, situational analysis, and stress testing methods.

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

First Line of Defense
(Business units)
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.

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.

Third Line of Defense
(Audit unit)
The audit units of Mega Holdings and subsidiaries 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.

■ Management Policy

Risk Management Policy and Guidelines and other risk management rules have been established by the Board of Directors of Mega Holdings. 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. The Group has also established management principles for credit risks, market risks, operational risks, legal and compliance risks, human resources management risks, and information security management risks. Each subsidiary has incorporated these principles into its policies and goals of risk management and related internal control regulations to build a complete risk management system for the group. In June 2019, Mega Holdings has incorporated the management of other new risks in our "Risk Management Policy and Guidance Principles", which require us to address the latent risks of climate change to the company's operations and finance and integrate related risk factors into existing risk management processes.

■ Management Framework

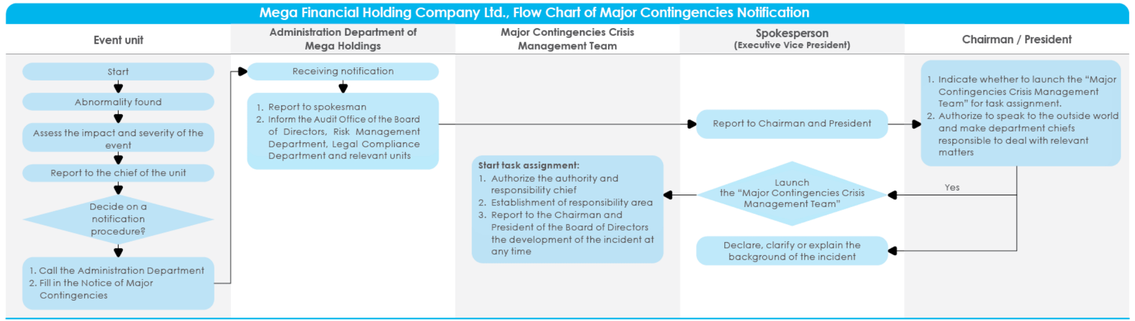
To ensure that the risk management mechanisms of Mega Holdings and subsidiaries are effective, the Board of Directors of Mega Holdings is appointed as the highest-ranking decision-making unit for risk management of the Company and subsidiaries. It is responsible for the approval of the risk management policy, guidelines, organizational structure, risk preferences, internal control system, and relevant material cases. The Risk Management Committee, which reports to the Board of Directors, is responsible for supervising the establishment of risk management mechanisms and ensuring the execution of the risk management policy. According to the Risk Management Policy and Guidance Principles, the Chairman shall be the convener, and members shall include the President of Mega Holdings, Vice President, the Chief Compliance Officer, department supervisors, and the Chairman of each subsidiary. The Committee convenes meetings every quarter and may convene meetings whenever deemed necessary. In addition, Mega Holdings and major subsidiaries have all established a risk management unit. Mega Holdings communicates policies to all subsidiaries through the risk management unit, which then serve as the basis for each subsidiary to establish risk management goals, monitoring indicators, risk limits, and implementation guidelines based on the nature of their business. These are then submitted to business units for adoption. The risk management unit reviews business and asset/liability risks, and regularly reports the status of risk management to the Risk Management Committee and Board of Directors.



■ Reporting Mechanism

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

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



8.3.2 Emerging Risk Management

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

■ Procedures for Identifying Emerging Risks

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

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

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

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

■ Emerging Risks Impact and Response Measures

Risk Factor	Risks Description	Potential Impact of Risk on Business	Measure of Response
Technological Innovation and Information Security Risks	FinTech innovation can strengthen digitization capabilities, which in turn improves customer experiences, forges stronger customer relations, and creates novel business service models. In practice, innovative FinTech applications are also associated with a number of information security risks, such as money laundering, terrorism financing, frauds, fraudulent transactions, and network security.	**Money laundering or terrorist financing transactions:** The rapid development of digital banking may increase the risks of money laundering or terrorist financing transactions. For example, virtual currencies are difficult to trace and track. Consequently, a company may turn into a hotbed for financing illicit acts, which severely impacts the company's reputation.	**Establish early warning mechanism:** Establish an early warning mechanism to share information security intelligence in real time, provide necessary historical security incident information, and keep abreast of suspicious money laundering accounts and terrorist financing transactions.
			Implement KYC mechanism: Adopt database inquiry system and due diligence to keep abreast of customer information and access national and international sanction and watch lists thereby achieving the goals of AML/CFT.
		Data breach: Breach of data poses a serious negative impact on the company's operations and reputation, which in turn affects the confidence of customers and investors, and also leads to risks such as legal litigations.	**Raise employees' awareness on information security:** Reduce possibility of data breach by continuously providing information security training to raise employees' risk awareness, and strengthening program testing and information security structure before a new product is launched.
			Prevent high-risk network operations: Analyze employees' online behaviors and monitor network traffic to report and block violations and prevent data theft in a timely manner.
		Hacker attack: Fintech is one of the main incentives motivating hackers to attack. By attacking networks, hackers may steal customer deposits or steal confidential information and extort companies to pay a ransom, which would incur serious financial losses for the company.	**Introduce the ISO 27001 Information Security Management System:** Mega Bank, CKI, and MS have respectively obtained ISO 27001 Information Security Management System certification, and established contingency plans, reporting procedures, and response plans for information security incidents.
			Strengthen information security network: Step up efforts to safeguard the information security platform to reduce the risk of malicious attacks (e.g., Distributed Denial of Service (DDoS)), conduct regular risk assessments, implement information security drills, and enhance training to improve employees' awareness on risk management for information security.
Climate Change Risks	Climate change risks include physical risks (e.g., acute cyclones or chronic global warming) and transition risks (e.g., law, technology, market, and reputation). As governments and investors around the world are paying more attention to climate change issues, the financial industry is urged to incorporate low-carbon transition to its business development strategies.	**Increased operating costs:** Global warming caused by climate change has led to significant increase in a company's electricity consumption in summer. Operating costs may increase in the future when Taiwan Power Company raises electricity prices or the government implements carbon taxes.	**Implement energy conservation and carbon reduction measures:** Assess the optimal installed capacity of a power supply system, and adjust the usage of air-conditioners to seasonable temperatures; and use energy-labelled high-powered lighting equipment (e.g., LED, high-powered energy-efficient light tubes) to increase energy efficiency.
			Introduce the ISO Environmental and Energy Management System: The Company will expand the coverage of ISO 14001 Environmental Management System and actively introduce ISO 50001 Energy Management System to strengthen its management mechanisms and mitigate the environmental impact of its business activities.
		Policy and regulatory risks: GHG emissions are now strictly regulated. As a result, companies may be compelled to disclose and limit their GHG emissions.	**Introduce ISO 14064-1 Greenhouse Gas Inventory:** The Company introduced the ISO 14064-1 GHG Inventory in 2015. In 2020, the scope of inventory was expanded to all other business locations in Taiwan to facilitate the monitoring of the Group's total GHG emissions, which are regularly disclosed in the annual report, sustainability report, and on the company's website.
			Purchase renewable energy certificates: Use low-carbon energy sources by purchasing renewable energy certificates, and reduce GHG emissions, which not only helps to achieve the Group's carbon reduction goals but also promotes the development of renewable energy-related industries in Taiwan.
		Investment and credit risks: Investees or borrowers might be affected by physical or transition risks from climate change, and consequently report a reduction in revenue or asset impairment, thereby exposing Mega Group to increased investment risk or credit risk.	**Conduct situation analysis and climate risk assessment:** Reduce investment and credit risks by performing a situation analysis of real estate and mortgages to assess the exposure amounts of existing real estate and mortgage collaterals shown on the balance sheet; notifying relevant units to step up their monitoring and management efforts on high-risk positions; and actively supporting the company's loan and investment services to build a base of customers who are involved in renewable energy industries.

Risk Factor	Risks Description	Potential Impact of Risk on Business	Measure of Response
Pandemic Risks	In light of the global coronavirus pandemic, the risk of infectious diseases cannot be underestimated because it causes many businesses to discontinue operation and increases customer default, among other problems, thus severely impacting the global economy.	**Interruption of operations:** The outbreak of COVID-19 has, on the one hand, threatened the health of employees and, on the other hand, caused a shortage of manpower due to lack of adequate health and safety gears in the workplace, resulting in the interruption of business operations.	**Establish the Epidemic Response Working Group:** To reduce the risk of disease cluster, the Company initiated the "Business Continuity Plan," which involved establishing an Epidemic Response Working Group to supervise and execute various protection measures, including supporting and receiving reports from various units, and swiftly and effectively dissolve the risk of business interruptions.
			Implement remote work for employees: Mega Holdings and subsidiaries have enforced remote work for employees, video conferences, and VPN remote-connected office drills for various transactions and major service operations, and reviewed and revised their business continuity plan. Overseas branches have also activated related response measures such as working from home based on the local situation of COVID-19 and regulatory requirements.
		Default risks of loan customers: Many countries have adopted border control measures to prevent the spread of COVID-19. Companies face difficulties in large-scale suspension of operations and reduced shifts, which resulted in a sharp decline of demand. These developments have impacted the profitability of banks, reduced the solvency of bank customers, and increased the default risks of loan customers.	**Conduct survey of operations of Taiwanese business borrowers:** Focus first on important overseas Taiwanese customers, explore response measures to further learn about the views of upstream and downstream industries and those of competitors for combined analysis to determine risks, and formulate interview records and analysis conclusions.
			Strictly contain the risks of borrowers in affected areas: Monitor the proportion of credit risks in high-risk industries each month, implement flexible adjustments for high-risk industries, if necessary, and establish the concentration limit ratios and early warning ratios for all high-risk industries. Carefully review high-risk industries, industries with unknown outlook, and the signatures of borrowers, and implement post-loan management to reduce credit risks.

8.3.3 Risk culture

To raise risk awareness of employees and create a risk management culture where the Group's Risk Management Policy is effectively implemented, Mega encourages all employees of the Group to participate in various types of risk management related training, offered inside or outside of the organization. According to Mega Holdings' Guidelines for Subsidiary Risk Management Performance Evaluation, a subsidiary's attendance in risk management training programs is linked to its performance in risk management. In 2020, internal and external training programs relating to risk management were attended by 35,899 employees in the Group, 503 of which were directly affiliated with the risk management unit.

Risk Management Training of Mega Group in 2020	
Number of employees who participated in risk management training	35,899
Number of employees from risk management unit who participated in training	503

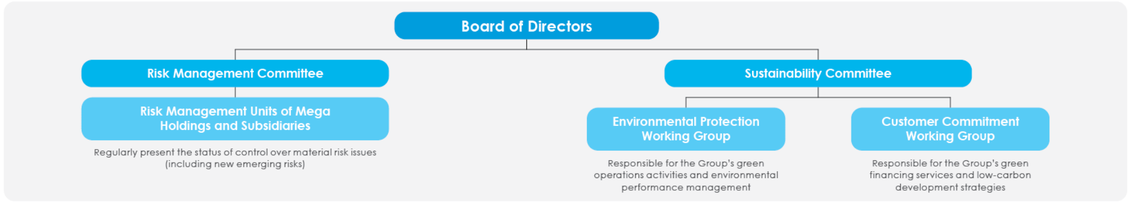
8.4 Climate-Related Financial Disclosure

The Global Risk Report published by the World Economic Forum (WEF) in 2021 showed that because of COVID-19 in 2020, infectious diseases jumped to number four as the top global risk factors, and the top three global risks are still related to climate and environment-related impacts, namely, extreme weather, climate change, and natural disasters.

In April 2020, Mega Holdings signed the Task Force on Climate-related Financial Disclosures (TCFD), and in May of the same year joined the Bankers Association TCFD and PRB Case Study Working Group to implement climate risk management.

8.4.1 Climate Governance

TCFD	Description
Supervision by the Board of Directors	The Board of Directors of Mega Holdings is responsible for supervising and reviewing group-related risk (including climate risks) policies and management systems, and the Risk Management Committee and Sustainability Committee under the Board of Directors are responsible for implementing the identification and management of climate change risks and opportunities.
Managerial Roles	The Risk Management Committee, with the Chairman of Mega Holdings as the convener, regularly presents a report of the risks (including climate risks) faced by the Group to the Board of Directors so that the Board of Directors is kept informed of relevant risk issues. The Sustainability Committee is chaired by the President of Mega Holdings. The Committee is composed of the Environmental Protection Working Group, which takes charge of the Group's green operations activities and environmental performance management, and the Customer Commitment Working Group, which is in charge of the Group's green financing services and low-carbon development strategies. These groups regularly present climate-related risks and opportunity issues (TCFD) to the Sustainability Committee. The Committee is then responsible for establishing climate-related risk management mechanisms, 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.



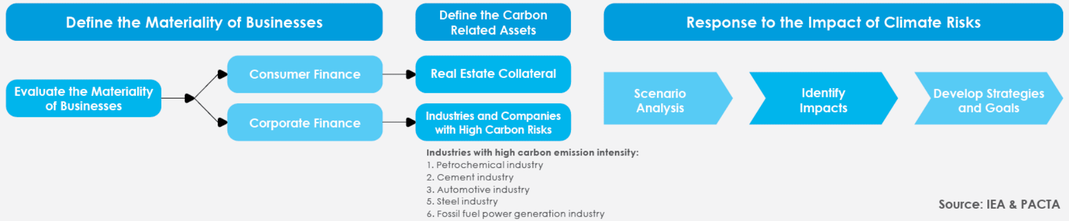
8.4.2 Climate Strategies

TCFD	Description	Corresponding Chapter
Climate (low-carbon) Strategies	Mega pays close attention to climate change and industry trends and aims to offer appropriate financial instruments that help stakeholders to reduce the impact of climate change and identify new business opportunities, so as to mitigate global warming and steer the society toward sustainable development. Based on major government policies, including nuclear-free homeland, energy transition, and emission reduction, the short-term goal of the Company is to fund renewable energy businesses so as to facilitate the smooth development of the financial market, and develop digital financial products and services to lower the total carbon emissions of value chains; the mid-to-long-term goal is to increase the awareness of green sustainability among industries, investors, and consumers by taking environmentally-friendly measures with subsidiaries to reduce the risks of investments and financing for climate-sensitive industries.	CH4 Sustainable Finance (4.1 Green Finance), CH5 Customer Care (5.3 Innovation and Development of Digital Banking)

TCFD	Description	Risks	Opportunities
Short/Mid/Long-term Risks and Opportunities	**Short-term** (likely to occur within a year)	Extreme weather events (e.g., increased frequency and intensity of torrential rain and typhoons) may disrupt business operations because of flooding or typhoon leave or cause loss of company's assets due to road, tree or signage damages.	Reducing paper printing by introducing paperless, E-statement, and online account opening policies can not only lower the company's operating costs but also reduce carbon emissions.
	Mid-term (likely to occur within one to three years)	Climate change steers corporate transformation toward the development of low-carbon digital technologies. The initial phase of transformation requires large amounts of R&D resources and expenses, which increase operating costs.	The government and investors are increasingly more aware of climate change issues. Completing international ratings such as CDP and DJSI questionnaires can serve as a corporate channel for communicating solutions to climate issues, and in turn improve the company's reputation.
	Long-term (likely to occur after more than three years)	Increased stringency of climate-related policies and laws may necessitate additional use of renewable energy or purchasing of renewable energy certificates, thus raising operating costs.	Sources of revenues can be increased by strengthening the diversification of green finance products and services, such as green bonds/sustainable ESG bonds, and sustainability-related indexes or funds.
Climate Scenario Analysis	**Physical risks :** (Estimation of flooding hazard) The ratio of areas at high risk of flooding to the total real estate collaterals held by the Group's main subsidiaries at the end of 2020 was statistically analyzed according to the five levels (low (1), medium-low (2), medium (3), medium-high (4), high (5)) of the flooding and pollution risks in various townships in Taiwan under the Representative Concentration Pathways (RCP) 8.5 scenarios (concentration pathway 8.5, extreme scenarios of flooding risk) described in the IPCC Fifth Assessment Report (AR5), which is published on the Disaster Management Information R&D Application Platform of the Ministry of Science and Technology. **Transition risks :** (Exposure statistics of high carbon-emitting industries) The ratio of risk exposure of high carbon-emitting industries to the total risk exposure of the Group was statistically analyzed. Based on industry classification, high carbon-emitting industries include extraction of crude petroleum and natural gas, cement manufacturing, iron and steel refining, motor vehicles manufacturing, and power distribution.		

Mega follows the TCFD Guidance for financial sector. For significant business exposures (such as credit risks in credit or other indirect financial activities), we use scenario analysis to evaluate the potential impacts and challenges of climate change on business strategies, and respond more flexibly and resiliently to the high uncertainty of climate change. In addition, we introduce the management approaches and response measures in the face of climate change issues to investors and stakeholders, as to come up with corresponding decision-making.

How does Mega measure the material risks of climate change:



1. Define the materiality of businesses:

Mega is a comprehensive financial investment holding company. The main profits are from the investment income of subsidiaries. Among them, consumer financial and corporate financial lending are the main sources of revenue (approximately 53.49% of the total revenue). Consider the significant impact of climate change risks on Mega Financial Holdings, Mega Bank prioritizes personal finance and corporate finance as the subject of scenario analysis.

2. Define the carbon related assets:

CO2 emissions not only cause global warming but also increase the probability and frequency of extreme weather events, making collaterals located in areas with high risk of flooding or slope disasters more likely to be affected by climate disasters. This might reduce the guarantee of collateral, thereby increase the credit risk for banks. As a result, Mega defines the real estate collateral as material carbon related assets, and develops strategies to respond to the physical risks of climate change.

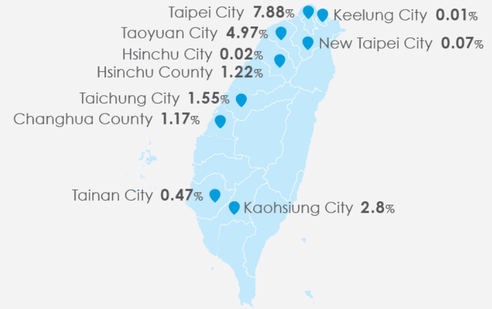
Mega Financial Holding refers to the climate change scenario analysis tool, PACTA, released by the 2° Investing Initiative in September 2020. IEA 2DS is selected for scenario analysis, which determined the petrochemical industry, cement industry, automotive industry, steel industry and fossil fuel power generation industry as high carbon emission intensity industries.

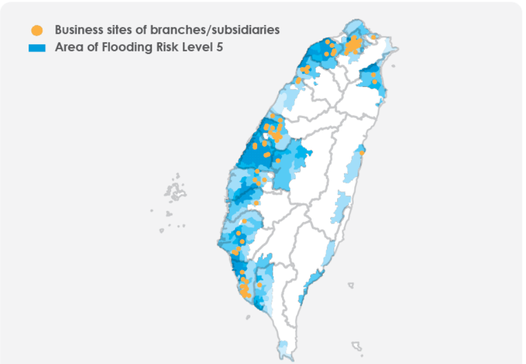
3. Scenario analysis:

Physical risk assessment: Mega takes the period of credit and durability of the collaterals, as the basis of the physical risk assessment. Cooperate with external consultant, and in reference to the Intergovernmental Panel on Climate Change (RCPs) in Assessment Report 5 of Intergovernmental Panel on Climate Change (IPCC) to assess the possible climate change scenario in the future. We select the RCP 8.5 as the scenario when assessing the damaged risk of collaterals, and also utilize the information of 3D of risk assessment in climate disaster (i.e., exposure, vulnerability, hazard) from TCCIP, in order to analyze the ratio of collaterals in the high-risk geographic area of our Company; furthermore, Mega also takes the durability of fixed-asset set by National Taxation Bureau of Taipei. Ministry of Finance, to ensure the Bank has evaluate the impact of climate change physical risk as possible on the value of collaterals during the credit period.

In addition, Mega according to risk map to exam the status of our business spot might occur flooding and slop disaster in the future. The analysis shows that there are 31 branches/subsidiaries (about 19% to all sites) are exposure to high flooding risk under the scenario RCP8.5. Typhoon is viewed as the most popular disaster according to the historical statistic natural disaster in Taiwan, and the extreme rainfall is the main reason that further cause to the enormous loss on society and economic. To avoid the emergency result in business interruption and casualties, Mega has established Emergency Backup Management Process and compose Emergency Response Working Team, backup important information and data regularly, lighten the physical risk from the climate change as best we could.

Risk Identification and Assessment
The proportion of the Group's real estate collateral within the high-risk flooding (level 5) of each city in Taiwan:

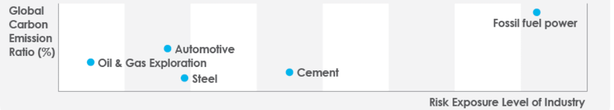




Transition Risks Assessment: Mega classified the industries into 8 levels according to the credit ratio (credit industry amount compared to the total amount); while higher level represents to higher ratio. Mega also assess the impact and risk exposure of top 5 industries with high climatic sensitivity (i.e. petrochemical, cement, automotive, steel, fossil fuel power generation); the assessment result shows that the Group has a higher credit risk on fossil fuel power generation industry.

Mega follows the Sustainable Investment Policy and the Risk Management Policy passed by the board of director, and continues to study the international research on climate change, and highlight the influenced part of investing industry as a reference for subsidiaries when making credit decision, so as to monitor the industry trend and movement on highly climate-sensitive credit clients.

The Assessment of Carbon Sensitive Industry for Mega Holdings



8.4.3 Climate Risk Management

TCFD	Description	Corresponding Chapter
Risk Identification Procedures	Please refer to 8.3.2 Emerging Risk Management in this Chapter for procedures to identify climate change risks.	CH8 Sustainable Governance (8.3.2 Emerging Risk Management)
Risk Management Procedures	Please refer to 8.3.1 Risk Management Mechanisms in this Chapter for procedures to manage climate change risks.	CH8 Sustainable Governance (8.3.1 Risk Management Mechanisms)
Integrated Management	Mega has integrated its climate-related risk identification, assessment, and management processes into the Group's general risk management system. (The identified climate-related risks and opportunities are shown as the chart below.)	CH8 Sustainable Governance (8.3.1 Risk Management Mechanisms)

Climate-related Risks

Scenario	Assumption	Type of Risks	Risk Factor	Highly Impacted Credit Clients Industry	Financial Impact under the Scenario	Risk Management Measures
IEA 2DS	The global goal in 2050, the energy will be mainly generated by solar and wind. In this condition, the government will publish a high carbon-tax, requiring companies to elevate the energy efficiency and transfer to low-carbon technology.	Transition	Regulation & policy, technology development, Market change	Industry of petrochemical, cement, automotive, Steel, fossil fuel power generation	Increase systematic risk, credit risk and expected credit loss	**Our Action:** Mega apply more than two warming scenario assessments to understand the impact of climate risk on highly climatic sensitive industries. And guide those credit clients to transfer to low-carbon model accordingly with the climate change credit manage system developed by the analysis result. **Subsidiary's Action in 2020:** **Mega Bank:** The Bank stand on our job on implementing three lines of defense risk management model and due diligence by front line staff. Besides staying up with the industry trend and the operation risk of the credit client actively, we evaluate the climate change impact to those clients, taking the expected credit loss and variation on default rate seriously as well as following our policy of credit risk management. **Mega Securities and MITC:** Carry out securities classified management to monitor the risk exposure of portfolio investment and investment ratio, in addition, we alarm the highly carbon-intensive industries, and then provide the list to the subsidiary for reference. The measures on monitoring the risk exposure of industry investment part are taken regularly in order to check the risk management.
RCP 8.5	The rapid global economic growth result in the growth of energy consumption, the government encouraging oil exploration rather than renewable energy, and the world do not develop the technology of carbon fixation/ decarbonization actively.	Physical	Collateral devaluation	All industries	increase expected credit loss	**Our Action:** We continue to improve the physical risk impact assessment of credit collateral and use scenario analysis to manage the scientific data, and the meanwhile we keep track with the TICCIP for updating the information. **Subsidiary's Action in 2020:** **Mega Bank:** There are 30.16% collateral s are local at level 5 high-risk area, considering the possibility of collaterals devaluation caused by the climate change disaster and further lead to our expected credit loss. We establish risk control spots within the credit review process in Policy of Risk Management and Policy of Credit Risk Management, to confirm the front-line staffs could review credit and collaterals value in the perceptive of climate change, moreover, to guide the clients to add/reduce the collaterals when necessary. **Mega Asset Management:** Comply with the Group risk management policy, which has integrated the climate change risk management and regularly carry out appraisal for impairment of assets to the loans to ensure that the value of the land in question is fairly presented.
			Business interruption		increase indirect cost	**Our Action:** Mega identifies the business interruption risk of our main suppliers, exam the up-stream/down-stream value chain on the suppliers who have a high dependency on natural recourse, and our dependency on these suppliers so as to actively engage with response measure to climate change. **Action in 2020:** Each business spots have established response plans and emergency preventive operation procedure, and prepare the recourse in face of the acute physical risk. When the extreme weather occurs, those measures could reduce the short-term damage by natural disaster at most, ensure one could reoperation as soon as possible.

Climate-related Opportunities

Climate Opportunity Factor		Financial Impact	Development Strategy for Climate related Opportunities
Products and services	In contrast with the high-carbon economic activities, the market is transferring to the low-carbon economy. Mega puts off Loans for Renewable Energy Technology, Loans for Urban Renewal and Reconstruction of Dangerous and Old Buildings, green bonds and Insurance for Remunerative Crop.	Increase revenue	In respect of the government policy, Green Finance Action Plan 2.0, Mega invests in"Five plus Two" innovative industries, including renewable energy technology (i.e. photovoltaic and wind power) and circular economy, by green trusts, bonds, investments, loans incentives etc. to assist our trust clients to transfer and as the way we join market of low-carbon economy.

8.4.4 Climate Indexes and Goals

TCFD	Description	Corresponding Chapter
Climate-related Assessment Indicators	The climate-related assessment indicators of Mega Group include: GHG emissions, procurement of renewable energy certificates, water consumption, and waste generation. Relevant data and information are disclosed in the company's sustainability report, annual report, website, and international ratings (e.g., CDP and DJSI).	CH3 Sustainable Environment
Scopes 1, 2, and 3 GHG Emissions	The Group has introduced ISO 14064-1 GHG Inventory in 2015. In 2020, the scope of inventory has expanded to all business locations in Taiwan, and Scopes 1, 2, and 3 GHG emissions are calculated.	
Climate-related Goals	The Group has set the following goal: Reduce scopes 1&2 GHG emissions and water consumption by 5% by 2022, with 2017 as the base year. In 2020, the Group has reached the goal, a decrease of 11.93% compared to the base year on its self-declared Scope 1+2 GHG emissions.	

Appendix 1 GRI Standards Index

GRI Standards Index

※ Core options

GRI 102: General Disclosure (2016)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
1. Organization Profile				
※ GRI 102-1	Name of Organization	1.1 Group Profile	14-17	
※ GRI 102-2	Activities, Brands, Products, and Services			
※ GRI 102-3	Location of Headquarters			
※ GRI 102-4	Location of Operations			
※ GRI 102-5	Ownership and Legal Form			
※ GRI 102-6	Markets Served			
※ GRI 102-7	Scale of the Organization			
※ GRI 102-8	Information on Employees and Other Workers	6.1 Employer-Employee Relationship and Labor-Management Relations	71-72	
※ GRI 102-9	Supply Chain	3.3 Supplier Assessment and Management	44-45	There were no confirmed incidents of corruption within the Group in 2020.
※ GRI 102-10	Significant Changes to the Organization and Its Supply Chain			
※ GRI 102-11	Precautionary Principle or Approach	8.3 Risk Management	109-110	
※ GRI 102-12	External Initiatives	1.2 ESG Sustainable Governance Framework and Management Policy	19	
※ GRI 102-13	Membership of Associations	8.2.3 Membership of Associations	108	
2. Strategy				
※ GRI 102-14	Statement from Senior Decision-maker	Message from the Chairman	4-5	
GRI 102-15	Key impacts, risks, and opportunities	8.3 Risk Management	111-112	
3. Ethics and Integrity				
※ GRI 102-16	Values, Principles, Standards, and Norms of Behavior	1.2 ESG Sustainable Governance Framework and Management Policy, 8.1.2 Ethical Management and Compliance	20-21	
GRI 102-17	Mechanisms for advice and concerns about ethics		101-103	
4. Governance				
※ GRI 102-18	Governance Structure	1.2 ESG Sustainable Governance Framework and Management Policy, 8.1 Corporate Governance	100-101	
GRI 102-19	Delegating authority		18-20	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics			
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	2.1 Stakeholder Communication	24-25	

GRI Standards Index

※ Core options

GRI 102: General Disclosure (2016)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
4. Governance				
GRI 102-22	Composition of the highest governance body and its	8.1 Corporate Governance	97-101	
GRI 102-23	Chair of the highest governance body			
GRI 102-24	Nominating and selecting the highest governance body			
GRI 102-25	Conflicts of interest			
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy		18-20	
GRI 102-27	Collective knowledge of highest governance body		98-100	
GRI 102-28	Evaluating the highest governance body's performance			
GRI 102-29	Identifying and managing economic, environmental, and social impacts	2.2 Identifying Material Topics 8.1 Corporate Governance	26-35	
GRI 102-30	Effectiveness of risk management processes	8.3 Risk Management	109-112	
GRI 102-31	Review of economic, environmental, and social topics	2.2 Identifying Material Topics	30-35	
GRI 102-32	Highest governance body's role in sustainability reporting		18-20	
GRI 102-33	Communicating critical concerns		24-25	
GRI 102-34	Nature and total number of critical concerns			
GRI 102-35	Remuneration policies	6.1 Employer-Employee Relationship and Labor-Management Relations	100-101	
GRI 102-36	Process for determining remuneration			
GRI 102-37	Stakeholders' involvement in remuneration	2.1 Stakeholder Communication	24-25	
GRI 102-38	Annual total compensation ratio	6.1 Employment Relationship and Labor-Management Relations	74-75	
GRI 102-39	Percentage increase in annual total compensation ratio			
5. Stakeholder engagement				
※ GRI 102-40	List of Stakeholder Groups	2.1 Stakeholder Communication	24-25	
※ GRI 102-41	Collective Bargaining Agreements	6.1 Employment Relationship and Labor-Management Relations	85	
※ GRI 102-42	Identifying and Selecting of Stakeholders	2.1 Stakeholder Communication	24-26	
※ GRI 102-43	Approach to Stakeholder Engagement			
※ GRI 102-44	Key Topics and Concerns Raised			
6. Reporting practice				
※ GRI 102-45	Entities Included in the Consolidated Financial Statements	8.2.1 Economic Performance	105-106	
※ GRI 102-46	Defining Report Content and Topic Boundaries	2.2 Identifying Material Topics	28-29	
※ GRI 102-47	List of Material Topics			
※ GRI 102-48	Restatements of Information	About the Report	2-3	

GRI Standards Index

※ Core options

GRI 102: General Disclosure (2016)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
6. Reporting practice				
※ GRI 102-49	Changes in Reporting	2.1 Stakeholder Communication	27	
※ GRI 102-50	Reporting Period	About the Report	2-3	
※ GRI 102-51	Date of Most Recent Report			
※ GRI 102-52	Reporting Cycle			
※ GRI 102-53	Contact Point for Questions Regarding the Report			
※ GRI 102-54	Claims of Reporting in Accordance with the GRI Standards			
※ GRI 102-55	GRI Content Index	Appendix 1 GRI Standards Index	118-124	
※ GRI 102-56	External Assurance	Appendix 2 External Assurance Statement and Report	129-131	

GRI Standards Index

★Material topics

Topic-specific disclosure (GRI 200, 300, 400)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
GRI 200 Economic Series				
★GRI 201: Economic Performance (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 201-1	Report the direct economic value generated and distributed	8.2 Business Performance	106	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	8.4 Climate-Related Financial Disclosure	112-117	
GRI 201-3	Defined benefit plan obligations and other retirement plans	6.1 Employmen Relationship and Labor-Management Relations	76	
GRI 203: Indirect economic impacts (2016)				
GRI 203-1	Infrastructure investments and services supported	4.1.2 Responsible Investment	49-50	
GRI 204: Procurement Practices (2016)				
GRI 204-1	Proportion of spending on local suppliers	3.2 Responsible Procurement	49-50	
★GRI 205: Anti-Corruption (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	32-33	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 205-1	Operations assessed for risks related to corruption	8.1.2 Ethical Management and Compliance, 8.1.3 Anti-money laundering and counter terrorism financing	101-103	
GRI 205-2	Communication and training about anti-corruption policies and procedures			

GRI Standards Index

★Material topics

Topic-specific disclosure (GRI 200, 300, 400)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
★GRI 205: Anti-Corruption (2016)				
GRI 205-3	Confirmed incidents of corruption and actions taken	8.1.2 Ethical Management and Compliance, 8.1.3 Anti-money laundering and counter terrorism financing	101-103	There were no confirmed incidents of corruption within the Group in 2020.
GRI 206: Anti-competitive behavior (2016)				
GRI 206-1	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices	8.1.2 Ethical Management and Compliance	101-103	In 2020, there was zero lawsuit against the Group for misconducts relating to anticompetitive, antitrust behavior, or monopoly practices.
GRI 207: Tax (2019)				
GRI 207-4	Country-by-country reporting	8.2.2 Tax Policy	107	
GRI 300 Environmental Series				
GRI 302: Energy (2016)				
GRI 302-1	Energy consumption within the organization	3.1.3 Energy and Greenhouse Gas Management	38	
GRI 303: Water and Effluents (2018)				
GRI 303-3	Water withdrawal	3.1.4 Water Resources Management	38	
GRI 305: Emissions (2016)				
GRI 305-1	Direct (Scope 1) GHG emissions	3.1.3 Energy and Greenhouse Gas Management	39	
GRI 305-2	Energy indirect (Scope 2) GHG emissions			
GRI 305-3	Other indirect (Scope 3) GHG emissions			
GRI 305-5	Reduction of GHG emissions		40-41	
GRI 306: Waste (2020)				
GRI 306-3	Waste generated	3.1.5 Waste Management	42	
★GRI 307: Environmental Compliance (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 307-1	Non-compliance with environmental laws and regulations	8.1.2 Ethical Management and Compliance	101-103	The Group did not violate any environmental laws and regulations in 2020.
GRI 308: Supplier environment assessment (2016)				
GRI 308-1	New suppliers that were screened using environmental criteria	3.3 Supplier Assessment and Management	44-45	

GRI Standards Index

★Material topics

Topic-specific disclosure (GRI 200, 300, 400)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
GRI 400 Social Series				
★GRI 401: Employment (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 401-1	New employee hires and employee turnover	6.1 Employment Relationship and Labor-Management Relations	73-76	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			
GRI 401-3	Parental leave			
★GRI 402: Labor/Management Relations (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 402-1	Minimum notice periods regarding operational changes	6.1 Employment Relationship and Labor-Management Relations	85	
★GRI 403: Occupational health and safety (2018)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	32-33	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
	GRI 403-1 Occupational health and safety management system	6.4 Occupational Health and Safety	80-83	
	GRI 403-2 Hazard identification, risk assessment, and incident investigation			
	GRI 403-3 Occupational health services			
	GRI 403-4 Worker participation, consultation, and communica tion on occupational health and safety			
	GRI 403-5 Worker training on occupational health and safety			
	GRI 403-6 Promotion of worker health			
GRI 403-9	Work-related Injury			

GRI Standards Index

★Material topics

Topic-specific disclosure (GRI 200, 300, 400)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
★GRI 404: Training and education (2016)				
GRI 1GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	32-33	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 404-1	Average hours of training per year per employee	6.3 Talent Development and Management	78-79	
★GRI 405: Diversity and Equal Opportunity (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	34-35	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 405-1	Diversity of governance bodies and employees	6.2 Employee Diversity and Equal Opportunity	76-77	
GRI 406: Non-discrimination (2016)				
GRI 406-1	Incidents of discrimination and corrective actions taken	6.2 Employee Diversity and Equal Opportunity	84	There was no discrimination within the Group in 2020.
GRI 412: Human Rights Assessment (2016)				
GRI 412-2	Employee training on human rights policies or procedures	6.5 Human Rights Policy	84-85	
GRI 413: Local communities (2016)				
GRI 413-1	Operations with local community engagement, impact assessments,and development programs	7.2 Social Investment and Charitable Activities	89-95	
GRI 414: Supplier Social Assessment (2016)				
GRI 414-1	New suppliers that were screened using social criteria	3.3 Supplier Assessment and Management	44-45	
GRI 417: Marketing and labeling (2016)				
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	5.1.3 Marketing and labeling	62-63	
GRI 417-3	Incidents of non-compliance concerning marketing communications			
★GRI 418: Customer privacy (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy or loss of customer data	5.2 Information Security and Protection of Personal Information	65	There were no data breach incidents in 2020 that would otherwise result in business discontinuation, information security problems, and infringement of privacy.

GRI Standards Index

★Material topics

Topic-specific disclosure (GRI 200, 300, 400)

Corresponding GRI Standards and Index	Description of Corresponding Index	Corresponding Chapters in the Report	Page	Note (Reasons omitted)
★GRI 419: Socioeconomic Compliance (2016)				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	30-31	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 419-1	Non-compliance with laws and regulations in social and economic areas	8.1.2 Ethical Management and Compliance	101-103	
★Self-developed topics: Customer Relationship Management				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	34-35	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Customer Relationship Management	Surveys of Customer Satisfaction	5.1 Customer Relationship Management	59	
★Self-developed topics: Innovation and Development of Digital Banking				
GRI 103: Management Approach (2016)	GRI 103-1 Explanation of the material topic and its Boundaries	2.2 Identifying Material Topics	32-33	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Innovation and Development of Digital Banking	Digital financial products and services	5.3 Innovation and Development of Digital Banking	66-69	
G4 Sector Disclosures - Financial Services				
FS7-Product Portfolio	Products and services designed to deliver a specific social benefit for each business line	4.1 Green Finance	47-51	
FS8-Product Portfolio	Products and services designed to deliver a specific environmental benefit for each business line			
FS13-Product Portfolio	Access points in low-populated or economically disadvantaged areas by type	4.2 Financial Inclusion (Inclusive Financing)	52-55	
FS14-Product Portfolio	Initiatives to improve access to financial services for disadvantaged people			

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Topics of Sustainability Disclosures	Accounting Metrics	Category	Unit	No.	Corresponding Chapters in the Report/Description	Page
Information Security	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of account holders affected	Quantitative	%	FN-CB-230a.1	There were no data breaches in 2020.	65
	Description of approach to identifying and addressing data security risks	Qualitative	NA	FN-CB-230a.2	5.2 Information Security and Protection of Personal Information	64-66
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding - small business and community development	Quantitative	Amount	FN-CB-240a.1	4.2 Financial Inclusion (Inclusive Financing)	52-55
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3	N/A (accounts currently provided by banks in Taiwan are all no-cost retail checking accounts)	—
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	8.1 Nurturing Professionals in Finance	87-89
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure by industry	Quantitative	Amount	FN-CB-410a.1	See financial statements: Credit risk concentration or annual report: Any matter which has had a significant impact on shareholders rights or the price for the securities	—
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Qualitative	NA	FN-CB-410a.2	4.1.1 Responsible Lending	47-48
Business Ethics	Total amount of monetary losses as a result of egal proceedings associated with fraud, nsider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Amount	FN-CB-510a.1	See annual report: Any matter which has had a significant impact on shareholders rights or the price for the securities	—
	Description of whistleblower policies and procedures	Qualitative	NA	FN-CB-510a.2	8.1.2 Ethical Management and Compliance	102
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basepoints (bps)	FN-CB-550a.1	N/A (Mega Bank is a D-SIB, not a G-SIB)	—
	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	Qualitative	NA	FN-CB-550a.2	8.3 Risk Management or Annual report: Review of Financial Conditions and Performance, Operating Results, and Risk Management (VI. Risk Management)	109
Activity Metric		**Category**	**Unit**	**No.**	**Description**	**Page**
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate		Qualitative	Number/ Amount	FN-CB-000.B	See Q4 2020 Investor Conference of Mega Holdings: https://www.megaholdings.com.tw/tc/calendar.aspx	—

Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies"			Corresponding Chapters in the Report	Page
Article 3	A TPEx listed company that meets the requirements of Article 2 herein shall each year prepare a corporate social responsibility report for the preceding year by referring to the Global Reporting Initiative (GRI) Standards and Sector Disclosures issued by the GRI, and other applicable rules according to its sector features. The company's report shall disclose its identified material economic, environmental, and/or social topics, its management approach, its topic-specific disclosures for each material topic, and the reporting requirements for those disclosures, and shall be in accordance at least with the Core option set out in the GRI Standards. The "corporate social responsibility report" under the preceding paragraph shall include an assessment of ESG (environmental, social and governance) related risks and shall set out relevant performance metrics for managing its identified material topics. In the corporate social responsibility report, a TPEx listed company shall include a GRI Content Index, which specifies each of the GRI Standards to which the contents of the report correspond, and specify in the report whether the topic-specific disclosures have been assured or certified by a third party. The topic-specific disclosures referred to in paragraph 1 shall be measured and reported using the standards prescribed by the competent authority for the relevant industry. If the competent authority for the relevant industry has not issued applicable standards, the company shall use the measurement method customarily used in practice.		About the Report	2-3
Article 4	In addition to the content referred to in the preceding article, the corporate social responsibility report prepared by a listed company shall emphasize the following matters.			
	Item 3	A TPEx listed company in the financial industry shall report its management approach, topic-specific disclosures, and their reporting requirements for the material topic of sustainable finance. The reporting requirements shall include at least products and services designed to deliver a specific social or environmental benefit for each business line.	CH4 Sustainable Finance	47-55
	A listed company under Article 2 shall disclose the following:			
	Item 4	(A) The number of its full-time employees in non-management positions, the average and median salaries of the full-time employees in non-management positions, and the differences between these 3 figures and the figures of the preceding fiscal year.	6.1 Employment Relationship and Labor-Management Relations	75
		(B) Its governance around climate-related risks and opportunities, the actual and potential impacts of climate-related risks and opportunities, the processes used by it to identify, assess, and manage climate-related risks, and the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	8.4 Climate-Related Financial Disclosure	112-117

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Main Issue	Disclosure	Corresponding Chapter	Page
Organizational Governance	Decision-making processes and structures	8.1 Corporate Governance	97-98
Human Rights	Due diligence	8.1.2 Ethical Management and Compliance	101-103
	Human Rights Risk Situations	6.5 Human Rights Policy	84-85
	Avoidance of Complicity	8.1.2 Ethical Management and Compliance	101-103
	Resolving Grievances	6.5 Human Rights Policy	84-85
	Discrimination and Vulnerable Groups		
	Civil and Political Rights		
	Economic, Social and Cultural Rights		
	Fundamental Principles and Rights at Work		
Labor Practices	Employment and Employee Relationships	6.1 Employment Relationship and Labor-Management Relations	71-76
	Conditions of Work and Social Protection		
	Social Dialogue	2.1 Stakeholder Communication	24-25
	Health and Safety at Work	6.4 Occupational Health and Safety	80-84
	Human development and training in the workplace	6.2 Talent Development and Management	78-79

Comparative Table of ISO 26000

Main Issue	Disclosure	Corresponding Chapter	Page
Environment	Prevention of Pollution	3.1.3 Waste Management	42
	Sustainable Resource Use	3.1.2 Water Resources Management	41-42
	Climate Change Mitigation and Adaptation	8.4 Climate-Related Financial Disclosure, 3.1.1 Energy and Greenhouse Gas Management	113-117
	Protection of the Environment, Biodiversity, and Restoration of Natural Habitats	3.1 Green Operation	37
Fair Operating Practices	Anti-corruption	8.1.2 Ethical Management and Compliance	101-103
	Responsible Political Involvement	8.2.3 Membership of associations in which it holds a crucial position	108
	Fair Competition	8.1.2 Ethical Management and Compliance	101-103
	Promoting Social Responsibility in the Value Chain	2.1 Stakeholder Communication	24-25
	Respect for Intellectual Property Rights	8.1.2 Ethical Management and Compliance	101-103
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	5.1.3 Marketing and labeling	61-62
	Protecting Consumers' Health and Safety	5.1 Customer Relationship Management	57-58
	Sustainable Consumption	3.2 Responsible Procurement	43-45
	Consumer Service, Support, and Complaint and Dispute Resolution	5.1.1 Customer Complaint Mechanisms	60-61
	Consumer Data Protection and Privacy	5.2 Information Security and Protection of Personal Information	64-66
	Access to Essential Services	5.1 Customer Relationship Management	57-58
	Education and Awareness		
Community Involvement and Development	Community Engagement	7.2 Social Investment and Charitable Activities	89-95
	Education and Culture	7.1 Nurturing Professionals in Finance	87-89
	Employment Creation and Skills Development		
	Technology Development and Access	5.3 Innovation and Development of Digital Banking	66-69
	Wealth and Income Creation		
	Health	5.2 Financial Inclusion (Inclusive Financing), 7.2 Social Investment and Charitable Activities	89-95
	Social Investment		

Comparison Table for UN Global Compact

	Disclosure	Corresponding Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	6.5 Human Rights Policy	84-85
	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.		
	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.	8.4 Climate-Related Financial Disclosure, 3.1 Green Operation	112-117
	Undertake initiatives to promote greater environmental responsibility	3.1 Green Operation, 3.3 Supplier Assessment and Management	37-45
	Encourage the development and diffusion of environmentally friendly technologies	5.3 Innovation and Development of Digital Banking	66-69
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	8.1.2 Ethical Management and Compliance	101-103

Appendix 2 External Assurance Statement and Reports

Various Certifications



ISO14064-1 Greenhouse Gas Inventory



ISO14001 Environmental Management System



ISO14001 Environmental Management System

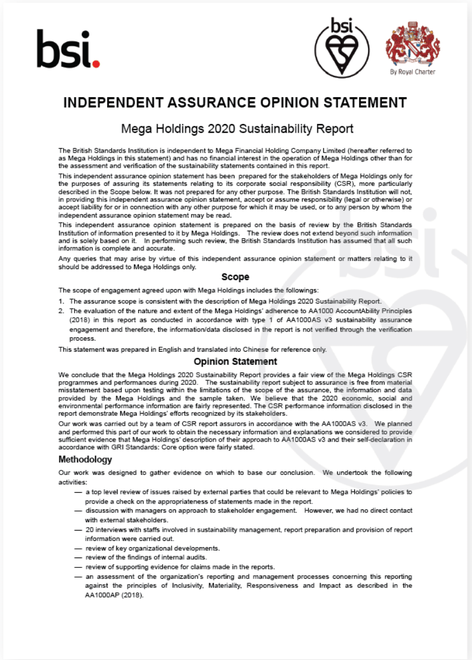






ISO27001 Information Security Management System

AA1000 Independent Assurance Opinion Statement



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By Royal Charter

INDEPENDENT ASSURANCE OPINION STATEMENT

Mega Holdings 2020 Sustainability Report

The British Standards Institution is independent to Mega Financial Holding Company Limited (hereafter referred to as Mega Holdings in this statement) and has no financial interest in the operation of Mega Holdings other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Mega Holdings only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Mega Holdings. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Mega Holdings only.

Scope

The scope of engagement agreed upon with Mega Holdings includes the followings:

1. The assurance scope is consistent with the description of Mega Holdings 2020 Sustainability Report.
2. The evaluation of the nature and extent of the Mega Holdings' adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Mega Holdings 2020 Sustainability Report provides a fair view of the Mega Holdings CSR programmes and performances during 2020. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Mega Holdings and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate Mega Holdings' efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Mega Holdings' description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to Mega Holdings' policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Mega Holdings has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Mega Holdings' inclusivity issues..

Materiality

Mega Holdings publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Mega Holdings and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Mega Holdings' management and performance. In our professional opinion the report covers the Mega Holdings' material issues.

Responsiveness

Mega Holdings has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Mega Holdings is developed and continually provides the opportunity to further enhance Mega Holdings' responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Mega Holdings' responsiveness issues.

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Mega Holdings has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Mega Holdings has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Mega Holdings' impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Mega Holdings provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Mega Holdings' social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the Mega Holdings' chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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