# Mega International Commercial Bank Engagement Report 2025

Mega Bank aspires to become a “Sustainability Model for the Financial Industry in the Asia-Pacific Region.” To exert a positive influence as an institutional investor and strengthen investee companies’ awareness of and actions concerning climate risks, Mega Bank has conducted engagement questionnaire surveys for four consecutive years with domestic companies in which it holds long-term equity investments. In 2024, the Bank continued to engage with its investees in accordance with the science-based Scope 3 emissions reduction pathway established by Mega Financial Holding. It also strengthened its engagement policies and action plans by referring to domestic and international policies and industry trends and drawing on external consultants. Through these efforts, the Bank assists investees with their low-carbon transition and helps them reduce operating costs through greenhouse gas emissions reductions. By working together with its investees toward a sustainable future, the Bank seeks to amplify the impact of its responsible investment practices and achieve the goal of net-zero emissions by 2050.

Taking into comprehensive consideration its client relationships, carbon emissions intensity data, and the transition pressures faced by various industries, the Bank identifies and selects priority investees for engagement based on factors such as their carbon emissions intensity and the extent of the Bank’s influence over them. It then determines appropriate forms of engagement according to the investees’ characteristics. Through in-person meetings, emails, recommendations submitted to boards of directors or shareholders’ meetings, and workshops, the Bank seeks to understand the progress of its investee clients’ sustainable development, encourage them to join the Science Based Targets initiative (SBTi), and provide timely recommendations for ESG improvements. The engagement methods used for the Bank’s investment positions in 2025 are summarized below:

<table>
<tr><th>Form of Engagement</th><th>Number of Companies</th><th>Description</th></tr>
<tr><td>Engagement questionnaire</td><td>190</td><td>Response rate: 76.84%</td></tr>
<tr><td>Workshop on the Reference Guidelines for the Recognition of Sustainable Economic Activities</td><td>29</td><td>Equity, bond, and financing positions (engagement workshop held on April 9, 2025)</td></tr>
<tr><td>Project-based engagement</td><td>1</td><td>Equity position</td></tr>
<tr><td>Statements at shareholders’ meetings on net-zero transition or ESG themes</td><td>23</td><td>In 2025, the Bank engaged with 23 TWSE-listed, TPEx-listed, and Emerging Stock Board-registered companies through proposals at their shareholders’ meetings</td></tr>
<tr><td>Other forms of engagement, including in-person meetings, emails, and investor conferences</td><td colspan="2">Companies in which the Bank holds long-term equity investments are interviewed at least once a year and provided with recommendations regarding their ESG practices</td></tr>
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## I. Sustainable Development Engagement Questionnaire:

### (I) Purpose of Sustainable Development Engagement

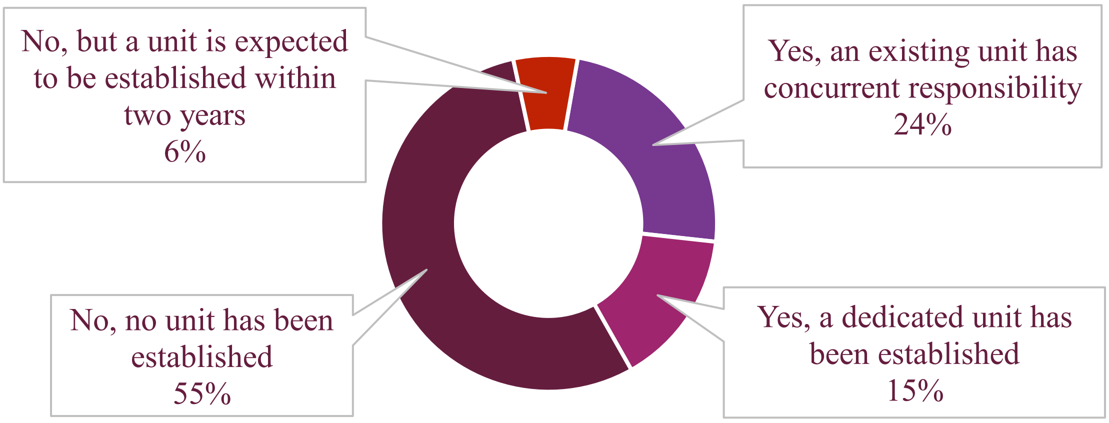
To support the national policy on energy transition toward net-zero carbon emissions, the Bank works with its investee companies to take climate action and implement greenhouse gas emissions reduction plans and measures. For companies in which it holds long-term equity investments, the Bank conducts an engagement questionnaire survey centered on "net-zero targets." The Bank encourages these companies to proactively conduct carbon inventories, manage their greenhouse gas emissions, establish emissions reduction targets, implement reduction measures, and track their reduction results. Through its investment activities, the Bank seeks to drive the sustainable development and low-carbon transition of the broader industrial ecosystem. The main topics covered by the 2025 questionnaire included: (1) whether a sustainable development organization had been established;(2) measures for greenhouse gas emissions inventory, verification, and disclosure; and (3) policies concerning employee well-being and occupational safety and health. New topics concerning the Financial Supervisory Commission's Reference Guidelines for the Recognition of Sustainable Economic Activities and "biodiversity or nature conservation" were also added. In 2025, 190 questionnaires were distributed and 146 were returned, resulting in an overall response rate of 76.84%, an increase from 70.85% in 2024.

### (II) Analysis of the Sustainable Development Engagement Questionnaire Results

Based on a review of the returned questionnaires, the Bank's analysis of the ESG engagement questionnaire results is as follows:

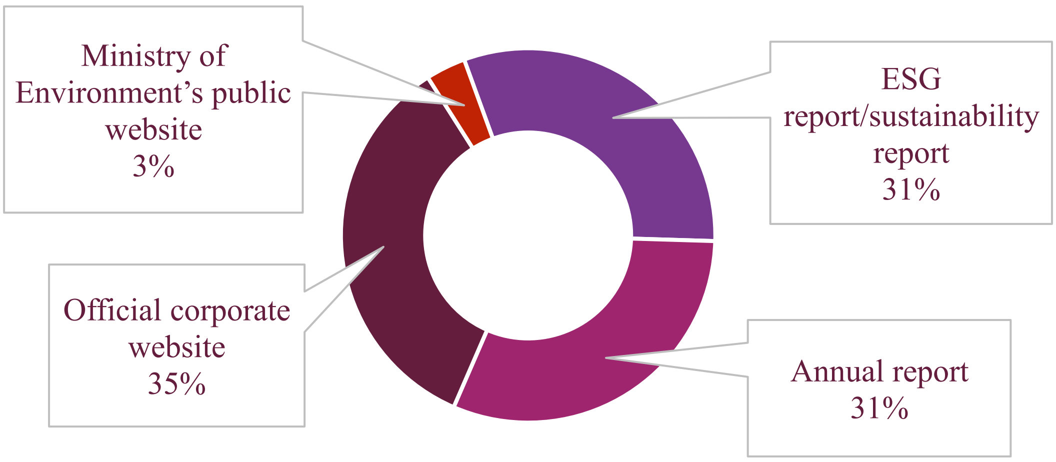
1. Regarding the establishment of sustainable development organizations, such organizations demonstrate that companies value environmental, social, and corporate governance factors and incorporate them into their management approaches and business activities. In 2025, approximately 15% of the Bank's investee companies had established a dedicated sustainable development unit, approximately 24% had designated an existing unit to concurrently oversee sustainable development, and approximately 6% planned to establish such a unit within the next two years. In addition, approximately 18% of the investee companies had published and publicly disclosed sustainability reports.

**Whether a Dedicated Unit or an Existing Unit with Concurrent Responsibility for Sustainable Development Has Been Established**

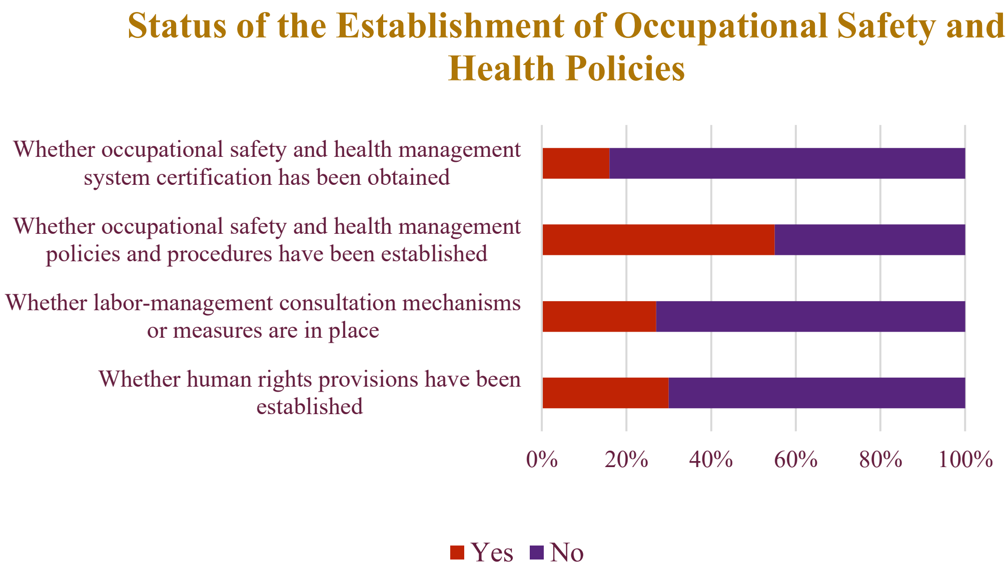



2. Regarding greenhouse gas emissions inventory, verification, and disclosure, approximately 18% of the investee companies had obtained third-party verification/assurance of their inventory results (or planned to do so within three years) in 2025. Approximately 46% publicly disclosed their greenhouse gas emissions, primarily through ESG reports/sustainability reports, annual reports, and their official corporate websites. Some investee companies also disclosed such information on the Ministry of Environment's public website.

**Channels Used to Publicly Disclose Greenhouse Gas Emissions Information**




3. Regarding policies related to employee well-being and occupational safety and health, companies incorporate occupational safety and health into their ESG strategies, demonstrating their commitment to employee well-being and social responsibility. The status of the investee companies' establishment of occupational safety and health policies in 2025 was as follows:




4. The Bank has established phased milestones for its engagement activities. Progress achieved in 2025 was as follows:

| Phased Milestone | Number of Companies | Percentage of Total Long-Term Investment Assets |
|---|---|---|
| Phase 1: Raise the engagement issue with the investee company | 190 | 95% |
| Phase 2: The investee company acknowledges the existence of the engagement issue | 146 | 84% |
| Phase 3: The investee company formulates a response strategy for the issue | 32 | 35% |
| Phase 4: The investee company (including its corporate group) has established SBTs and passed the validation process | 10 | 3% |

Note: Following the Bank's 2025 engagement questionnaire survey, the Bank disposed of its shareholding in one investee company by June 30, 2025.

Building on the engagement questionnaire survey, the Bank will continue to monitor its investee companies' management of climate change and greenhouse gas emissions and conduct questionnaire surveys. It will also strengthen its engagement with high-carbon-emitting investee companies, proactively provide emissions reduction recommendations, and assist them in implementing greenhouse gas emissions reduction plans and measures, thereby working together toward the goal of net-zero emissions.

## II. Direct Engagement Cases

In addition to supporting the national policy on energy transition toward net-zero carbon emissions and working with investee companies to take climate action and implement greenhouse gas emissions reduction plans and measures, the Bank also pays attention to investee companies' financial performance, business strategies, social responsibility, employee rights and interests, and corporate governance.

- **Case study 1: Asset class – bonds (Engagement dimension: E)**

  **Engagement issues:**

  (1) Carbon emissions reduction plans; (2) Compliance with the Reference Guidelines for the Recognition of Sustainable Economic Activities; and (3) Whether the investee company plans to issue sustainability bonds.

  **Reason for engagement:**

  The investee company in this case is an investment holding company whose group operates in three areas: civil and construction engineering, real estate development, and environmental engineering and water resource treatment. It enjoys a strong ESG brand reputation within the industry. Through this engagement, the Bank sought to understand the company's ESG-related investment plans and identify areas in which the Bank could provide assistance.

  **Impact of the engagement on the investee company and its stakeholders (Shareholders and customers):**

  The investee company (1) achieved a quantifiable reduction of 1,046.86 metric tons of CO2e in group-wide greenhouse gas emissions in 2023, representing an increase of 32.63% from 789.32 metric tons of CO2e in the previous year, with energy savings from biogas recovery and reuse making the largest contribution, followed by solar power generation systems;(2) has certain subsidiaries whose activities fall within the economic activities specified in the Reference Guidelines for the Recognition of Sustainable Economic Activities, although this information is not currently disclosed externally; and(3) will determine its future financing channels based on its funding needs, intended use of funds, and relative costs, with sustainability bonds among the options under consideration.

  **Whether the engagement achieved its intended objectives:**

  The engagement in this case has met the Bank's intended objectives thus far.

  **Follow-up and impact on future investment decisions:**

  The Bank will regularly track the investee company's progress toward its greenhouse gas emissions reduction targets and use the achievement rate as a reference indicator when considering whether to continue investing in the company.

- **Case study 2: Asset class – equity (Engagement dimension: E)**

  **Engagement issues:** Promoting the sustainable development of the investee company.

  **Reason for engagement:**

  The primary business activities of the investee company in this case are condominium and building management and building cleaning services. Most of its service contracts are transportation-related government procurement projects. The Bank recommended that the company strengthen the environmental protection aspects of its ESG practices to align with the principles of sustainable business.

  **Impact of the engagement on the investee company and its stakeholders (Shareholders and customers):**

  Following the Bank's engagement with the investee company in this case in 2024, the company completed its sustainability report and carbon inventory. In 2025, the Bank further raised the possibility of the company committing to the SBTi in the future. The investee company stated that, as a labor service provider, such a commitment might have limited practical impact and that it would assess the matter further depending on future circumstances.

  **Whether the engagement achieved its intended objectives:**

  The engagement in this case has met the Bank's intended objectives thus far.

  **Follow-up and impact on future investment decisions:**

  The Bank regularly tracks the investee company's ESG performance and incorporates the tracking results into its assessment of share disposal decisions as a reference indicator when considering whether to continue holding the company's shares.

- **Case study 3: Asset class – equity (Engagement dimension: S/G)**

  **Engagement issues:** Strengthening food safety controls.

  **Reason for engagement:**

  The investee company in this case is a restaurant chain that has occasionally been penalized by the government agencies for issues concerning food safety, hygiene management, and labor inspections. The Bank engaged with the company through interviews and statements at its shareholders' meeting to emphasize the need to strengthen its management of food safety issues.

  **Impact of the engagement on the investee company and its stakeholders: (Shareholders and the general public)**

  The investee company previously disclosed its operational management measures through its parent company's sustainability report, including food ingredient inspection and traceability management, enhanced store audits, and occupational hygiene training. These measures support its progress toward sustainable operations and protect consumer rights and interests. The company also regularly supports disadvantaged groups by donating food ingredients and other supplies while advocating the responsible use of food, thereby giving back to society and promoting public well-being. Beginning in 2025, it will publish a standalone sustainability report to enhance its disclosure of measures relating to operational management, environmental protection, and sustainable development.

**Whether the engagement achieved its intended objectives:**

The engagement in this case has met the Bank's intended objectives thus far.

**Follow-up and impact on future investment decisions:**

The Bank will continue to monitor whether the company's enhanced food safety management measures effectively reduce subsequent food safety incidents. The results will support the analysis of the company's operational risks and serve as a reference indicator when evaluating future investments in food and beverage companies.

- **Case study 4: Asset class – equity (Engagement dimension: E/S/G)**

**Engagement issues:**

Whether the overseas subsidiaries have established ESG-related policies.

**Reason for engagement:**

The investee company in this case manufactures plastic films and hot-melt adhesives and has overseas subsidiaries. In response to the growing prominence of ESG issues in recent years, the Bank recommended that the company's overseas subsidiaries also establish ESG-related policies to align with the principles of sustainable corporate development.

**Impact of the engagement on the investee company and its stakeholders: (Shareholders, customers, and employees)**

After the Bank expressed its expectation that the investee company's overseas subsidiaries should also follow ESG-related policies, the company agreed and stated that its overseas subsidiaries follow the ESG-related policies of the group's parent company. In terms of environmental sustainability, they practice sustainable supply chain management and invest in green innovation. In terms of fulfilling their social responsibilities, they not only plan comprehensive employee training but also place greater emphasis on promoting workplace safety and actively participate in school donation programs and initiatives supporting disadvantaged groups in local communities. The investee company will continue to strengthen the corporate governance of its subsidiaries as it advances toward sustainable operations.

**Whether the engagement achieved its intended objectives:**

The engagement in this case has met the Bank's intended objectives thus far.

**Follow-up and impact on future investment decisions:**

The Bank regularly monitors the investee company's implementation progress and incorporates the monitoring results into its investment decision-making assessments as a reference indicator when considering whether to continue holding the company's shares.

## III. Collaborative Engagement Cases

The Bank also provides investee companies with recommendations for ESG improvements by participating in board and shareholders' meetings and engaging collaboratively with other institutional investors:

- **Case study 5: Asset class – equity (Engagement dimension: E/G)**

**Engagement issues:**

Whether the investee company has developed plans addressing ESG-related issues.

**Reason for engagement:**

The investee company in this case is a wire and cable manufacturer. In 2024, the Bank recommended that it implement ESG sustainability plans. The Bank continued its follow-up in 2025 and recommended greater engagement in ESG-related planning, such as preparing a sustainability report and establishing a dedicated sustainable development unit.

**Impact of the engagement on the investee company and its stakeholders: (Shareholders, customers, and employees)**

The investee company has taken actions such as preparing a sustainability report and conducting a greenhouse gas inventory, which has also undergone third-party verification. It transparently discloses its sustainability measures and achievements to the company's stakeholders and uses actual data to establish carbon emissions reduction targets. It also follows the TCFD framework to strengthen its climate governance and response capabilities and make relevant disclosures and has established a dedicated sustainability unit to advance its ESG strategic objectives.

**Whether the engagement achieved its intended objectives:**

The engagement in this case has met the Bank's intended objectives thus far.

**Follow-up and impact on future investment decisions:**

The investee company has not yet established an emissions reduction pathway aligned with SBTi standards. The Bank will regularly track the company's progress toward its emissions reduction targets and use the achievement rate as a reference indicator when considering whether to continue holding the company's shares.

## IV. Levels of Communication Between the Parties to Engagement

The Bank engages with investee companies through telephone discussions, emails, on-site visits, and other methods. The respective levels of the representatives participating in these communications were as follows:

| Representatives Levels | Bank | Investee Company |
|---|---|---|
| Responsible persons and senior executives | 0% | 60% |
| Entry-level managers | 4% | 26% |
| Employees | 96% | 14% |

## V. 2025 Shareholders' Meeting Voting Results

<table>
<tr><th colspan="3">Proposal Types and Content (ESG Classification)</th><th>For</th><th>Against</th><th>Abstain</th><th>Total</th></tr>
<tr><td rowspan="7">G<br>Governance</td><td rowspan="2">Financial matters</td><td>Ratification of business reports and financial statements</td><td>200</td><td>0</td><td>0</td><td>200</td></tr>
<tr><td>Distribution of earnings or offsetting of losses</td><td>192</td><td>1</td><td>0</td><td>193</td></tr>
<tr><td rowspan="3">Corporate governance</td><td>Amendments to the articles of incorporation or operating procedures</td><td>165</td><td>2</td><td>0</td><td>167</td></tr>
<tr><td>Release of directors from non-compete restrictions</td><td>91</td><td>0</td><td>0</td><td>91</td></tr>
<tr><td>Exercise of disgorgement rights</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Personnel and organization</td><td>Election of directors and supervisors</td><td>67</td><td>0</td><td>0</td><td>67</td></tr>
<tr><td>Removal of directors and</td><td>2</td><td>0</td><td>0</td><td>2</td></tr>
</table>

| | | | | | | |
|---|---|---|---|---|---|---|
| | | supervisors | | | | |
| | Shareholder rights and interests | Company dissolution, merger, acquisition, share swap, or spin-off | 2 | 1 | 0 | 3 |
| | | Capital increase (capitalization of earnings/capital surplus/distributed bonuses or issuance of new shares through a cash capital increase) | 23 | 0 | 0 | 23 |
| | | Private placement of securities | 4 | 1 | 0 | 5 |
| | | Capital reduction/cash capital reduction (to offset losses or return cash to shareholders) | 4 | 0 | 0 | 4 |
| **S** Social | Employee benefits | Issuance of restricted shares to employees | 9 | 0 | 0 | 9 |
| | | Issuance of employee stock warrants at a subscription price below market price | 0 | 0 | 0 | 0 |
| | | Transfer of treasury shares to employees at a price below the | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | actual average repurchase price | | | | |
| **E** Environmental | Environmental issues | Environmental sustainability | 0 | 0 | 0 | 0 |
| Other | | Other | 23 | 0 | 0 | 23 |
| Total | | | 782 | 5 | 0 | 787 |