

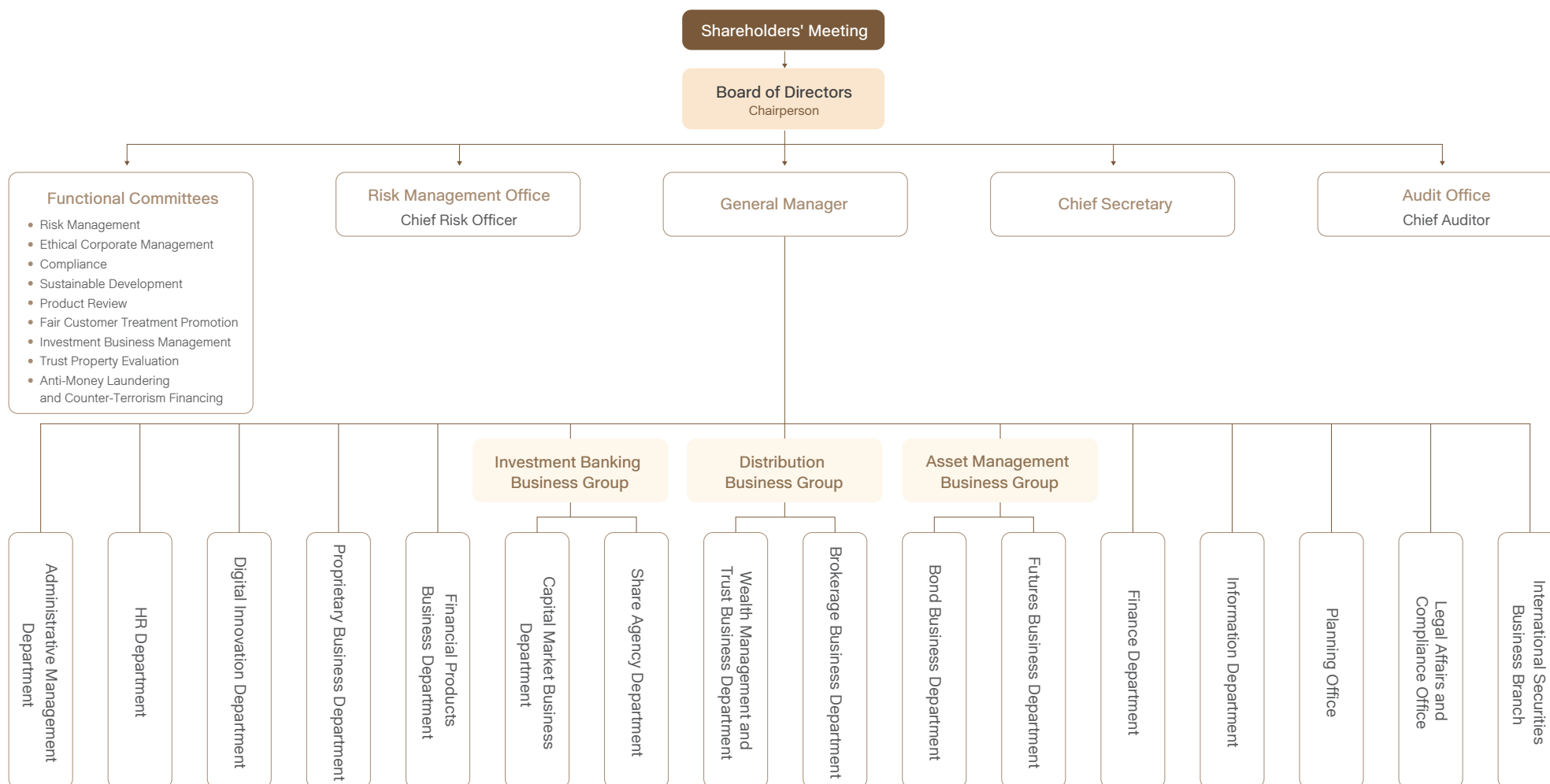
## 7.1 Corporate Governance and Ethical Management

### 7.1.1 Corporate Governance Structure

Mega Securities is an investee 100% owned by Mega Holdings. It has a complete corporate governance structure. According to the Company Act, all powers of shareholders' meetings are exercised by the Board of Directors, which is the highest governance body of the Company. In addition to exercised the power of the shareholders' meeting to deliberate the dividend distribution, the Articles of Incorporation and key regulations, and other major issues or decisions, the Board of Directors also conduct business pursuant to laws and regulations, including deliberating and approving the Company's business plan, annual financial report, and semi-annual financial report, and evaluating the effectiveness of the internal control system, appointment/dismissal of accountants, and appointment and dismissal of managerial officers, among other proposals The Board of Directors has also established the Risk Management Committee, the AML/CFT Committee, the Trust Property Review Committee, the Product Review Committee, the Investment Business Management Committee, the Ethical Corporate Management Committee, the Fair Customer Treatment Promotion Committee, the Compliance Committee, and the Sustainable Development Committee, to assist the Board of Directors in deliberating various proposals for ensuring the quality of the Board's decision-making.

Committee Name	Member Composition	Authorities	Meeting frequency
<b>Board of Directors</b>	All seven directors (two independent directors included)	I. Establishment of an effective and appropriate internal control system. II. Selection and supervision of managerial officers. III. Review of the Company's management decisions and business plans, and supervision of the implementation. IV. Review of the Company's financial goals and supervision of the achievement. V. Supervision of the Company's operation results. VI. Performance appraisals and remuneration standards for managerial officers and sales personnel. VII. Supervision and handling of the risks faced by the Company. VIII. Ensure that the Company complies with relevant laws and regulations. IX. Planning of the Company's future development. X. Establishment and maintenance of the Company's image and fulfillment of social responsibilities. XI. Appointing professionals such as accountants or lawyers. XII. Protection of the rights and interests of investors.	At least once every quarter (A total of 12 meetings were convened in 2023, and the overall attendance rate of directors including attendance by proxy reached 100%, and the overall in-person attendance rate reached 95%)

## ◆ Corporate Governance Structure Chart



## Information on the Committee

Committee Name	Member Composition	Authorities	Meeting frequency
<b>Risk Management Committee</b>	The Committee is chaired by the Chairperson. The other members are composed of the General Manager, Chief Risk Officer, heads of the Finance Department, Legal Affairs and Compliance Office, Risk Management Office, Brokerage Business Department, Capital Market Business Department, Bond Business Department, Financial Commodity Business Department, Wealth Management and Trust Business Department, Futures Business Department, and Proprietary Business Department.	<ul style="list-style-type: none"> <li>I. Supervising the implementation of risk management operations.</li> <li>II. Reviewing the risk management policies, annual risk management objectives, the Charter of the Risk Management Committee, and the Risk Management Rules, among other regulations.</li> <li>III. Deliberating the overall risk appetite or risk limit.</li> <li>IV. Deliberating the solutions and improvement measures for exceeding the overall risk appetite or risk limit.</li> <li>V. Reviewing other important risk management matters.</li> </ul>	At least once every quarter (A total of nine meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 99.15%)
<b>Trust Property Review Committee</b>	An independent director serves as the convener, and the members are the other two independent directors, the Chief Risk Officer, and the heads of the Legal Affairs and Compliance Office and the Bond Business Department.	Reviewing whether the utilization of the trust property complies with laws and regulations, while conforming to the trust agreement through an ex-post review mechanism.	At least once every quarter (A total of four meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 100%)
<b>Product Review Committee</b>	An independent director serves as the convener, and the members are the other two independent directors, the General Manager, the Chief Risk Officer, and the heads of Finance Department, Legal Affairs and Compliance Office, Bond Business Department, Brokerage Business Department, and Wealth Management and Trust Business Department.	Before Mega Securities is commissioned or sells any offshore structured products, review the products in advance.	Held from time to time as needed based on the product launch (A total of four meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 100%)

Committee Name	Member Composition	Authorities	Meeting frequency
AML/CFT Committee	<p>The AML/CFT Committee has one chair, on deputy chair, nine members, and one director general.</p> <p>I. The General Manager chairs and convenes the Committee.</p> <p>II. The officer dedicated to AML/CFT in Mega Securities is the deputy chair.</p> <p>III. The members are composed of heads of the Brokerage Business Department, Capital Market Business Department, Bond Business Department, Financial Commodity Business Department, Wealth Management and Trust Business Department, Share Agency Department, Information Department, Administrative Management Department, and HR Department.</p> <p>IV. The head of the Anti-Money Laundering Team of the Legal Compliance Office is the director general.</p> <p>The committee members may designate dedicated AML/CFT personnel from various departments to participate in the meeting as necessary. The Risk Management Office, Audit Office, and subsidiaries of Mega Securities shall appoint personnel to participate in the non-voting role.</p>	<p>The duties of the AML/CFT Committee are as follows:</p> <p>I. Supervising the execution of anti-money laundering (AML) and counter-terrorism financing (CTF) activities by relevant units.</p> <p>II. Reviewing and analyzing the causes and improvement plans for any penalties imposed on Mega Securities by regulatory authorities for AML and CTF violations.</p> <p>III. Evaluating the adequacy of the control measures of Mega Securities in light of industry penalty cases or other significant AML and CTF matters.</p> <p>IV. Reviewing reports on the execution of AML and CTF activities.</p> <p>V. Reviewing and approve important AML and CTF regulations and methodologies that Mega Securities is required to report to the board of directors.</p> <p>VI. Reviewing and approving any AML and CTF-related matters that need to be submitted to the Board of Directors for approval.</p>	<p>I. Regular meetings: at least once every quarter</p> <p>II. Special meetings: when any material AML/CFT incident occurs, and a special meeting is required to be convened, such meeting shall be convened (A total of four meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 98%)</p>

Committee Name	Member Composition	Authorities	Meeting frequency
<b>Legal Compliance Committee</b>	The Committee is chaired by the Chairperson, and the General Manager serves as the deputy chair. The members are composed of the Chief Risk Officer, the heads Brokerage Business Department, Capital Market Business Department, Bond Business Department, Financial Commodity Business Department, Wealth Management and Trust Business Department, Futures Business Department, Proprietary Business Department, Share Agency Department, Information Department, Administrative Management Department, Finance Department, Planning Office, Legal Affairs and Compliance Office, and HR Department. The Audit Office and subsidiaries participate the meeting in a non-voting capacity.	I. Deliberating relevant reports on regulatory compliance risk management. II. Deliberating the important regulations of the compliance system that must be submitted to the board of directors according to laws and regulations. III. Deliberating the analysis of the causes of the above disciplinary actions or fines imposed by the competent authority against Mega Securities, and the improvement plans. IV. Deliberating the analysis of the causes and improvement plans for major regulatory violations or instances where the Company' s rating has been downgraded by the financial competent authority. V. Reviewing the summary reports of compliance testing results related to any penalties imposed by competent authorities on Mega Securities. VI. Evaluating the adequacy of Mega Securities' control measures in light of industry penalty cases or other significant regulatory compliance matters. VII. Deliberating the report on the implementation of the compliance system. VIII. Deliberating other important issues or matters related to the implementation of sustainable development. IX. Supervising the implementation of the above-mentioned matters.	At least once every quarter (A total of five meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 99%)
<b>Investment Business Management Committee</b>	The Chairperson serves as the chair and convener of the meeting, with two independent directors, the General Manager, and the Chief Risk Officer of the Risk Management Committee serving as members.	Deliberating the major change in business plans such as the acquisition and disposal of equity in investment business, increase or decrease of capital in subsidiaries, the appointment of equity representatives of investees, and the relevant management regulations of investment business.	At least once every month (A total of 13 meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 100%)

Committee Name	Member Composition	Authorities	Meeting frequency
<b>Fair Customer Treatment Promotion Committee</b>	The General Manager chairs the Committee. The other members are composed of heads of the Brokerage Business Department, Financial Commodity Business Department, Bond Business Department, Wealth Management and Trust Business Department, Capital Market Business Department, Share Agency Department, Legal Affairs and Compliance Office, Planning Office, Information Department, and HR Department.	<ul style="list-style-type: none"> <li>I. Deliberating the implementation of the fair customer treatment self-assessment form of Mega Securities regarding fair customer treatment related regulations, promotion plans, and evaluation mechanism to be submitted to the Board of Directors.</li> <li>II. Regularly assessing the implementation of fair customer treatment by relevant departments, the results of self-inspections, the implementation of promotion plans, and reviewing customer complaints and financial consumer disputes.</li> <li>III. Promote and coordinate relevant departments to organize education and training and follow the principle of fair customer treatment.</li> <li>IV. Other important issues or matters related to fair customer treatment.</li> </ul>	At least quarterly (A total of 9 meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 100%)
<b>Ethical Corporate Management Committee</b>	The General Manager serves as the chairperson. The other members are composed of heads of the Chief Risk Officer and the Brokerage Business Department, Financial Commodity Business Department, Bond Business Department, Wealth Management and Trust Business Department, Capital Market Business Department, Proprietary Business Department, Futures Business Department, Information Department, Administrative Management Department, Finance Department, Share Agency Department, Legal Affairs and Compliance Office, Planning Office, and HR Department.	<ul style="list-style-type: none"> <li>I. Assist in incorporating integrity and ethical values into the Company's business strategies, and formulate relevant preventive measures to ensure that ethical corporate management is in compliance with laws and regulations.</li> <li>II. Regularly analyze and assess the risk of unethical conduct within the business scope, formulate a plan for preventing unethical conduct accordingly, and establish related standard operating procedures and conduct guidelines for each plan.</li> <li>III. Plan internal organization, establishment, and responsibilities, and arrange mutual supervision and checks and balances for business activities within the scope of business with higher risk of unethical conduct.</li> <li>IV. Promote and coordinate ethics policy promotion training.</li> <li>V. Examine the grievance system to ensure the effectiveness of its implementation.</li> <li>VI. Assist the Board of Directors and management in auditing and assessing whether the preventive measures established for the implementation of ethical corporate management are operating effectively, and evaluating the compliance status of relevant business processes on a regular basis and producing reports.</li> </ul>	At least once a year (A total of 3 meetings were held in 2023, and the attendance rate of members including the attendance by proxy reached 100%)

Committee Name	Member Composition	Authorities	Meeting frequency
<b>Sustainable Development Committee</b>	The General Manager serves as the chairperson. The other members are composed of heads of the Chief Risk Officer and the Brokerage Business Department, Financial Commodity Business Department, Bond Business Department, Wealth Management and Trust Business Department, Capital Market Business Department, Proprietary Business Department, Information Department, Administrative Management Department, Finance Department, Share Agency Department, Legal Affairs and Compliance Office, Planning Office, and HR Department.	<ul style="list-style-type: none"> <li>I. Review the sustainable development plan of Mega Securities in line with the planning of the Sustainable Development Committee of Mega Holdings.</li> <li>II. Deliberate Mega Securities' sustainable financial policies or relevant regulations.</li> <li>III. Regularly assess the risks of environmental, social, and corporate governance issues related to the Company's operations, and propose response plans for submission to the Board of Directors.</li> <li>IV. Regularly assess the operational continuity and resilience of core operating systems and equipment, and propose response plans for submission to the Board of Directors.</li> <li>V. Regularly evaluate the effectiveness of sustainable development plans, projects, and activities.</li> <li>VI. Promote and coordinate relevant departments to organize education and training and implement sustainable development-related affairs.</li> <li>VII. Deliberate other important issues or matters related to the implementation of sustainable development.</li> </ul>	At least quarterly (A total of 3 meetings were held since the establishment of the Sustainable Development Committee in June 2023, and the attendance rate of members including the attendance by proxy reached 100%. The Sustainable Development Committee was formerly known as the Sustainable Development Task Force and a total of 3 meetings were held from January to June 2023)



## 7.1.2 Status of the Operation of the Board of Directors

### Director Election

Mega Securities is a 100% invested subsidiary of Mega Holdings. Directors and supervisors are appointed by Mega Holdings. Mega Securities currently has seven directors (including two independent directors) and three supervisors, with a term of office of three years, in compliance with the number of directors and supervisors; the number of independent directors shall not be less than two and the number of directors shall not be less than one-fifth of the number of directors as stipulated in the Articles of Incorporation.

### Independence of Directors

In order to facilitate independent directors to exercise their powers objectively, the "Corporate Governance Best Practice Principles" of Mega Securities stipulate that independent directors may not serve more than three consecutive terms in order to prevent their independence from being reduced due to long tenure. Neither of the two current independent directors has served for more than three consecutive terms. . Mega Securities emphasizes the independence of directors. The Chairman and General Manager are not held by the same individual, nor are they related to each other as spouses or relatives of first degree. The directors are also not related to each other as spouses or relatives of second degree. The independent directors have the independence required by the competent authority, and do not concurrently serve as a director (including independent director) or supervisor in more than five companies.

To ensure the independence of directors, all positions concurrently held by a director of Mega Securities are in compliance with the requirements of the competent authority. Among them, Wu Ming-Tsung' s serving as the director

and general manager of Mega Securities is in compliance with the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms" , none of the other directors serve as a manager of Mega Securities, meeting the independence criteria.

Mega Securities and its subsidiaries report the major deficiencies and improvements made by domestic and foreign regulatory authorities and internal and external audit reports, as well as major operational and business matters, to the Board of Directors to keep abreast of the timeliness of responding. In addition, Mega Securities has set clear regulations on the recusal of directors. The directors also exercise a high degree of self-discipline. When a motion proposed by the Board of Directors involves an interest in the directors or the legal entity they represent, they must explain the important content of the interest at the current Board meeting and recuse themselves from discussion and voting, and must not exercise voting rights on behalf of other directors.

### Diversity of Directors

Mega Securities values the diversity of its directors. Our directors have backgrounds in finance, economics, accounting, finance, law, information security, digital finance, and corporate sustainability, equipped with professional industry experience and professional knowledge. The policy on Board diversity is specified in the "Corporate Governance Best Practice Principles" of Mega Securities. The diversity of Board members takes into account the Company' s operation, business model, and development needs.

The current (12th term) Board of Directors of Mega Securities consists of seven directors (including two independent directors). As of the end of December 2023, four of the seven directors are women, accounting for 57% of the total members, exceeding the target of 33% (one-third).



## Information on Director Independence and Diversity

Name	Job Title	External Independence Assessment	Nationality	Gender	Date of Appointment	Term of office (year)	Age	Professionalism									
								Ability to make operational judgements	Ability to perform accounting and financial analysis	Ability to operate and manage	Ability to manage crises	Expertise in securities and derivatives	Knowledge of international markets.	Ability to lead	Risk management knowledge and ability	Ability to make decisions.	Ability to manage ESG development
Chen Pei-Chun	Chairperson	Note	Republic of China	Woman	2016/11/23	7.1	> 50	●		●	●	●	●	●	●	●	●
Huang, Yih-Ray	Independent Director	Note	Republic of China	Man	2018/10/29	5.2	> 50	●	●	●	●	●	●	●	●	●	●
Hsu Chin-Ling	Independent Director	Note	Republic of China	Woman	2017/2/22	6.9	> 50	●	●			●				●	●
Wu Ming-Tsung	Director and General Manager	Note	Republic of China	Man	2021/12/29	2	> 50	●	●	●	●	●	●	●	●	●	●
Ting Han-Yin	Director	Note	Republic of China	Woman	2017/3/29	6.8	> 50				●			●	●		●
Kuo, Ing-Jun	Director	Note	Republic of China	Man	2021/12/29	2	> 50	●	●	●	●			●	●	●	●
Chang Chia-Lin	Director	Note	Republic of China	Woman	2020/9/1	3.4	> 50				●			●	●		●
Liu Yu-Chun	Supervisor	Note	Republic of China	Woman	2018/10/29	5.2	> 50	●	●	●			●	●	●	●	●
Tsai, Shueh-Yun	Supervisor	Note	Republic of China	Woman	2021/12/29	2	> 50	●	●	●	●	●	●	●	●	●	●
An, Lan-Jong	Supervisor	Note	Republic of China	Man	2020/4/29	3.8	> 50	●	●	●	●	●	●	●	●	●	●

**Note:** The Board of Directors of Mega Securities adopts a single-track system. The external independence assessment of directors is based on the following criteria. Each director and supervisor meets each of the following criteria two years before the election or during the term of office:

- (1) Not an employee of Mega Securities or an affiliated company.
- (2) Not a director or supervisor of Mega Securities or an affiliated company.
- (3) Not a natural-person shareholder who holds 1% or more of the total number of issued shares of Mega Securities in the name of the person's spouse, underage children, or in another person's name, or is one of the top 10 shareholders of Mega Securities.

- (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship listed in (2) and (3), or direct relative within the third degree of kinship.
- (5) Not a director of a corporate shareholder that directly holds 5% or more of the total number of issued shares of Mega Securities, that is among the top five in shareholding, or that designates its representative to serve as a director or supervisor of Mega Securities in accordance with Article 27, paragraph 1 or 2 of the Company Act.
- (6) Not a director, supervisor, or employee of another company where the number of seats on the Board or more than half of the voting shares of Mega Securities is controlled by the same person.
- (7) Not a director, supervisor, or employee of a company or institution that is the same person or spouse as the chairman, general manager, or person in equivalent position of Mega Securities.
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution that has financial or business dealings with Mega Securities.
- (9) Not a person providing audit or related professional services for Mega Securities or any of its affiliated companies with a cumulative amount of remuneration received exceeding NTD 500,000.
- (10) Not a person that is related to a director as spouse or is a relative of second degree.
- (11) Does not meet any of the conditions specified in Article 30 of the Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of the Company Act.

For details on the independence of directors, please refer to the 2023 annual report of Mega Securities. ([2023 Annual Report.pdf \(megasec.com.tw\)](https://megasec.com.tw))

## Continuing education for directors

In response to international corporate governance and the development trend of legal compliance, money laundering prevention, ethical management, fair treatment of customers, and sustainable operations, as well as the latest laws and regulations, Mega Securities offers a variety of external institutions to provide Board members with continuing education courses. By doing this, we aim to strengthen the ability of our directors in the course of performing their duties so they are equipped with the required capabilities keep pace with the times. When taking office or during their term of office, Board members shall continue to participate in the continuing education courses held by designated institutions and organizations as specified in the "Guidelines and Map of Continuing Education for Directors and Supervisors of Securities Firms" and the "Guidelines and Map of Continuing Education for Directors and Supervisors of the Futures Industry". The topics of the continuing education courses cover risk management, business, commerce, accounting, law, corporate social responsibility, or sustainable development. The Group's annual ESG-related course training procedures also stipulate that directors and supervisors take at least 3 hours of continuing education. In 2023, the seven directors of the 12th Board received a total of 104 hours of training, with an average 14.86 training hours per person, in line with the "Guidelines and Map of Continuing Education for Directors and Supervisors of Securities Firms" and the "Guidelines and Map of Continuing Education for Directors and Supervisors of the Futures Industry". Both Guidelines stipulate that the total number of hours of continuing education at designated institutions should be 59 hours, with an average 8.42 training hours per person. The Company's average hour was more than the requirements(6 hours). The courses for directors include corporate governance, money laundering prevention, risk management, internal control, ESG sustainability, and legal risks, aimed to strengthen the professional functions of directors and supervisors and optimize corporate governance. The directors' continuing education status in 2023 is also disclosed on the Market Observation Post System and the Company's website.

## Board Performance Evaluation

As a means to implement corporate governance and enhance the functions of the Board of Directors, Mega Securities established the "Board of Directors Performance Evaluation Guidelines" in 2023, which have been disclosed on the official website. The Board of Directors, functional committees, and all Board members are evaluated every year. The performance evaluation of the Board of Directors and functional committees are conducted by an external professional independent institution or a team of experts and scholars at least every three years. The 2023 directors' performance assessment results are also disclosed on the official website. ([Results of the 2023 Board Performance Evaluation of Mega Securities Co., Ltd.pdf \(megasec.com.tw\)](#))



Board Performance Evaluation  
Guidelines



Directors' continuing education status



Directors' performance assessment  
results

## 7.1.3 Remuneration and Shareholding Policy

### Remuneration Policy for Directors (Including Independent Directors)

Type of Personnel Item	Directors and supervisors
Remuneration policy	In accordance with the spirit of corporate governance, directors, supervisors and independent directors are paid corresponding remunerations in accordance with the supervisory and management responsibilities assigned by the shareholders' meeting.
Remuneration standards and packages	Directors and supervisors are paid transportation expenses according to the actual needs for performing their duties, and remuneration to independent directors is paid monthly.
Remuneration determination procedure	<ol style="list-style-type: none"> <li>1. The remuneration to the chairman is based on the "Salary Standards for Chairmen and General Managers Assigned or Recommended by the Ministry of Finance to Public and Private Companies and Their Invested Companies", stipulated by the Ministry of Finance with Letter Tai-Cai-Ku-Zi-09903506650 dated March 23, 2010.</li> <li>2. The remuneration to independent directors is subject to the "Remuneration Criteria for Independent Directors", stipulated by Mega Holdings with Letter Zhao-Guan-Zi-No.0990011483 dated September 30, 2010.</li> <li>3. Earnings distribution is subject to a resolution by the shareholders' meeting. The dividend distribution record date shall be determined by the shareholders' meeting or authorized to be determined by the Board of Directors.</li> </ol>

## Remuneration policy for senior management

Mega Securities has established salary rules for employees by grade. The salary of managers is determined based on the internal salary range, external market salary surveys, and the median salary as the basic positioning. The remuneration paid is based on the management responsibilities of the managers, while considering the factors of attracting and retaining professional management talent, providing relatively reasonable remuneration for the positions, and evaluating the performance of the managers (including financial and non-financial indicators) on a regular basis. In addition, the distribution of performance bonus is determined based on the evaluation results. In fact, the payment of variable remuneration is determined based on the Company's operating performance. The remuneration to the general manager is based on the "Salary Standards for Chairmen and General Managers Assigned or Recommended by the Ministry of Finance to Public and Private Companies and Their Invested Companies", stipulated by the Ministry of Finance with Letter Tai-Cai-Ku-Zi-09903506650 dated March 23, 2010. In terms of non-financial indicators, the assessment items for the chairman and general manager of Mega Securities by the parent company Mega Holdings and the assessment items for the executive level of Mega Securities both include sustainability performance. They are described as follows:

- In accordance with the "Sustainable Development Best Practice Principles" (the scope of the Principles is applicable to the overall operating activities of Mega Holdings and its subsidiaries) established by the parent company, Mega Securities, the salary and remuneration policies, and the employee performance evaluation system are closely related to sustainable development. Mega Holdings has established the "Implementation Rules for the Annual Evaluation of Subsidiaries" and the "Procedures for the Risk Management Evaluation of Subsidiaries", which include ESG business and management performance indicators for the subsidiaries of Mega Holdings (including Mega Securities) as an important basis for adjustment of bonuses and remuneration to the chairman and general manager. In 2023, we increased the proportion of climate change related assessments. The ESG management performance was 3%, ESG business performance 2% (growth rate of sustainable development bond investment and underwriting amount), and comprehensive assessment of risk management (active participation in and implementation of work related to the management related to emerging risks (including climate risk)) 5%, and the total impact accounted for 10% of the total score. In the future, we will continue to take a proactive approach to promote the linkage between senior executive performance and sustainability performance, and include ESG performance in all aspects of senior executive performance evaluation indicators.
- Starting from December 2022, the annual appraisal items of the department heads and branch managers of the departments related to Mega Securities' three lines of defense for fair hospitality business will include the performance of customer fairness treatment. The extent of the impact accounts for 1-5% of the total appraisal scores according to the importance of each department. The appraisal items include the ability to properly handle customer complaints, conduct the review of fair treatment of customers, and actively propose measures to enhance fair treatment of customers, which are adopted by the Fair Customer Treatment Promotion Committee.

- Starting from 2023, Mega Securities has reviewed the annual ESG promotion plan's KPI achievement status for each department in charge on a quarterly basis, and reported to the Sustainable Development Committee and the Board of Directors. At the end of the year, the achievement of KPIs is used as a reference for evaluating the annual performance of each department head. In the future, we will continue to actively promote the mechanism to link the performance of senior executives with sustainable performance, and include the performance of all ESG aspects in the evaluation indicators of senior executives.

In addition, the ESG item (completion of ESG education and training), accounting for 2% of the total evaluation score, is also included in Mega Securities' annual performance evaluation for general employees.

### Basic remuneration information

Mega Securities approves bonuses every year based on the Company's overall operating performance and employee performance evaluation results. The average remuneration adjustment in 2023 (excluding the employee with the highest remuneration) was 13.08%, the median salary adjustment for 2023 (excluding the employee with the highest remuneration) was 13.58%, and the annual increase of the employees with the highest remuneration was -34.52%.

Item	2022	2023
Average remuneration of all employees excluding the highest paid employee (NTD)	1,063,515	1,223,600
Median remuneration of all employees excluding the highest paid employee (NTD)	850,959	984,695
Annual total remuneration of the highest paid employee (NTD)	14,370,721	10,683,043
Annual total compensation ratio (average) (Note 2)	14	9
Annual total compensation ratio (median) (Note 3)	17	11

- Note:** 1. The annual total remuneration of the highest paid employee was calculated in accordance with the Salary Calculation Rules for Full-time Employees in Non-Managerial Positions announced by the Taiwan Stock Exchange.
2. The annual total compensation ratio (average) is the annual total remuneration of the highest paid employee/the average of remuneration of all employees excluding the highest paid employee
3. The annual total compensation ratio (median) is the annual total remuneration of the highest paid employee/median of the remuneration of all employees excluding the highest paid employee