

7.1.3 Ethical Corporate Management

Ethical Corporate Management

In order to establish a good corporate governance system and foster a culture of integrity, Mega Securities has adopted the "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Committee Charter", "Ethical Corporate Management Procedures and Code of Conduct", "Ethical Code of Conduct", "Procedures for the Handling of Grievance Cases" for the management of anti-corruption, fair trade, donations, conflicts of interest, and business secrets. Mega Securities has established the Ethical Corporate Management Committee under the Board of Directors. The main duties of the Committee are to assist the Board of Directors and management in auditing and assessing the implementation of ethical corporate management. The Ethical Corporate Management Committee reports to the Board of Directors once a year on the implementation of the Ethical Corporate Management Best Practice Principles. In 2023, there were 0 cases reported to Mega Securities through grievance channels and 0 cases substantiated after investigation (referring to cases that met the scope of acceptance and found violations after investigation); 1 case was transferred to Mega Holdings for processing. The investigation results were reported to the Board of Directors of Mega Securities on April 26, 2023, with a letter issued to Mega Holdings. In 2023, there were 2 cases of violations of Article 18, paragraph 2 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms. All cases with higher risk of dishonesty as defined in Article 3 of "Ethical Corporate Management Procedures and Code of Conduct" were addressed and improved.

During Mega Securities' annual self-evaluation of the Ethical Corporate Management Best Practice Principles, the Company requires directors, senior managers, and managers with 6th grade or higher to sign the Statement of Compliance with Ethical Corporate Management Policy. In 2023, the signing rate was 100%. Any employee who violates the policy will be punished according to the "Employee Reward and Punishment Procedures" depending on the severity of the case. We will also strengthen the implementation of relevant education and training and other improvement measures to prevent similar negative incidents from happening again. In addition, in conjunction with the internal control and audit mechanism, the ethical management policies, prevention plans, operating procedures, and consequences of unethical conduct are promoted from time to time to embed the concept of ethical management as part of the company culture.

Mega Securities has established the "Guidelines for the Management of External Donations and Sponsorships", which prohibit Mega Securities from making political donations and explicitly limit donations to government agencies and charitable organizations registered with the competent authorities or established according to laws.



**Ethical Corporate
Management Best Practice
Principles**



**Ethical Corporate
Management Procedures and
Code of Conduct**



Ethical Code of Conduct

Implementation of Ethical Corporate Management Best Practice Principles by Business Partners of Mega Securities

	Scope of Coverage	Signing of the Statement	Provision of education and training
Mega Securities	100%	100% (Target: Directors, supervisors, and managers with 6th grade or higher)	100% (Target: Full-time employees)
Business partners (including contractors, suppliers, and service providers)	100%	100%	100%

Note: The "Ethical Corporate Management Best Practice Principles include anti-corruption and fair trade, and all directors have received education and training on the ethical corporate management.

2023 Anti-corruption Communication and Training

Director	Number of directors	Number of trainees	Percentage covered	Total training hours
-	7	7	100%	69
Employees	No. of employees	Number of trainees	Percentage covered	Total training hours
Management roles	186	186	100%	683
Non-management roles	1,331	1,327	99.7%	2,775
Total	1,517	1,513	99.74%	3,458

Note: 1. As of December 31, 2023, the number of trainees was 1,520 (the number of full-time employees was 1,517, plus the chairman and 2 interns)

2. The coverage rate of non-management roles was not 100%, mainly due to some employees were unable to complete the relevant education and training before December 31, 2023, but subsequently completed the relevant education and training in 2024.

2023 Code of Conduct Communication and Training for Employees

No. of employees covered by the Code of Conduct		
Management roles		186
Non-management roles		1,331
Total		1,517
Training type	Total training hours	Total No. of people trained (person-time)
Internal training	3,450	1,658
External training	8	2
Total	3,458	1,660

Grievance system

Mega Securities has established the "Procedures for the Handling of Grievance Cases", under which the Audit Office is responsible for accepting grievance cases. The Audit Office has also set up a dedicated grievance hotline, a grievance email, and protection measures for whistleblowers. Employees and outsiders of Mega Securities can report violations of the law or regulations to the department accepting the grievance case through internal and external reporting channels directly. If the reported misconduct is verified to be true, the relevant departments will review the internal control system and operating procedures, and propose improvement measures to prevent similar negative incidents from recurring. If the whistleblower has made concrete contributions to the Company, he/she will be rewarded as appropriate. In addition, if the reported misconduct is investigated and reveals any major violation or the possibility of causing major damage to the Company, the Investigation Department shall immediately prepare a report and submit it to the Board of Directors. A case classified as a major incidental event or a violation of law will be handled in accordance with the "Procedures for Major Incidental Events" of Mega Securities, notified or reported to

the relevant authorities. In addition, the "Procedures for the Handling of Grievance Cases" also clearly stipulate that after a grievance case is accepted, it shall be treated as a confidential file, and the identity of the whistleblower and the content of the report shall be kept confidential. The information that could reveal the identity of the whistleblower shall not be leaked. The whistleblower shall not be dismissed, demoted, or subject to salary reduction or impairment of his/her rights covered by law, contract, or custom. There should not be any other unfavorable disciplinary action imposed against the whistleblower. The reporting channels of Mega Securities are as follows:



Grievance email

whistle@megasec.com.tw

whistle@megasec.com.tw

(02) 3322-7254

Procedures for the Handling of Grievance Cases

Grievance procedures

According to Article 7 of Mega Securities' "Procedures for the Handling of Grievance Cases", all grievance cases shall be handled according to the following procedures:

- I. After a grievance case is accepted, it shall be treated as a confidential document.
 - II. Acceptance of the grievance case and investigation process; relevant personnel handling or participating in the grievance case shall recuse themselves if there is a conflict of interest. The scope of stakeholders is as follows:
 - (I) Spouse, relatives within the third degree of kinship by blood, or relatives within the second degree of kinship.
 - (II) A parent or family member who is not currently living with the concerned party.
 - (III) Having common interests or potential joint interests with the concerned party.
 - III. Grievance involving general employees shall be reported to the chairperson. The report receiver shall designate personnel to investigate the relevant facts immediately, and may request relevant departments or subsidiaries to investigate or assist in handling if necessary. The investigation report shall be submitted to the chairperson.
 - IV. If the grievance involves a director, supervisor, or supervisor at or above the managerial level, it shall be reported to all independent directors. Independent directors may designate internal departments of the Company or have external professionals conduct investigation. The investigation report shall be submitted to the independent directors, reviewed by the supervisors, and reported by the Investigation Department to the Board of Directors.
 - V. When conducting face-to-face interviews or written interviews with the respondent and relevant personnel, the Investigation Department shall abide by the following principles:
 - (I) Face-to-face interviews shall be held in private, and written interviews shall be handled in the form of confidential documents.
 - (II) The Investigation Department shall keep the case under investigation confidential and inform the interviewee of the obligation to keep the case confidential.
 - (III) The interview shall be recorded in writing and signed by the interviewer.
 - (IV) The Company shall adhere to the strictest distinctions in the interview process or in the content of written interviews, and avoid coercion or inducement.
 - VI. If it is confirmed that the respondent has violated relevant laws and regulations or the Company's rules, the respondent shall be requested to immediately cease the relevant act and appropriate actions shall be taken depending on the severity of the case. If necessary, the Company may claim for damages through legal procedures to protect the Company's reputation and equity.
 - VII. The reporting process, the investigation process, and the investigation results of Mega Securities shall be retained in written or electronic files for at least seven years. If the reported case involves litigation, relevant data shall be retained until the conclusion of the litigation.
 - VIII. The department accepting the grievance case shall notify the whistleblower in writing or by other means of the outcome of the handling of the reported case.
- If the investigation of an independent director is appointed by an external professional according to the provisions of subparagraph 4 of the preceding paragraph, the department accepting the grievance case shall request the chairperson's approval for the appointment. The relevant expenses shall be borne by Mega Securities.

Whistleblower policy and procedures

According to Article 9 of Mega Securities' "Procedures for the Handling of Grievance Cases", Mega Securities shall take the following protection measures for whistleblowers:

- I. The identity of the whistleblower and the content of the report shall be kept confidential, and information sufficient to identify the whistleblower shall not be leaked to prevent unfair treatment or retaliation.
- II. The whistleblower shall not be dismissed, demoted, or subject to salary reduction or impairment of his/her rights covered by law, contract, or custom. There should not be any other unfavorable disciplinary action imposed against the whistleblower.