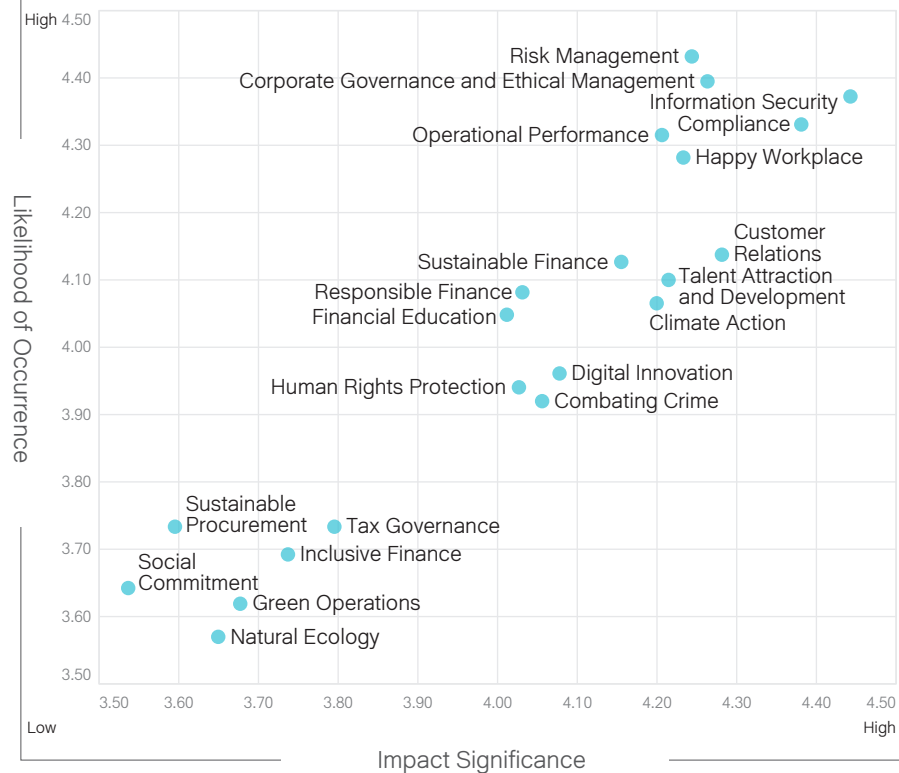


## Material topic identification process

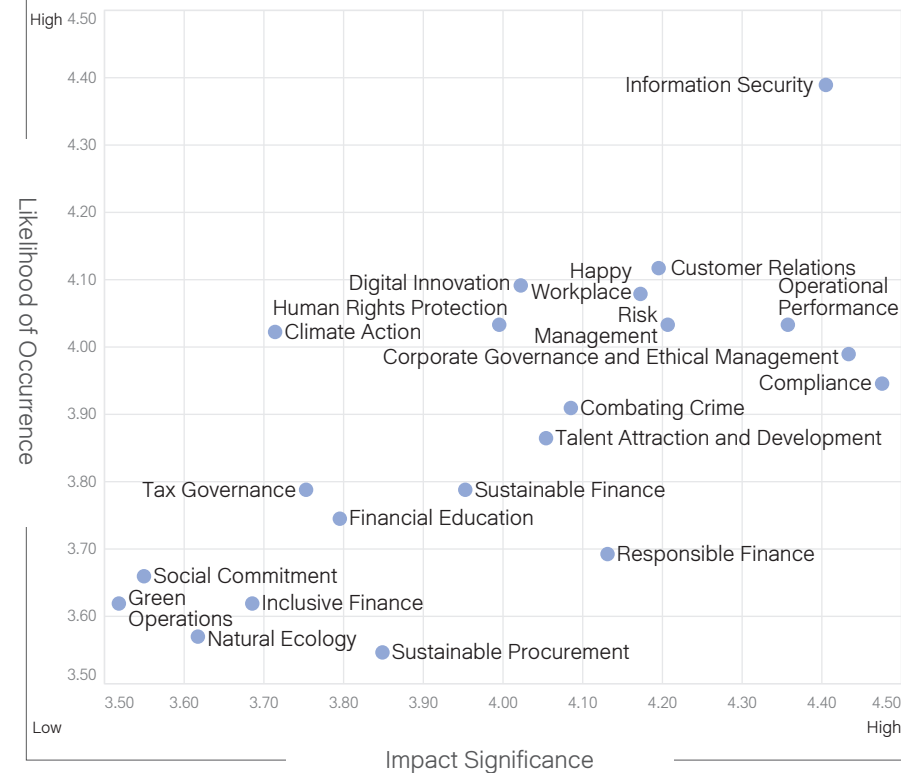
To establish the impact of sustainability topics on stakeholder assessment of Mega Securities and review our sustainability outcomes, Mega Securities engages in stakeholder communication and material topic identification through the following five-step process every year. The financial impact of the top three material topics (Information Security, Corporate Governance and Ethical Management, Compliance) identified as well as climate action topics drawing the most international attention are then assessed;

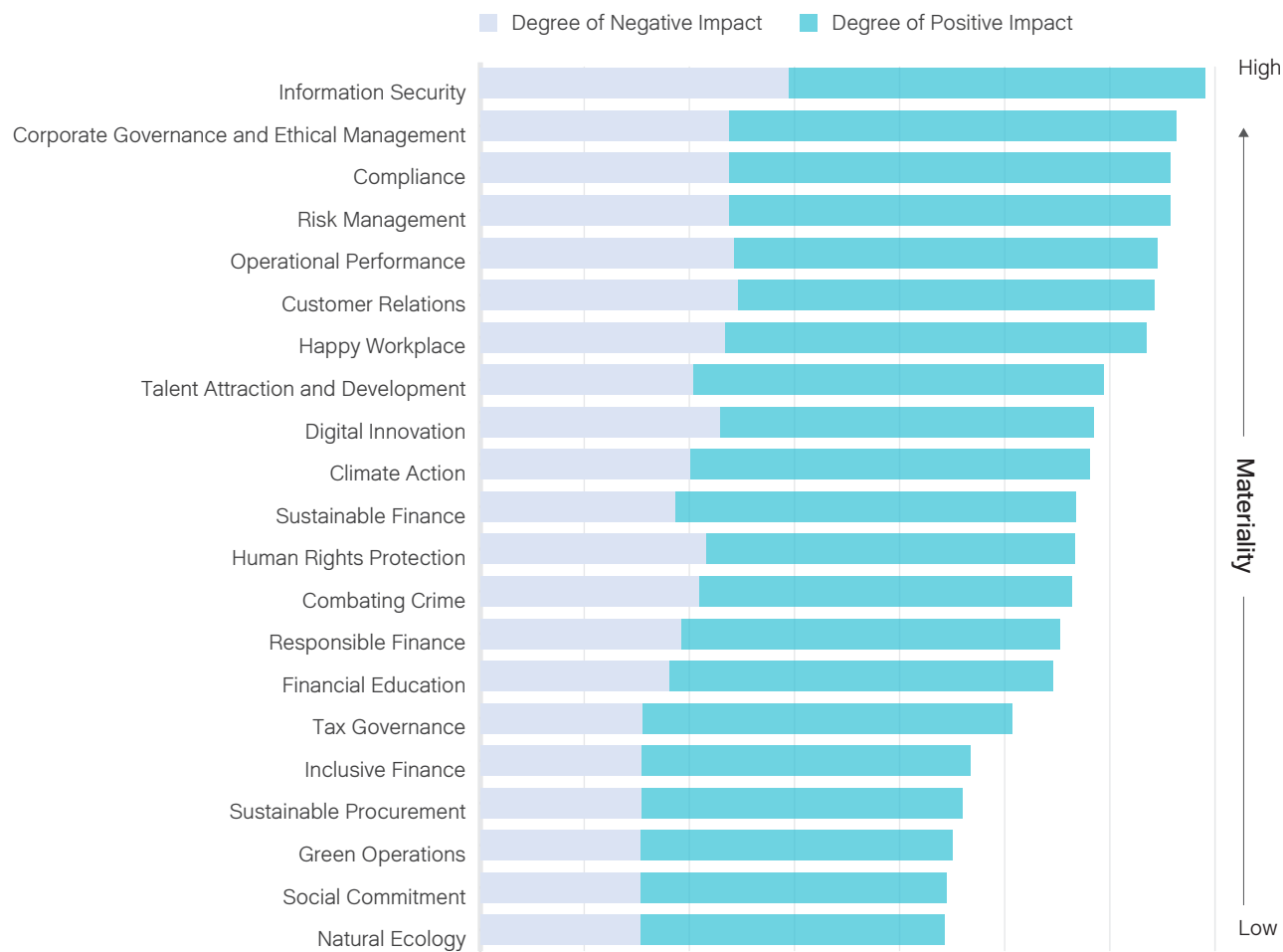
Identification of stakeholders	In accordance with the five principles of Influence, Tension, Responsibility, Dependency and Diverse Perspectives defined by the AA1000 Stakeholder Engagement Standard (AA1000 SES), a questionnaire was distributed to identify the seven key stakeholders: Customers, Employees and Unions, Government/Competent Authorities and Industry Associations, Shareholders and Investors, Suppliers, Communities/Schools and Non-profit Organizations, and the Media.
Gathering of sustainability topics	International sustainability standards such as GRI and TCFD, the UN SDGs, the Mega Securities Core Values and Goals, the topics of concern in the sustainability reports of our domestic/overseas peers and the industry, and sustainability trends, each topic was discussed and assessed by the conference department of the “Sustainable Development Committee.” A total of 21 sustainability topics were compiled after consulting with external consultants.
Assess impact	<p>The Mega Securities Sustainable Development Committee, the head of each working group, managers from subsidiaries and colleagues were surveyed on the impact of sustainability topics. The likelihood and scale of positive/negative impacts on the economy, environment, and society from each sustainability topic were then assessed. A total of 116 valid survey responses were collected.</p> <ul style="list-style-type: none"> <li>Negative impact: Assessed in terms of severity and likelihood. The negative human rights impact of the topic was also taken into account.</li> <li>Positive impact: Assessed on the scale, scope, and likelihood of impact.</li> </ul>
Ranking by impact significance	The survey findings were compiled and the scores for positive and negative impacts added together. The score for each topic was then used to rank them by the significance of impact. The rankings were discussed internally by the management. Thresholds were set for material topics based on key industry issues, international trends, and the opinions of external consultants. The eleven sustainability topics of “Information Security”, “Corporate Governance and Ethical Management”, “Compliance”, “Risk Management”, “Operational Performance”, “Customer Relations”, “Happy Workplace”, “Talent Attraction and Development”, “Digital Innovation”, “Climate Action” and “Sustainable Finance” were then designated as the material topics for 2023. The identified topics were reviewed by the General Manager and reported to the Sustainable Development Committee and the Board of Directors.
Confirmation and disclosure of material topics	Company management then followed the relevant reporting requirements for material topics from the GRI Standards to describe the corresponding response strategies, management actions, indicators, and targets in this Report to ensure that the Report provides an appropriate and faithful representation on ESG implementation by the Company.

### Positive Impact Matrix



### Negative Impact Matrix





## Material Topic Impact Management

● Direct impact on the value chain      ● Indirect impact on the value chain

Material Topics and Priority	Impact Description and Reason for Materiality	Value Chain Impact Hotspot			Management Goal and Impact Mitigation Measures	Policy and Commitments	Goals and Tracking/ Evaluation Mechanisms	Corresponding GRI/SASB Standards, TCFD and Special Topics	Corresponding Chapter and Page
		Upstream Suppliers	Company Operations	Downstream Customers					
Information Security	Mega Securities is in the financial services industry. Due to the nature of the industry, there is a greater likelihood of cyber attacks and higher information risk so we are closely regulated by the competent authority. Data leaks may lead to service disruptions, customer complaints, litigation and investigation. These in turn lead to recovery or threat elimination costs, damage to the Company's reputation, as well as undermining of customer, supplier and other stakeholders' confidence in the Company. Based on recent accounting errors due to system problems and the amount of hacker ransoms, the financial impact of a cyber attack is assessed to be in excess of \$15 million (over \$5 million in business losses from system disruption, over \$10 million for ransoms, or system replacement cost).	●	●	●	1. Protection of company secrets and customer privacy through internal policies and the information management system. 2. Conduct annual information security training and social engineering exercises to raise information security awareness and prevent related incidents in order to minimize the impact to stakeholders from data leaks.	The "Information Security Policy" and "Information Security Policy - System Access Controls" and "Regulations on Personal Data File Security Maintenance Plan and Handling of Personal Data After Termination of Services" were defined by Mega Securities. We are also committed to ensuring that all internal regulations on personal data protection are aligned with the latest domestic and overseas legislation to ensure that information security and protection of customer privacy all comply with the requirements of international standards.	1. Continued maintenance and introduction information security management system standards: ISO 27001 certification renewed in 2023. 2. Conduct at least 2 social engineering exercises each year: 100% coverage during employee testing. 3. There were no information security or data leaks during 2023.	GRI 418 Customer Privacy	CH4 Sustainable Finance  CH7 Accountable Governance



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Corporate Governance and Ethical Management	Corporate governance is critical to the Company's brand image, business outcomes and long-term competitiveness. It is also closely monitored by the competent authority. Mega Securities conducts all of our businesses in accordance with the philosophy of ethical and accountable management. Violations of ethical management will not only damage stakeholder trust but increase operational, legal, reputation, and financial penalty risks. Using ethics-related fines that were actually imposed against the Company between 2021 and 2023 as a guide, the financial impact from violations of ethical management for the year may be as high as \$780,000.	●	●	●	1. Strengthen Board of Directors functionality through Board diversification and performance evaluation. 2. Establish Ethical Management Committee to review the Company's ethical management policy as well as conduct regular evaluations of implementation and risks. 3. Incorporate ethical management into the Company's business strategy and corporate culture through company regulations, training and education.	Mega Securities has formulated the "Articles of Incorporation", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Procedures and Code of Conduct", "Ethical Code of Conduct", "Employee Code of Conduct", "Procedures for the Handling of Grievance Cases" and other regulations to establish a sound corporate governance system and build an ethical culture.	1. Exceed the statutorily required training hours for directors: 100% completion rate in 2023. 2. Completion of at least 18 hours of training by the Corporate Governance Officer: Target achieved in 2023. 3. 100% of directors and employees above the grade of manager have signed the "Ethics and Compliance Statement": 100% signing rate in 2023. 1. Completion rate of Mega Securities annual ethical management training was 99.74%.	GRI 205 Anti-corruption GRI 405 Employee Diversity and Equal Opportunity GRI 415 Public Policy SASB Business Ethics: ● FN-IB-510a.2 ● FN-IB-510b.4	CH7 Accountable Governance

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Compliance	Proper compliance serves as the foundations for building stakeholder trust. Violations of laws or internal regulations may negatively affect business development and generate litigation costs or fines. Using the actual litigation and penalty amounts imposed against the Company between 2021 and 2023 as a guide, the financial impact from violation of the law or internal regulations may be as high as \$3.59 million (\$2.73 million from litigation costs, and \$860,000 from fines).	●	●	●	<p>1. Establish internal control system and regulations based on external standards, and update the Company's internal controls and regulations in a timely manner when new external laws are passed or updated.</p> <p>2. Propose preventive and improvement measures in response to violations, and establish a reporting mechanism for material violations of the law.</p> <p>3. Implement compliance training to enhance employee compliance awareness and prevent compliance risks from negatively impacting on stakeholder rights.</p>	A compliance system has been established by Mega Securities in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" and the relevant laws and regulations governing securities and futures commission merchants. We strive to comply with regulatory and supervisory requirements to reduce potential financial losses as well as impact to the Company's reputation and operations.	<p>1. Completion of statutory training hours by compliance specialists: In 2023, 100% of Mega Securities compliance specialists completed and exceeded their statutory training hours.</p> <p>2. Mega Securities must convene at least 4 compliance management meetings: 5 meetings were convened during 2023 for a completion rate of 100%.</p>	<p>GRI 206</p> <p>Anti-competitive Behavior</p> <p>GRI 416</p> <p>Customer Health and Safety</p> <p>GRI 417</p> <p>Marketing and Labeling</p> <p>SASB Business Ethics:</p> <ul style="list-style-type: none"> <li>● FN-IB-510a.1</li> <li>● FN-IB-510b.1</li> <li>● FN-IB-510b.2</li> <li>● FN-IB-510b.3</li> </ul>	CH7 Accountable Governance

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<b>Risk Management</b>	An effective risk detection mechanism must be established and maintained in response to changes in the financial environment as well as the acceleration of industry changes due to developments in digital technology. Mega Securities must follow the supervisory approach of the competent authority to establish effective internal controls and risk measurement/ management mechanism in order to effectively manage operational and emerging risks.	●	●	●	The Risk Management Committee reporting directly to the Board of Directors was established for reviewing risk related policies and targets as well supervising the implementation of risk management operations to ensure the Company's overall risks adhere to the risk management policy defined by the Board.	The "Risk Management Rules" were formulated by Mega Securities to ensure that an effective risk management system is established by the Company. Risk management targets are reviewed and formulated annually to ensure that all operational risks are kept within an acceptable range.	1.Continued evaluation of risk and review of risk control performance: The Risk Management Office provides daily risk monitoring reports and briefs the Risk Management Committee and Board of Directors every two months. 2.Strengthen the identification and management of climate change risk. 3.Carry out physical risk scenario analysis and investment position transition risk.	SASB systemic risk management: ● FN-IB550a.2 TCFD risk management	CH7 Accountable Governance
<b>Operational Performance</b>	Operational performance is affected by traditional factors such as the economy and geopolitics. Effective management of operational performance is therefore a core business responsibility of the Company. Steady profits are essential to realizing the sustainable development of the Company and the achievement of sustainable management goals.	●	●	●	Mega Securities discloses consolidated and individual financial information through the MOPS. Consistent performance is maintained to satisfy the expectations of shareholders and other stakeholders.	We formulate business strategies based on changes in the policies of the competent authority, market and industry, and diversify our business to take advantage of opportunities for profit. We are developing business opportunities in Southeast Asia in response to the government's "New Southbound Policy." We assist Taiwanese businesses in the region through our underwriting business guided by a philosophy of inclusive growth and create value for sustainable corporate development.	Convening of monthly business management meetings, review of operational performance, and honest declarations of financial status: In 2023, Mega Securities reported consolidated net income of NT\$2,002,610 thousand and an EPS of \$1.73.	GRI 201 Economic Performance	CH1 Foreword and About Mega Securities

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Customer Relations	A comprehensive system for Fair Customer Treatment and a sound customer grievances system at Mega Securities ensure that mutual trust is maintained with customers through timely response and proper handling.				Mega Securities provides proactive disclosure and protection of customer rights. Customer satisfaction surveys are also conducted every year to learn about customer experiences. The information is used as a basis for improving related workflows and the design of the trading platform. Internal training on Fair Customer Treatment and friendly financial experience activities are also implemented to promote the philosophy of treating customers fairly.	The "Fair Customer Treatment Promotion Committee Organic Charter", "Principles of Fair customer Treatment Policy and Strategy", and "Customer Grievances and Financial Consumer Dispute Handling System Guidelines (including Handling SOP) were formulated by Mega Securities and approved by the Board of Directors. The Fair Customer Treatment Promotion Committee reporting directly to the Board of Directors was also established for promoting Fair Customer Treatment related plans and building a corporate culture that values the protection of financial consumers.	1. Conduct annual customer satisfaction surveys and achieve a satisfaction score of 85%: The 2023 customer satisfaction survey results met the target. 2. Finish processing customer grievances within the given time: The 17 cases of customer grievances and financial consumer disputes in 2023 were all closed within the given time. 3. Completion of at least 3 hours of Fair Customer Treatment training by each Mega Securities employee each year In 2023, each employee completed on average 5.3 hours of Fair Customer Treatment training.	Custom Topics	CH4 Sustainable Finance



Material Topics and Priority	Impact Description and Reason for Materiality	Value Chain Impact Hotspot			Management Goal and Impact Mitigation Measures	Policy and Commitments	Goals and Tracking/ Evaluation Mechanisms	Corresponding GRI/SASB Standards, TCFD and Special Topics	Corresponding Chapter and Page
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Happy Workplace	Employees are the Company's important asset, and enhancing employee willingness to retention and creating a happy and inclusive environment are the Company's core responsibilities.				Mega Securities has established a safe, friendly, and diverse workplace environment, with fair and legal labor conditions and promotion systems. We have formulated occupational safety and health-related regulations, and used transparent communication channels to enhance labor-management relations.	Mega Securities has established the "Human Rights Policy" and is committed to complying with labor-related laws and regulations and internationally recognized basic human rights. The employment policy does not discriminate against employees based on factors such as gender, age, race, marriage, and religion. We have also established the "Principles for Anti-discrimination and Anti-harassment" to respect the diversity of employees, and eliminate all forms of discrimination and harassment. In terms of occupational safety and health, we have established the "Occupational Safety and Health Managerial Standards" to reduce occupational disasters and Work-related illness, and ensure the provision of a good working environment and physical and mental health for the employees.	1. Continuously provide employees with health checkups, and marriage and childbirth subsidies. 2. Continuously implement the Employee Assistance Program (EAP). 3. At least two health promotion activities (including health lectures) are held every year: in 2023, a total of 13 activities (including lectures) were held.	GRI 201 Economic Performance GRI 401 Employment GRI 403 Occupational Health and Safety GRI 405 Diversity and Equal Opportunity	CH5 Employee Care

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<b>Talent Attraction and Development</b>	Attracting and retaining outstanding talents will bring economic benefits to the Company. As the Company's working model evolves due to the pandemic and the low birth rate, the Company needs to attract outstanding diversified talents through diverse recruitment channels and emphasizing employee benefits.				<ol style="list-style-type: none"> <li>1. Deepen the cultivation in campus talent management and actively conduct the industry-academia cooperation.</li> <li>2. In response to the ESG wave, the Company strengthens the recruitment of talents in three major fields: digital, sustainable, and diversified finance, to enhance the Company's power to embrace the diversified development trend.</li> <li>3. Improve the professional ability of employees by organizing various trainings.</li> </ol>	Mega Securities has established the "Regulations Governing Recruitment and Appointment," "Employee Performance Appraisal Rules," and "Employee Education and Training Regulations" to facilitate the recruitment and retention of outstanding talents. The Company also organizes diverse education and training to assist employees in their career development.	<ol style="list-style-type: none"> <li>1. Set the total turnover rate target: The total turnover rate in 2023 is 11.47%, slightly higher than the Group's target of 8%, but lower than the average total turnover rate of 17 peers of 13.27% in the same period.</li> <li>2. Continuously implement the industry-academia cooperation projects and provide internship or part-time opportunities: in 2023, 22 internship or part-time opportunities were provided, and internship cooperation agreements were signed with 8 universities.</li> <li>3. Continuously organize diverse education and trainings: in 2023, various statutory education and training courses, education and training courses on relevant management skills, and consensus camps for middle and senior executives were organize.</li> </ol>	GRI 401 Employment GRI 404 Training and Education GRI 405 Employee Diversity and Equal Opportunity SASB Diverse Employees ●FN-IB-330a.1	CH5 Employee Care

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Digital Innovation	In the digital financial era and under the influence of COVID-19, the traditional financial product business has been severely impacted. Therefore, Mega Securities is actively developing an online trading platform and optimizing the digital workflows to create new business opportunities for digital group trading and enhance the convenience of financial products and digital services.	●	●	●	Mega Securities actively grasps the development trends of Fintech, develops and optimizes digital services, and enhances service efficiency.	Mega Securities has launched the digital transformation project and has made the development of digital finance as its medium and long-term strategic goal, aiming to provide secure and convenient financial services.	1. Over 70% of the transaction amount is electronically placed: in 2023, the actual transaction amount of electronically placed order was 77.17%. 2. Optimize digital services: in 2023, the digital services, such as "Mega e Stock" and "MegaGo Purchase by Share" were launched.	Custom Topics	CH4 Sustainable Finance
Climate Action	From international trends and domestic policy guidance, the issue of climate change is becoming more and more important, and attracting the attentions of stakeholders. Climate change risks may increase the Company's operating costs and investment and credit risks. Therefore, it is necessary to assess and identify climate-related risks and opportunities, set a net-zero carbon emission goal, and disclose such. The financial impact of climate change was estimated at about NT\$7.49 million with reference to the three major climate risks identified (temperature rise/increased sustainability regulations/customer failure in low-carbon transformation).	●	●	●	Mega Securities incorporates climate risks into its risk management system, identifies risks and opportunities, and regularly implements employee education and training and adopts GHG reduction-related management goals and measures.	In accordance with the "Climate Risk Management Principles" established by the Mega Group, Mega Securities added climate risk management policies to the "Risk Management Policy" and the emerging risks to the Risk Management Rules in 2019, to manage the potential risks resulted from climate change to the Company's operations and finance, and respond to the impacts of climate change.	1. Mega Securities completed the ISO14064-1 greenhouse gas inventory and verification for domestic operating sites: in May 2023, the ISO14064-1 greenhouse gas verification declaration was obtained. 2. Mega Group's green procurement target is 2.2%: Mega Securities' annual procurement volume reached 9.26% in 2023, and the Sustainable Development Committee tracks and monitors the effectiveness.	GRI201 Economic Performance GRI305 Emissions TCFD governance, strategy, risk management, indicators and targets	CH3 Environmental Sustainability CH7 Accountable Governance

Material Topics and Priority	Impact Description and Reason for Materiality	Value Chain Impact Hotspot			Management Goal and Impact Mitigation Measures	Policy and Commitments	Goals and Tracking/ Evaluation Mechanisms	Corresponding GRI/SASB Standards, TCFD and Special Topics	Corresponding Chapter and Page
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<b>Sustainable Finance</b>	Reduce investment in high carbon-emission industries and increase investment in low-carbon industries, to promote the transformation toward the low-carbon economy, and accelerate the realization of the Paris Agreement where the global warming is controlled under 2 °C and the 2050 net-zero emission vision of Taiwan, to help slow down global warming, reduce risks from climate change.	●	●	●	In response to Mega Group's response to the FSC's "Green Finance 3.0" policy and various requirements of the sustainable finance assessment, Mega Securities plans sustainability related investments, financial products and services, and engages with investees to advocate the links of investees to sustainable finance.	Formulate the "Sustainable Finance Policy," follow the international sustainable finance initiatives and the green finance-related policies of the competent authorities, while increasing investments in low-carbon economy industries and design sustainable financial products.	<ol style="list-style-type: none"> <li>Investment and underwriting of domestic sustainability bonds of NT\$1.5 billion as the target: in 2023, the balance of investments in domestic sustainability bonds is NT\$2.3 billion, and the amount of sustainability bonds underwritten is NT\$2.15 billion, for a total of NT\$4.45 billion.</li> <li>The target set for the allocation of responsible investment assets accounted in the proprietary trading and underwriting (excluding hedging) is 30%: the actual ratio in 2023 is 31.26%.</li> <li>By following the goal set by the Group, investment positions in SBTi will gradually increase, and assist the Group as a whole to reach 39.56% by 2028.</li> </ol>	Inclusion of SASB ESG factors in investment banking and securities: <ul style="list-style-type: none"> <li>● FN-IB 410a.1</li> <li>● FN-IB 410a.2</li> <li>● FN-IB 410a.3</li> </ul> SASB Corporate Operational Indicators: <ul style="list-style-type: none"> <li>● FN-IB-000.A</li> <li>● FN-IB-001.A</li> <li>● FN-IB-002.A</li> </ul>	CH4 Sustainable Finance