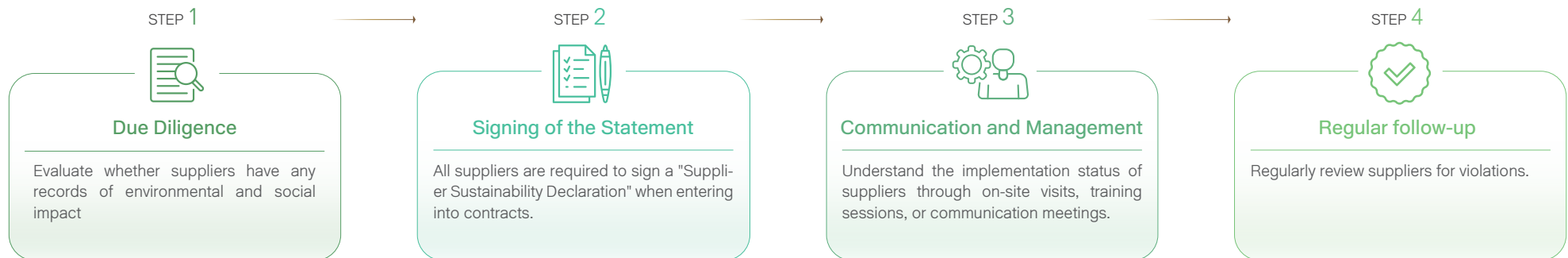


3.3 Sustainable Procurement

3.3.1 Supplier Management


Mega Securities values the collaboration with and growth of suppliers. In order to implement supplier management, the "Regulations of Supplier Sustainable Development Management" ("the Management Regulations") are established, requiring suppliers working with Mega Securities and its subsidiaries to meet regulatory requirements in terms of labor rights and human rights, occupational safety and health, environmental sustainability, and ethical corporate management. Before dealing with Mega Securities and its subsidiaries, the suppliers are assessed for any record of environmental and social impacts, and these suppliers violate the Management Regulations will be avoided. The suppliers are required to sign the "Supplier Sustainability Declaration" when entering contracts; any action involving the matters specified in the Management Regulations will result in terminations or rescission of contract any time, and such supplier will be black-listed. Mega Securities regularly tracks violations by the suppliers. The partners are inquired for any violation of the "Labor Standards Act," "Act of Gender Equality in Employment," "Employment Service Act," "Middle-aged and Elderly Employment Promotion Act," "Occupational Safety and Health Act," "Labor Pension Act," and "Labor Occupational Accident Insurance and Protection Act" through the Inquiry System of Business Unit (Employer) Violating Labor Laws and Regulations by the Ministry of Labor. In 2023, there were no violations of regulations by the suppliers entering contracts with Mega Securities or violation incidents of Mega Securities' "Regulations of Supplier Sustainable Development Management." In 2023, a total of 75 supplier contracts were signed, and 100% suppliers signed the Supplier Sustainability Declaration



Supplier Sustainability Self-Assessment Questionnaire Survey

In order to strengthen the supply chain management and promote supplier engagement benefits, Mega Securities cooperates with the Group in conducting questionnaire surveys to implement the "Sustainability Self-Evaluation Questionnaire" mechanism for key suppliers. The target respondents are the key suppliers of Mega Securities (transactions amounting to more than NT\$1.5 million in 2023) to investigate their performance in four major aspects: "Labor rights and human rights, environmental sustainability, occupational safety and health, and ethical corporate management." The questionnaires were distributed to the suppliers for assessing their sustainability performance in the previous year on their own, and the performance was rated on a scale of A Level to D Level. In 2023, Mega Securities had 23 key suppliers, and the questionnaires were collected from a total of 15 suppliers. As the results, there are four suppliers of A Level, seven for B Level, two for C Level and two for D level, with the overall collection rate of 65%. The total purchase amount from Mega Securities' key suppliers for 2023 was approximately NT\$154,716 thousand.

+ Supplier Sustainability Self-Assessment Questionnaire

Status of Signed Supplier Sustainability Declaration		Regulations of Supplier
Item	2023	
Number of contracts	(A) 75	
Total contract amount (NT\$)	(B) 174,960,047	
Number of signed "Supplier Sustainability Declaration"	(C) 75	
Contract amount of signed "Supplier Sustainability Declaration"	(D) 174,960,047	
Percentage for the contract amount of signed "Supplier Sustainability Declaration"	(=D/B) 100	
Total procurement amount (NT\$)	(F) 202,271,229	
Percentage of contract amount of signed "Supplier Sustainability Declaration" in the total procurement amount (%)	(=D/F) 86	

Note: The major suppliers with signed purchase contracts are required to sign the declaration.



Mega collaborates with partners to support “Earth Hour,” as the practice of ESG environmental sustainability.

Case

Mega Group continues the spirit of "ESG Initiative Platform for Public Financial Enterprises" of the Ministry of Finance, by continuously organizing the series of "2023 Supplier ESG Seminar" events, expanding the invitation to the Group's value chain partners to jointly support, and implementing the "Exerting Positive Influence and Leading Sustainable Development" to achieve the goal of "net-zero emissions by 2050." A total of six suppliers of Mega Securities participated in the supplier ESG seminar.

3.3.2 Green Procurement

Green procurement refers to adopting the simple and thrift principles in daily life, and reduce environmental impact and promote local business development by purchasing products or services with less impact on the environment. Mega Securities has established the "Regulations for Requisition and Procurement Management," specifying that local products and green procurement shall be prioritized during procurement, and products from suppliers with environmental protection labels shall be adopted. In 2023, Mega Securities' green procurement amount is NT\$18,740,160, and the total procurement amount is NT\$202,271,229; the green procurement accounted for 9.26%, higher than the Group's target of 2.2%. In addition, Mega Group's "Sustainable Development Policy" also specifies to include the circular procurement promoting product resource recycling into green procurement items. The circular procurement methods of Mega Securities include leasing instead of buying, such as the leasing of company cars and photocopiers.

Unit: NT\$

2023 Green Procurement in Mega Securities

Item	Amount	Green Procurement Amount
Category 1/2 Environmental Label	2,591,560	18,740,160
ENERGY STAR	16,148,600	

Unit: NT\$

2023 Green Procurement in Mega Securities

Item	Amount	Green Procurement Amount
Annual Total Procurement Amount	-	202,271,229
Percentage of Annual Green Procurement Amount	-	9.26%

Note: Mega Securities complies with the definition of green procurement declaration scope by the Environmental Protection Administration for self-reporting of green procurement by private enterprises and organizations. Taiwan's environmental protection label, first/second/third class environmental protection label, energy-saving label, water-saving label, green building materials label, carbon footprint label, carbon reduction label products, foreign eco-label products that Taiwan has signed a mutual recognition agreement with, ENERGY STAR, FSC and PEFC sustainable forestry labels and other products for the green procurement screening principle.

Green procurement targets

Short-term	Medium and Long Term
Mega Securities gives priority to products with green label-related certifications in the procurement, and strives to implement local and seasonal consumption to reduce the possible environmental impact during transportation. The goal is to achieve the goal of accounting for 2.5% of the Group's total procurement amount by the green procurement in 2024.	The priority is given to the purchase of green products and services, and the Company cooperates with the government's green procurement plan, to increase the annual green procurement amount to 3.5% of the total procurement amount, while implementing the supplier sustainable development management, with the supplier sustainability self-assessment questionnaires continuously conducted on a regular basis. The related improvement measures are also established, to communicate with suppliers on ESG-related issues both way through a joint supplier conference and make mutual improvements.