



證券櫃檯買賣中心
Taipei Exchange

2019

CORPORATE SOCIAL
RESPONSIBILITY REPORT

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ABOUT THE REPORT

This is the 2019 Corporate Social Responsibility Report (the Report) of the Taipei Exchange (TPEX). TPEX, adhering to the principles of being honest and transparent, hopes to present its communications with stakeholders and devotion to the sustainability issues throughout 2019, as well as the management belief of TPEX in giving back to society by means of the Report. Related information of the Report is given below:

Scope of Disclosure	<p>The disclosed period in the Report is the year of 2019 (from January 1, 2019 to December 31, 2019) and it covers the performance of TPEX in economic, social, and environmental aspects. In light of information comparability, certain data and performance information includes data from 2017.</p> <p>The scope of information herein covers the Office of the TPEX in Guting, Taipei City (main office), the office in Banqiao, New Taipei City, the server in Banqiao, New Taipei City, and the backup server in Taichung. For part of the data that differ in scope from the performance information, clarifications are provided in applicable text and paragraphs.</p>
Basis for the Report	<p>The report is prepared following the core items of the GRI Standards released by the Global Reporting Initiative (GRI).</p>
Information Disclosure	<p>Financial performance figures disclosed herein are based on the financial statements audited by the CPA. All financial figures are calculated and indicated in New Taiwan Dollars. Other non-financial figures in the Report were collected by TPEX and are demonstrated in common values that are rounded.</p> <p>The information or data disclosed herein were provided by the respective responsible departments of TPEX and compiled by the CSR reporting task force. The Report has been published with the internal approval.</p>
External Assurance	<p>The Report has been assured by Deloitte Taiwan in accordance with GRI Standards and the Assurance Standards No. 1 “Assurance Engagement of Examinations and Audits of Non-historical Financial Information” released by the Accounting Research and Development Foundation, ROC.</p>
Publication	<p>Since 2019, TPEX has been publishing CSR reports on a yearly basis, with the previous one (only in Chinese version) published in August 2019. The CSR report in English version has been available starting 2020.</p> <p>The CSR reports of TPEX are available on TPEX official website: https : //www.tpex.org.tw</p>
Contact Information	<p>Telephone: (02)2369-9555 Email: server@tpex.org.tw Website: www.tpex.org.tw</p>



MESSAGE FROM THE CHAIRMAN AND CEO

Corporate Social Responsibility (CSR) is now an indispensable part of corporate development. TPEX adheres to the developmental trends featuring sustainable management, co-existence, and co-prosperity with the environment and aims to go along with world trends. In order to synchronize with environmental and social developments, corporate governance, and to grow toward sustainable management together with the listed companies, TPEX has established a cross-departmental CSR group. Over the years, related resources have been invested in proactively to gradually construct a sound operational mechanism and perfect our management quality in the domains of sustainable management, namely markets, the environment, society, and governance. In accordance with the GRI Standards, we continued to prepare CSR reports that follow strict composition, editing, and third-party assurance procedures and present the actual accomplishments of TPEX in promoting business, serving the market, disseminating financial knowledge, corporate governance, society involvement, sustaining the environment, and caring for our employees so that stakeholders have a better understanding of what TPEX has done in promoting sustainable management.

2019 was a year filled with uncertainty, yet TPEX managed to render a splendid performance. Throughout 2019, we launched the Exchange Traded Note (ETN) and TPEX 200 Index. Also, index futures, index warrants, ETNs and callable bull/bear contracts that link to TPEX 200 have been launched. A complete product line has been built up. In addition, we continue to promote green bonds and green securitized products. In 2019, we had 14 green bonds issued with a total issue amount of NT\$50.21 billion. In order to enhance the visibility and the internationalization of the green bond market, we hosted the 2019 Taipei Green Bond International Conference on November 6, 2019, inviting representatives

of organizations that develop green bond principles, including International Capital Market Association(ICMA), the Climate Bonds Initiative (CBI) as well as experts on green bond accreditation, issuance and underwriting to attend. The conference was a successful event. Meanwhile, TPEX has been designated by the U.S. Securities and Exchange Commission as a Designated Offshore Securities Market (DOSM), indicating that its governance mechanism and the safety and fairness of its trading system have been recognized internationally.

TPEX is committed to its mission to advance sound governance in listed enterprises. Throughout 2019, we continued to work with the competent authority in promoting the new corporate governance roadmap and imposed supervision over listed and emerging companies in order to maintain fairness on the market and to protect the rights of investors. Meanwhile, to lead listed and emerging enterprises by example, TPEX itself implemented integrity-based management regulations and continued to enforce our anti-corruption ethical norms and whistleblowing guidelines. No employees were found to be violating self-discipline regulations or anti-corruption laws throughout 2019. There were no internal employee complaints, either.

While TPEX is pursuing market growth and operational performance, it adheres to its corporate citizenship by caring for society, through promoting financial knowledge on campus, developing talent for the securities industry, and sponsoring students from disadvantaged families. We also help disadvantaged groups, sponsor sports and cultural events, support environmentally friendly agriculture, and donate medical care resources to remote areas. Internally, we are devoted to enabling sustainable management to take root in our daily operations by providing a quality workplace, shaping a harmonious, happy, and healthy environment, and improving welfare measures and talent development programs. By enhancing the awareness of corporate social responsibilities among our people, it helps hold employees together and build a positive LOHAS culture.

TPEX approves and supports the UN Sustainable Development Goals (SDGs). We will follow developmental strategies and action items of sustainable management while making efforts to promote a variety of services. The fulfillment of corporate social responsibilities,

however, is an ever-growing process. The CSR report prepared by TPEX each year will become a guide to review our sustainability status and continuous advancement. While preparing the report, we performed the materiality analysis, compared practices with international benchmark companies, defined the implementation strategy and mid-to-long-term goals, set the measurement criteria, and introduced improvement solutions. The 2019 Report comes in both Chinese and English versions. The hope is to advance communication and interaction with international stakeholders. Looking to the future, we also hope to be able to continue promoting the consolidation of integrity-based management and the fulfillment of corporate social responsibilities of companies on the Main board, while facilitating the development of prioritized industries in the country. We also encourage all enterprises on the Main board to emphasize on corporate governance and care for the society, environment and employees, which can converge the sense of sustainable development responsibility into the culture of the organization, boosting harmonious corporate and social developments.

2020 started off with the impact from the COVID-19 pandemic and everyone in the market is faced with challenges. TPEX activated emergency response measures to cope with the pandemic since January 30, 2020 by applying business continuity planning (BCP) in accordance with the Emergency and Abnormality Management Handbook. Disinfection and staff control have been reinforced. Manpower divergence and remote office and other measures were activated. Selective educational training sessions or large assemblies were postponed. Routine briefing sessions and TPEX corporate day events have taken place online. Meanwhile, we pay close attention to announcements made by the Central Epidemic Command Center and make necessary adjustments accordingly. Before the pandemic comes to an end, TPEX will continue with its disease prevention efforts to keep its operations going and will proactively educate and help respective brokerages and companies to have their disease prevention plans ready. Market participants are called upon to prioritize the health and safety of people and fulfill their responsibilities to protect the health of staff, ensure a safe community, and protect shareholders' interests. The hope is to keep business as usual at TPEX and to reduce the uncertainties and impacts on the market to a minimum.

Chairman of the Taipei Exchange



Managing Director & CEO





Profile

Name of company	Taipei Exchange
Headquarters	15F, No. 100, Roosevelt Road Section 2, Zhongzheng District, Taipei City
Established in	1994
Main Scope of Service	Helping emerging small-to-medium-sized and micro-enterprises in the high-tech industry, innovation, and creativity industry raise funds to get listed and dealing with transactions on the market of a variety of instruments such as stocks, bonds, ETFs, ETNs, subscription (sale) of warrants, and over-the-counter derivatives, including auto-matching and auto-negotiation mechanism.
Main Market	Taiwan
Total number of operation sites	Guting Office in Taipei, Banqiao Office in New Taipei, Banqiao Machine Room in New Taipei, and Backup Machine Room in Taichung
Number of employees	298
Total assets	\$18.09 billion

History

The over-the-counter stock trading business was originally prepared for by the Taiwan Securities Association in February 1988. In order to normalize the capital market and improve the functionality of the market, the Ministry of Finance decided to set up the Taipei Exchange, a corporation working for the interest of the general public, in 1993. TPEX was established on July 27, 1994 in accordance with the Securities Exchange Act and was officially operative in November of the same year. The starting funds were donations from the Taiwan Stock Exchange (hereafter as “TSE”), the Taiwan Securities Association, and the Taiwan Depository & Clearing Corporation (hereafter as “TDCC”). The competent authority is the Financial Supervisory Commission (hereafter as “FSC”).

Core Value

Playing an important role on the stock market of Taiwan, TPEX has been regarding itself as “the driving force for the economy and the cradle for successful enterprises”, and has been working to “circulate securities and vitalize the economy” so that funds flow as smoothly as running water and more diversified and innovative momentum is instilled into the capital markets of Taiwan.

TPEX is devoted to building a multi-layer market that consists of the mainboard, the emerging stock board, and the GISA , and developing a bond market so that the fund-raising needs of

enterprises varying in scale may be satisfied through a flexible system. In addition, it helps unique enterprises reflect the national economic policy to drive economic developments and industrial transformation. It also proactively develops new financial instruments, optimizes the trading system, and boost transactions on the market, offering enterprises and the general public an even better-quality market platform.

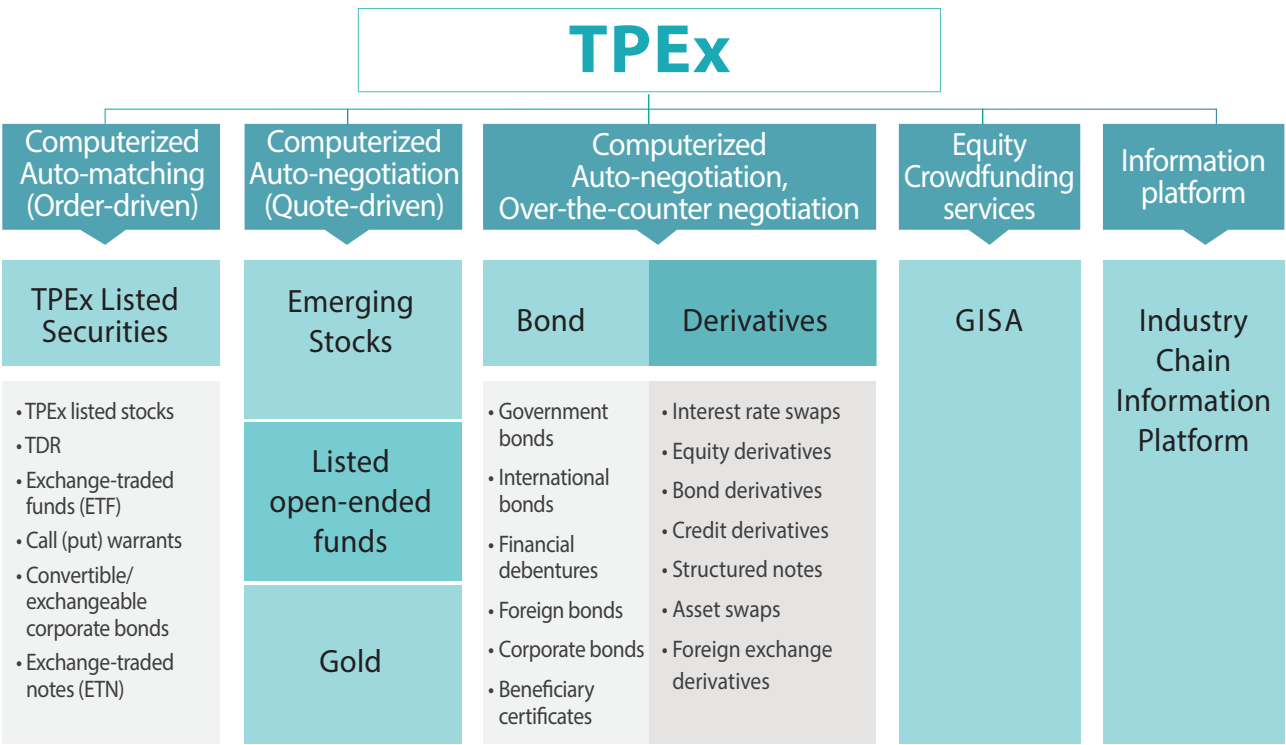
This marks the 25th year since its establishment. Now, TPEX is an internationally unique comprehensive exchange and is reputed by the World Bank as one of the most experienced exchanges in supporting small and medium-sized enterprises.

Core Business

TPEX is a service provider for corporate fund-raising and trading of financial instruments in nature. It helps unique and potential enterprises enter the capital market to raise funds, builds up the primary and secondary markets for a variety of bonds, and provides a centralized bidding and price negotiation-based trading platform in order to meet the needs of issuers and investors on the capital market.

TPEX offers trading service of securities and financial instruments. Therefore, its suppliers mainly consist of service providers, equipment suppliers, and engineering partners, among others, ranging from IT, security, electronic equipment, telecommunications, furniture, to construction and renovation. Most of them are local suppliers. TPEX has its Property Purchase and Management Guidelines in place to be followed for procurements. Besides promoting sustainable corporate development for itself, TPEX exercises the consumption force in the value chain to encourage the suppliers focus on the efforts in environmental protection and sustainability.

Trading Services and Financial Instruments Available at TPEX



SUSTAINABILITY PERFORMANCE HIGHLIGHTS



Environmental



- Facilitated the Danish Company Ørsted Wind Power TW Holding A/S to list two green bonds with TPEX, with issuing amount of **NTD 12 billion** and all funds utilized in the construction of the offshore ocean wind power field. It is part of the green investments in renewable energies and energy technology developments, in line with energy transformation, green energy, and environmental protection policies in Taiwan.
- Promoted green office and e-business. The amount of paper used in printers throughout 2019 dropped **11.8%** from 2018.

Social



- TPEX joined hands with its staff throughout 2019 in getting involved in charity events, devoting more than **NTD 25 million** in total value, and called upon **21 companies** to get involved in the “1919 Food Bank” donation.
- Continuous endeavors to the care for the elderly, sponsorship of medical resources in remote areas, and educational resources for financially disadvantaged students.
- Co-organized **5 rounds** of the “Elite Incubator Camp for College Students in Securities Market” during 2019 and reached Hualien for the first time to address the urban-rural gaps in financial education.

Governance



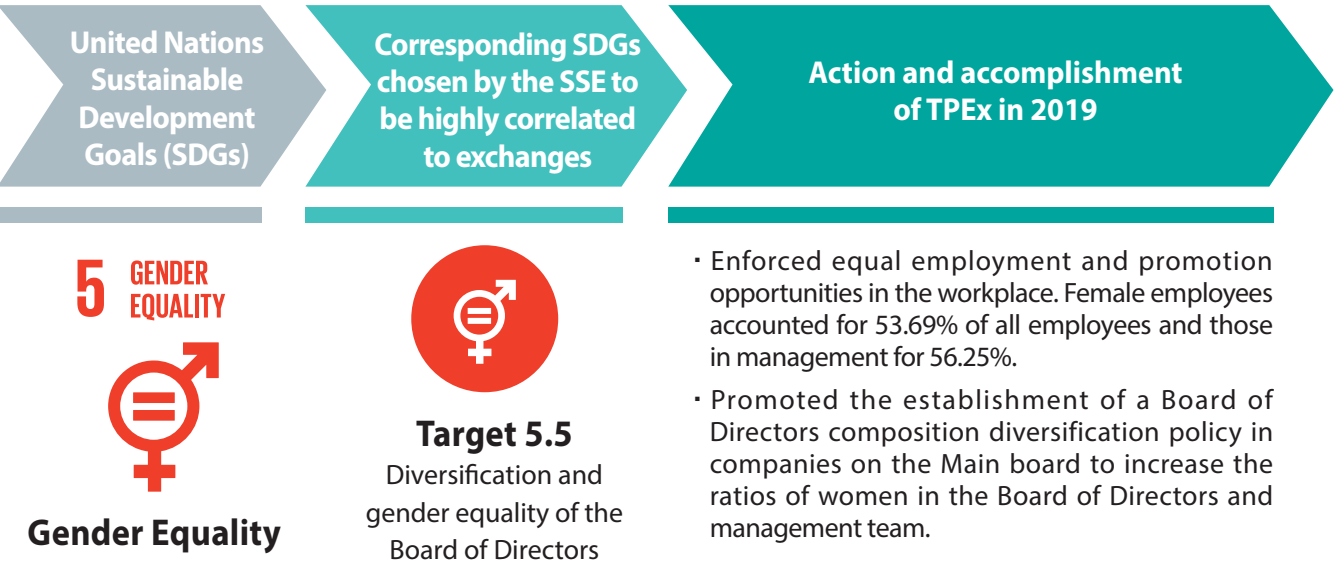
- Worked with the competent authority in promoting the new corporate governance roadmap and imposed supervision over companies on the Main board and the emerging stock board in order to maintain fairness on the market and to protect the rights of investors.
- In addition to the internal anti-corruption ethical norms and whistleblowing guidelines, TPEX has implemented integrity-based management regulations in 2019. **No employees** were found to be violating self-discipline regulations or anti-corruption laws throughout the year. There were no internal employee complaints, either.

RESPONSE TO THE UN SUSTAINABLE DEVELOPMENT GOALS, SDGS



The United Nations, to enhance the attention paid by enterprises around the world to the issues of sustainable development, established a total of 17 Sustainable Development Goals (SDGs) and 169 targets covering the environment, society, and governance, among others. Like many UN initiatives, the Sustainable Stock Exchanges (SSE) Initiative spontaneously formed by exchanges of member asserts the promotion of sustainable development through the force on the securities market. Therefore, the SSE Initiative included six major items that are chosen from the SDGs and are highly relevant to the exchange industry to be its SDGs that shall be fulfilled by 2030. They are SDG 5 “Gender Equality”, SDG 8 “Decent Work and Economic Growth”, SDG 10 “Reduced Inequalities”, SDG 12 “Responsible Consumption and Production”, SDG 13 “Climate Action”, and SDG 17 “Partnerships for the Goals”.

TPEX echoes the global initiative on the issues of sustainability and believes that it is obligated to take proactive action and answer to the UN and SSE initiatives by combining business functions and operational activities, continuing to enforce core belief about sustainable development, reaching out to more market participants and calling for equal emphasis from them.



United Nations Sustainable Development Goals (SDGs)

Corresponding SDGs chosen by the SSE to be highly correlated to exchanges

Action and accomplishment of TPEx in 2019

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DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth

Target 8.3

SME growth and sustainable development

- Increased the overall market capitalization of the Main board to NTD 3,433.5 billion, an annual growth of around NTD 607 billion.
- The average daily trading value on the Main board totaled NTD 31.436 billion and that on the emerging stock board around NTD 739 million.
- The average dividend yield ratio of the Main board was 3.65%.
- The number of ETFs issued on the Main board significantly grew to 94, totaling NTD 1.28 trillion in the asset value. The daily trading value surged to NTD 3.526 billion on average. The average return throughout the year exceeded 8%.
- Supported industrial and corporate growth and developments so that they could provide more jobs. There were up to 1,113 companies on the Main board, the emerging stock board, and the GISA board combined.

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REDUCED INEQUALITIES

Reduced Inequalities

Target 10.5

Securities Regulations

- Continued to examine the current market system and market regulations to enforce supervision so that investments activities that the general public is involved in can take place in a fair, orderly, and efficient environment.
- Reinforced transparency in the disclosure of information on the market to reduce information asymmetry.
- Continued to sponsor medical care in remote areas and organize projects to care for the disadvantaged in an effort to promote equal distribution of social resources and to address urban-rural gaps.

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RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption and Production

Target 12.6

ESC information disclosure

- Completed the fifth annual corporate governance evaluation over all the Main board companies.
- Jointly organized 3 seminars with the Taiwan Stock Exchange on the corporate social responsibility report to help companies understand the regulations and how to compose their own CSR reports.
- A total of 116 Main board companies have prepared and published their CSR report for 2018 and, among them 70 voluntarily disclosed it.
- Continued to update the information in the Corporate Social Responsibility section on the website to help enterprises improve the quality of ESG information disclosed.

United Nations Sustainable Development Goals (SDGs)

Corresponding SDGs chosen by the SSE to be highly correlated to exchanges

Action and accomplishment of TPEx in 2019

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CLIMATE ACTION

Climate action

Target 13.3

Promotion of Green Finance

- Supported green finance and has allowed various type of issuers to list green bonds, including domestic and international enterprises, domestic and international banks, the Taiwan branches of foreign banks, and super international financial organizations.
- 14 newly-listed green bonds. The total issuing amount grew over 50% compared to the previous year. 36 bonds were listed at the end of 2019 with the outstanding balance at more than NTD 100 billion.
- Successfully held the 2019 Taipei Green Bond International Conference to improve the visibility of our green bond market internationally and attract foreign enterprises, banks, and super international financial organizations to come to Taiwan and issue their green bonds.
- Promoted green office and e-business. The amount of paper used in printers throughout dropped 11.8% from 2018.

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PARTNERSHIPS FOR THE GOALS

Partnerships for the Goals

Intense partnership to benefit continuous developments and transparency on the market

- Review collaborative suppliers on a yearly basis to ensure their service quality. A total of 311 suppliers were reviewed in 2019 and the qualification rate was 100%.
- Held the Award Presentation Ceremony and Business Workshop for Intermediaries Assisting in Getting Listed on the Main board, Emerging stock board, and GISA where outstanding intermediaries were recognized and interactions were boosted.
- Continued to take part in ESG tasks of international organizations such as the World Federation of Exchange (WFE), the International Organization of Securities Commissions (IOSCO), and the Sustainability Discussion Group of the Asian and Oceanian Stock Exchanges Federation (AOSEF).



Chapter 1 SUSTAINABLE MARKET

- SPECIAL COLUMN: NATIONWIDE ACTION ON ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING
- 1-1 GROWTH SUPPORT
 - 1-2 ROBUST DEVELOPMENT
 - 1-3 EXCHANGE WITH THE PARTNERS

SPECIAL COLUMN

Nationwide Action on Anti-Money Laundering and Counter Terrorism Financing

In the fourth quarter of 2018, Taiwan successfully passed the 3rd Round of mutual review by the Asia/Pacific Group on Money Laundering (APG) and won the highest rating “general tracking”. This accomplishment was made possible through joint efforts from the government, peripheral securities and futures units, and securities firms, among others. The evaluation enabled Taiwan’s effort be recognized and upgrade its international image. With a more transparent and orderly financial environment, Taiwan is a new role model for anti-money laundering in the Asia Pacific Region.

TPEX was honored with an award presented by the Executive Yuan on October 3, 2019 for its efforts to promote anti-money laundering and counter terrorism financing.

Action to Reinforce the Securities Market

TPEX, together with the Taiwan Stock Exchange, is authorized by the competent authority to inspect operations of securities firms and enhance their capabilities in anti-money laundering and counter terrorism financing. The international standards announced by the Financial Action Task

Force on Money Laundering (FATF) which relevant to financial institutions the most are the six core issues stating in Direct Accomplishments 4. TPEX taking the six core issues as the base for designing the inspections and assisting items to help securities firms establish their internal operating procedures, identify related risks associated with anti-money laundering and counter terrorism financing, and adopt appropriate control measures.

During promotion period, TPEX assisted the securities firms to get prepared and conducted exceptional inspections afterwards for around 25 firms. This process helps to understand the problems encountered by securities firms in implementing anti-money laundering procedure. TPEX summarized common deficiencies among the securities firms and provided to the competent authority for reference. Requirements such as those in Article 45 and Article 46-5 are amended to the Taipei Exchange Rules Governing Securities Trading. This amendment is to govern necessary



TPEX was honored with an award presented by the Executive Yuan for its efforts to promote AML/CTF

documentation on the status of the client (including overseas Chinese or foreigners, or investors from Mainland China) to be enclosed in order to open an account with a securities firm as required by the Regulations Governing Anti-Money Laundering of Financial Institutions.

TPEX held 6 workshops in total throughout 2019 where experts from the competent authority, the anti-money laundering office of the Executive Yuan, and the Investigation Bureau were invited to give a lecture to an audience consisting of integrated securities firms, professional securities dealers, practitioners at financial institutions that deal with bonds, and directors and upper managements at securities firms. They communicated face to face and discussed anti-money laundering-related issues in order to build ideas about prevention and shape a corporate culture of anti-money laundering and counter terrorism financing in securities firms.

Six core issues for evaluation

- ✓ 1. The extent of knowledge about money laundering/terrorism financing risks and their obligations
- ✓ 2. The risk mitigation measures adopted comparable to the associated risks
- ✓ 3. Adequacy of customer due diligence and record preservation practices adopted. When customer due diligence is incomplete, to what extent would an enterprise reject the business?
- ✓ 4. Adequacy of strengthened or substantial measures enforced on politically exposed persons (PEPs), correspondent bank business, utilization of new technologies, remittance restrictions, targets of sanctions for terrorism financing, and determined high-risk countries
- ✓ 5. Fulfillment in the declaration of suspicious money laundering or terrorism financing transactions. What are the actual measures taken to ensure confidentiality?
- ✓ 6. Adequacy of internal control and procedures implemented to ensure compliance with anti-money laundering/counter terrorism financing requirements. How much interference is from the laws and regulations and the competent authority with the implementation?



1-1-1 Supporting Quality Enterprises in Growth

Convenient and Quick Corporate Fund-raising

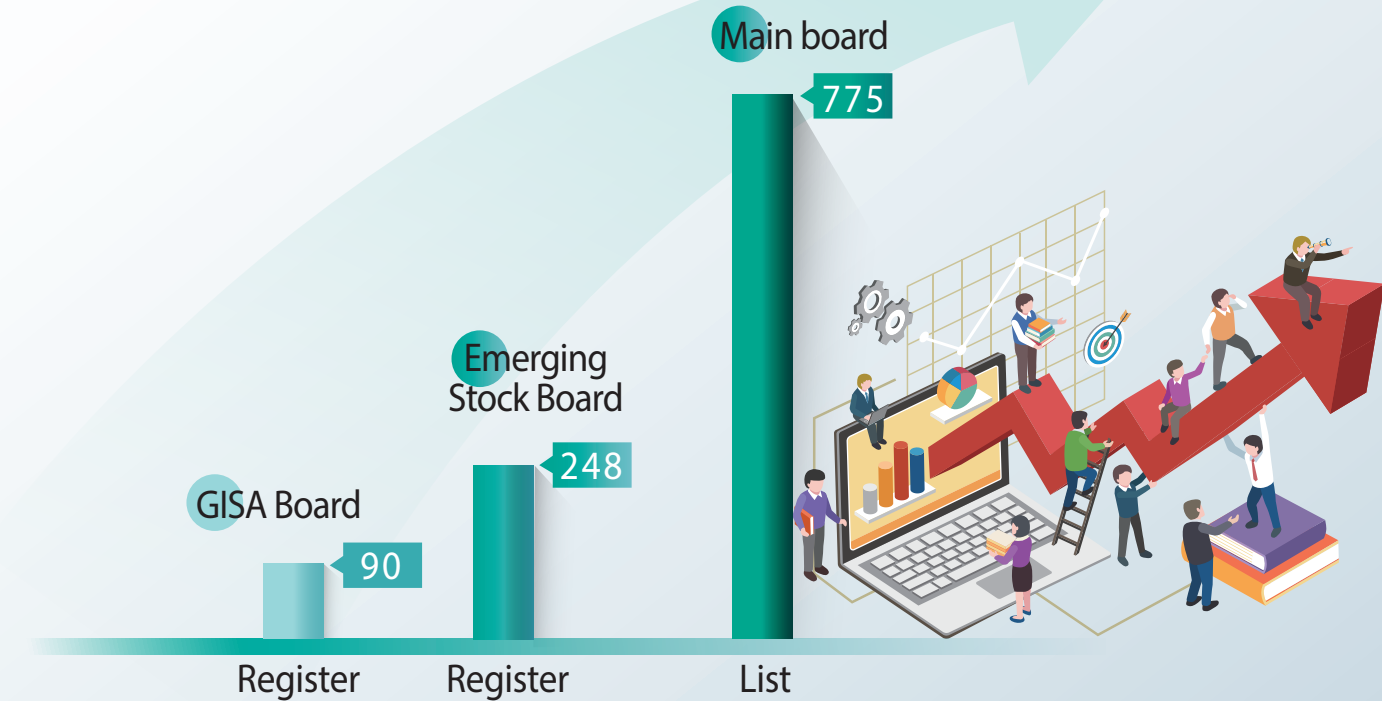
Since it was established in 1994, TPEX has been devoted to the development of the Main board business. In order to satisfy the needs of enterprises varying in scale for developments, the emerging stock board was introduced in January 2002 to help public companies get familiarized with applicable laws and regulations for the securities market before they are listed on the Main board and publicly traded. The needed funds may also be raised from the capital market. Meanwhile, investors are provided with a safer and more convenient trading platform for stocks which are not yet available on the Main board and publicly traded. The GISA was introduced in January 2014 to help with non-public, micro-and small-sized venture businesses. TPEX, with its enhanced market scale, is now of a multi-layer structure, and has been sparing no efforts in helping domestic and foreign quality enterprises enter the capital market. Over the years, TPEX is proactively assisting quality enterprises to take the strength of the capital market to transform and grow stronger.

As of the end of 2019, TPEX has helped a total of 2,235 public companies enter the capital market, including 1,303 on the Main board and 1,667 on the emerging stock board (of which 735 are now on the Main board).

On January 29, 2019, the convertible preferred stocks issued by the Main board company were first listed and traded on the Main board. The benefits of issuing preferred stocks include that no increase in the debt ratio from raising capital, which helps not only improve the financial structure, but also slow down share dilution. The impacts on shares are relatively minimal compared to issuing new common stocks. In addition, preferred stocks are listed for liquidity. In an effort to enable the Main board enterprises to raise funds via multiple and flexible instruments, listed foreign companies to apply for listing of preferred stocks is allowed on May 5, 2020.

Multi-tiered market to satisfy the needs of enterprises varying in scales of development

Total 1,113 companies at the end of 2019.



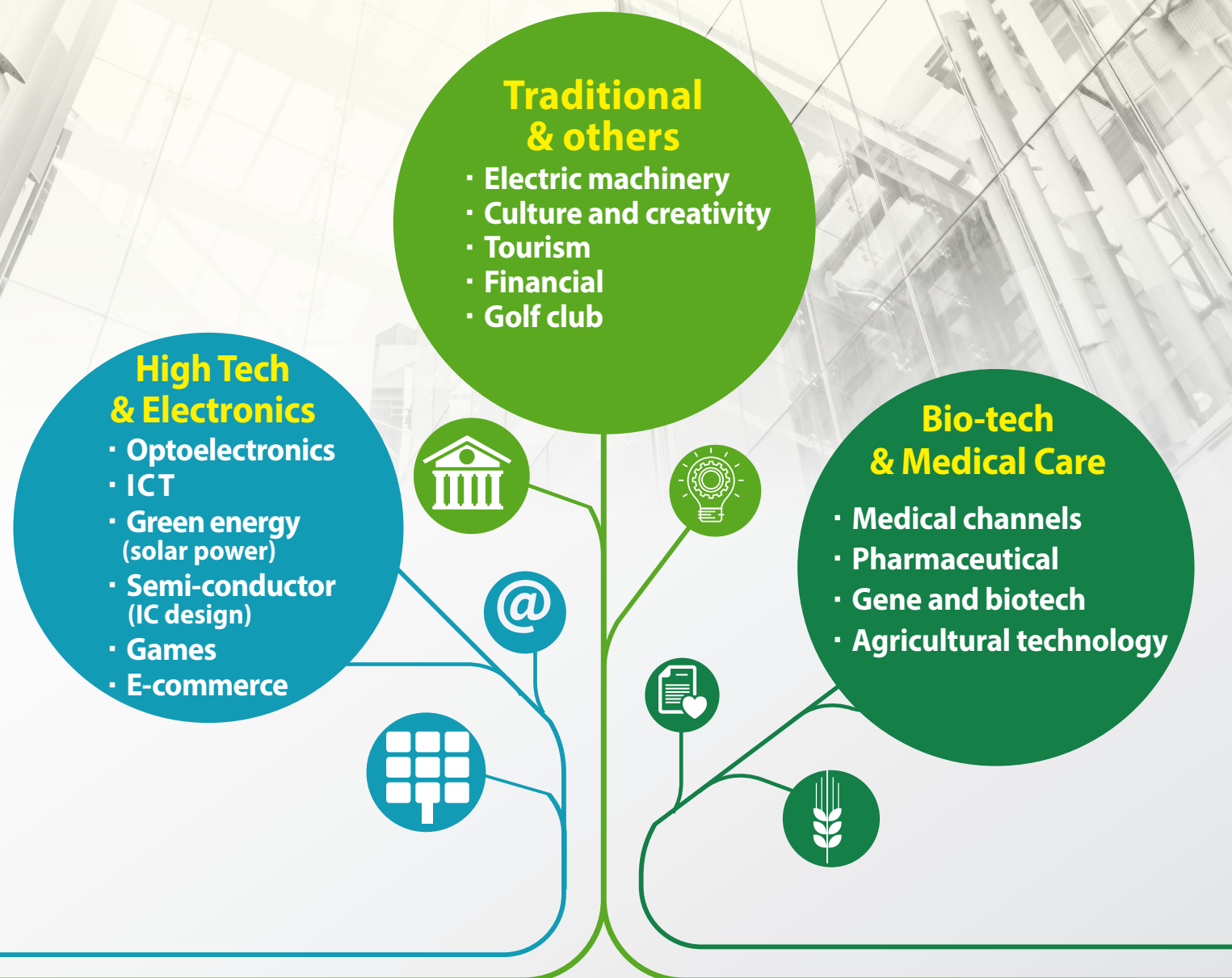
Characteristic Industrial Clusters

One of the major characteristics of the Main board and the emerging stock board at TPEX is the complete and diversified industrial clusters. It plays an important role in the industrial and economic developments in our country. The electronic and biotech industries, in particular, account for nearly 70% of all companies on the Main board and on the emerging stock board combined. They help attract more companies in the upstream and the downstream of the industries to enter the Taipei Exchange Market.

To go with the government's 5+2 Industrial Innovation Plan, TPEX proactively promoted prioritized industries in the nation, such as biotechnology and medical care, smart machinery, national defense aerospace, green energy, culture and creativity, Asian Silicon Valley, and agricultural enterprises, among others. Throughout 2019, seven such companies applied to be listed on the Main board and 19 on the emerging stock board, respectively.

In order to encourage venture businesses in e-commerce to enter the capital market, TPEX proactively took the suggestion from the industry and experts and added "E-commerce" as a new industry category since 2017. Up to 8 e-commerce enterprises remained listed on the Main board or Emerging Stock Board as of the end of 2019.





Diversified clusters and complete chains

Proactive Promotion of IPOs (Initial Public Offerings)

In order for more quality enterprises to understand the benefits of the capital market and advantages of getting listed on the Taipei Exchange Market, TPEX proactively held workshops and briefing sessions on how to get listed in the northern, central, and southern parts of Taiwan. Also, TPEX visited hidden champion companies in their respective industries with the intention to enter the capital market and let them familiar with listing process. TPEX also continued to reinforce the collaboration and communications between the central government and local governments in jointly promoting the listing applications for key focused industries. TPEX keeps reviewing the listing requirements, simplifying application process and providing related law consulting services to build a more friendly, convenient, and quick channel for fund-raising.



Organizing workshop/Briefing sessions for listing

Domestically:

1. Held a total of 6 briefing sessions on how to get listed.
2. Attended the “2019 Industrial Upgrade and Transformation Promotional Conference” held by the Industrial Development Bureau of the Ministry of Economic Affairs to promote the Taipei Exchange Market.
3. Attended the seminars organized by the Securities and Futures Institute and the Taiwan Securities Association that covered precautions and review highlights that enterprises should pay attention to while apply for listing.

Internationally:

Held a total of 6 briefing sessions in Mainland China, Thailand, Vietnam, and Malaysia, among others, for overseas enterprises wishing to get listed on TPEX.



Visit to enterprises to boost communications

Domestically:

Visited or received domestic quality enterprises for accumulated 61 times.

Internationally:

1. Visited enterprises located in Mainland China, Thailand, Vietnam, Singapore, and Malaysia for accumulated 35 times.
2. Received a delegation of business association from Malaysia representing a total of 10 enterprises and engaged in intensive exchange on related issues about entering the capital market in our country.



Assistance and communication provided to intermediaries

1. Held a total of 4 seminars for intermediaries on how to help domestic and international enterprises get listed.
2. Held the Award Presentation Ceremony and Business Workshop for Intermediaries Assisting in Getting Listed on the Main board, Emerging stock board, and GISA.

TPEX has been continuously and proactively exploring opportunities to become the first option for foreign enterprises to get listed. Over the past few years, to go with the government's New Southbound Policy, collaborations with overseas offices of the government, overseas Taiwanese businessmen associations, local chambers of commerce, underwriters, CPAs, overseas branches of financial institutions, and other external units have been reinforced. Meanwhile, exclusive service windows for foreign enterprises to get listed in TPEX have been set up. As of the end of 2019, 35 foreign enterprises had been listed on the Main board and 7 on the emerging stock board. A total of 8 foreign enterprises were newly listed on the Main board, newly registered on ESB, or filed for counseling with RSFs (recommending securities firms) in 2019.



Chairman of TPEX led the team visiting Malaysian enterprises to promote foreign listing

TPEX joined hands with underwriters, CPAs, and lawyers, among other intermediaries in enabling more enterprises to enter the capital market to raise funds and in helping them accomplish success, excellence, and sustainable management. Intermediaries have been an important partner of TPEX in promoting its business. In order to thank the assistance of intermediaries and to recognize them for their contributions to the capital market, TPEX holds the award presentation ceremony and business workshop for them. For three years, 2017, 2018, and 2019, Chairman Wellington Koo of the FSC and Director-General Rosemary Wang of the Securities and Futures Bureau have been invited to present awards and listen to advice from participants. It has helped substantially for the interactions and exchanges between the intermediaries and the competent authority.



Feedback from enterprises :

On March 5, 2019 in Thailand, TPEX held the Seminar on Thailand Enterprises to Enter the Capital Market in Taiwan. Thai Kin Co., Ltd. (Ticker Symbol: 6629) was invited to share its experience in applying for listing on TPEX. General Manager Hsu Chen Jung of the Company indicated that applying for listing is the best solution to enhance corporate sustainable management and a successful hand-overs. It enables an enterprise to raise the needed funds but also make the corporate financial planning more efficient and flexible. There are multiple benefits in terms of business expansion, financial structure improving, publicity enhancing, and talent attracting.

Helping Innovative and Creative Enterprises¹

Innovative and creative enterprises are often facing bottlenecks including the smaller capital size, low product awareness, insufficient R&D resources, and inadequate internal control, among others during their early stage of operation. TPEX set up the GISA in 2014 to solve the above-mentioned bottlenecks. By integrating resources on the capital market, innovative and creative enterprises are provided with two major services which are consultancy for startups and channels for fund-raising.

¹ TPEX defines an innovative and creative enterprise as one whose technology, product, or operational model is innovative, creative, and full of potential in the future.

Function 1 of the GISA

To provide integrative counseling for startups

The joint assistance mechanism with intermediaries helps micro-and-small-sized enterprises build their accounting and internal systems. This system also provides diversified assistance in corporate management, marketing, taxation affairs, and regulatory compliance, among others. In addition, external resources from the government and research institutes, for example, are combined to help enterprises get resources on financing, loans, incentives and subsidies, venture assistance, and joint participation in an exhibition, among others.

Function 2 of the GISA

To provide fund-raising channel

In order to help instill operational momentum into innovative and creative enterprises with potential in the country, the GISA provides an equity crowdfunding system where non-public offering enterprises can raise small amounts of capital from general investors at a relatively low cost. In addition, due to improved internal systems and enhanced publicity, enterprises registered on the GISA benefit from getting the opportunity to receive investments from angel investors or venture capital to help expand their operational scale.

Services available from the GISA and accomplishments in 2019

Type of service	Description	Accomplishment in 2019
Taking part in domestic and international exhibitions	Companies on the GISA jointly with TPEX take part in major domestic and international exhibitions to not only promote business but also exposure the brand and products for business expansion.	Companies on the GISA were invited to take part in the COMPUTEX TAIPEI InnoVEX Exhibition, the BioTaiwan Exhibition, and Meet Taipei, among other well-known exhibitions together with TPEX. Each of the exhibition received a headcount of tens of thousands of people.
Organizing corporate training programs	TPEX plans free training programs on various topics such as marketing, finance, operational management, and government resources for companies on the GISA and refers professional experts to the companies if needed.	Throughout the year, a total of 13 corporate training programs were offered and some of the courses are recorded and posted on the TPEX website.
Boosting business and investments opportunities	TPEX holds matching events for the companies on the GISA, investment institutions and large enterprises to increase business and investments opportunities. On the one hand, these events help the GISA companies enhance their publicity, expand business, or receive funds and, on the other hand, provide investment institutions and large enterprises with extra investment opportunities.	<ul style="list-style-type: none">• Held investment match-making events for companies. A total of 10 enterprises displayed their products and gave presentations to raise funds, and 80 investors took part.• Held business and investment match-making events jointly with Deloitte Taiwan. A total of 4 enterprises gave presentations and 75 representatives of investment institutions took part.



TPEX hold business and investment match-up activities for GISA companies

Starting in 2016, TPEX has been attentively arranging large matchmaking events each year to create opportunities for exchange and collaboration between innovative and creative enterprises on the GISA and domestic large enterprises and investors. These events help quality innovative and creative enterprises receive support from all respects in business operation and funds that help them accelerate and flourish in developments. For the 2019 GISA Investment Matchmaking Event, 10 enterprises on the GISA with potential were gathered to give fund-raising presentations. In order to boost interactions between presenting enterprises and investors, the product display zone and the information desk were arranged at a site where the companies could interact and talk face to face with investors.

To encourage enterprises to apply for registering on the GISA, TPEX visited a total of 88 domestic enterprises with potential throughout 2019 and introduced them to the assistance resources available for the GISA. Meanwhile, we continued to work closely with county and city governments, incubation centers in colleges and universities, and related associations in organizing promotional briefing sessions for the GISA. With joint efforts from external units, a total of 51 rounds of briefing sessions were held in 2019. A total of 37 companies were helped to get registered on the GISA. By the end of 2019, 90 companies had been registered on the GISA and 43 were getting assistance. Cumulatively, 162 enterprises had been successfully registered since the GISA was established.

Cumulatively, a total of **10 companies** on the GISA had turned to public companies, **7** of them had been registered on the emerging stock board, and **1 listed** on the Main board. The GISA helps innovative and creative enterprises speed up in getting listed on the capital market.

Feedback from enterprises :

FISHING SONG DEVELOP CO., LTD. (Ticker Symbol: 7537) has been registered on the GISA since January 23, 2018. The company is a leader in domestic media and advertising in bus. Chairman Su Yu-Lin shares that:

Since we received consultancy that is available for the GISA companies, the publicity of the company has significantly improved and the corporate governance and internal operating systems are even sounder, all these help shape the company into a pearl among the sand. We are particularly grateful for the subsidies from TPEX that enabled us to take part in the Exchange with Innovative and Creative Enterprises in Okinawa and join the exhibition where we got to approach dealers in Japan, which eventually made it possible for us to expand our business to the overseas market.

1-1-2 Promoting Diversified Growth on the Market

Despite interfering factors on the market because of the US-China trade war and others, the overall performance on the Taipei Exchange Market remained superior to other major markets throughout Asia. TPEX index closed at 149.36 points, with an annual increase of 20.9% and the average daily trading value throughout the year on the Main board was NTD 36.3 billion, with an annual growth rate of 1.2%. All showed that the Taipei Exchange Market was well recognized among the investors.

In order to keep the diversified growth momentum going on the Taipei Exchange Market, TPEX completed multiple important milestones in developing new products throughout 2019. At the same time, TPEX was devoted to optimizing the trading system and expanding investors involvement.

Developing Diversified Financial Instruments

TPEX 200 Index

The new TPEX 200 Index (Symbol: IX0118) was officially launched on March 27, 2019 and has become the optimal benchmark for tracking small-to-medium-sized stocks in Taiwan. The index adopts the liquidity-weighted approach and screens 200 stocks on the Main board with most liquidity and highest market value. The components liquidity is examined on a quarterly basis to ensure the validity of index . The new index fulfills liquidity and market value scale at the same time to facilitate institutions to further develop index-based products . As of the end of 2019, TPEX 200 Index-based products include two exchange traded notes (ETNs), 87 index warrants, one index future, and one knock-out option (leverage and deposit instrument). These provide investors who are interested in small-to-medium-sized stocks with a more effective and convenient investment channel. TPEX will continue to promote the development of index-based products in order to provide investors with more diversified and convenient investment tools on the stock market and to further vitalize overall transactions on the market.

Characteristics of
TPEX 200 Index

Effectively keeps track of overall trends on the Main board, with components covering around 70% of the overall market value and up to 90% of the trading value.

Precisely collects popular industries; semi-conductors and biotechnology and medical care account for the largest number of the components.

The base points are 5,000 to fully reflect the rises and falls of stock.

The TPEX 200 Index official launch ceremony and the index authorization contract signing ceremony were held on March 27, 2019 where delegates from the competent authority and business representatives were invited to witness the historical milestone on the Taipei Exchange Market.

After TPEX 200 Index was introduced, TPEX and the Taiwan Futures Exchange jointly introduced TPEX 200 Index Futures on October 1 and held a grand ceremony to celebrate its inception. Hua Nan TPEX 200 Total Return Index ETN and Yuanta TPEX 200 Knock-out Options, the first of their kind to combine TPEX 200 Index, were introduced on the same day, too, highlighting the new outlook of index investment developments on the Taipei Exchange Market.

Picture above / The TPEX 200 Index launch ceremony on March 27, 2019
Picture below / TPEX 200 Index Futures listing ceremony



Bond ETFs

To satisfy market demand and to make it convenient for general investors to take part in the bond market, TPEX proposed to the competent authority the suspension of levying transaction taxes on bond ETFs. Since the transaction taxes were no longer levied, the issuance of new bond ETFs has been spiking. In 2018, the TPEX bond ETF market was already the largest in Asia. By the end of 2019, there had been a total of 94 bond ETFs listed, with the total asset under management (AUM) surging to NTD 1,278.3 billion, accounting for 75% of the overall domestic ETF market. Year of 2019 alone contributed to additional NTD 927 billion in the market scale of bond ETFs.

The daily trading value of bond ETFs in 2019 was NTD 3.526 billion, a growth of 175% from that in 2018, which was NTD 1.281 billion.

Right now, a variety of bond ETFs are available, including 20 short, mid, and long-term US government bond ETFs, 53 characteristic industry bond ETFs, 8 emerging market bond ETFs, 2 high income bond ETFs, and 11 Chinese government bond or policy financial bond ETFs.

Exchange Traded Notes (ETNs)

On September 10, 2018 TPEX announced its charter on the implementation of the ETN system. The first three ETNs were listed on the Main board on April 30, 2019. By the end of 2019, there had been 6 ETNs listed and traded on TPEX, with total issuance balance around NTD 1.474 billion. With the relaxation over the issuance of leverage ETNs and inverse ETNs on December 3, 2019, it is expected to introduce new types of ETNs and provide investors with more investment options.

Intensive Promotion of International Bonds

As of the end of 2019, the outstanding amount of the international bonds on TPEX had reached NTD 5.3 trillion. In 2019, to continue developing the international bond market for our country and to expand the market size, TPEX had established new rules for international bonds as following.

- 1. In line with the global supervisory trends about systematically important banks and the total loss-absorbing capacity (TLAC) system, TPEX placed the related rules of bonds with loss-absorbing capacity and established the issuance system for such kind.
- 2. In order to enhance the transparency and valuation of international bonds, TPEX have launched a fair price information disclosure mechanism for fixed-rate, non-callable USD-denominated International Bond to disclose the theoretical prices of such international bonds on the website.
- 3. In response to the government's New Southbound Policy, the Sukuk issuance policy was announced on June 14, 2019. Sukuk has been included in the scope of professional-board International bonds.

Under the efforts of TPEX over the years, the international bond market has managed to grow diversified to better meet the needs of professional investors for diversifying their investments and decentralizing risks. The main development features are (1) product diversification, (2) expansion of investor base, and (3) multiple sources of issuers.



The international bond market has grown diversified

Product diversification	<ul style="list-style-type: none">• In 2019, the number of short-to-mid-term (less than 10 years) international bonds increased, with the issue size and quantity accounting for 43.19% and 62.5% (in 2018, they were 33.96% and 37.04%), respectively, had significantly switched from the historical trend of 30-year bonds being the mainstream.• Sukuk was introduced.
expansion of investor base	Besides insurance sector, currently the major investor, TPEX extensively attracted banks and securities industry to participate more in international bond market.
Multiple sources of issuers	In 2019, issuers from Netherlands and the United Arab Emirates were attracted to the international bond market. In terms of industry sector, water resources, transportation, and semi-conductor manufacturing were new type of issuers. Multiple sources of issuers help to diversify the investment risks for the investors.

TPEX followed the government's New Southbound Policy and announced the amended Rules Governing Management of Foreign Currency Denominated International Bonds on June 14, 2019 under the supervision of the FSC. This had attracted QIB Sukuk Ltd. of Qatar Islamic Bank to issue the first Sukuk in Taiwan, with the issuance amount reaching USD 800 million. The bond was successfully dual-listed and traded on TPEX and Euronext Dublin on February 7, 2020, marking an important milestone for TPEX on the international bond market.

LITTLE
DICTIONARY

Sukuk

A fixed income product issued in honor of Shariah (Islamic Law). The issuer of Sukuk is a special purpose vehicle (SPV) and its transaction is on the basis of corresponding assets. Sukuk investors share the income from the underlying assets, not the interest payments. Currently, there are only two types of Sukuk allowed in Taiwan, namely Ijarah and Wakalah.

Optimizing Trading System

Promotion of the continuous trading system for securities on the Main board:

In order to improve the trading efficiency, TPEX has been devoted to promoting continuous trading mechanism on the stock market under the supervision of the FSC. After more than 2 years of intensive preparations, it was launched on March 23, 2020 simultaneously with the TWSE stock market. With the new system, investors will see more efficient cross product arbitrage, hedging, and strategic transactions because of the same trading mechanism. Within this new mechanism, a more flexible order placement, investment strategies, and increased information transparency will contribute to maintaining a fair and transparent market.

Highlights of the new system

- Intra-day continuous trading is adopted for the automated trade matching system; orders are matched as soon as they are received.
- Five new types of orders are introduced (six types of orders in total: market price/limit price ROD, market price/limit price IOC, market price/limit price FOK) to suit the needs of different investors.

Feedback from colleagues :

The new trading system seems complicated to the investors; however, its principle is quite simple. Either the original call auction trading or the new continuous trading follows the price priority and time priority principle to match the orders. In the case of continuous trading, the matching frequency is enhanced and a new generation of system featuring better efficiency is adopted. The risks relating to trading do not increase thereby. Since continuous trading mechanism is adopted by worldwide stock markets, its fairness, safety, and efficiency have been recognized internationally. Introducing a new trading system is a big matter. We believe most investors had been ready for the new systems due to proactive promotion and communication over time, and we highly appreciate the cooperation of Taiwan Securities Association and all practitioners in securities firms.

Introducing the Intra-day Odd-lot Trading System

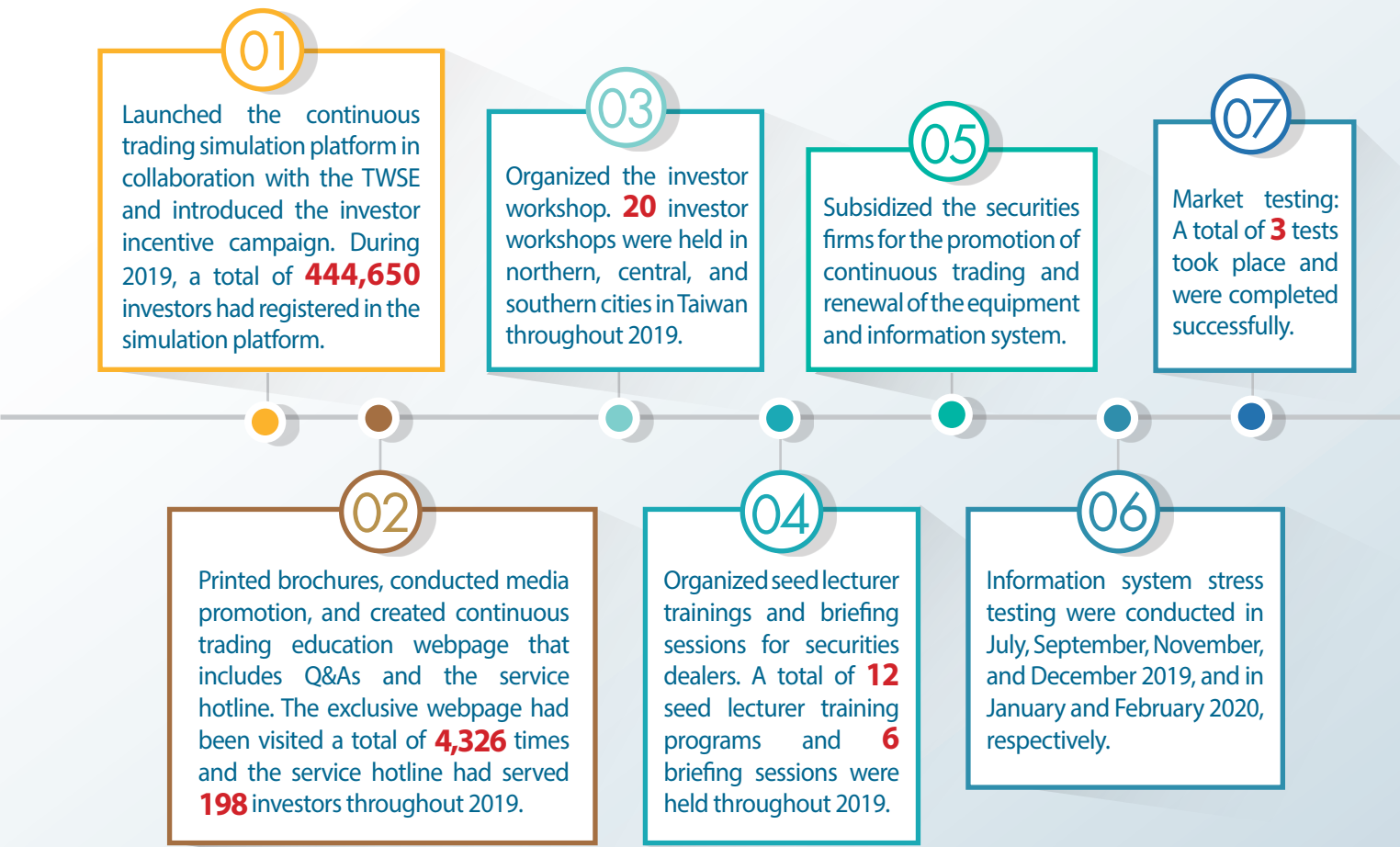
In order to further vitalize the securities market and to reduce the threshold for investors to trade high-price stocks, TPEX is planning to introduce the intra-day odd lot trading system. Once the system is introduced, it is easier for small investors to invest high-value stocks and to attract young people such as students and freshmen in society to build correct wealth management concept. Besides, new system can help slow down the aging investors issue in Taiwan and facilitate Systematic Investment Plan for securities firms. The intra-day odd-lot trading system is expected to go online on October 26, 2020.

Maximizing Investor Participation

Helping investors know TPEX 200 Index and the continuous trading system

In order to attract investors to know TPEX 200 Index and to take part in the trading of index products, throughout 2019, several promotional campaigns were held, like the Get to Know TPEX Index Award Winning Campaign, the Main board ETN Award Winning Campaign, the Search for TPEX 200 Index Super Predictor Reward Campaign, and TPEX 200 Index Product Reward Campaign. In addition, the Continuous Trading Virtual Platform Reward Campaign was held for investors to get fully familiar with and adapt to the continuous trading system. Investors were actively participated in these campaigns.

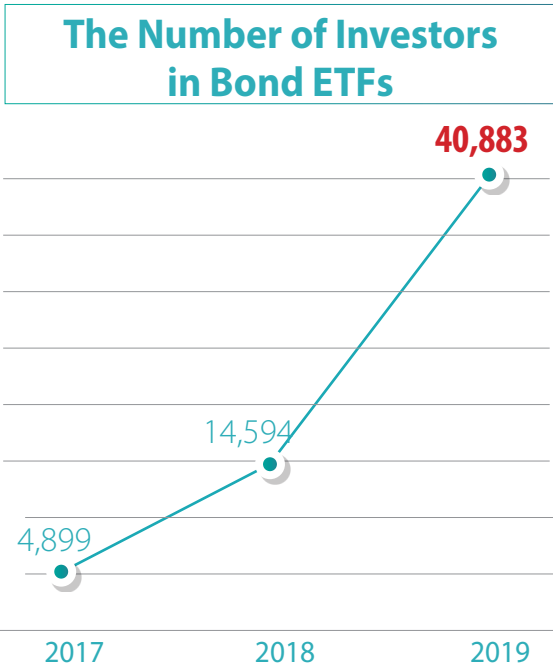
For the new continuous trading system, a series of promotional events took place in 2019:



Promoting trading of bond ETFs

A total of 17 bond ETF promotional briefing sessions about the strengths and risks associated with investing in bond ETFs were organized throughout 2019 for several areas of participants, like financial and legal affairs staff at listed companies, underwriters, registrars, securities firms practitioners, and general investors. More than 2,300 people participated in the events.

Besides promoting bond ETFs, TPEX encourages investment companies to hold bond ETFs investor workshops. A total of 6 investment companies applied subsidies for organizing related events from TPEX throughout 2019. Each workshop got subsidies at NT20,000 and a total of NT 380,000 were offered. Total 19 workshops attracted 2,000 people and increased the number of investors in bond ETFs.



Attracting foreign investors:

In order to attract international investors and to urge their participation, TPEx holds overseas roadshows, provides bilingual information on its website, and enhances international media coverage.



Conference for international investors

In May 2019, the 2019 CEO-CFO Taiwan Enterprise Day investor conferences were held jointly with MasterLink Securities Corporation and Okasan Securities Co., Ltd. Senior managements from 5 companies on the Main board visited Tokyo, Japan, to take part in 60 one on one investor conferences. In August, investor conferences in Singapore were held jointly with KGI Securities Co., Ltd. 7 companies on the Main board went to Singapore and 26 large well-known investment institutions participated the event. This time nearly 40 one on one investor meetings were held. As of the end of 2019, the holding ratio of foreign investors for Main board stock reached 22.21% and net purchased NTD 38.3 billion in 2019. The annual trading value reaching NTD 2,149.5 billion, a historical high, which shows positive outcomes for attracting foreign investors.



TPEx held 2019 CEO-CFO Taiwan Corporate Day in Tokyo

Bilingual information on TPEx website

To go with the national policy “Blueprint for developing Taiwan into a Bilingual Nation by 2030” and the FSC’s bilingualizing the official websites for securities and futures units, TPEx constructed a friendly bilingual service environment by comprehensively optimizing the design and contents of its official website. Tuned website into 100% bilingual step by steps and published bilingual brochures for domestic and foreign enterprises and investors. Meanwhile, TPEx releases monthly Chinese/English e-newsletter and sends on every 15th to the subscribers. It was already in its 174th issue by the end of 2019.

International media exposure

TPEx has been proactively seeking exposure on international media. In 2019, an exclusive interviewed by Scientific American with Chairman was made and the topic is about relaxing regulation in biotechnology and medical care industry and its accomplishments. The interview was included in the special edition of the magazine in November, 2019 “Taiwan Healthcare and Life Sciences Review”, placing the Taipei Exchange again in the international limelight.



Gaming the Capital Markets

Even when it comes to the impact of capital markets, Taiwan’s planners and policy makers have been pulling every string possible to facilitate the growth of indigenous biotech. “The Biotech and New Pharmaceutical Development Act helps support the industry by allowing new drug companies certified by the government to list for IPO on the Taiwan Stock Exchange and Taipei Exchange (TPEx) before having any products on the market. This helps companies to fundraise for their R&D while also benefiting from special tax advantages,” notes the TRPMA’s Carol Cheng.

Indeed, as of today, there are over 120 biotechnology companies listed on Taiwan’s stock exchange with a total market value reaching USD 23.4 billion in 2018. Being publicly listed, companies must report on their activities including fundraising, clinical trial results, and R&D progress.

“This has had the beneficial effect of rendering Taiwanese biotechnology a very transparent and reliable industry, thus in turn helping investors to feel secure in entering the sector and creating a virtuous circle,” she believes.

Many other industry insiders agree with that sentiment. “Taiwan’s regulation amendment to allow pre-revenue biotech to IPO has undoubtedly been a significant step in bolstering their biotech landscape,” reasons TPEx chairman, Philip Chen. “For biotech companies, the costs involved in an IPO on TPEx are more realistic than those on other major international markets. Besides, TPEx listing requirements for biotech enterprises are more relaxed compared to those of Hong Kong Stock Exchange and Shanghai Stock Exchange. Some of the listing criteria that are applicable in our neighbor markets like minimum market capitalization, approval documents for phase II clinical trials of at least one product, and the cornerstone investors



Philip Chen
chairman, Taipei
Exchange (TPEx)

1-2 ROBUST DEVELOPMENT

1-2-1 Maintaining the capital market mechanism

With an innovative mindset, TPEx provides services and products to satisfy the needs of investors and enterprises, while at the same time firmly protects the rights of investors and shareholders by creating an open, transparent, and sound market. It is committed to maintain a secure trading environment and a robust market as well. For the sake of ensuring fairness and order in trading, TPEx cooperates with FSC in enforcing supervisory rules and regulations in the securities market and continues to reinforce the regulatory systems of the market supervision and surveillance.

Supervision on Listed Companies and ESB Companies

TPEx oversees the market with hierarchical management approach. It has set up numerous management mechanisms to ensure the financial stability of TPEx-listed companies, to strengthen the companies’ internal control, and to enhance their information transparency and disclosure.

For example, TPEx routinely reviews the internal control system and financial statements of selected Main board listed companies and ESB registered companies in order to evaluate their compliance and financial reporting quality. It also conducts standard procedures to review the material information disclosed by the companies in order to find out whether there are any misleading statements or significant issues. Besides, TPEx quarterly carries out inspection on the performance concerning the commitments made by the listed companies as a part of Main board listing agreement.

Meanwhile, TPEx proactively promotes corporate governance by reinforcing functions of the Board of Directors and the Audit Committee, enhancing transparency of information, and improves exit mechanism for listed companies in an effort to protect the rights of investors and shareholders. To minimize information asymmetry, the daily duty of TPEx includes checking news covered by multiple medias related to the listed companies and ESB companies. When the clarification about the news is needed, TPEx immediately requires the companies to release information on the MOPS on the same day. Moreover, TPEx cooperates with external organizations and government authorities in data and information exchange. For example, it obtains notices from Taiwan Clearing House of the filings of dishonored checks occurred to the listed companies.

New supervisory measures in 2019	
New measure	Description
Reinforce supervision and information disclosures of subsidiaries of TPEX-listed companies applying for overseas listing	To protect shareholder's equity, TPEX has amended six rules including "Taipei Exchange Rules Governing Securities Trading on the TPEX".
Revise exit measures for TPEX-listed companies with poor financial performance or material uncertainty—applicable to financial reports for 2019 and afterward.	"Rules Governing Securities Trading on the TPEX" were revised to urge TPEX-listed companies with poor financial performance (net value lower than 3/10 of the share capital for a long time) or material uncertainty in operation to proactively improve their financial structure over a period of 3 years. If they fail to make progress by the deadline, their shares trading will be suspended for no more than 6 months or terminated after 6-month suspension.

Management mechanism of Securities Firms

Securities firms are intermediaries of securities markets playing crucial role in maintaining market operation and protecting investors. In order to ensure the effectiveness of management mechanism of securities firms and personnel, routine audit and examination of the securities firms regarding their operational and financial performance are carried out in accordance with TPEX's operational rules. In addition to routine audit, TPEX also conducts targeted examination project when extraordinary items or situations are discovered.

For ensuring the financial stability and risk-undertaking capability of the securities firms, TPEX has published regulations about capital adequacy requirements, risk warning procedures, and risk management evaluation systems, which help to create a fairly competitive environment based on risk management.

In 2019, TPEX and the Taiwan Stock Exchange jointly held a total of 13 briefing sessions on the revisions made to the "Criteria Governing Internal Control Systems of Securities Firms", with around 1,600 participants, to help securities firms build a complete and effective internal control system and internal auditing procedures.

Throughout 2019, TPEX carried out audit and examination on securities firms as follows:	
audit and examination topic	Number
Anti-money laundering / counter terrorist financing (AML/CFT)	6
Stock trading activities	65
Bond trading activities	25
Leverage transaction merchants and derivatives trading	31
Book building and competitive auction of IPO shares	24
Comprehensive evaluation of overall risk management	8
Prevention against large-scale defaults	220
Brokers pre-collect for trading of disposition stocks	10
Total	389

Market Surveillance

TPEX has set up market surveillance systems and related regulations to monitor transactions in the stock market in order to ensure the market integrity. The surveillance systems primarily consist of early warnings and examining illegal trading activities.

The early warnings mainly focus on stocks with abnormal prices and trading volumes. In certain cases, disposition measures are taken to bring investors' attention toward the investment risks. TPEX announces the list and details of warning stocks and disposition stocks to better inform the investors. During 2019, 1,491 announcements of attention (of 340 stocks) on Main board securities and 105 events triggered disposition(of 69 stocks) were made. For the ESB stocks, 21 announcements of attention (of 14 stocks) were made.

Examining illegal trading, on the other hand, focuses on irregular trading activities such as stock price manipulation or insider trading. The results of examination should be reported to the competent authority for further investigation and a prosecutor will involve in it to conduct judicial procedures. Such systems can enhance investor protection and market fairness.

TPEX closely collaborate with the competent authorities and judicial authorities to prevent illegal trading. By sharing practical experiences and exchanging professional opinions, TPEX's capability in surveillance and illegal activities examination has been improving. In addition, TPEX constantly communicate with issuers and securities firms to make them more acknowledged of the regulatory obligations of the insiders under the laws.

In 2019, TPEX had held 6 workshops focusing on illegal transactions prevention and 5 on insider trading regulations and around 1,400 people had participated in, including directors and supervisors of issuer companies and persons in charge from the securities firms.

Investors Protection

Besides maintaining an effectively functioning mechanism on the capital market, enhancing financial literacy and investor education is also key to the sustainable development of a financial market. Sufficient knowledge of the opportunities and risks associated with different financial instruments and the latest comprehensive market information are crucial for investors to make decisions. Therefore, TPEX highly emphasizes investor education and communication to protect investors from engaging in unfamiliar or uninformed transactions which would cause losses. TPEX continuously holds investor workshops throughout the nation, prepares comprehensive handbooks or flyers that are placed at the operational sites of securities firms and constantly advances investor's access to the market information.

To provide direct services to the investors, TPEX is open to inquiries and complaints made by market participants, investors, and the public with the following channels:



- Hotline (02-2366-6100)
- Fax (02-2369-1302)
- Email (click on "Contact Us" on the official website)

TPEX stays impartial while dealing with investors complaints with an effort to respond to them as soon as possible. In the year of 2019, all the emails from investors were properly responded by related departments.



Workshops for investors on continuous trading mechanism

Investor education and communication in the year of 2019

Type of event	Achievement	Benefits for the investors
TPEX Corporate Day	A total of 27 investors conferences were held on the topics of featured industries on the Main board such as TPEX 200 Index, TPEX 50 Index, biotech and medical care sector, outstanding corporate governance. The selected TPEX-listed companies were invited to present to the investors for 81 sessions. In addition, one conference was held on the topics of the ESB companies .	To build up a direct communication and interaction platform between investors and companies, boosting information transparency.
IFRSs Training Conference	A total of 8 conferences on the adoption of International Financial Reporting Standards in Taiwan were jointly held with the Taiwan Stock Exchange, Taiwan Futures Exchange, and Taiwan Depository & Clearing Corporation.	To improve issuers' capability in financial reporting in line with IFRSs, increase reliability and quality of financial statements, and remind investors of important items regarding financial reports.
Investment workshop	Up to 20 investor workshops were jointly held with multiple securities firms.	To become more familiar with new continuous trading mechanism, TPEX 200 Index, and investment strategies and the latest trends of new financial instruments such as ETFs and ETNs.
Briefing sessions for securities firms.	A total of 6 briefing sessions about the new trading system and related regulations on the TPEX Market were held.	To boost communication with the intermediaries, say the securities firms, about the latest regulations in the trading market, in that way reducing disputes between investors and brokers and ultimately fulfill the purpose of investors protection.

1-2-2 Ensuring Stable Operation on the Market

Stable System and Continuous Operation

TPEX must ensure the safety and security of overall trading system and prevent all possible conditions that may endanger operations at TPEX market. Therefore, various types of measures and management mechanisms are defined to keep transactions and operations going and uninterrupted. For related measures, refer to 2-1-2 “Risk Management - Business Continuity Planning”.

Anti-Money Laundering and Counter-Terrorist Financing (AML and CTF)

Effective anti-money laundering and counter terrorism financing procedures can help a financial institution identify the overall risks facing it. By establishing and implementing related internal control procedures, a financial institution can adopt suitable AML and CTF measures that are aligned with its risk level in order to effectively detect suspicious transactions and protect the investors.



Taiwan was approved the best rating in anti-money laundering and counter terrorism financing performance at the 22nd APG annual conference .

TPEX proactively cooperates with Executive Yuan's Anti-Money Laundering Office (AMLO) in promoting policies, including attending the Private Sector AML/CTF Mock up Mutual Evaluation Conference, sharing related information, enforcing AML and CTF procedures in the securities firms. With all the efforts, Taiwan successfully completed the Round 3 on-site mutual evaluation of the Asia/Pacific Group on Money Laundering (APG) and be approved in the 22nd APG annual conference in August 2019. Taiwan was upgraded from “enhanced follow-up” to the top "regular follow-up" category, which is the best rating for the evaluation. For this Round 3 evaluation, TPEX invested in enormous manpower and resources and provided assistance to the competent authority in the aspect of securities industry. As the evaluation result, no major defects items of the securities industry were identified. Refer to the Special Section in this chapter for details.

In 2015, TPEX, jointly with the Taiwan Stock Exchange, Taiwan Depository & Clearing Corporation, Taiwan Securities Association, Chinese National Futures Association, and Securities Investment Trust & Consulting Association of the ROC, set up the website for AML and CTF for the securities and futures industry as the platform for promoting AML / CFT in the industry.



Anti-Money Laundering and Countering Terrorism Financing Zone



1-3-1 Reinforcing Involvement in External Organizations

TPEX has joined 17 domestic organizations and associations as a member to collaboratively boost the development of the capital market. TPEX not only attends the routine meetings, involves in important conferences, but also proactively supports the events or seminars organized by the associations. For example, in 2019, it co-organized and participated in two charity carnivals in Tainan and Hsinchu held with the Taiwan Financial Services Roundtable Co., Ltd., FinTech Taipei 2019, and Bio Asia 2019 organized with the Taiwan Bio Industry Organization.

Domestic associations	
Name	Role
Taiwan Financial Services Roundtable Co.,Ltd.	member/ a seat in Board of Directors
Securities Analysts Association, Chinese Taipei	member/ a seat in Board of Directors
Accounting Research and Development Foundation	member/ a seat in Board of Directors
Taiwan Corporate Governance Association	member
The Institute of Internal Auditors, R.O.C.	member
BCSD Taiwan	member
Taiwan Intangible Asset and Corporate Review Association	member
Chinese International Economic Cooperation Association, Taiwan	member
Chinese National Association of Industry and Commerce	member
Corporate Operation Association of the ROC	member
Taiwan Stock Affairs Association	member
Taiwan M&A and Private Equity Council	member
Banking Education Association of Taiwan	member
Taiwan Bio Industry Organization	member
Financial Planning Association of Taiwan	member
Taiwan Finance Association	member
Financial Engineering Association of Taiwan	member

1-3-2 Expanding International Involvement

Participate in meetings and seminars with foreign securities institutions to build international positions and a professional image

TPEX has joined important international securities market organizations and continued to take part in their annual meetings and working committees meetings. By this way, it can maintain the friendship with other members , facilitate cross-market cooperation, and keep track on the current trend of regulatory framework in the international market. Participating in such the meeting and activities is important for promoting the TPEX market. During 2019, TPEX has attended 15 international organization's events, including GA, annual meetings, working committees meetings, seminars, and training programs.

International organizations		
	Name of organization	Role
	The World Federation of Exchange (WFE)	member
	Asian and Oceanian Stock Exchanges Federation (AOSEF)	member
	The International Organization of Securities Commissions (IOSCO)	Affiliate member (the competent authority, Taiwan FSC, is a member)
	The Global Association of Central Counterparties (CCP12)	member
	Climate Bonds Initiative (CBI)	member

Interact with the MOU Exchanges constantly to Deepen Collaborations

TPEX has signed up Memorandum of Understanding (MoUs) with 24 stock exchanges respectively. The Qatar Stock Exchange is the latest one. Based on the MoU, TPEX visited the Qatar Stock Exchange and several large financial institutions in Qatar in 2019 to facilitate the mutual understanding, interaction and further cooperation. Inaddition, TPEX once again attended the IR Festa organized by the Tokyo Stock Exchange to promote premium investment opportunities onthe Taiwan market to investors in Japan. It has been also invited by the Japan Exchange Group to the Alumni Global Networking meeting in Japan along with the Thailand Exchange, the Korea Exchange, the Bangladesh Exchange, the Mongolia Exchange, the Indonesia Exchange, the Taiwan Stock Exchange, the Taiwan Futures Exchange, and some large funds and Japanese enterprises . Such reunion meeting has helped facilitate networking in the Asian region.

TPEX attended Tokyo Stock Exchange IR Festa for two consecutive years, in 2018 and 2019, and noticed the interest in TPEX market of the investors in Japan. Therefore, TPEX has proactively discussed with the securities firms on the feasibility of sub-brokerage. Eventually, the retail investors in both markets are able to trade stocks on the other through sub-brokerage.



Japanese company Pronexus Inc. visited the Taipei Exchange



The State Securities Commission of Vietnam visited the Taipei Exchange

1-3-3 Promoting TPEX's Services

TPEX welcomes various visiting groups in domestic or overseas. By receiving the visiting groups, it helps the visitors interested in TPEX market become more familiar with the multi-tiered market structure, trading mechanism and diversified products on the market.

Following the visit of EBRD and Croatia capital market in 2017, which successfully built the linkage with the Southeast European securities market, TPEX received the visit group from the Republic of Uzbekistan in 2019. It was a great opportunity for TPEX sharing its experience in supporting innovative SMEs and developing diversified financial products with the emerging market in Central Asian.

In addition, TPEX received delegations from foreign financial and securities institutions such as Italian Economic, Trade, and Cultural Promotion Office, the Financial Supervisory Commission of Vietnam, the Indonesia Stock Exchange, Saigon Asset Management Company of Vietnam, and Japan Business Administration Consulting Company. The visiting groups demonstrated a high level of interest in the GISA, the development of bond market, and foreign listing rules, among others. TPEX also received two groups of students from the Academy for the Judiciary as a preliminary training courses for the judges-to-be.

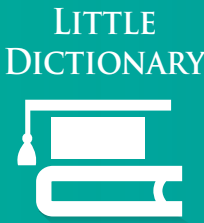


Uzbekistan and EBRD Delegation visited the Taipei Exchange

1-3-4 International Recognition

TPEX has developed the SMEs market for decades, which has brought the world's attention and international awards.

In 2019, TPEX was recognized by the U.S. Securities and Exchange Commission (SEC) as a Designated Offshore Securities Market (DOSM). This enables investment institutions in the U.S. to include the securities on the TPEX Main board into their portfolios and trade more easily. Being recognized as a DOSM is a milestone for TPEX's development in internationalization and will further enhance the professional image of TPEX. It demonstrates that the market supervisory mechanism and trading system of TPEX have been performed with high standards and the operational efficacy of the market is qualified as an advanced market.



Designated Offshore Securities Market (DOSM)

The US Securities Exchange Act, with a purpose to protect domestic investors, requires that American investors should register with the US SEC of the securities transactions, unless the transactions are exempted by the safe harbor regulation, i.e. Regulation S. Regulation S stipulates the registering with the US SEC be waived if the securities traded are DOSM-listed. Meanwhile, companies listed on a DOSM do not need to register with the US SEC when offering private shares in the US. The US SEC has the power to designate any foreign exchange as a DOSM. In order to make the decision, it reviews legal documentation of DOSM applications thoroughly and rigidly.

Chapter 2 DEEPENED GOVERNANCE

SPECIAL COLUMN: OVERALL CHECKUP OF CORPORATE GOVERNANCE - CORPORATE GOVERNANCE EVALUATIONS

2-1 INTERNAL OPERATION

2-2 CORPORATE GOVERNANCE

SPECIAL COLUMN | Overall checkup of corporate governance - corporate governance evaluations

Under the supervision of the FSC, the corporate governance evaluations are conducted annually by the Securities and Futures Institute (SFI) on all TWSE/TPEX-listed companies. The comprehensive evaluation is the overall checkup of corporate governance of the listed companies. Each year, the evaluation system and indicators are modified and updated. Qualitative indicators are increasingly emphasized, differential scoring is increased and a questionnaire feedback mechanism is added. From the evaluation results of 5 consecutive years, it reveals that the quality of the corporate governance of domestic enterprises have been significantly enhanced.

The 2018 (fifth) corporate governance evaluation was consisted of four major themes, namely a).protection of shareholder rights and equal treatment to shareholders, b).reinforced structure and operation of the Board of Directors, c).improved information transparency, and d).fulfilled corporate social responsibilities. A total of 85 indicators were used for the evaluation on 686 listed companies.

The results of the fifth evaluation were announced to the public at the end of 2019. According to the evaluation scores, the TPEX-listed companies are divided into seven groups of the top 5%, 6% to 20%, 21% to 35%, 36% to 50%, 51% to 65%, 66% to 80%, and 81% to 100%, respectively. Impressively,, a total of nine companies on TPEX Main board were ranked among top 5% at the first time and 13 companies were ranked in the top 5% for the fifth consecutive years , indicating that corporate governance evaluation is highly emphasized by many listed companies. The competition among the companies accordingly becomes a push for enhanced corporate governance of companies in Taiwan.

TPEX and the Taiwan Stock Exchange jointly held the “Fifth Corporate Governance Evaluation Award Ceremony” in May 2019 to honor the top 5% companies (34 TPEX-listed companies and 43 TWSE-listed companies). The awards not only recognized the issuers’ efforts devoted to corporate governance, but encouraged investors to focus on well-governed companies so that abetter and deepened governance culture may be symbolic of the Taiwan capital market



Corporate Governance Evaluation Award Ceremony

2-1 | INTERNAL OPERATIONS

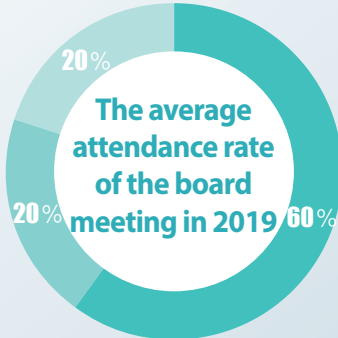
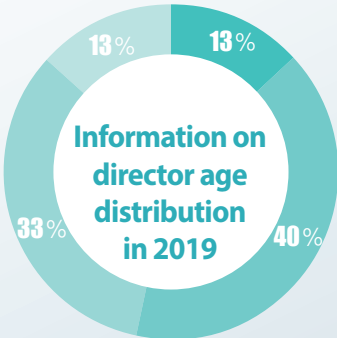
2-1-1 Governance approaches

Governance Framework

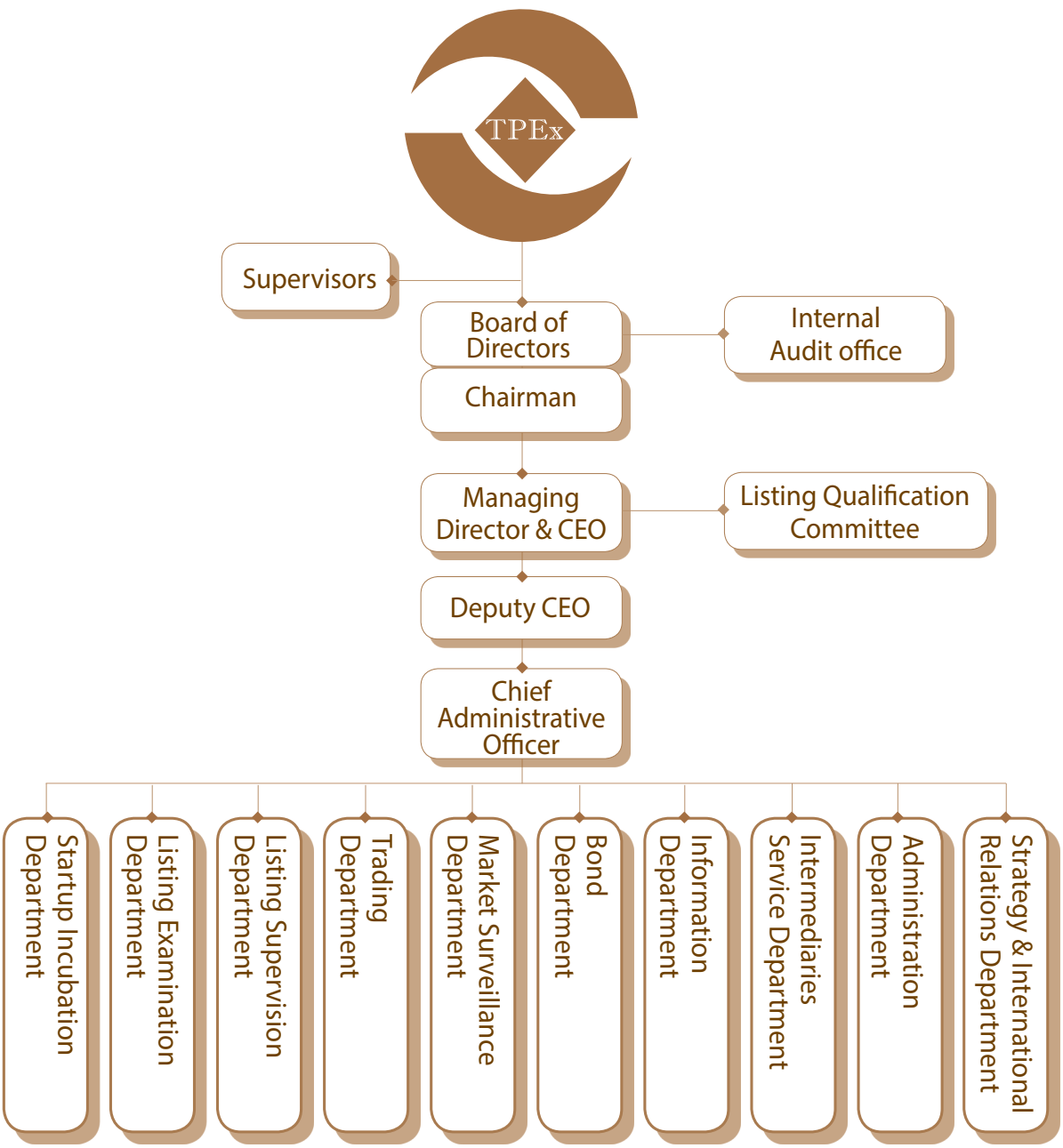
The Board of Directors is the highest governing body of TPEX, featured with independence and public-interest-orientation. It consists of 15 members, some of whom are appointed by the competent authority and the remaining are elected by original donors in addition to 5 supervisors.

The three-year term of current Board of Directors is from August 10, 2018 to August 9, 2021. All of the members are 50 years old or above and male members account for 93% while female accounting for 7%. The board members have rich experiences in industry, academic, and practical field with expertise in management, corporate governance, finance, accounting, mathematics and law. They are capable of making the decisions related to TPEX's operation as well as topics about environmental and social issues. For enhanced transparency, related information of the Board of Directors is published on the TPEX website.

Chairman/Chairwoman of the Board calls for the board meeting every month and chairs the meetings. . During the year of 2019, 12 board meetings were held and the average attendance rate was around 95%.



Organization Chart of TPEX




The board of management consists of Managing Director & CEO that oversees the operations at TPEX in accordance with the scope of business determined by the Board of Directors; one or two Deputy CEO(s) and one Chief Administrative Officer who assist the Managing Director & CEO in daily operations; one head and up to two deputy-heads in each of the 10 departments take the responsibilities of different tasks. Every week, the management meeting is held and chaired by the Chairman/Chairwoman or Managing Director & CEO. During 2019, a total of 52 management meetings took place.

Moreover, an internal audit group was set up directly reporting to the Board of Directors for the duty of internal audits and internal control procedures.

Integrity-based Management

In order to build up a high quality and trustworthy market for the enterprises and the public investors , TPEX, with core value of ethics and integrity, carries out the operational activities in fair and transparent ways. TPEX has set up a comprehensive internal management system that helps shape and maintain a fair, equal, and anti-corruption consensus and culture in organization. Besides demanding that all staff follow the Confidentiality Guidelines, the Ethical Norms, and the Precautions for Staff to Acquire or Dispose of Securities Traded on the Taipei Exchange Market and Stocks on the GISA , among other fundamental disciplinary regulations, for employees taking charge of reviewing and supervision, there are also the Disciplinary Regulations for Reviewers of Securities on the Main board, Emerging Board, GISA and Counselors for the GISA , and the Disciplinary Regulations for Supervisors of Securities in order to prevent conflicts of interest and to avoid negligence such as corruption and violations of laws. TPEX periodically remind the staff of complying with the respective disciplinary rules by internally announced and reiterated. Meanwhile, the internal audit group semi-annually conducts a satisfaction survey among underwriters on the examination process of the listing application, covering the attitude, service provided, professional knowledge, presence/absence of improper behavior of reviewers during reviews, etc. For 2019, the surveys were conducted among 13 securities underwriters and the response rate was 100%. The feedback and advice from the surveyed underwriters have been addressed.



Results of the satisfaction survey among securities underwriters in 2019 did not show improper conduct; the overall satisfaction was around **90%**.

In order to enforce integrity-based management, the Board of Directors has approved the Integrity-based Management Regulations in 2019 to convey the importance of integrity. In addition, TPEX holds ethical measures implementation meetings each year to review administrative efficiency, ethical incentives, corporate governance, and corporate integrity.

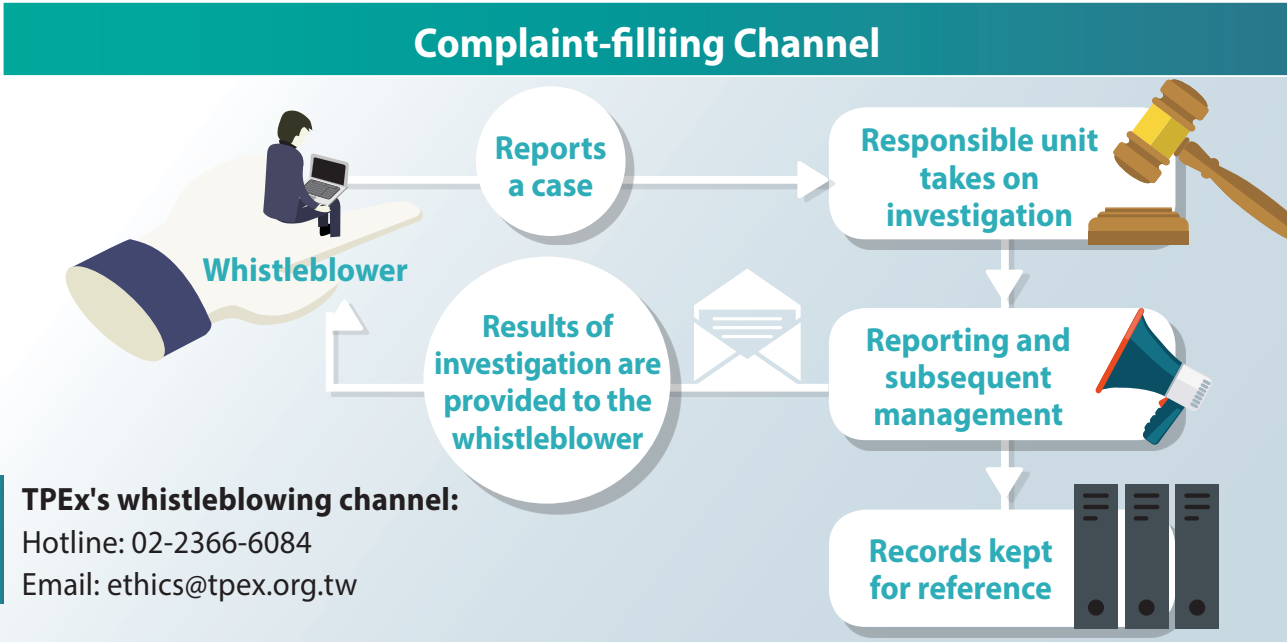
TPEX has its Whistleblowing System Implementation Guidelines in place. Anyone that finds someone at TPEX with criminal acts, fraud, or violations against laws can report them in person, in writing, by email, or over the phone, among other ways, to reveal them. The internal audit group will accordingly conduct investigation. Besides, the internal audit group inspects any trading of TPEX securities by the staff on a quarterly basis. Internally, employees can file complaints through mailboxes to the top management such as Chairman/Chairwoman, Managing Director & CEO . In the year of 2019, no violations of self-disciplinary regulations, corruption or internal complaints were found.

Compliance

As the platform between the investors and fund-raisers, TPEX shall set the right example for market participants regarding compliance with laws and regulations. , No violations of laws and regulations concerning environmental protection, social or economic aspects occurred in 2019. There were no violations in the labeling of products and information about services or marketing and broadcasting-related laws and regulations, either.

To ensure compliance, TPEX has set up its Legal Affairs Administration Division under the Administration Department to take charge of compliance relevant to TPEX and advising on the amendments of regulations related to TPEX's businesses.. For keeping all staff of TPEX informed of the latest status of relevant legislation, laws and regulations are compiled, tabulated, and published on the TPEX Intranet for the reference..

In cases of additions or revisions to the laws and regulations, applicable internal regulations of TPEX are discussed and revised. After they are filed for reference with the competent authority, they are announced on the exclusive section for laws and regulations of the TPEX website to facilitate review by investors, securities firms, and issuers, among other stakeholders. In order to ensure the validity of internal control system of compliance at TPEX, a self-assessment takes place once every six months at each department and the assessment results are submitted to the internal audit group for review and approval. In addition, the internal audit group inspects compliance practices every year. There were no major abnormal circumstances in 2019 according to the result of annual compliance inspection.



TPEX also followed applicable regulatory requirements and internal regulations by holding compliance training sessions periodically. Throughout 2019, three training sessions on the Personal Information Protection Act and Sharing of Information Safety Practices, Reflection on the Whistleblowing System, and Gender Mainstreaming were held, and the “Important Labor Rights Overview” program was held so that the staff could keep abreast of the times and improve their compliance awareness.

2-1-2 Risk management

In order to maintain optimal operations on the TPEX Market and on the capital market, based on the overall operational strategy and environment and in compliance with current applicable laws and regulations, TPEX has a suitable risk management mechanism in place and continues to enforce it so that risk management may be integrated in and become part of the decision-making process and that respective departments, while planning and promoting operations, can effectively identify, measure, supervise, prevent, and control risks to keep possible risks controlled at a tolerable level.

Risk Management Committee

In order to enforce the risk management policy and to implement the risk management mechanism, TPEX has set up the Risk Management Committee chaired by the Managing Director & CEO, whose members include Deputy CEOs, the Chief Administrative Officer, and the heads and representatives of the respective departments. The Risk Management Committee meets at least once a year or whenever as needed.

The respective departments have the responsibilities to activate risk management annually focused on their jobs and duties. Risks are evaluated comprehensively following a process consisting of risk identification analysis assessment and countermeasures execution. Risk identification and analysis documents are reported to the Risk Management Committee for approval of any revision based on the operational practices. so that the risk management culture is strengthened to facilitate sustainable development of the organization.

Risk Management Procedure and Implementation Results in 2019



Business Continuity Plan

In order to ensure that TPEX can activate response procedures correctly and promptly when a disaster or emergency event occurs and that the operation can be recovered within the expected period of time for the sake of trading safety and investor protection, TPEX has a set of the Business Continuity Plan, the Emergency and Abnormality Management Handbook, the Abnormal Computer Trading System Events Management Procedure, and the Full Backup Maintenance and Management Procedure in place. Each department updates its own Business Continuity Plan and Emergency and Abnormality Management Handbook, and submits them to the Continuous Operation Committee for approval. the Continuous Operation Committee is convened by the Managing Director & CEO of TPEX and consists of members that include Deputy CEOs, the Chief Administrative Officer, and heads of respective departments. It takes charge of matters concerning the Business Continuity Plan and risk management, prevention of possible accidents and recovery. In 2019, according to the decision of the Committee, TPEX had successfully completed the stimulation practice of BCP for the chosen scenario that the remote backup system being activated regarding the ESB and bond trading systems.

Maintaining the information system functioning is very important for ensuring continuous operation at TPEX. Operating goals such as “no transactions impacted due to program errors of the information system throughout the year”, “no interrupted service due to capacity”, and “a pass rate of 96% or above in backup system testing and rehearsal” are set. In order to keep the information system functioning, the on-location and remote backup systems are created at TPEX and various types of simulated rehearsals are conducted periodically to ensure that the backup system can be activated within the shortest period of time as expected so that the related operations could recover quickly and smoothly and the damages be minimized. In 2019, the on-location backup testing for respective trading systems took place in May and August, and remote backup testing took place in June and October, respectively. The information system testing covered different trading systems, the website, the after-hour trading information system, the reporting system of cybersecurity events and the distributed denial-of-service (DDoS) attacks, among others. For the year of 2019, the results of such rehearsals met expectations and three goals regarding information system were fulfilled.

Besides, in light of the fact that there may be higher chances of abnormalities given obsolete equipment, various old system servers were replaced in 2019, including equipment for trading the ESB stocks and derivatives, the redundant array of independent disks (RAID), the database machine, and the email and spam filtering devices. The replacement has been completed to facilitate the system to run steadily and safe.



In March 2020, in response to the COVID-19 outbreak, besides synchronizing disease prevention measures with the Central Epidemic Command Center to ensure safety and health of all staff and stakeholders, TPEX, made all efforts to keep the market functioning and operations going such as adopting backup offices and remote working, and preparing equipment for virtual meeting to facilitate communication with the competent authority and related parties.

Internal Audits

The internal control and internal audit mechanism of TPEX is implemented in accordance with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. Accordingly, each department has set up related internal control procedures reflective of their operational processes and made them available on the Intranet to ensure that the design and implementation of the internal control remain effective. The internal audit group, directly reporting to the Board of Directors, periodically audits the operation of the departments and provides improvement advices on the effectiveness of the internal control procedures. Internal findings and follow-up on improvements are reported to the supervisors of BOD for review on a monthly basis and presented in the board meetings on a quarterly basis, as well as filed to the competent authority. During 2019, a total of 12 advices based on internal auditing were provided for respective departments and all the follow-ups have been completed.

Meanwhile, to cope with changes to the internal and external environments and revisions made to laws and regulations, the departments should revise their internal control procedures accordingly in a timely manner. Any revision should be announced to the staff along with educational trainings when needed. Besides self-assessments performed as required on a monthly basis, every department is responsible to evaluate the validity items in its internal control procedures. For 2019, no incidents of failure in the implementation have been found.

2-1-3 Information Security and Personal Information Protection

In order to provide enterprises with an effective fund-raising channel and to provide the general public as investors with a comprehensive market with diversified products and pluralistic trading methods, TPEX, for the sake of providing safe and trustworthy information services, is devoted to maintaining a complete, feasible, and valid information security management system and a personal information protection system that best protects information security on the capital market.

Information Security Management System

TPEX obtained ISO 9001, ISO 27001, and ISO 20000 certifications and continues to maintain the effectiveness of the certificates by performing follow-up inspections once every 6 months and re-inspections once every 3 years as required. The certificates remain effective to this date. Meanwhile, an Information and Communication Security Management Review Meeting is called once every 6 months and chaired by the Deputy CEO to periodically review the implementation of the respective tasks under the Information and Communication Security Management System to ensure the adequacy and validity of the management system. No disclosure of secrets occurred in 2019.

In light of the importance of information security, TPEX established an exclusive unit called Information and Communication Security Section to take charge of information security-related business in August 2018. It holds various safety tests, weakness repairs, and related rehearsals periodically in order to protect the system against information security threats and to ensure that the information system remains operative. Meanwhile, there is professional educational training for information security staff to help enhance their awareness and professionalism. All information systems worked normally throughout 2019. No harmful information security events took place, and for two years in a row the Information Security Overall Implementation Declaration that

was determined to be precisely enforceable was issued in accordance with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and as required by the FSC.

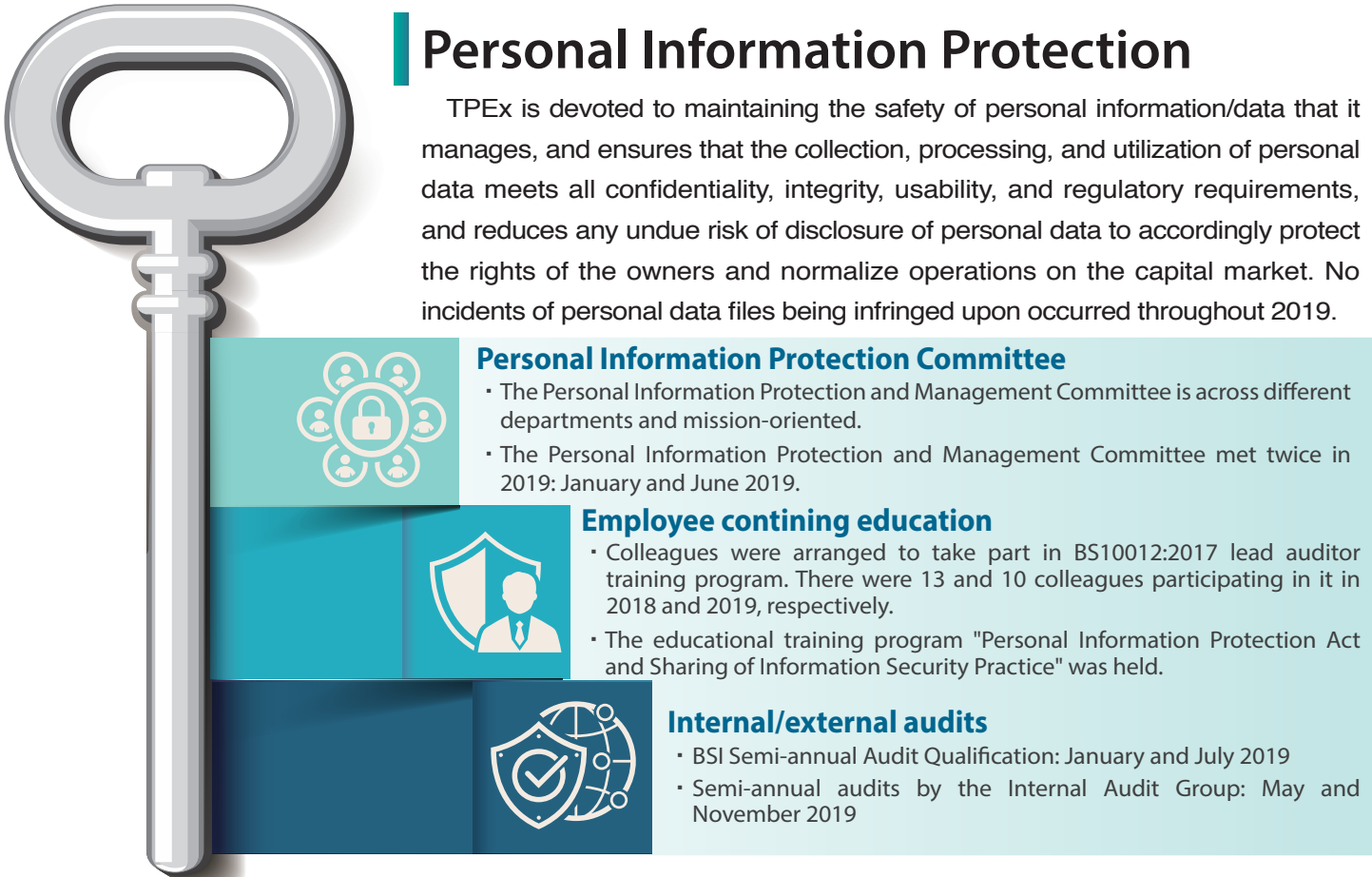
Supplier Service Audit

TPEX relies mainly on information systems for its major scope of operation. The quality of service provided by suppliers for information security monitoring, network telecommunications, and information security equipment, for example, is closely related to information security. Therefore, TPEX periodically reviews the actual services provided by contractors awarded a tender to see if it falls in line with what is stated in the contract and records the results of the review to serve as a reference for supplier evaluations in the future.



Personal Information Protection

TPEX is devoted to maintaining the safety of personal information/data that it manages, and ensures that the collection, processing, and utilization of personal data meets all confidentiality, integrity, usability, and regulatory requirements, and reduces any undue risk of disclosure of personal data to accordingly protect the rights of the owners and normalize operations on the capital market. No incidents of personal data files being infringed upon occurred throughout 2019.



To protect personal data, TPEX introduced the personal information protection and management system, following the requirements of the Personal Data Protection Act by preparing the Personal Data Protection and Management Handbook and respective instructions and procedures to be followed by all staff while collecting, processing, and utilizing personal data. Meanwhile, the operational effectiveness is examined in accordance with the personal information management standards BS 10012 released by BSI and internationally approved.

TPEX has its Personal Information Protection and Management Committee in place to help with the enforcement and promotion of the personal information protection mechanism and related implementations. The Committee is chaired by the General Manager and CEO, and the Vice Chairman is the Deputy CEO in charge of the Planning and International Affairs Department. The Planning and International Affairs Department is the contact window for personal information protection and the heads of the respective

departments are the members. Each of the departments also has a personal information contact. In order to review the personal information management policy and goals at TPEX, the Personal Information Protection and Management Committee meets twice a year (or more frequently if needed) and it met on both January 16 and June 19, 2019. All the items to be reviewed were confirmed after an item-by-item presentation and discussion. Respective measurement indicators were effectively fulfilled. There were no personal information-related appeals and infringements, either. In order to boost the capability of the staff in coping with personal information infringements and their awareness of any crisis, however, a simulated rehearsal was organized on October 16, 2019, in response to an infringement upon personal information. In addition, there are dual audits, that is, internal and external ones, once every 6 months to reflect upon, boost, and enforce related personal information protection.

In response to the General Data Protection Regulation (GDPR) of the European Union, BSI has updated its BS10012 to BS10012:2017 over the past few years. After having comprehensively examined its related internal personal information protection and management systems, TPEX has been proactively adjusting its internal operating procedures and specifications and arranging training programs for its staff in order to enhance their professionalism. After all the preparations, the site visit by the certifying body BSI occurred on January 28 and 29, 2019 and TPEX was certified by the BS10012:2017 PIMS and was approved during the re-review that occurs once every three years on July 22 and 23.



2-1-4 Business Performance

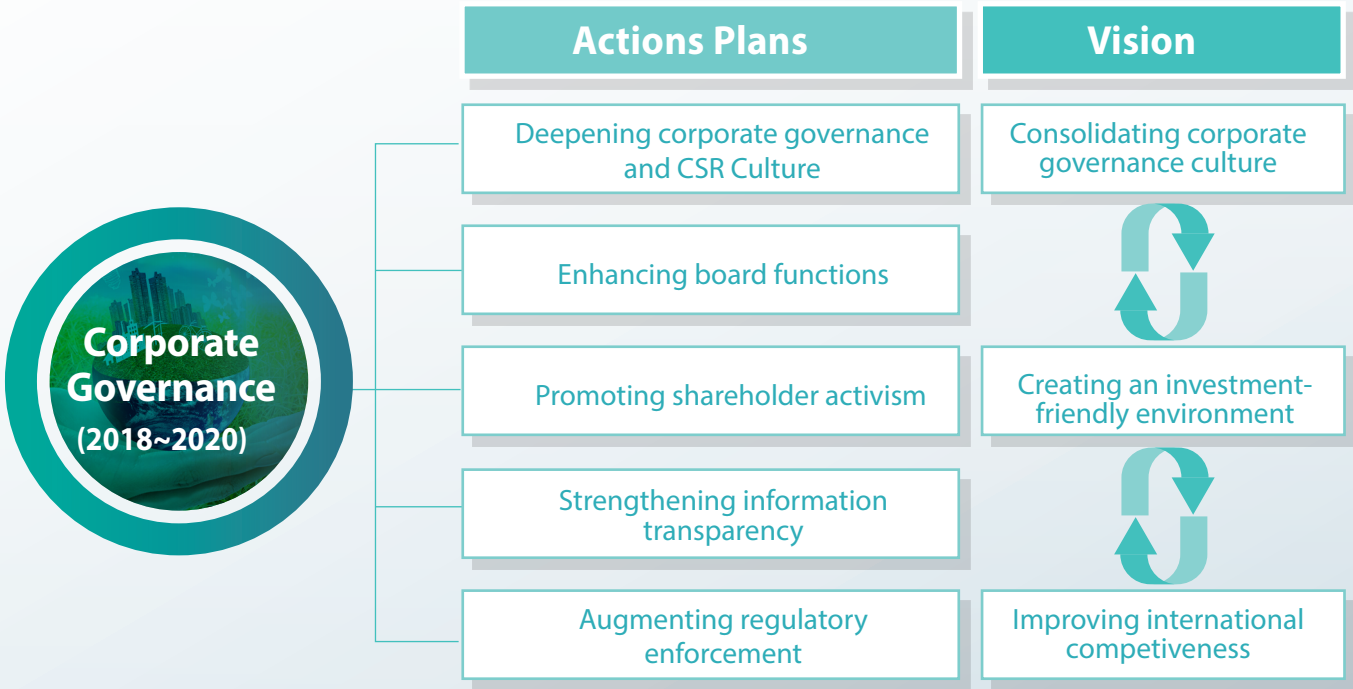
Impacted by the US-China trade clash and the fluctuating international political and economic turmoil, major exchanges around the world saw a decline in the number of IPOs in 2019. The Taipei Exchange Market was no exception. Overall, however, its performance was steady. With TPEX proactively promoting listing on the emerging stock board among enterprises, introducing diversified innovative products, and embarking on domestic and international promotions, participating in events and conferences held by international organizations or institutions, the business performance was eye-catching. The operating income was NTD 1,909,151,000, NTD 2,114,443,000, and NTD 2,116,175,000, respectively in 2017 through 2019, showing a growing streak. The net profit was NTD 400,107,000, NTD 479,942,000, and NTD 463,147,000, respectively, in 2017 through 2019 and was steady. As of the end of 2019, the overall assets were worth NTD 18,085,457,000.

Financial performance over the past three years			
(Unit: NTD)	2017	2018	2019
Operating income	1,909,150,921	2,114,443,094	2,116,174,900
Operating expenditure	1,518,239,483	1,615,786,126	1,658,300,580
Non-operating income and expenditure	78,891,763	81,192,644	96,866,662
After-tax surplus	400,107,021	479,942,233	463,147,449
Taxes	69,696,180	99,907,379	91,593,533



2-2-1 The New Corporate Governance Roadmap

With the rise of the international trend of corporate social responsibility, business administration has been impacted to quite some extent. The fulfillment of social responsibilities not only concerns the image or reputation of a business, but also substantially affects corporate competitive advantages. The optimal cornerstone of corporate social responsibilities is sound and healthy corporate governance. Corporate governance must be based on morality and integrity with the balanced rights of respective stakeholders and facilitates positive cycles in order to create sustainable value. In order to help enterprises in Taiwan speed up and catch up in the development of corporate social responsibilities, the competent authority has reviewed and released, one after another, the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and revised the Company Act and the Securities Exchange Act. The hope is to guide domestic TWSE/TPEX listed companies through enforcement of ethical corporate management and to strength sustainable developments. After the five-year plan under the Corporate Governance Roadmap introduced in 2013, in July 2018 the FSC officially announced the New Corporate Governance Roadmap



(2018~2020) to reinforce the quality of corporate government in stages and for the corporate governance culture to take root to enhance the international image and market value.

In line with the government’s policy of the competent authority, TPEX has been proactively promoting corporate governance to TPEX listed companies on the Main board and the emerging stock board. TPEX has also encouraged them to fulfill respective tasks under the new roadmap. It revised the Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEX Listed Companies to gradually reinforce the function of the Board of Directors, improve the quality of information disclosed, enforce activism among the shareholders, and shape the CSR culture, guiding high-ranking managers, directors, and shareholders to further stress the importance of corporate governance while they fulfill the goal of corporate sustainable development.

Important measures will continue to be promoted for corporate governance in accordance with the new roadmap throughout 2020.

The new Corporate Governance Roadmap promoted by TPEX in 2019 has been fulfilled mainly in the following:

- ✓ TPEX completed the enrollment of its directors and supervisors in the liability insurance program, established the standard operating procedure for addressing requests made by directors, and fulfilled the goal that a majority of the members of the Compensation and Remunerations Committees were independent directors before June 30, 2019.
- ✓ At the end of 2019, there were a total of 12 companies on the Main board that were in the financial industry and not in the financial industry yet with a paid-in capital size of NTD 10 billion and above. All have set up their own corporate governance supervisor.
- ✓ In 2019, there were a total of 92 companies on the Main board with a foreign capital holding ratio of 30% and above or with a capital size of NTD 10 billion and above. All have declared their English Shareholders’ Meeting Agenda, Annual Report, and Annual Financial Statement, among other documents.
- ✓ All of the listed companies already completed filing the compensation information of their full-time employees not holding managerial positions in the preceding year before April 30, 2019.
- ✓ Starting in 2019, there were independent directors set up in companies applying for getting registered on the emerging stock board.
- ✓ The Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies were revised with reference to the ISO 37001 Anti-bribery Management System released by the International Organization for Standardization (ISO).
- ✓ All shareholder meeting proposals shall be voted for on a case-by-case basis and be included in the ○○ Corporation Rules of Procedure for Shareholders’ Meetings for reference.

LITTLE DICTIONARY



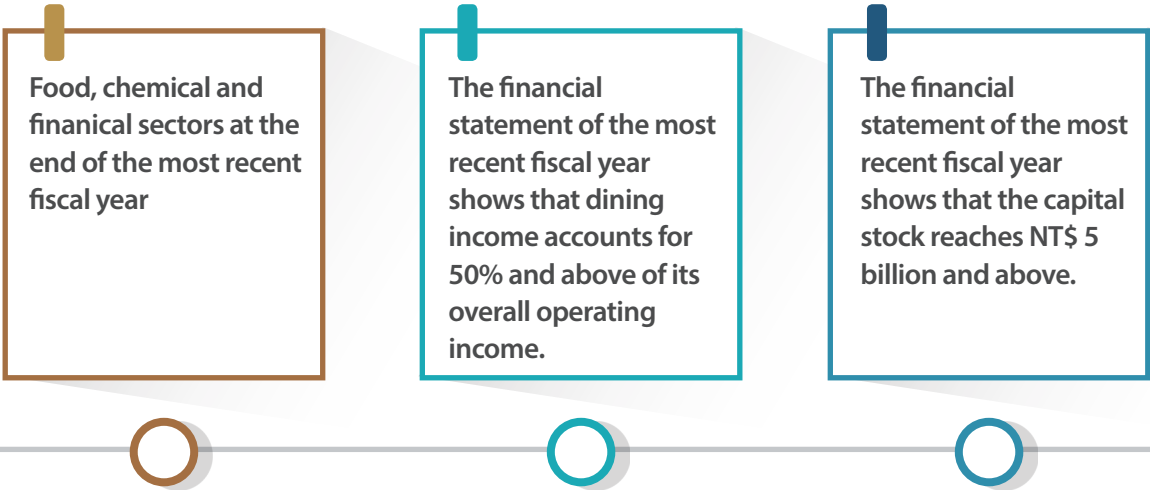
Corporate governance supervisor :

Corporate governance supervisor is the highest-ranking supervisor handling corporate governance-related affairs for the company. He/She shall be a qualified lawyer or CPA, or have worked in a managerial position in legal affairs, compliance, internal audit, finance, stock affairs, or corporate governance-related units for at least 3 years.

2-2-2 Corporate Social Responsibility Information Disclosure

TPEX has the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies in place. The first two were established and released jointly by TPEX and the Taiwan Stock Exchange as authorized by the FSC in 2010 for the reference of enterprises while they practice corporate social responsibilities, while the latter was established in 2015 in order to reinforce the transparency of environment (E), society (S), and governance (G)-related non-financial information of listed companies so that their ideas about and fulfillment of social responsibilities can be communicated externally.

According to the existing rules, the following listed companies shall prepare their CSR Report for the previous year.



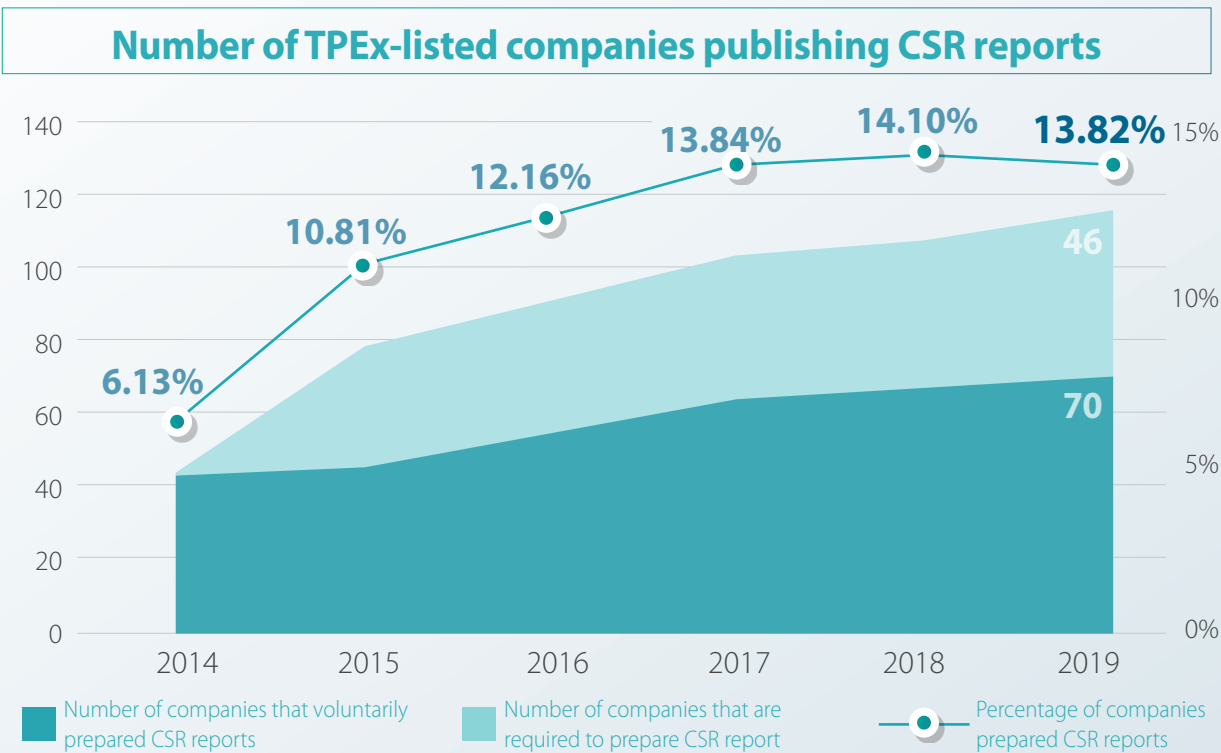
Meanwhile, the reporting standards shall be based on the GRI Standards, industrial disclosure, and other applicable standards reflective of industrial characteristics.

In order to provide the assistance needed in preparing the Report, TPEX and the Taiwan Stock Exchange jointly held the seminars on the composition of a corporate social responsibility report to guide TWSE/TPEX-listed companies through the preparation of a CSR Report correctly in compliance with the GRI Standards and to reinforce the quality of information disclosed. The CSR section is also available on the TPEX website to provide the latest ideas and practices, corporate disclosure examples, and external network resources, among others, and its contents are constantly renewed to facilitate access to related reference information by domestic enterprises.



TPEX corporate social responsibility website

The number of Main board companies that have prepared CSR reports has grown significantly over the past few years. In 2019, up to 116 companies released their reports (among them, 70 voluntarily disclosed their reports).



In order for the information disclosed in CSR reports to keep up with the times and to meet the needs of stakeholders, TPEX has gradually revised the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX-Listed Companies:

Highlights of 2019

- 1. The number of full-time employees not holding a managerial position, the mean salary and the median salary (the median salary is applicable to 2020 onwards) of the full-time employees not holding a managerial position, and the differences of the foregoing three elements between this year and the preceding year.
- 2. In order to enhance the usability and timeliness of information disclosed in the report, the deadline for postponed declaration of a CSR Report was moved forward from December 31 to September 30.

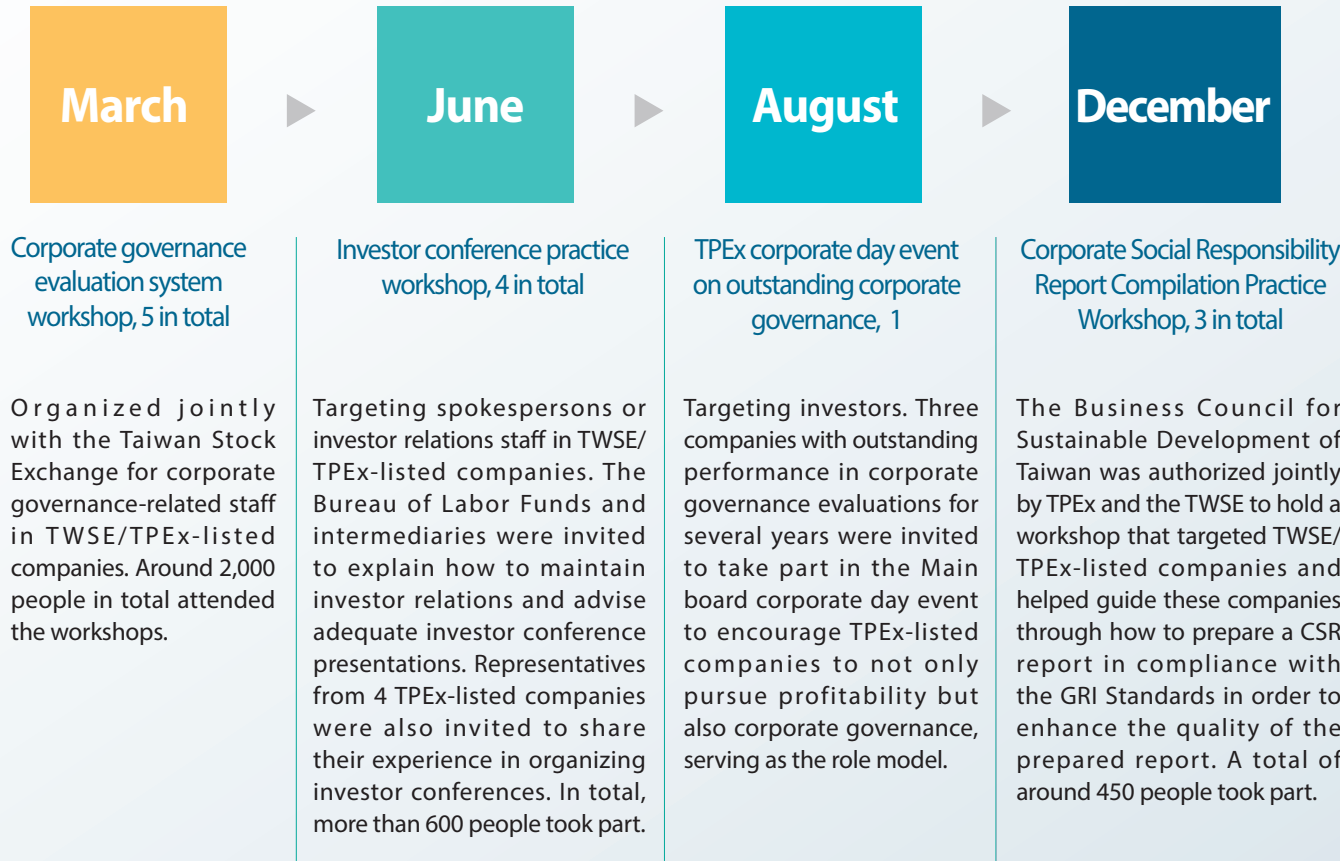
In January 2020, environmental, social, and corporate governance risk assessments were included in the existing disclosure regulations

in order to strengthen the linkage between non-financial information key performance indicators and the administration. In addition, climate change issues-related disclosure regulations were added to guide TPEX-listed companies to stress climate change issues and to increase their capabilities in coping with climate risk.

2-2-3 Promotional Campaigns

In order to boost action taken by TPEX-listed companies in corporate governance and corporate social responsibilities, TPEX continued to visit the owners and high-ranking supervisors at TPEX-listed companies throughout 2019. The visits aimed to reinforce communication and drive TPEX-listed companies to value corporate social responsibilities and ethical corporate management. As far as corporate governance evaluations, precautions to be paid attention to in the revision of evaluation-related regulations, investor conference practice, and the compilation of the CSR Report are concerned. On the other hand, respective briefing sessions were held. TPEX will continue to communicate regarding corporate governance to companies on the Main board and emerging stock board to call for their action and cooperate in the competent authority’s policy by organizing improvement plans for respective corporate governance indicators in order to build a robust corporate governance system.

Promotional campaigns organized throughout 2019





Chapter 3
GREEN ENVIRONMENT

SPECIAL COLUMN: DEVELOPMENT AND SIGNIFICANCE OF GREEN BONDS - ENERGY TRANSITION TO LOW CARBON AND SUSTAINABILITY

- 3-1 GREEN FINANCE
- 3-2 GREEN OFFICE
- 3-3 CLIMATE CHANGE DISCLOSURE

SPECIAL COLUMN | **Development and significance of green bonds - energy transition to low carbon and sustainability**

In 2019, the first foreign offshore wind power developer issued the NTD- denominated green bond on the professional board in Taiwan. Its parent company is Ørsted (Denmark), the world’s largest offshore wind power company, which was formerly known as DONG Energy. The name was changed to Ørsted in 2017. For TPEX, it was the first NTD-denominated green bond issued by a foreigner on the professional board in Taiwan. For Taiwan, it is even more significant, as it means the transformation of the energy industry and enhanced sustainable economic developments. It is symbolic of the completion of strategic transformation from black energy to green energy and a step further towards the goal of 20% usage of renewable energy by 2025.

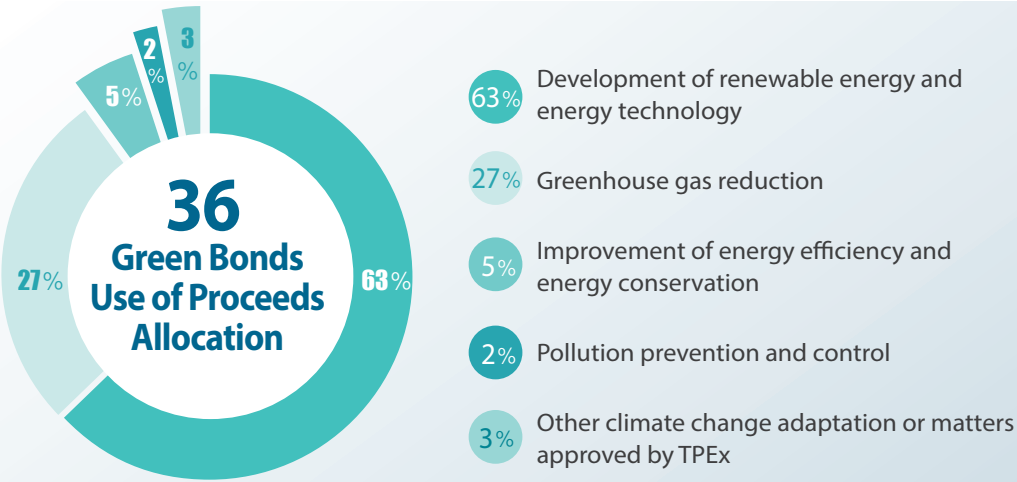
2017 was the year one for green bonds at TPEX. The bond issuance procedure, use of proceeds, utilization and management of funds, certification, and information disclosure, among other related regulations, were officially established. In order to promote developments on the green bond market, multiple market promotional briefing sessions were organized each year to encourage issuers to get involved in issuance and investment, and they also help constantly strengthen the issuance system on the green bond market. As of the end of 2019, total green bond issue number reached **37**, amounting to **NTD 100bn**, with **36** of them outstanding. These efforts are minimal contributions which TPEX has made to our green homeland, and they have been recognized internationally.

Overview of the development of green bonds at TPEX

2017.4.21 Announcement of the TPEX Operational Directions for Green Bonds	2017.7.12 First foreign bank issued US denominated green bond	2018.1.8 First private bank issued green bond	2018.5.25 Joined CBI as a member	2019.1.19 Green finance asset securitization began	2019.11.15 First supranational entity, Central American Bank for Economic Integration(CABEI) issued green bonds
2017.5.19 First batch of green bonds were listed on TPEX market	2017.9.20 First state-owned enterprise issued green bond	2018.3.20 Won the International Green Bond Exchange Award	2018.11.30 Allow foreign issuers to issue NTD-denominated green bond	2019.11.6 Held the 2019 Taipei Green Bond International Conference	2019.11.19 First NTD-denominated green bond listed

TPEX was eventually awarded as a Green Bond Exchange on March 20, 2018. This award is presented by the Climate Bonds Initiative and the London Stock Exchange on a yearly basis to countries, institutions, or instruments with special contributions to green bonds and is a symbol of honor for international green bonds.

The Operational Directions for Green Bonds that meet the Green Investment Project include **1. Development of renewable energy and energy technology, 2. Improvement of energy efficiency and energy conservation, 3. Greenhouse gas reduction, 4. Waste recycling or reuse, 5. Agricultural and forestry resource conservation, 6. Biodiversity conservation, 7. Pollution prevention and control, 8. Water resource conservation, purification, or reclamation, recycling, and reuse, and 9. Other climate change adaptation or matters approved by TPEX**, 9 in total. Most of the 36 green bonds that are currently in circulation involve the development of renewable energy and energy technology, or greenhouse gas reduction in nature, and answer exactly to the concerns of the international community regarding environmental protection and also the possible bottleneck that Taiwan might encounter in economic development. How to improve autonomy and diversity of energy and how to reduce greenhouse gas emissions in order to slow down climate change are the homework that Taiwan as an island needs to do. With the introduction and promotion of green bonds, it helps Taiwan transform to a green low-carbon economy, green investment, green consumption and life and will hopefully create a win-win-win situation for companies, investors, and the environment, leading Taiwan towards fulfillment of a vision where economic development can coexist with environmental protection.



Listing ceremony for the first NTD Foreign Green Bond issued by Ørsted Wind Power TW Holding A/S

3-1 | GREEN FINANCE

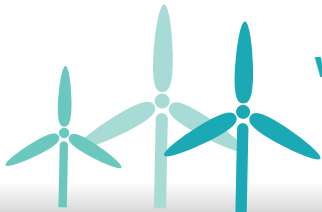
Linking Capital Markets and Green Economy

Over the past few years, the world has grown concerned about environmental protection and green energy in light of crisis awareness and disasters brought about by global warming and climate change. In order to boost sustainable development for the economy and the environment, green finance is being promoted around the world in an effort to grow a global green economy. For this reason, the FSC introduced the Green Finance Action Plan that covers loans and credit, investment, capital market fund-raising, talent development, advancement of green finance products or services to deepen developments, information disclosure, and promotion of the green sustainability idea, seven domains in total.

In particular, for the development of green financial products, TPEX believes that it will not only enhance the awareness on the market about sustainable environmental development, but also help enterprises deploy green investments to cope with the significant impacts brought about by climate change in the future.

Promotion of Green Bonds

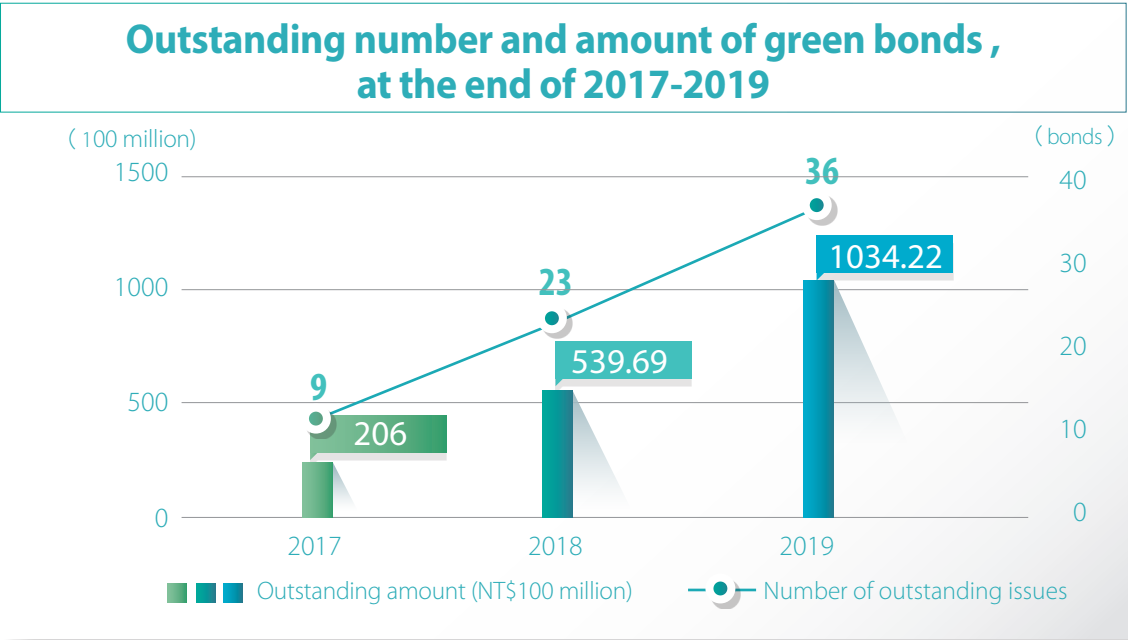
Green bonds are the fastest growing green financial products globally now and the issue volume is growing each year. They are now an important bridge between the capital market and green economy, and will drive the development of green technologies and industries in Taiwan, while at the same time advancing sustainable environmental development. TPEX is exactly the steersman of the green economy momentum. To comply with government's Green Finance Action Plan and 5+2 Industry innovation policy, and to help green technology industries obtain mid-to-long-term funds, TPEX launched the Operational Directions for Green Bonds Under the FSC guidance and in line with international practices. These regulations establish a mechanism for TPEX trading and serve to provide enterprises with vehicles for green fund raising and to provide banks with sources of funds so that they can engage in green loans. The Directions also help the government guide economic transformation into green economy and towards low-carbon sustainable environmental developments.



Fourteen green bonds* were issued in 2019, with the issue value totaling NTD 50.21 billion, a growth of more than 50% from 2018

*Note: One of them has been redeemed.

Under proactive promotion by TPEx, the overall green bond market outstanding amount reaching NTD 103.422 billion. In addition, there are a variety of issuers available, including domestic banks, foreign banks, supranational entities, and domestic and international producers. In terms of foreigners issuing NTD-denominated green bonds, in 2019, the Taipei Branch of Societe Generale, the Taipei Branch of BNP Paribas, and the subsidiary of Ørsted, Ørsted Wind Power TW Holding A/S, issued a combined 7 NTD-denominated green bonds, worth NTD 16.6 billion, which will be able to satisfy the investment financing needs of offshore wind power developers while investing in offshore wind power in Taiwan and will help with successful development of offshore wind farms in Taiwan to accordingly fulfill the goal of transforming the energy structure.



In order to promote the visibility on the market for green bonds in Taiwan and its internationalization, TPEx held the 2019 Taipei Green Bond International Conference on November 6, 2019. Organizations that define green bond principles such as the International Capital Market Association (ICMA), the



2019 Taipei Green Bond International Conference

Climate Bonds Initiative (CBI), and green bond certification, release, and underwriting experts were invited to take part. Discussions in the conference included the developmental trends and challenges in the international green bond market and the experience of the offshore wind power generation industry in utilizing green finance tools. Representatives from the ICMA, CBI, and other foreign financial institutions all spoke highly about the developments and supervisory mechanism available in the green bond market of Taiwan. Participating green bond issuers and investors also indicated that such a system offers domestic and foreign enterprises a direct fund-raising and investment tool that helps fulfill corporate social responsibilities.



Diversified Green Products

In order to maximize the scope of green bond products and to provide the market with more diversified green product fund-raising channels, TPEx relaxed the requirements of the Operational Directions for Green Bonds on January 19, 2019 and held briefing sessions in northern, central, and southern parts of Taiwan in April 2019. On the one hand, the system can help vitalize green bank loan assets to provide issuers with even more pluralistic fund-raising channels and can provide investors with more diversified green products to be chosen from. On the other hand, it is in favor of maximizing investments in the green industry and expanding the scale of the green bond market in our country.



Green Finance Market in the Future

The green bond market in Taiwan is still growing development at the moment. For the time being, the goal is to continue creating a sound issuance and management system and continue holding briefing sessions to encourage domestic and international enterprises to issue green bonds in order to maximize the scale of the green bond market in Taiwan. In addition, simultaneous efforts are devoted to the promotion of diversification of issuers. In the future, social bonds and sustainable bonds will be developed further, too, reflective of the international market developmental trends and to meet domestic market demand so that more pluralistic sustainable fund-raising products may be provided for the investment and financing activities of enterprises to even more closely combine with ESG elements.



Statistics of energy consumption

Type of Energy	Unit	2018	2019
Externally purchased electricity	kWh	721,517	759,116
	GJ	2,597.46	2,732.82
Automobile gasoline	liter	7,070	6,189
	GJ	230.89	202.12
Overall consumption	GJ	2,828.35	2,934.94
Energy intensity	GJ/ person	9.43	9.75

- Note 1. The externally purchased electricity-related statistics only cover the data of the Guting Office in Taipei City.
- Note 2. The thermal value provided under the emissions coefficient table Version 6.0.4 as announced on the website of the Bureau of Energy is adopted for the conversion; 3,600 (GJ/million kWh); automobile gasoline: 7,800 (Kcal/liter)
- Note 3. 1 GJ= 10^9 joules; 1 Kcal = 4186.8 joules
- Note 4. The mean number of employees is the average of the number in the beginning of the year and that at the end of the year; it was 300 in 2018 and 301 in 2019.

Greenhouse gas emission

Greenhouse gas emission	Unit	2018	2019
Scope 1	tCO2e	16.16	14.03
Scope 2	tCO2e	384.57	404.61
Overall emissions	tCO2e	400.73	418.64
Emission intensity	tCO2e/person	1.34	1.39

- Note 1. For the greenhouse gas emissions, the operational control law is adopted for the inventory check. The calculation goes: activity data* emission coefficient*GWP value (the emission coefficient is based on the EPA's greenhouse gas emission coefficient management table Version 6.0.4 and the GWP value is quoted from the fifth assessment report of the IPCC (2013)). Greenhouse gases include CO2, CH4 and N2O
- Note 2. The externally purchased electricity in Scope 2 was calculated with the electricity emission efficient of 2018, 0.533kg CO2e/kWh.
- Note 3. The greenhouse gas emission intensity covers Scope 1 and Scope 2 emissions.

TPEX's Love for the Earth

As a global citizen, TPEX looks upon itself to build a green exchange with sustainable operation by integrating environmental protection in every aspect of operational decision-making, such as e-administration, environmentally friendly office equipment, energy conservation, and reduced paper consumption for its belief in environmental protection to take root while fulfilling the responsibilities of a friendly citizen.

As an exchange, TPEX does not engage in any operation that will significantly impact the environment, such as the use of raw materials, renewable raw materials, water recycling and utilization, sewage treatment, wildlife reserves or habitats, protected animals, destruction of the ozone layer, emission of substances, waste treatment, product package recycling, product/ raw material/personnel transport, among others, and is not involved in any complaint about environmental impacts. TPEX, nevertheless, tries its best to contribute to environmental protection and hopes to make a difference among enterprises.

3-2-1 Energy Management

Energy use at TPEX is simple. Energy consumption during operation mainly involves externally purchased electricity (non-renewable) to support electricity consumption in offices and the information center. Gasoline is used as fuel for official vehicles. TPEX consumed 759,116 kWh of electricity in total in 2019 and will continue to promote electricity conservation in the future. Besides periodic maintenance and service and inspections, ECO mode is applied while driving vehicles and carpooling is the fundamental rule. No private use is allowed. When employees go on a business trip, they are encouraged to take the public transportation system. Throughout 2019, a total of 6,189 liters of gasoline were consumed.



A small step at TPEx means a lot for environmental protection

- ✓ Set the indoor AC temperature at 26 to 28 Celsius degrees and shut down the AC in unused rooms (such as conference rooms).
- ✓ Adequate illumination in office areas and communicate the idea: when not in use, save the juice.
- ✓ Precisely shut down respective electric appliances, equipment, PC power, and remove unnecessary plugs before leaving the office.
- ✓ Shut down the power for public equipment and unplug the plugs before leaving the office.
- ✓ The last person to leave each department shall check if the power to all public equipment within the department has been precisely shut down.
- ✓ Shut the glass door that connects externally on each floor (that is, the elevator corridor) to avoid AC air leaks and unauthorized access by external people which could jeopardize safety at work.
- ✓ Periodically care for the AC equipment, clean and maintain it in order to enhance its operational efficiency, and save electricity consumption.
- ✓ Use T5 energy-saving lights to reduce heat and the consumption of electricity.
- ✓ Replace indicators at fire exits, evacuation direction indicators, and fire prevention indicators with LED lights.
- ✓ Divide zones for accountability. Shut down unnecessary lighting when not in use.
- ✓ Set transaction machines on electricity conservation mode. They can enter the low-energy-consuming dormant state after having stopped for 5 minutes.
- ✓ Before a long vacation, shut down the power for electrical devices or equipment in order to reduce waste during standby.

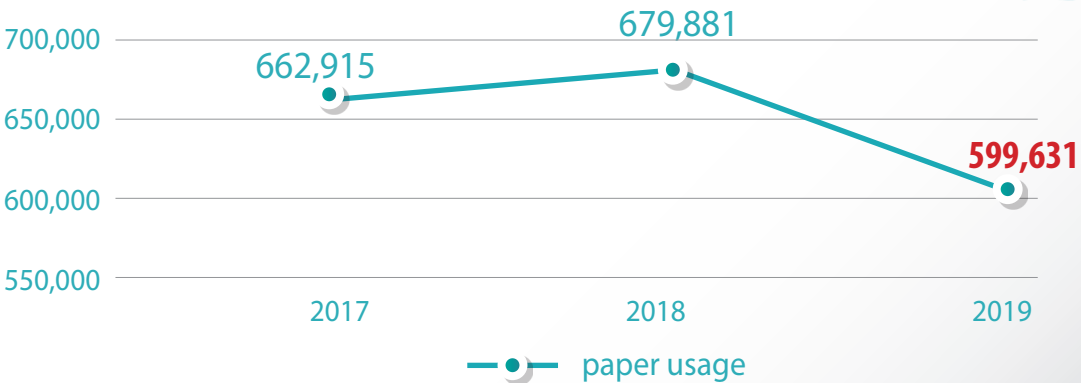


3-2-2 Paper Managements

TPEx treasures paper and traces how paper is used on a monthly basis at each department, and encourages that electronic official documentations be used, while at the same time urging companies on the Main boards and the emerging stock board to join in the electronic official documentations exchange system in order to reduce the transmission of hard copies.

The amount of paper used in printers throughout 2019 dropped 11.8% from 2018.

Statistics of paper used in printer (piece)



TPEx has been promoting digitalization in all respects and E-filings programs since 2015, and has completed the configuration of the system and revised related regulations. Filings from companies on the Main board and the emerging stock board have gone online to replace the current paper-based procedure, which not only fulfills energy conservation and carbon reduction, but also significantly reduces the time and operational cost for the issuer associated with the delivery to improve information declaration efficiency.

E-filings that are now available for companies on the Main board and the emerging stock board

Include common stock trading, re-named new stock trading, listing of new stocks after capital increase, treasury stock write-offs, private placement common stock filing, applying to join as a recommending securities firm and resigning from serving as a recommending securities firm, among others, more than 30 items in total.





3-3-1 Promoting Climate Change Management

On January 17, 2019, the World Economic Forum released the Global Risks Report 2019, where extreme weather events (such as floods and storms, among others) and failed mitigation and adjustment measures against climate change were pointed out according to the global risk awareness survey results from 1,000 experts and decision-makers to be possible primary risks of 2019. Climate change-related risks, in particular, have been considered as the biggest global crisis for four years in a row. Therefore, governments are growing serious about the related impacts brought about by climate change. Despite possible negative financial impacts for enterprises brought about by climate change, opportunities were hidden in the climate change trends for another wave of growth. Therefore, TPEx looks at climate change management of listed companies as a relatively important issue to be addressed. In September 2019, the Taiwan Stock Exchange jointly held the Science Based Targets Initiative (SBTi) and Sustainable Supply Chain Forum with the Sustainability Label Alliance to draw the attention of domestic enterprises to international emission reduction and sustainability trends and to help enterprises set energy saving and carbon reduction goals. In addition, through step-by-step guidance provided in climate-related disclosure regulations, enterprises are able to take risks and opportunities brought about by climate change seriously and help with market information transparency so that the securities market can continue to develop towards the goals.



3-3-2 Reinforced Climate Disclosure

The Financial Stability Board (FSB) officially released the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017.

TPEx started to perform business inventory checks and risk identification for its own part of climate change in 2019, which covers direct or indirect physical risks, policy or regulation risks, impacts brought about by transforming technical or market demand, and reputation risk caused by extreme weathers, reinforced its climate change governance and evaluation, and established its climate governance and management goals through the data collected as mentioned above in order to reduce related risks and keep track of potential green business opportunities.



Presentation of TCFD climate-related financial disclosure in Traditional Chinese version

To help enterprises in Taiwan to successfully connect with the international society in climate risk assessment and management, TPEx helped Ernst & Young with the translation of TCFD climate-related financial disclosure proposals into Traditional Chinese and held the Presentation of TCFD climate-related financial disclosure in Traditional Chinese version jointly with Ernst & Young and the Taiwan Stock Exchange on October 2, 2019 in order to help domestic enterprises understand important international standards for the disclosure of climate information and to encourage companies to spontaneously pay attention to climate change-related issues. In addition, some of the articles of the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx-Listed Companies were amended and announced on January 2, 2020. TPEx-listed companies are asked to disclose the following information in their CSR Report:

- 1. Governance of climate-related risks and opportunities.
- 2. Actual and potential climate-related impacts.
- 3. Procedures to identify, evaluate, and manage climate-related risks.
- 4. Indicators and goals used to evaluate and manage climate-related issues.

TPEx will continue to reinforce the related disclosure of climate change issues in its CSR reports in order to lead enterprises to take climate change seriously and to boost their capability in coping with climate risks and plan to discuss the possibility of maximizing the scope of the CSR report to be certified by a third party so that the quality of the disclosure in a report can be enhanced and it will help drive enterprises to value and do something about climate change and also cooperate adequately with related authorities in organizing climate change-related workshops.

Chapter 4
**CO-PROSPERING
SOCIETY**

- SPECIAL COLUMN: ORGANIZING FAMILY EVENTS-
ORGANIC XINGJIAN VILLAGE
- 4-1 CARE FOR STAFF
- 4-2 FINANCIAL LITERACY
- 4-3 CARE FOR SOCIETY

**SPECIAL
COLUMN** | **Organizing Family Events-
Organic Xingjian Village**

Organic Xingjian Village

Xingjian Village is a plain typical agricultural village in Sanxing Township, Yilan County, with a population of around 1,000 people (primarily the elderly), and arable land that spans around 180 hectares in area. It is surrounded by the Xingjian River, Annong River, Wanfu Canal, and Yiyin Road. After it was re-planned, irrigation and drainage were separated. The Annong River is used for irrigation, while the Xinjian River is used for drainage. It is the most suitable option for building an organic village in Yilan. The old farmers in the village hope that their beautiful homeland can be turned truly organic and they can hear the pleasant chirping birds and see glowing fireflies that they remember again. They say that they want to use their hands to make the land healthy, the eaters healthy, and themselves healthy. It is plain language yet it depicts the love they have towards the land and the people.

Farmers in the village apply the old pure way in growing crops. They insist that only non-toxic, pesticide-free, and chemical fertilizer-free organic agricultural practices may be adopted and spontaneously formed the Xingjian Organic Produce Cooperative where they promote 100% local organic food ingredients of Taiwan through joint marketing. TPEX approves the beliefs of residents in Xingjian Village and hence has been purchasing organic rice produced from Xingjian Village, Sanxing Township, Yilan County, and giving it as a gift to help disadvantaged families through social welfare organizations. Starting in 2017, TPEX gathered its employees and their families on a yearly basis to visit Xingjian Village. They rolled up their pants and got in the field to experience the life of a farmer and have a better understanding of local agricultural villages transforming to organic agriculture and ecology conservation through guided tours provided by local farmers.



Feedback from TPEX colleagues :

I highly approve of what TPEX has done, that is, sponsoring organic rice, protecting organic cultivation, and protecting the environment through contract farming and giving the harvested rice away to social welfare organizations to help disadvantaged people. It is very meaningful. This year, I had my whole family come along and take part in the One Day Farmer Campaign. Through the guided tour with an introduction provided by the Cooperative, we had a further understanding of the agricultural village transformation and ecology conservation, and after having actually gotten in the field to transplant rice seedlings, we were all respectful of the hard work of farmers and hope that we can pass down this respect and thankfulness towards what we have to our next generation.



4-1 | EMPLOYEE CARE

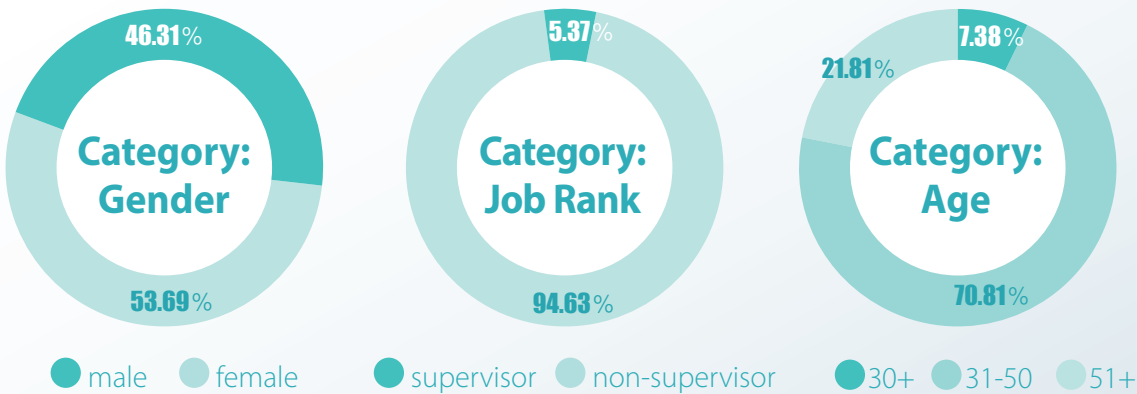
4-1-1 Talent Management and Retention

TPEX's People-oriented Belief

Employees are important assets of TPEX. They develop new products, keep respective trading systems going, supervise the market, promote fund-raising among enterprises, and vitalize investments on the securities market. Being people-centered, TPEX balances financial status, personal development, and physical and mental health management of its employees. Competent employees are recruited, outstanding talent is developed, and a harmonious employer-employee relationship is maintained to build a quality workplace. Related policies such as staff diversification and workplace equity are proactively enforced to secure high-quality human resources and to enable all employees to make the best of their talent at TPEX. These are all core and key elements to the competitive advantages of TPEX.

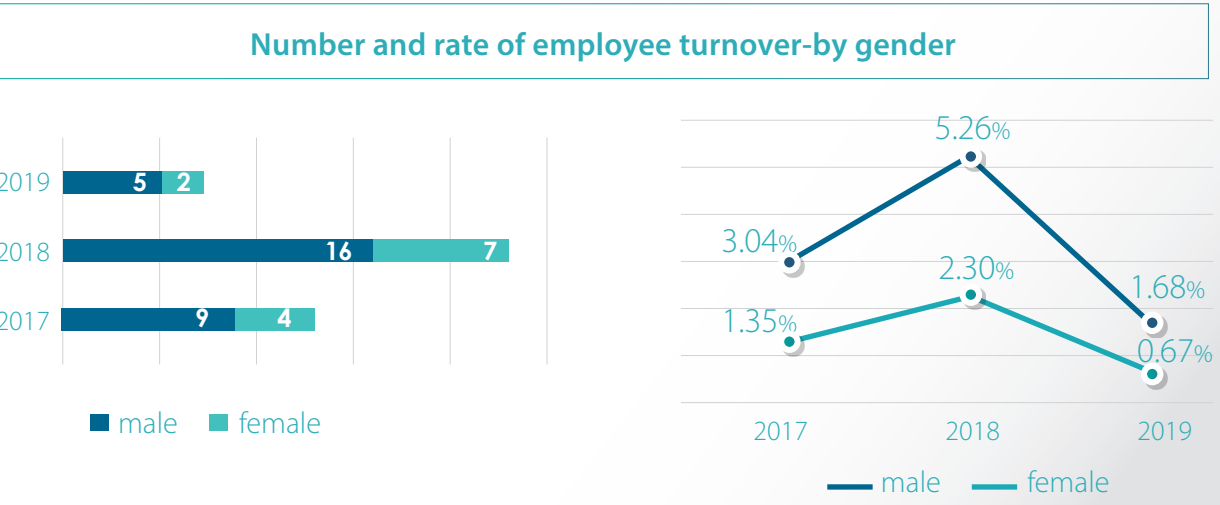
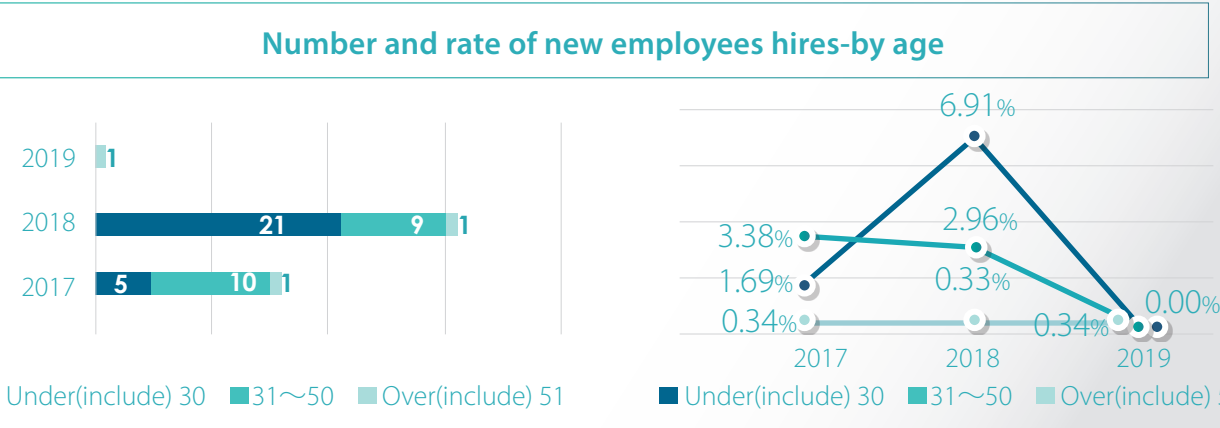
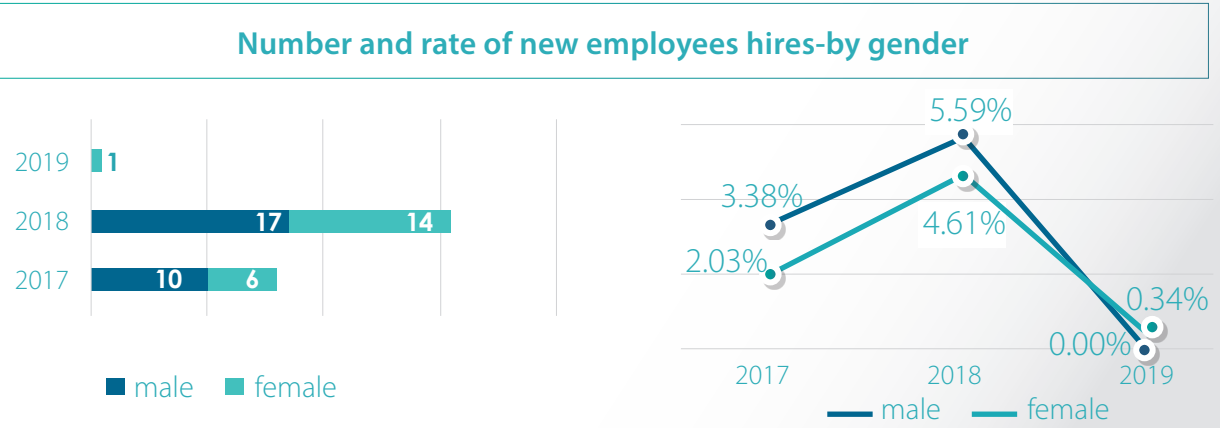
Diversified Employee Structure

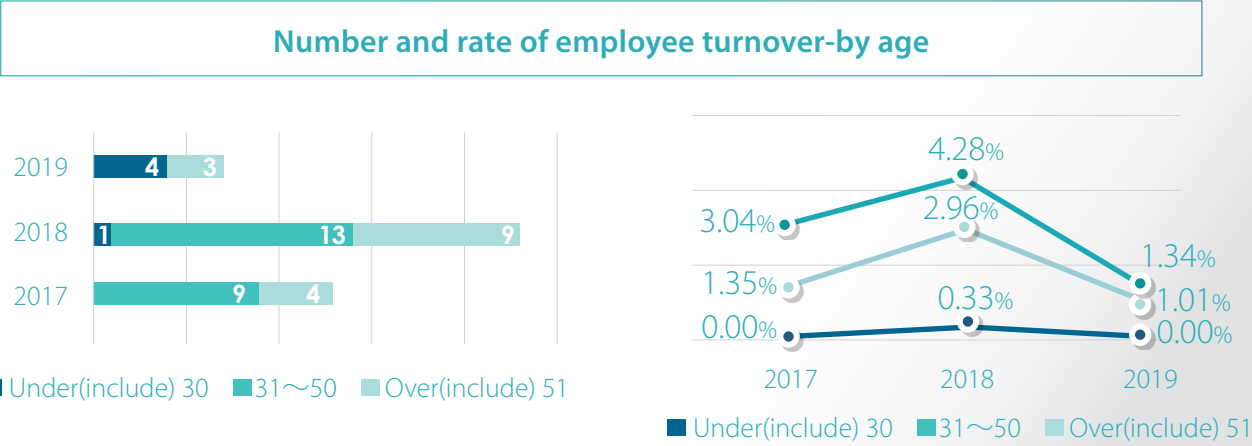
At the end of 2019, TPEX had a total of 298 full-time employees, a reduction of 6 people from the end of 2018. All of them (including the high-ranking management) 100% were local people of Taiwan. In terms of manpower composition, statistics by gender, ranking, and age are provided below, showing the diversity in the backgrounds of employees and workplace equity.



In addition, TPEX treats disabled people equally in terms of recruitment, hiring, training, incentives, and promotion. At the end of 2019, it had 8 disabled employees and the ratio has been increased each year to be higher than that specified in the People with Disabilities Rights Protection Act. It is proactively enforcing the principle of employment equality.

With regard to the talent recruitment system, TPEX has adopted a fixed quota system, a recruitment examination is held publicly when there are position openings. For existing employees, it constructs a happy and assuring workplace with sound welfare, care, and educational training to retain the talent so that employees may work reasonably healthily. Historical statistics of employees that were hired and left TPEX are as follows.





Nurturing Employee Growth

TPEX values talent as its assets and encourages its people to pursue continuing education, which is the essence of sustainability. Each year, pluralistic annual educational training programs are prepared to meet the talent development demands of the specific year. The 2019 Educational Training Program was planned with three major domains, professional training, international language proficiency, and general knowledge, and aimed to improve the professionalism of the manpower, inspire employees' capabilities and creativity at work, and facilitate the internationalization of TPEX.



Statistics of educational training hours for employees in 2019

	Supervisor		Non-supervisor		Total
	Male	Female	Male	Female	
Hours of education and training completed	110	155	4,749	5,623	10,637
Number of employees	7	9	131	151	298
Mean number of hours of training completed by each employee	15.71	17.22	36.25	37.24	35.69

In order to enhance manpower quality and to strengthen the utilization efficacy of manpower, the number of hours of training completed by employees of TPEX has been growing for the past three years and how many credits each employee needs to acquire each year is defined. For the management at TPEX, there are also the administration courses planned in order to enhance the organizational efficiency.

Statistics of educational training hours for employees over the past three years

	2019	2018	2017
Hours of education and training completed	10,637	10,610	8,947
Number of employees	298	304	296
Mean number of hours of training completed by each employee	35.69	34.90	30.23

Besides internal training, there are workshops or training programs organized by domestic and international institutions attended or observed by selected employees in order to strengthen core and cross-disciplinary professionalism. To encourage employees to continue advancing their professional skills, the tuition of studying master or higher degree while working is subsidized, and for those having obtained professional certification as a lawyer, CPA, or CIA while working, an exceptional salary raise is available.

In order to vitalize organizational functionality and to enable employees to make the best use of their talent, TPEX has established the Job Rotation Operating Guidelines and interdepartmental job rotations are periodically arranged depending on the expertise, knowledge-level, and personal preference of respective employees. In addition, annual review of employees who are officially employed for at least 6 months are 100% completed, and employees who providing revolutionary suggestions, engaging in product or business research, undertaking projects or events, and other special outstanding deeds with significant accomplishments or substantial contributions are adequately rewarded. TPEX continues to develop its employees into topnotch talent through a sound career development mechanism.

4-1-2 Welfare and Care

Compensation and Benefits

TPEX offers steady salaries and has created a well-off benefit system and a quality workplace. Employees are treated fairly for a salary raise and promotions. Those of the same level of position receive the same salary. Salaries do not vary with gender. Same pay for same work is precisely enforced in order to maintain a long-term optimal employee relationship and to improve the satisfaction of employees at work, building a happy enterprise.



Statistics of compensation over the past three years

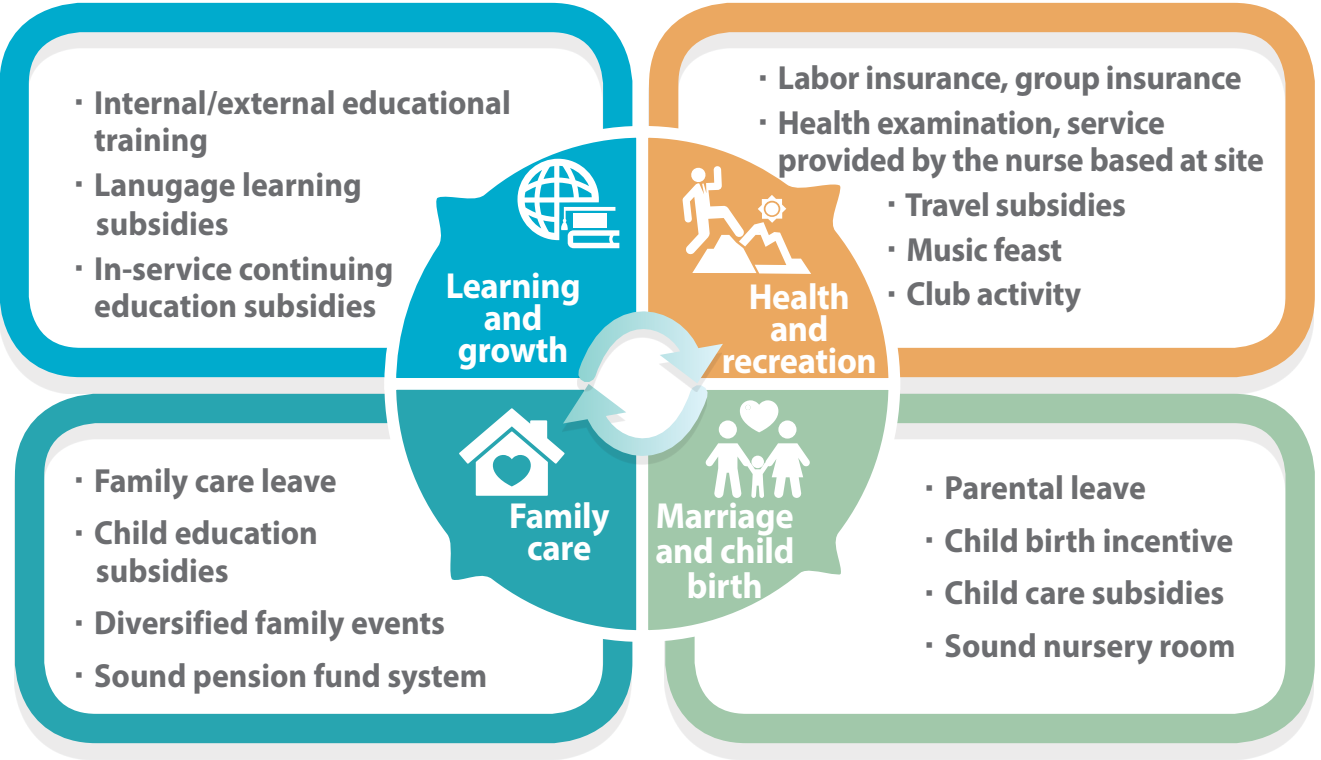
Year	Position	Male	Female
2017	Supervisor	0.94	1.00
	Non-supervisor	1.17	1.00
2018	Supervisor	0.93	1.00
	Non-supervisor	1.14	1.00
2019	Supervisor	0.96	1.00
	Non-supervisor	1.15	1.00

Note: Converted proportionally with the compensation for female employees as 1 unit.

TPEX is devoted to building a healthy, happy, harmonious, and balanced workplace and looks at the physical and mental health of its people as wealth. No employees engage themselves in duties that pose a high level of risk for their health and safety or with a high incidence of a specific disease. Meanwhile, employees receive subsidies for completing annual physical checkups to keep themselves healthy. There are also various types of pressure relief and health preservation, and health conducive programs from time to time, and a fitness room and multiple sporting equipment to encourage the staff to stay in healthy shape. In addition, TPEX provides a diversified benefits system and sound protection for different stages in the life journey so that each employee, besides working hard, can have his/her health and family properly taken care of.


Parental Leave

All full-time employees of TPEX are entitled to parental leave by law. Women account for 54% of TPEX staff and most of them are of childbearing age. In order for them to strike a balance between work and family, TPEX provides thoughtful benefits that cover pregnancy, child birth, breastfeeding, and child care. In light of the fact that women might feel discomfort during pregnancy, there are tocolysis and prenatal checkups. For the birth of a child, there is a child birth incentive, maternity



leave, and paternity leave. After a child is born, there is child care leave. If the mother returns to work, the office is equipped with a quality nursery room and a sterilization pot. There is family care leave and flexible working hours, too, so that they can take care of work and family at the same time. In addition, children of the employees of TPEX are entitled to tuition subsidies while schooling.

In both 2019 and 2018, employees of TPEX have applied for parental leave and their resumption rates were consistently above 70%. The retention rate one year after resumption was up to 100%. The high resumption rate and high retention rate are proof that TPEX protects its people's right of work and cares for its people and their families.

 Parental leave statistics	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Total number of employees having applied for parental leave that year	10		8		4	
Total number of employees expected to be reinstated that year (B)	7	-	6	-	4	-
Number of actually reinstated employees that year (C)	6	-	5	-	3	-
Resumption rate (C/B)	86%	NA	83%	NA	75%	NA
Number of employees reinstated from parental leave since the previous year (D)	4	-	6	-	5	-
Number of employees remaining 12 months after reinstatement following parental leave since the previous year (E)	4	-	6	-	5	-
Retention rate (E/D)	100%	NA	100%	NA	100%	NA



Company trip at Lanyang Museum



2019 TPEX family sports meet

Diversified Employee Activities

To balance the physical and mental development of its people and enable them to take care of work and family life, TPEX holds various artistic and cultural, recreational, and family events from time to time and encourages its employees to organize or take part in clubs that deal with legitimate recreation and entertainment, and adequately subsidizes club events. TPEX continued to organize family sports meet in 2019. Besides basketball, badminton, and table tennis, there were fun contests for employees and their families to join, such as the pillow fight, golf experience zone and little story house. The YOYO family, the children's favorite, was invited to sing and dance with children. The events are meant to hold employees and their families together, deepen the bonds among family members of the employees, and demonstrate the passion and vitality of the great TPEX family. In addition, in order to have the employees get out of the office, enjoy outdoor activities, and respond to the government's policy to boost domestic tourism, the Summer Environmental Education Tour and the Fall/Winter Environmental Ecology Education were held in summer and fall/winter of 2019. The employees and their families went to the 2019 Yilan Green Expo and International Children's Folklore and Folkgame Festival, the Leofoo Village Theme park, Sun Moon Lake, Alishan Mountain, and Kenting so that they could broaden their horizons and boost family relationships. To release stress at work and to enrich cultural and creative attainments of employees, static arts and cultural events such as movie watching, the annual play "See You Again Beitou" PLUS the Musical of Greenray Theatre Company, and Royal Concertgebouw Orchestra Performance, were planned, too. Employees and their families were invited to enjoy the show.

TPEX is known for its various employee activity clubs. There are 15 of them now. By their nature, they can be divided into four major categories, namely, sports, leisure and recreation, arts and culture, and religion. The various club activities can help staying physically and mentally healthy and also enhance the sense of belongingness. The members often form teams to take part in sports events representing TPEX, too. Their accomplishments in contests organized by peripheral organizations in 2019 were impressive: The Tai Chi Club won the championship as a group in the repertoire division and got second place in the weapons division. The Badminton Club got fourth place in mixed doubles and fourth place as a group, and the Yoga Club got third place as a group.

Voices of Employees

TPEX is happy to hear what the employees have to say. There are the Chairman's and CEO's Mailboxes, and the labor-management meetings are held on a quarterly basis. There are representatives from each department. If employees have revolutionary ideas about the internal system and benefits, they can bring them forth through the labor-management meeting. TPEX coordinates labor-management relations, promotes labor-management collaboration, and enhances work efficiency through smooth communication channels. No major labor-management issues occurred in 2019.

4-2 FINANCIAL LITERACY

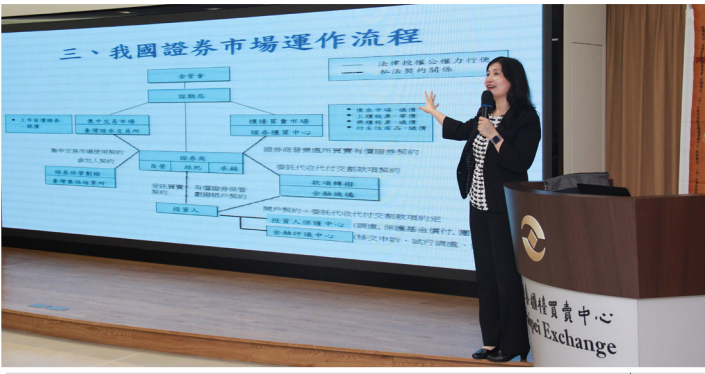
In order to facilitate the knowledge of general investors about novel financial instruments and services and educate investors about their legal interests, thereby reducing disputes on financial consumption, preventing financial crimes, and protecting the rights of investors/consumers, TPEX has carried out various promotional events for financial literacy with the support of the competent authority.

Besides related promotional events, TPEX took part in big exhibitions, such as 2019 Bio Asia and FinTech Taipei 2019, to boost understanding of the capital market by the general public. Moreover, it organized a series of financial education camps for college students to promote investment and asset management among the young generation, and accordingly build financial expertise base for the capital market in the new era.

TPEX, for the first time, responded the World Investor Week 2019 (WIW) initiated by IOSCO and WFE and held a special Financial Literacy Gong Ceremony on October 5. TPEX joined other stock exchanges around the world in the "Ring the bell" initiative, using its Gong Ceremony to further draw attention to the importance of financial literacy, investor education and protection. Even meaningfully, it combined the Ceremony with the event of Elite Incubator Camp for college students, marking the support of TPEX for investor education and investor awareness.

Picture above / TPEX Sounds Gong for financial literacy, supporting World Investor Week 2019 with WFE

Picture below / "Elite Incubator Camp for college students in securities market" lectured by Deputy Director-General of Securities and Futures Bureau, Li-Ling Tsai



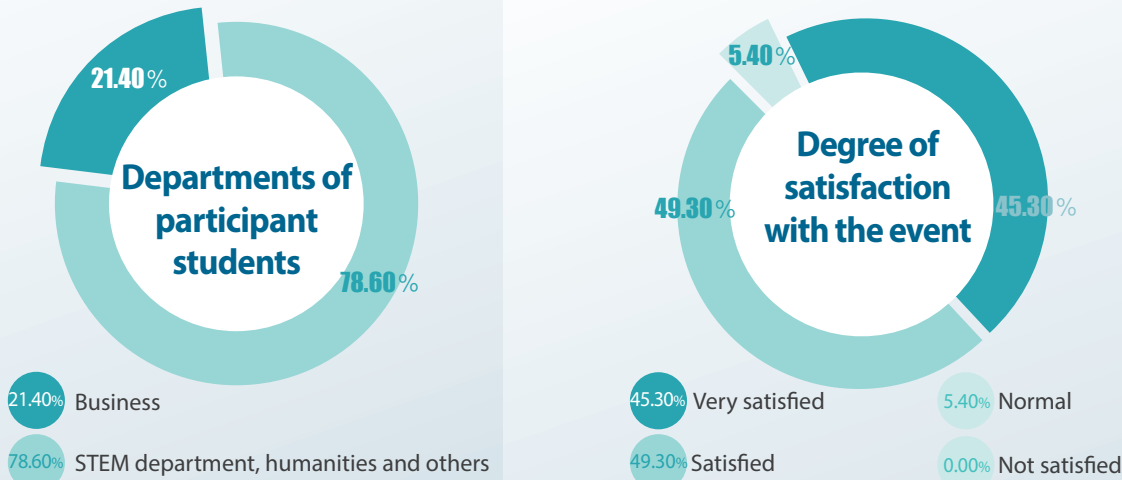
Taking Roots on Campus

TPEX also constantly receives delegations from schools or colleges and takes the opportunities to introduce TPEX. In 2019, TPEX received delegations of faculty and students from the Business Administration Graduate Institute and Department of National Taiwan Normal University, the Department of International Business of Soochow University, and the International Class of the Business Administration Graduate Institute of Ming Chuan University. For each visit group, TPEX had senior staff of different business function give the presentations to the visitors and open to Q&A sessions to improve the students' understanding of featured products and services that TPEX provides.

Starting in 2008, TPEX has been cultivated financial industry roots in campuses by organizing series of education camps, named “Elite Incubator Camp for College Students in Securities Market” for college students every year. The tour camps around Taiwan provides useful and diversified courses and has benefits thousands of college students in the country.. During 2019, a total of 5 camps were organized at different university campuses from the northern, central, southern to eastern part of Taiwan (2 in Taipei, 1 in Taichung, 1 in Kaohsiung and 1 in Hualien). The camps were very popular and participated in by the students of varied majors, including finance, business, engineering, and literature, indicating that the courses were designed not only for business school students but the multidisciplinary purpose. The courses covered topics such as the introduction of the capital market in Taiwan, introduction of innovative services of TPEX, and current investment trend, which were conducted through keynote speeches and lectures. One of the most interesting sessions of the camps is the group contest on portfolios related to TPEX products – called “Find the Next Warren Buffett” to facilitate team work, group discussion and group presentation.

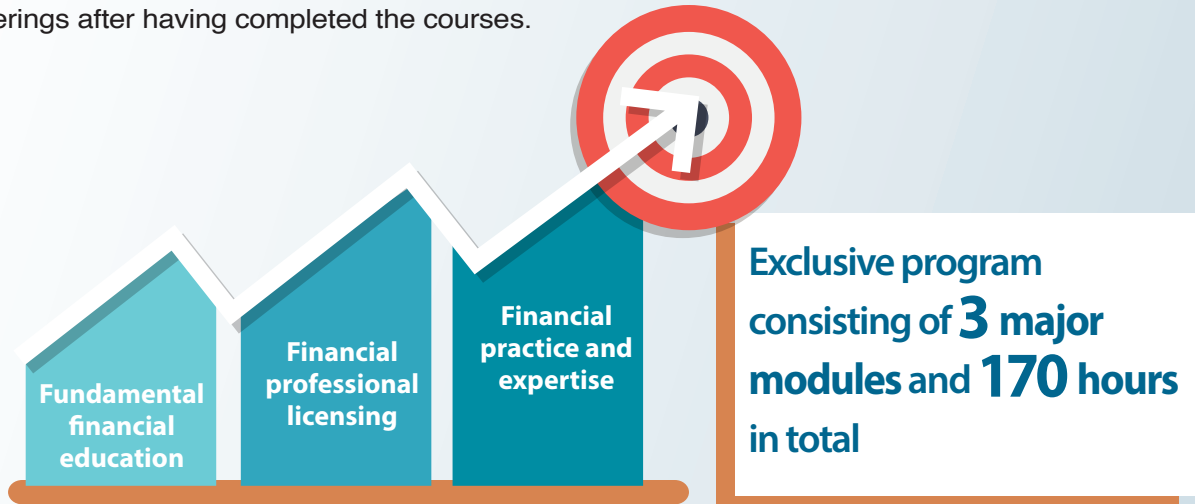


Questionnaire results of Elite Incubator Camp for college students in securities market



Flipped Classroom

In answering the competent authority's efforts to help improve financial expertise among college students from financially disadvantaged families, TPEX works with peripheral financial securities units by organizing public interest-oriented education that helps drive financial talent education. The Financial Education Charity Courses for College Students began in 2015 is a good example. This program aims to popularize financial education among disadvantaged college or university students, thereby helping them get better job opportunities after graduation otherwise they would devote too much time into part-time work for tuitions. It also helps the students gain knowledge and skills with which they can make a living and accordingly improve their family's financial condition and turn their life around. The classes were made available year by year at multiple universities and colleges in Taiwan. In 2019, numerous students had received assistance in obtaining financial profession licenses and some were successfully matched with suitable job offerings after having completed the courses.



Diversified Educational Channels

The official TPEX website contains “TPEX Events” and “Media Gallery” sections where the relevant policies and business highlights are communicated. For example, in order to remind investors of useful access to market information, TPEX has produced promotional videos titled as “How Can Investors Take Advantage of the MOPS”, “How to Flexibly Utilize the Industry Chain Information Platform/ Utilizing Good Tools”, and “TPEX 200 Index, the Best Investment Indicator of Small-to-Medium Cap” etc. Moreover, some micro-films were published for continuous trading mechanism to vividly introduce the new trading system to the investors. TPEX Facebook Page is available as a way to interact with the public. TPEX are endeavored to provide diversified interaction channels and entertaining as well as informative tools for the main street investors.



TPEX 's Madia Gallery





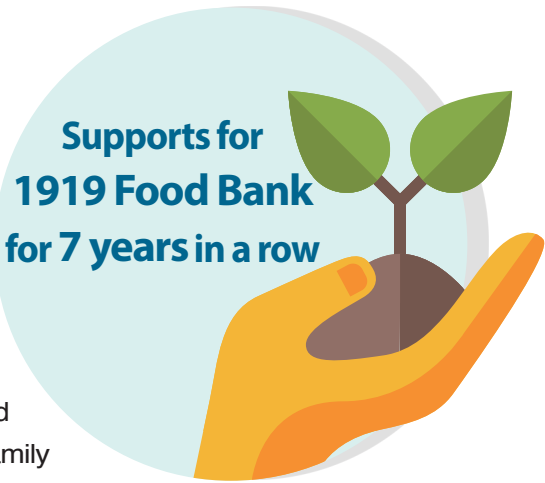
As a non-profit organization supervised by the FSC, TPEX is happy to constantly share resources nationwide for win-win of the capital market and social development. The TPEX charter stipulates that a certain ratio of after-tax earnings from the previous year should be allocated to public welfares and charity events. TPEX has set up CSR group chaired by the Deputy CEO to make decisions on the donations and oversee the implementation subject to the Welfare Donations Management Guidelines. TPEX not only proactively fulfills social responsibilities of itself, but also encourages its employees to volunteer in charity activities and calls upon companies of TPEX family to give cash donation or in-kind supports to the society.

In order to care for far-ranging, different groups in Taiwan, charity donations are divided into the “elderly, disadvantaged groups, and environments”, “children and teenagers”, “sports and cultural events”, and “medical care”, and are promoted accordingly.

The Elderly, the Disadvantaged, and the Environment

Taiwan is now an aged society. One of the impacts is the number of dementia patients rising on a yearly basis. To care for the elderly, TPEX donated to the Dementia Home Fund-raising Program of Mennonite Christian Hospital in the eastern part of Taiwan in 2019. In addition, TPEX sent love to the Taiwan Catholic Foundation of Alzheimer's Disease and Related Dementia, the LAUWULAU Home for the Elderly, the Taitung Family Caregiver Care Association, and the Greater Tainan Zeelandia Dementia Association, among other social welfare institutions for the elderly, to treat elderly as its own.

TPEX, believing in “Get from Society and Give back to Society”, is helping more disadvantaged groups that need help in society and has been supporting the 1919 Food Bank without stop since 2013. In 2019, it mobilized the TPEX family and raised more than NTD 1.23 million, 16,450 kilograms of rice, and hearty resources from up to 21 companies on the Main board and the emerging stock board, as well as from TPEX and its people, and donated them to the 1919 Food Bank to help financially disadvantaged families that are urgently in need of help. In addition, donations reached out to the Maria Social Welfare Foundation’s Ultra-severe and Multiple Disorder Service Building expansion project, the Children Are Us Foundation, the Down Syndrome Foundation, and the Taiwan Foundation for Rare Disorders, among others.



Mrs. Zhi-Cheng Zhang, the representative who accepted the donations for the 1919 Food Bank, shared his experience in helping with the 1919 Food Bank. He just got out of jail and could not work because of a traffic accident. He ended his life as a homeless person because the service center helped him return home to apologize to his father that he had not seen for up to 30 years and apply for the 1919 Emergency Aid and Food Package so that he could begin a basically steady life. Now he is able to take care of his father who is over 80 years old and is also receiving catering training. He works for the service center as a volunteer, too, where he is helping prepare snacks and distribute food packages. Once devastated, he was unable to even say his own name, Zhi-Cheng can now say “Thank 1919 Food Bank and the volunteers for giving me strength to stand up again. I am no longer afraid of others knowing my name. I can shout out loud that my name is Zhi-Cheng Zhang!”



Donation ceremony for the 1919 Food Bank

Treating Others’ Children Like One's Own

TPEX cares about disadvantaged youths. In order to shorten urban-rural differences and to provide students in outlying areas with sound educational resources, TPEX continued to devote itself to educational care events in 2019 by sponsoring family care centers in north Tainan, Chiayi, Hsinchu, Miaoli, Nantou, Changhua, and Yunlin through the Help Students Realize Dreams project, the Edison Adventure Charitable Learning Event of the National Taiwan Science Education Center, the Companionship in Life Program for the children in Taitung, and donating to the Tiencheng Children's Home in Taoyuan City to help disadvantaged children and teenagers improve their deprived educational resources and improve their learning ability and opportunities.

Zero Distance between Strength and Beauty

TPEX continues to promote related sporting and arts/cultural events so that the society in Taiwan may have pluralistic developments and demonstrate its strength and beauty in all domains besides the booming capital market.



TPEX sponsored the “Dreams Come True Project” of the National Theatre and Concert Hall



TPEX sponsored a charity show by Paper Windmill Theater at Miaoli

Baseball is the national sport of Taiwan and represents teamwork and the never-give-up essence of the local people. TPEX cares about baseball teams in outlying areas and hence donated to the team of Datong Elementary School in Yilan County that is only 3 years old since it was initially formed. The team played up to the semi-finals in the Caring Cup and eventually got third place. The little team members said that “playing baseball is a lot of fun. Bang!Bang! Bang! It sounds great.” TPEX also has donated to the baseball team of Ruifang Junior High School in New Taipei City and the Chinese Taipei Football Association.

Arts is free of boundary. In order for non-metropolitan children to be able to appreciate arts performances, TPEX sponsored the “Dreams Come True Project” of the National Theatre and Concert Hall to invite young students in outlying areas visit the National Theatre and the National Concert Hall to appreciate the beauty of arts and culture, and the Paper Windmill’s 368-Township Children Arts Projects so that the children in outlying areas can also enjoy the visual aesthetic feast. It also contributed to the Arts Education Sponsorship for Middle Schools Project of the Department of Teacher and Art Education under the Ministry of Education, as well as the Global Central Charity Reading Project of the Central New Agency in 2019.



TPEX donated a minivan to Kaohsiung Cishan Hospital

Medical Care in Outlying Areas

In order to support the government in the promotion of Long-term Care 2.0 and to enrich medical resources in outlying areas, TPEX continues to help areas in eastern and southern parts of Taiwan where medical resources are relatively insufficient, such as vehicles for the disabled of Kaohsiung Qishan Hospital, reconstruction of the Christian Hospital in Hengchun, and the medical care service van for outlying areas of Mackay Memorial Hospital in 2019.

Support for Social Enterprises

TPEX got second place in the Buying Power Award organized by the Small and Medium Enterprise Administration under the Ministry of Economic Affairs in 2019. The winners were mostly distributors, catering businesses, financial holding companies, automobile companies, and manufacturers. TPEX was the only financial securities peripheral unit. This award represents the government’s effort in promoting innovative developments in society. Through the incentive, mainstream enterprises are encouraged to and matched up with innovative organizations in society that carry social missions and are devoted to solving problems in society through products or services and help them explore marketing channels to boost their operational momentum and eventually drive the whole society to grow positively. By maximizing buying power, TPEX believes the substantial support for social enterprises is meaningful.

The only winner among financial and securities periphery



TPEX is the only financial insitution winning Buying Power Award in support of the social enterprises

APPENDIX

- APPENDIX 1 STAKEHOLDERS ENGAGEMENT
- APPENDIX 2 MANAGEMENT OF MATERIAL TOPICS
- APPENDIX 3 GRI STANDARDS INDEX
- APPENDIX 4 INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT



APPENDIX 1 | STAKEHOLDERS ENGAGEMENT

Stakeholder Identification

A paramount purpose for TPEx to release its Corporate Social Responsibility Report is to create an engagement and response mechanism over sustainability issues for stakeholders. Referring to the AA1000 Stakeholder Engagement Standard (SES), TPEx determines stakeholders' scope of engagement based on the following five attributes: responsibility, tension, influence, diverse perspectives, and dependency. Internal questionnaires were collected and analyzed in the cross-departmental meetings, and it came to the conclusion that 5 types of stakeholders were identified as key stakeholders for the operation of TPEx: governments, employees, customers, intermediaries, and investors.

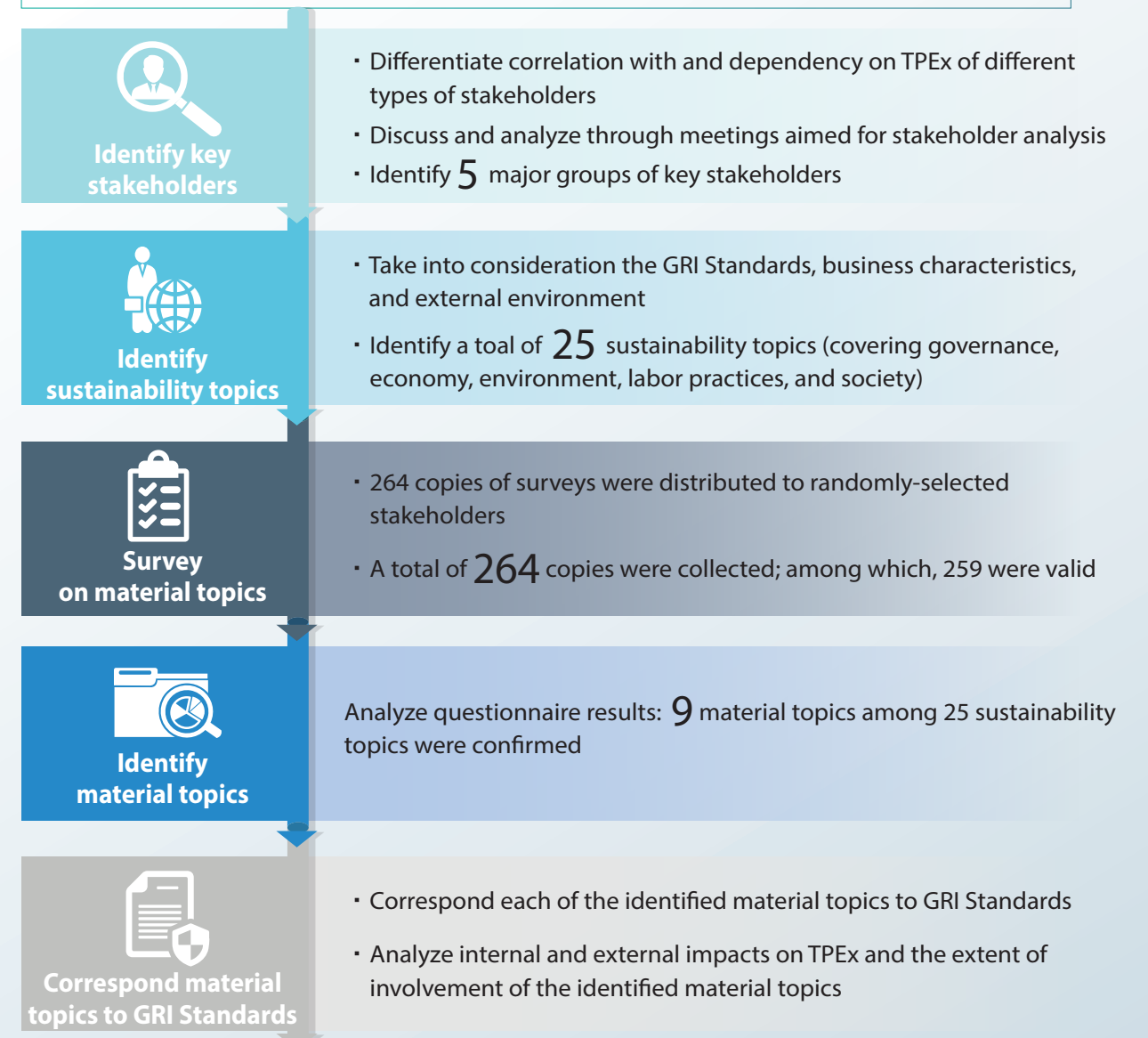
Communication with Stakeholders

TPEx ensures the multiple communication channels to interact with stakeholders. The channels and frequency of engagement with the key stakeholders are summarized in the Table below.

Stakeholder Groups	Importance to TPEX	Channels to and Frequency of Stakeholder Engagement
Government	TPEX is a chartered business that is authorized by the Securities and Exchange Act and is subject to supervision and inspection by the competent authority. Government agencies can have influence on the operations of TPEX.	<ul style="list-style-type: none"> • Filing of important market statistics (periodically) • Correspondence (occasionally) • Phone calls, faxes, and emails (occasionally) • Conferences and public hearings (occasionally)
Employees	Employees are important intangibles of TPEX. They create value to TPEX by developing new products, establishing trading systems, supervising the market, promoting corporate fund-raising, and vitalizing the securities market. Talents with competence and experiences are crucial to the solid competitiveness of TPEX.	<ul style="list-style-type: none"> • Training courses (occasionally) • Birthday luncheon (quarterly) • Family sports meet (annually) • Year-end banquets (annually) • Labor-management meetings (quarterly) • Employee Review Committee (semi-annually) • Sexual Harassment Complaint Processing Committee (occasionally) • Employee Pension Fund Committee and Pension Reserve Supervisory Committee (quarterly)
Customers	TPEX provides enterprises with listing services, trading venues, counselling and compliance advices, etc., which help the economic growth and capital vitalization. Moreover, TPEX provides data and information services.	<ul style="list-style-type: none"> • Visits (occasionally) • Routine inspection (periodically/quarterly/monthly) • Exceptional inspection (occasionally) • Workshops, promotional events, and forums (occasionally) • Correspondence (occasionally) • Phone calls, faxes, and emails (occasionally)
Intermediaries	TPEX collaborates with the intermediaries in helping the enterprises enter into the capital market. With intermediaries bridging between potential enterprises and the fund, TPEX can significantly enhance the efficiency of capital-raising services processes and the quality of supervision.	<ul style="list-style-type: none"> • Correspondence (occasionally) • Phone calls, faxes, and emails (occasionally) • Conferences, workshops, and briefing sessions (occasionally) • Service satisfaction surveys (semi-annually) • Intermediaries awards ceremony (annually)
Investors	TPEX provides diversified products, such as bonds, stocks, ETFs, ETNs, and derivatives so that investors of different attributes and types may take part. As such, it is TPEX's mission to provide a fair and safe trading environment for the investors' needs.	<ul style="list-style-type: none"> • TPEX corporate day events (quarterly) • Investor workshops (occasionally) • Email and hotline for investors (instantly) • Market Observation Post System (periodically/occasionally) • Market announcements and press release (occasionally) • Website and social media (occasionally)

APPENDIX 2 | MANAGEMENT OF MATERIAL TOPICS

In accordance with the GRI Standards, TPEX analyzes and manages the sustainability topics through the following steps.



Concerns of Stakeholders

According to the feedback of the stakeholders questionnaire, the top 5 concerns among the sustainability topics for the stakeholders are summarized as below.

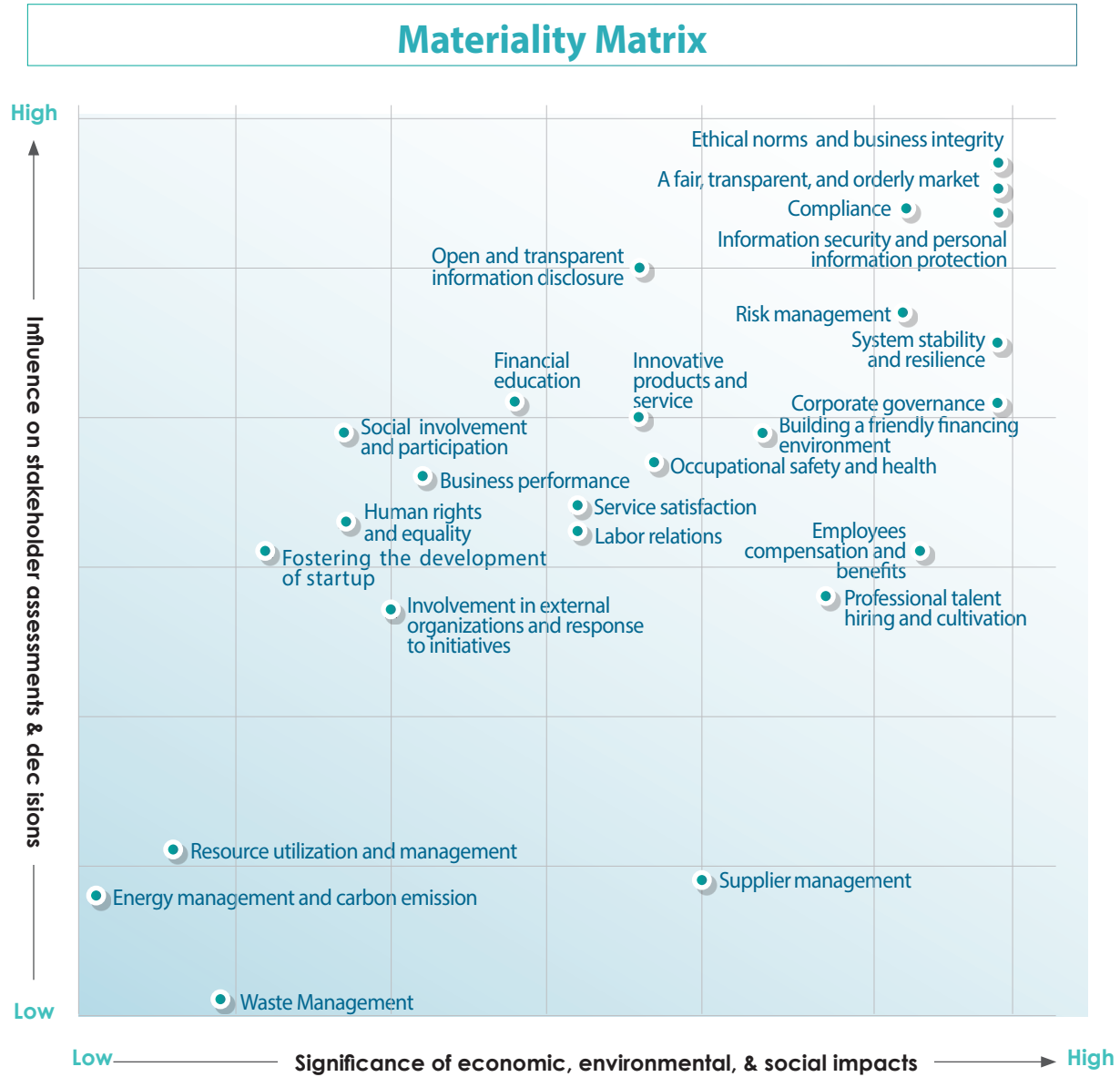
Stakeholder Groups	Top 5 Stakeholders' Concern	Corresponding section
Governments	<ul style="list-style-type: none">• A fair, transparent, and orderly market• Ethical norms and business integrity• Financial education• Risk management• Compliance	<ul style="list-style-type: none">1-2 Robust Development2-1 Internal Operations4-2 Financial Literacy2-1 Internal Operations2-1 Internal Operations
Employees	<ul style="list-style-type: none">• Employee compensation and benefits• Workplace health and safety• Compliance• Information security and personal information protection• System stability and resilience	<ul style="list-style-type: none">4-1 Care for Staff4-1 Care for Staff2-1 Internal Operations2-1 Internal Operations2-1 Internal Operations
Customers	<ul style="list-style-type: none">• Compliance• Information security and personal information protection• Moral regulations and integrity-based management• A fair, transparent, and orderly market• Risk management	<ul style="list-style-type: none">2-1 Internal Operations2-1 Internal Operations2-1 Internal Operations1-2 Robust Development2-1 Internal Operations
Intermediaries	<ul style="list-style-type: none">• Corporate governance• Ethical norms and business integrity• Information security and personal information protection• Compliance• A fair, transparent, and orderly market	<ul style="list-style-type: none">2-1 Internal Operations,2-2 Corporate Governance2-1 Internal Operations2-1 Internal Operations2-1 Internal Operations1-2 Robust Development
Investors	<ul style="list-style-type: none">• Open and transparent information disclosure• A fair, transparent, and orderly market• Ethical norms and business integrity• Business performance• Risk management	<ul style="list-style-type: none">2-1 Internal Operations1-2 Robust Development2-1 Internal Operations2-1 Internal Operations2-1 Internal Operations

Identification of Material Topics

By analyzing the questionnaires, TPEX determined the material topics among the 25 sustainability topics. It aimed to understand the stakeholders' level of concerns toward each topic and their expectations on TPEX's involvement as well.

264 copies of questionnaires were collected and among which 259 were valid (more than statistically expected 159 valid copies).

Besides, the senior management of TPEX evaluated each topic in terms of the respect impacts on the economy, environment, society and TPEX itself. The integrated results of analysis were displayed in the Materiality Matrix. In the matrix, those with the level of concern and the level of impact ranked "high and high", "medium and high", and "high and medium" respectively were identified as material topics in 2019, including (1) ethical norms and business integrity, (2) a fair, transparent, and orderly market, (3) information security and personal information protection, (4) compliance, (5) system stability and resilience, (6) risk management, (7) corporate governance, (8) open information and transparency, and (9) employee compensation and benefits.



Corresponding of Material Topics

In order to confirm the boundaries of information disclosed in this report, TPEx corresponded these 9 identified material topics to the matching topics of GRI Standards, determined internal and external impacts of each material topic, and examined the extent of involvement with the impacts.

Material Topics	Importance	Corresponding GRI Standards/self-designated topics(*)	Corresponding Sections
Ethical norms and business integrity	Establishing a fair, equal, anti-corruption consensus and culture in the organization, and substantial practice of integrity-based management policies are fundamental to a harmonious workplace, a fairly-competitive environment and a sustainable market.	Anti-corruption	Chapter 2 Deepened Governance
A fair, transparent, and orderly market	Only through an reinforced supervisory mechanism and trading surveillance can the fairness and transparency on the market be ensured and trading on the market be vitalized.	A fair, transparent, and orderly market*	Chapter 1 Sustainable Market
Information security and personal information protection	Only through sound information security management and personal information protection can the trading market function fairly and orderly.	Customer Privacy	Chapter 2 Deepened Governance
Compliance	Integrity, compliance, transparency, and accountability are the bases for protecting employees' rights, improving market development, and facilitating sustainable prosperity.	• Environmental compliance • Socioeconomic Compliance	Chapter 2 Deepened Governance Chapter 3 Environment-Friendliness
System stability and resilience	Only when the system runs steadily can the financial market remain stable and capable of responding to urgent incidents promptly and smoothly, which will minimize the losses occurred.	System stability and resilience*	Chapter 1 Sustainable Market Chapter 2 Deepened Governance
Risk management	Through identifying operational risks and improving measures that are likely to affect regular operations, TPEx can explore potential business opportunities under risk-based management..	Risk management (General Disclosures)	Chapter 2 Deepened Governance
Corporate governance	The governance framework of TPEx can reinforce the internal control and audit system aligned with regulations, fulfill public interest under the instruction of the competent authority, and shape a sound governance culture.	Corporate governance (General Disclosures)	Chapter 2 Deepened Governance
Open and transparent information disclosure	In line with the Foundations Act, related information of TPEx should be spontaneously submitted to the competent authority and released to facilitate public supervision.	Open and transparent information disclosure*	Chapter 2 Deepened Governance
Employees compensation and benefits	TPEx provides appealing compensation, benefit, and systematic training program to retain and grow talent. Employees are constantly encouraged to advance their professional skills and balance life and work while pursuing career growths with TPEx.	• Market Presence • Employment • Diversity and Equal Opportunity	Chapter 4 Co-prospering Society

Extent of Impact and Involvement of Material Topics

Material Topics	Corresponding Topics in GRI Standards	Internal		External			
			Employees	Government	Customers	Investor	Intermediaries
Ethical norms and business integrityt	Anti-corruption	●	●	○	○	○	○
A fair, transparent, and orderly market	A fair, transparent, and orderly market	●	○	○	●	●	○
Information security and personal information protection	Customer Privacy	●	○	○	○	●	○
Compliance	Environmental compliance; Socioeconomic Compliance	●	●	○	○	○	○
System stability and resilience	System stability and resilience	●	○	○	○	●	○
Risk management	Risk management (General disclosures)	●	●	○	○	○	○
Corporate governance	Corporate governance (General disclosures)	●	●	●	○	●	
Open and transparent information disclosure	Open and transparent information disclosure	●	○	○		○	
Employees compensation and benefits	Market Presence; Employment; Diversity and Equal Opportunity	●	●	○			

● Direct Impact
○ Indirect Impact

Material Topics Management Approach

GRI Standards Material Topics	Management approach and complaint mechanisms	Evaluation mechanisms and management accomplishments
Anti-corruption	Policies/Promises/Objectives: <ul style="list-style-type: none"> To build a fair, equal, anti-corruption consensus and organizational culture To prevent conflict of interest and eradicate corruption and violation of laws 	Evaluation mechanisms: Integrity-based self-disciplinary regulations, such as the employee moral practice and code of conducts, employee confidentiality agreement, and disciplinary regulations for supervisors of securities
	Complaint mechanisms <ul style="list-style-type: none"> The Whistleblowing System Implementation Guidelines, with whistleblower channel: Taipei Exchange Contact Window for Whistleblowers Direct line: 02-2366-6084 Email: ethics@tpex.org.tw	2019 management accomplishments: <ul style="list-style-type: none"> No violation of regulations throughout the year Results of the satisfaction survey among securities underwriters did not show improper conduct. The overall satisfaction was around 90% high.
A fair, transparent, and orderly market	Policies/Promises/Objectives: <ul style="list-style-type: none"> To enforce market surveillance and supervision so that the confidence of the investors can be enhanced. To take efforts in shaping a much more transparent, fair, efficient, and safe trading environment with liquidity. 	Evaluation mechanisms: <ul style="list-style-type: none"> Securities firms examination Education and briefing sessions for listed companies and the intermediaries Under hierarchical management approach, conduct routine and exceptional inspections for listed companies and ESB companies MOPS (Market Observation Post System) online and offline surveillance
	Complaint mechanisms <ul style="list-style-type: none"> Investor hotline and investor mailbox Face-to-face communication with the issuers Workshops for the intermediaries to exchange opinions Upon deficiencies found during inspection processes, securities firms and the employees are given the opportunity to provide explanations. Securities firms are granted with 30 days to file appeal since receiving the penalties 	2019 management accomplishments: <ul style="list-style-type: none"> Throughout the year, a total of 389 inspection projects conducted over the securities firms, varied from routine check, exceptional inspection, risk reviews, to anti-money laundering. Five briefing sessions on continuous requirements for Main board listed companies and ESB companies; five workshops on insiders issues were held. Auditing or reviewing of financial statements and internal control system of Main board listed companies and ESB companies were 100% completed. Inspections on material information disclosure were conducted on 434 Main board listed companies and 46 ESB companies. For the Main board, notice of attention of 340 securities announced (accumulated for 1,491 times) and notice of disposition of 69 securities announced (accumulated for 105 times). As for emerging stock board, notice of attention of 14 stocks announced (accumulated for 21 times).

GRI Standards Material Topics	Management approach and complaint mechanisms	Evaluation mechanisms and management accomplishments
Customer Privacy	Policies/Promises/Objectives: <ul style="list-style-type: none"> To protect the confidentiality, integrity, and usability of information assets for the safety and stability of information provided. To ensure that the collection, processing, and utilization of personal data meets the regulatory requirements in order to reduce the risk of personal privacy violation. Unauthorized disclosure of confidential information is prohibited. 	Evaluation mechanisms: <ul style="list-style-type: none"> Information and Communication Security Policy and the Personal Data Protection Handbook are prepared and implemented. The internal and external auditing on the implementation are conducted semi-annually. Information and Communication Security Management Review Meeting is held periodically. Personal Information Management Review Meeting is held periodically.
	Complaint mechanisms Information and Communication Security Management Review Meeting, Personal Information Management Review Meeting, investor hotline, and investor mailbox	2019 management accomplishments: <ul style="list-style-type: none"> Persistent valid BSI ISO 9001, ISO 27001, ISO 20000, and BS10012 certifications Two Information and Communication Security Management Review Meetings and Personal Information Management Review Meetings were held, respectively. No disclosure of confidential information and violation upon personal information throughout the year.
Compliance with laws concerning environmental protection, compliance with socioeconomic laws and regulations	Policies/Promises/Objectives: To ensure that business is carried out in compliance with regulatory requirements.	Evaluation mechanisms: <ul style="list-style-type: none"> Semi-annual self-assessment on the compliance at every department. Annual internal auditing on the compliance of each department. Periodic training sessions on the compliance for employees.
	Complaint mechanisms Official correspondence, investor mailbox, investor service hotline, Chairman mailbox.	2019 management accomplishments: <ul style="list-style-type: none"> No significant deficiencies found during self-assessments and internal auditing. No violation of environmental protection, social and economic issues, nor non-compliance with product and service information labeling, and applicable marketing and communication laws and regulations occurred. Three training sessions on compliance were held in the year.

GRI Standards Material Topics	Management approach and complaint mechanisms	Evaluation mechanisms and management accomplishments
System stability and resilience	Policies/Promises/Objectives: To devote to the protection of the information system security and to ensure system stability with optimal quality of equipment, testing, monitoring, backup, and operating procedures.	Evaluation mechanisms: <ul style="list-style-type: none"> • Semi-annual external and internal audits. • Information and Communication Security Management Review Meeting is held periodically. • Periodic backup system testing, with a target success rate of 96% or above. • Aiming at no transactions were affected due to program errors of the information system throughout the year. • Aiming at no service disruption caused by inadequate of system capacity.
	Complaint mechanisms Contact window for the maintenance and management of the systems.	2019 management accomplishments: <ul style="list-style-type: none"> • Persistent valid BSI ISO 9001, ISO 27001, and ISO 20000 certifications were obtained. • No transactions were affected due to program errors nor service interruption caused by inadequate of system capacity. • Two in-place and two remote system backup testing, one information security event reporting rehearsal, and one DDoS attack simulation were organized and completed successfully.
Risk management (General disclosure)	Policies/Promises/Objectives: To include risk management as part of the decision-making process and effectively identify and control risks in action plans	Evaluation mechanisms: <ul style="list-style-type: none"> • Risk assessment performed at each department periodically • Periodic Risk Management Committee meetings to confirm risk items based on the assessment results at every department • Internal control system revised and approved by Board of Directors in response to changes in practice and regulatory trends
	Complaint mechanisms The internal audit group and Risk Management Committee	2019 management accomplishments: <ul style="list-style-type: none"> • One Risk Management Committee meeting held to confirm risk items. • Two round revision of internal control procedures to ensure the validity of risk management.
Corporate governance (General disclosure)	Policies/Promises/Objectives: To create a proper governance framework that is compliant with law, as a role model to the companies in advancing corporate governance	Evaluation mechanisms: <ul style="list-style-type: none"> • Periodic board of directors and supervisors meeting. • Internal audit group, under the board of directors, periodically submits inspection reports and follow-ups to the supervisors for review and reports in the board meetings.
	Complaint mechanisms Official correspondence, board of directors and supervisors meeting, and investor mailbox	2019 management accomplishments: <ul style="list-style-type: none"> • The board of directors and supervisors meetings were held on a monthly basis with attendance rate of 95% on average. • 10 suggested items brought forth by the internal audit group along with follow-ups results were submitted to the supervisors for review and reported in the board meetings.

GRI Standards Material Topics	Management approach and complaint mechanisms	Evaluation mechanisms and management accomplishments
Open and transparent information disclosure	Policies/Promises/Objectives: To disclose information in such ways: <ul style="list-style-type: none"> • Work plans and budget statements for the coming year: approved by the board of directors and submitted to the competent authority for record respectively by the time of three months and two months before the beginning of said year. • Business reports, financial statements and property lists for the current year: approved by the board of directors and submitted to the supervisors for review, and then submitted with the supervisor's reports to the competent authority for record within three months after said year's end. • Financial reports: audited by a CPA and included into the Annual Reports. • The information and document mentioned above are available on the TPEX website for public review. 	Evaluation mechanisms: <ul style="list-style-type: none"> • "About TPEX - Information Disclosure" on the official website • Publications, such as Annual Report
	Complaint mechanisms Official correspondence, email, investor hotline, and whistleblowing channel.	2019 management accomplishments: The work plans, budget statement, business report, audited financial report, supervisory report and annual report are all available at "About TPEX - Information Disclosure" on the official website.
Market presence, employment, diversity and equal opportunity	Policies/Promises/Objectives: To establish a comprehensive personnel management and reward system to create a better workplace, including employee's performance evaluation and promotion mechanisms, job rotation rules, incentive programs, welfare and subsidy application guidelines, etc.	Evaluation mechanisms: <ul style="list-style-type: none"> • Annual performance evaluation and promotion. • Training programs. • Multiple employee welfares and benefits other than those specified in the Labor Standards Act. • Periodic free health consultation for employees
	Complaint mechanisms Employee complaint-filing channel, labor-management meeting, and personnel evaluation meeting.	2019 management accomplishments: <ul style="list-style-type: none"> • 100% completion of annual review of the employees who are officially employed for at least 6 months. • No complaints were received from employees throughout the year. • The average training hours per employee was 35.69 hours. • The resumption rate of those on parental leave was 75% and the retention rate of the said employees was 100% after a year • The on-site health care services by registered nurses were arranged 3 times a month; During the whole year, the on-site health consultation services by physicians were arranged 3 times.

APPENDIX 3 | GRI STANDARDS INDEX

Guideline	Information disclosed	Corresponding section/ Additional information	Page number
GRI 102: General Disclosure 2016			
Organizational profile			
102-1	Name of the organization	TPEX Introduction	8
102-2	Activities, brands, products, and services	TPEX Introduction	8
102-3	Location of headquarters	TPEX Introduction	8
102-4	Location of operations	TPEX Introduction	8
102-5	Ownership and legal form	TPEX Introduction	8
102-6	Markets served	TPEX Introduction	8
102-7	Scale of the organization	TPEX Introduction 2-1 Internal Operation	8 40
102-8	Information of employees and other workers	4-1 Employee care	68
102-9	Supply chain	TPEX Introduction	8
102-10	Significant changes to the organization and its supply chain	No significant changes in 2019.	-
102-11	Precautionary Principle or approach	2-1 Internal Operations	40
102-12	External initiatives	1-3 Partnership Sustainability Performance Highlights	34 10
102-13	Membership of associations	1-3 Partnership	34
Strategy			
102-14	Statement from senior decision-maker	Message from the Chairman and CEO	5
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	2-1 Internal Operations	40
Governance			
102-18	Governance structure	2-1 Internal Operations	40
Stakeholders			
102-40	List of stakeholder groups	Appendix– Stakeholders Engagement	83
102-41	Collective bargaining agreements	None	-
102-42	Identifying and selecting stakeholders	Appendix–Stakeholders Engagement	83
102-43	Approach to stakeholder engagement	Appendix– Stakeholders Engagement	83
102-44	Key topics and concerns raised	Appendix– Management of Material Topics	85
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Entities included in the financial statement are already included herein	
102-46	Defining report content and topic Boundaries	Appendix– Management of Material Topics	85
102-47	List of material topics	Appendix– Management of Material Topics	85
102-48	Restatements of information	No such incidents occurred in 2019.	-
102-49	Changes in reporting	Appendix– Management of Material Topics	85
102-50	Reporting period	About the Report	4
102-51	Date of most recent report	About the Report	4
102-52	Reporting cycle	About the Report / Every year	4
102-53	Contact point for questions regarding the report	About the Report	4
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	4
102-55	GRI content index	Appendix– GRI Standards Index	94

Guideline	Information disclosed	Corresponding section/ Additional information	Page number
102-56	External assurance	About the Report Appendix– Independent Auditors' Limited Assurance Report	4 96
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Appendix– Management of Material Topics	85
103-2	The management approach and its components	Appendix– Management of Material Topics	85
103-3	Evaluation of the management approach	Appendix– Management of Material Topics	85
Specific standard disclosures			
GRI 200: Economic			
GRI 202: Market Presence 2016			
202-2	Proportion of senior management hired from the local community	4-1 Employee care	68
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	2-1. Internal Operations	40
GRI 300: Environmental			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3-2 Green Office	60
302-3	Energy intensity	3-2 Green Office	60
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	3-2 Green Office	60
305-2	Energy Indirect (Scope 2) GHG emissions	3-2 Green Office	60
305-4	GHG emissions intensity	3-2 Green Office	60
GRI 307: Environmental compliance 2016			
307-1	Non-compliance with environmental laws and regulations	2-1. Internal Operations	40
GRI 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	4-1 Employee care	68
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-1 Employee care	68
401-3	Parental leave	4-1 Employee care	68
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	4-1 Employee care	68
404-3	Percentage of employees receiving regular performance and career development reviews	4-1 Employee care	68
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	2-1. Internal Operations 4-1 Employee care	40 68
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2-1. Internal Operations	40
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	2-1. Internal Operations	40

APPENDIX 4 | INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors
Taipei Exchange

Opinion

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) on the Corporate Social Responsibility Report (“the Report”) of Taipei Exchange (“the Company”) for the year ended December 31, 2019.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with GRI Standards and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000 (Revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 “Quality Control for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 30, 2020

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI Standards 302-1 Energy consumption within the organization	3-2 Green Office	The total energy consumption includes the electricity and gasoline by the company cars. The electricity consumption of Guting Office in Taipei was calculated from the electricity bills; the gasoline consumption by the company cars are calculated using the gasoline expenditures and average gasoline price.
2.	GRI Standards 401-3 Parental leave	4-1 Employee Care	The total number of employees that took parental leave, total number of employees that returned to work in the reporting period after parental leave ended, total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender, and the return to work and retention rates of employees that took parental leave were calculated by gender and the numbers were obtained from associated record.
3.	GRI Standards 404-1 Average hours of training per year per employee	4-1 Employee Care	The average hours of training per year per employee by gender and by employee category were obtained and calculated from the training records, sign-in forms and the request for approval for external training.
4.	Number of green bonds issuance and the remaining values	Special section: Development and significance of green bonds - energy transition to low carbon and sustainability 3-1 Green Finance	The number and remaining values of the green bonds issued were obtained from the green bonds application and review records.
5.	Number of Elite Incubator Camp for College Students in Securities Market organized and the results of the satisfaction survey from the participant	4-2 Financial Literacy	The number of Elite Incubator Camp for College Students in Securities Market organized were obtained by the event management records, and the results were calculated from the survey questionnaires.
6.	The number of investor workshops and briefing sessions for securities firms organized to promote the new continuous trading system	1-1 Growth Support	The number of workshops and briefing sessions organized were calculated from the associate records including the request for approval for each events, working reports, and the screen shot of the event registration system.



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