

2021 Taipei Exchange
**Sustainability
Report**



CONTENTS

About the Report	4
Message from the Chairman and CEO	6
Introduction to TPEX	8
Stakeholder Engagement	14
Material Topics Management	17

2021 Sustainability Performance Highlights 22

Response to the pandemic	24
Sustainable Bond Market	26
Pioneer Stock Board (PSB)	28
Promotion of information security	31
Promotion of Financial Literacy	33

Chapter 1 Building a Robust Market 36

1.1. Growth	36
1.1.1. System Optimization	36
1.1.2. Diverse Financial Instruments	37
1.1.3. Expanding the capital market	40
1.1.4. Expanding investment participation	41
1.2. Sustainability	42
1.2.1. Market supervision	42
1.2.2. Transaction monitoring	43
1.2.3. Securities companies' audit	46
1.2.4. Investment protection	47
1.3. Collaboration	49
1.3.1. Participation in Guilds and Associations	49
1.3.2. International Interactions	49
1.3.3. TPEX service promotion	52

Chapter 2 Reinforcing Good Governance 54

2.1. Strengthening Corporate Participation	54
2.1.1. Corporate Governance Evaluation	54
2.1.2. Driving corporate action	57
2.2. Operational Governance	58
2.2.1. Operations of TPEX governance	58
2.2.2. Risk management	61
2.2.3. Information Security	63
2.2.4. Supplier management	65

Chapter 3 Facilitating Environmental Sustainability 66

3.1 Sustainable Finance	66
3-1-1 Promotion of Green Finance	66
3-1-2 Climate Change Governance	69
3-2 Green Operations	71
3-2-1 Energy/carbon Management	71
3-2-2 Resource Management	72
3-2-3 Waste Management	73

Chapter 4 Prospering with the Community 74

4-1 Social Participation	74
4-1-1 Social innovation	74
4-1-2 Actively support the disadvantaged	76
4-2 Workplace welfare	79
4-2-1 People-oriented philosophy	79
4-2-2 Compensation and welfare support	82
4-2-3 Training and development appraisals	84
4-2-4 Health care services	88

Appendix 89

Appendix 1: GRI Standards Index	89
Appendix 2: SASB Standards Index	93
Appendix 3: Independent Auditors' Limited Assurance Report	94



ABOUT THE REPORT

This is the 2021 Sustainability Report (hereinafter referred as the "Report") of Taipei Exchange (hereinafter as "TPEX"). TPEX, adhering to the principle of integrity and transparency, aims to present its communications with stakeholders throughout 2021, demonstrating its philosophy of sustainable development and involvement in various sustainability issues.

Scope of Disclosure



The disclosure period of this Report covers the year 2021 (January 1 to December 31). The Report covers the performance of TPEX in the governance, social, and environmental aspects. Considering the information comparability, certain performance information includes data from the past three years, except for some that have not been collected systematically.

The disclosure scope of this Report covers the TPEX Guting Office (Headquarter) in Taipei City, Banqiao Office in New Taipei City, Banqiao server room in New Taipei City, and remote backup server room in Taichung City. For data covering different scopes, clarifications are provided in the relevant texts or notes.

Reporting Basis



This Report is prepared in accordance with:

1. the Core option of the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI).
2. the Sustainability Accounting Standards Board (SASB) standards issued for the Security & Commodity Exchanges sector in the Financials industry.

Information Disclosure



The financial performance data disclosed herein are based on CPA-audited financial statements, and all financial figures are represented in New Taiwan Dollar (NT\$). Other non-financial data in the Report were compiled and calculated by TPEX and are presented in common values that are rounded. The data or information disclosed herein are provided by the respective responsible departments of TPEX, and compiled by the Sustainability Reporting Task Force. The Report has been published after approval.

External Assurance



This Report has been assured by Deloitte Taiwan in accordance with the GRI Standards and the Assurance Standards No. 1, "Assurance Engagement of Examinations and Audits of Nonhistorical Financial Information," issued by the Accounting Research and Development Foundation, ROC.

Report Issuance



Since 2019, TPEX has been publishing Sustainability Reports (formerly CSR Reports) on a yearly basis, with the previous Chinese and English reports issued in June 2021.

The annual Sustainability Reports of TPEX are available on the TPEX's official website and its dedicated Sustainability section:



Official website
<https://www.tpex.org.tw/web/index.php?l=en-us>



Sustainability section
<https://www.tpex.org.tw/web/csr/index.php?l=en-us>

Contact Information



Strategy & International Relations Department, TPEX
Phone : 886-2-2369-9555
Email: server@tpex.org.tw
Website: www.tpex.org.tw/web/index.php?l=en-us



MESSAGE FROM THE CHAIRMAN AND CEO

In recent years, TPEX has integrated the sustainable development concept of coexistence with the environment and social co-prosperity into its daily business operations to show its recognition and support for the United Nations' Sustainable Development Goals (SDGs). In 2021, in addition to continuously working with enterprises and intermediaries to improve the operation efficiency of the capital market, we continued to urge enterprises in the TPEX market to value corporate governance and respond to SDGs, and we also actively optimized the mechanism of green finance and ESG-related products, driving the TPEX market and participants towards ESG sustainable development.

In 2021, the COVID-19 pandemic continued to be severe, and Taiwan's pandemic control measures were stricter in the middle of the year. During this period, in addition to employees' taking turns to work from home, TPEX also promoted intermediaries such as bond dealers to work from home, disseminated that the listed / registered companies shall strengthen pandemic control measures, and timely released major information and implemented Business Continuity Plan appropriately. Although the impact of the pandemic still persisted, TPEX had not stopped helping enterprises to enter the capital market to raise funds and improving the market mechanism. The Market Maker and Liquidity Provider Programs was launched at the end of June 2021, aiming to boost Main Board stock trading volume and liquidity specifically of those "good business performance but low liquidity" stocks. In July, the "Pioneer Stock Board" of the emerging stock market was launched to complement the current multi-tiered market framework, supporting innovative startups and companies from Taiwan's Six Core Strategic Industries.

In terms of promoting green finance and ESG-related products, TPEX launched two ESG-related indexes in 2021, and then securities firms also launched two ETN products linked to these indexes, hoping to drive the development of domestic ESG products and meet the needs of responsible investment. Moreover, as to complete the scope of the Sustainable Bond Market, TPEX established Sustainable Bond Market by integrating the Green Bonds, Social Bonds and Sustainability bonds Market. In addition, TPEX plans to establish the Sustainability-Linked Bonds Market in 2022, through mechanisms such as setting targets and linking payment terms to ensure that issuers incorporate sustainable development strategic goals into business decisions.

In terms of corporate governance, TPEX continued to align the "Corporate Governance 3.0 - Sustainability Roadmap", framed by Financial Supervisory Commission, and encouraged listed companies to make sustainability reporting. Further measures including the mandatory adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and

Sustainability Accounting Standards Board (SASB) standards will be used to enhance the disclosure quality of sustainability reports. TPEX held a two-day forum "Sustainability Through ESG, 2021" at the end of last August to exchange viewpoints and share practical experiences to strengthen their understanding of the importance of sustainable development of those small and medium-sized enterprises. Meanwhile, through the participation of investment experts in various fields, the essence and demand of sustainable investment were clarified, which would help develop new thinking on sustainability issues of small and medium-sized enterprises.

As for TPEX, we continued to enhance employees' cognition about the environment protection and the risk of climate change, and did our best to reduce energy consumption and carbon emissions. After signing as a supporter to TCFD in October 2020, TPEX joined the International Capital Market Association (ICMA) in July 2021, becoming the fifth full member in Asia as a stock exchange. At the same time, TPEX plans to purchase part of its operating electricity from green electricity or renewable energy from 2022, and has begun to evaluate its own feasible practices for greenhouse gas inventory. As an exchange, we enforced policies and measures on employees' ethics, discipline, avoiding any forms of conflict of interests. Also, we addressed operational risks by implementing Business Continuity Management (BCM) system. Strict cybersecurity and confidentiality policies were also in place to strengthen internal governance. Meanwhile, TPEX continued with our donation to various charitable programs that provide care for the elderly and the underprivileged people, and bring medical services to remote areas. We also sponsored research activities related to progress our capital market development.

As the world becomes more aware of the importance of environmental, social, governance issues and responsible investment, TPEX should play as a driver of market sustainability. TPEX will stand by listed companies and intermediaries to strive the ESG concept into its operation strategy and their sustainability development, and always.

Philip Chen
Chairman

Edith Lee
Managing Director & CEO



INTRODUCTION TO TPEX

Basic information

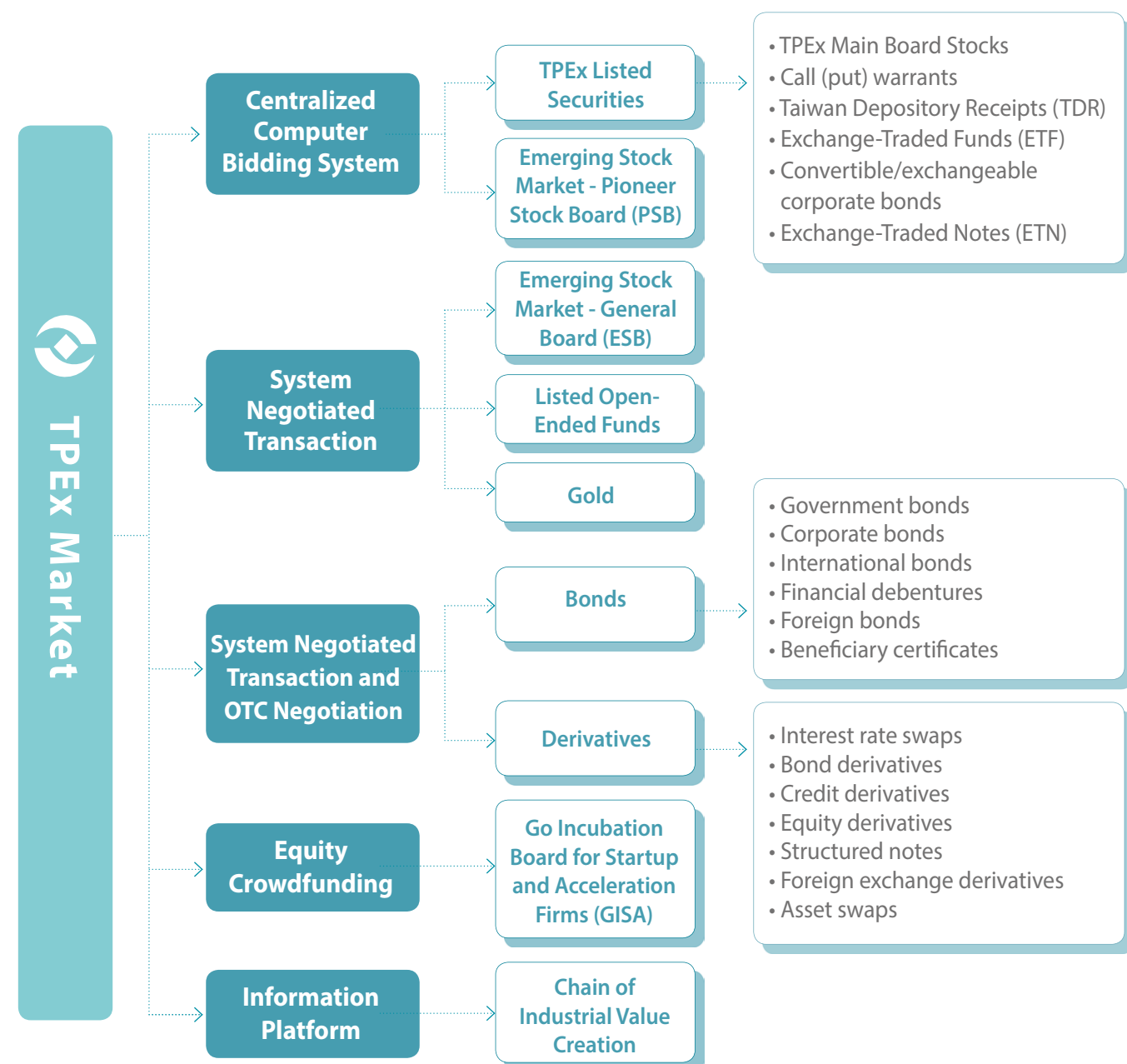


Company name	Taipei Exchange
Location of headquarters	15F., No. 100, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City
Year established	1994
Primary scopes of service	Helping emerging small-to-medium-sized and micro-enterprises primarily in the high-tech industry, and the innovation and creativity industry to become listed and raise funds. Operating the market trading business of diverse instruments, such as stocks, bonds, ETFs, ETNs, call (put) warrants, and over-the-counter derivatives, including centralized trading and negotiation features.
Primary market	Taiwan
Business locations	Guting Office, Taipei City Banqiao Office, New Taipei City Banqiao Server Room, New Taipei City, Taichung Remote Backup Server Room, Taichung City
Number of employees	289 persons
Total assets	NT\$20.86 billion

Core businesses

TPEX serves as a service center for corporate financing and financial products trading. The services provided include assisting characteristic companies with the potential to enter the capital market to obtain financing, improving primary and secondary markets for bonds, and providing platforms for centralized trading and over-the-counter negotiated trading.

TPEX trading services and financial products





History

Taiwan's over-the-counter (OTC) stock market took shape with the Taiwan Securities Association's efforts since February 1988. The Ministry of Finance subsequently decided in 1993 to establish TPEx, a non-profit institution, to formalize and strengthen Taiwan's capital market and specifically the OTC market. TPEx was established in accordance with the Securities and Exchange Act on July 27, 1994, and became officially operative on November 1. The initial funds were joint donations from the Taiwan Stock Exchange (hereinafter as TWSE), the Taiwan Securities Association, and the Taiwan Depository & Clearing Corporation (hereinafter as TDCC). The competent authority is the Financial Supervisory Commission (hereinafter as FSC).



1994~1999 Starting

- (1994/11) TPEx formally established
- (1996/7) Foreign investment permitted into the TPEx market
- (1998/12) Implemented the Joint Responsibility System Clearing and Settlement Fund system
- (1999/1) Permitted margin trading
- (1999/8) Promulgated relevant rules and regulations for the block trading system of Main Board stocks



2000~2004 Growing

- (2000/7) Introduced the Electronic Bond Trading System (EBTS) outright trade function
- (2002/1) Established the Emerging Stock Market
- (2002/5) Joined IOSCO as an affiliate member
- (2002/8) Officially launched the "Market Observation Post System (MOPS)"
- (2003/3) Launched call (put) warrants



2005~2009 Maturing

- (2005/3) Introduced the EBTS repo trade function
- (2005/10) Obtained ISO9001 certification
- (2006/11) Issued the Formosa bond
- (2006/11) Obtained the new version of ISO27001 information security standard certification
- (2007/3) Launched the Derivatives Trading System
- (2009/5) First foreign company registered on the Emerging Stock Market
- (2009/11) Launched the Foreign Bond Trading System



2010~2014 Expanding

- (2010/4) Became an affiliate member of The World Federation of Exchange (WFE)
- (2010/6) First foreign company became listed on the TPEx Main Board
- (2010/12) Officially launched the "TPEx Industry Value Chain Information Platform"
- (2011/1) First issuance of 2 ETFs, "Yuanta Taiwan GreTai 50 ETF" and "Polaris Taiwan Government Bond ETF," on the TPEx Main Board
- (2011/2) First foreign enterprise TDR listed on TPEx
- (2011/10) Became full member of the WFE
- (2013/4) Became full member of the AOSEF
- (2013/9) Became a member of CCP12, a global centralized clearing organization
- (2014/1) Launched the "Go Incubation Board for Startup and Acceleration Firms (GISA)"
- (2014/11) Officially launched the IRS Unwind Service Operating System
- (2014/12) Officially launched the IRS Platform



2015~2019 Deepening

- (2015/1) Officially launched the gold trading platform
- (2015/4) Permitted equity fundraising by securities firms
- (2016/9) Issued gold warrants
- (2017/5) Listed first batch of green bonds
- (2018/3) Awarded as a Green Bond Exchange
- (2019/3) Launched the TPEx 200 Index
- (2019/4) First issuance of 3 TPEx ETNs
- (2019/6) Permitted the issuance of Sukuk by foreign issuers in Taiwan
- (2019/9) Recognized as "Designated Offshore Securities Market" by the U.S. Securities and Exchange Commission



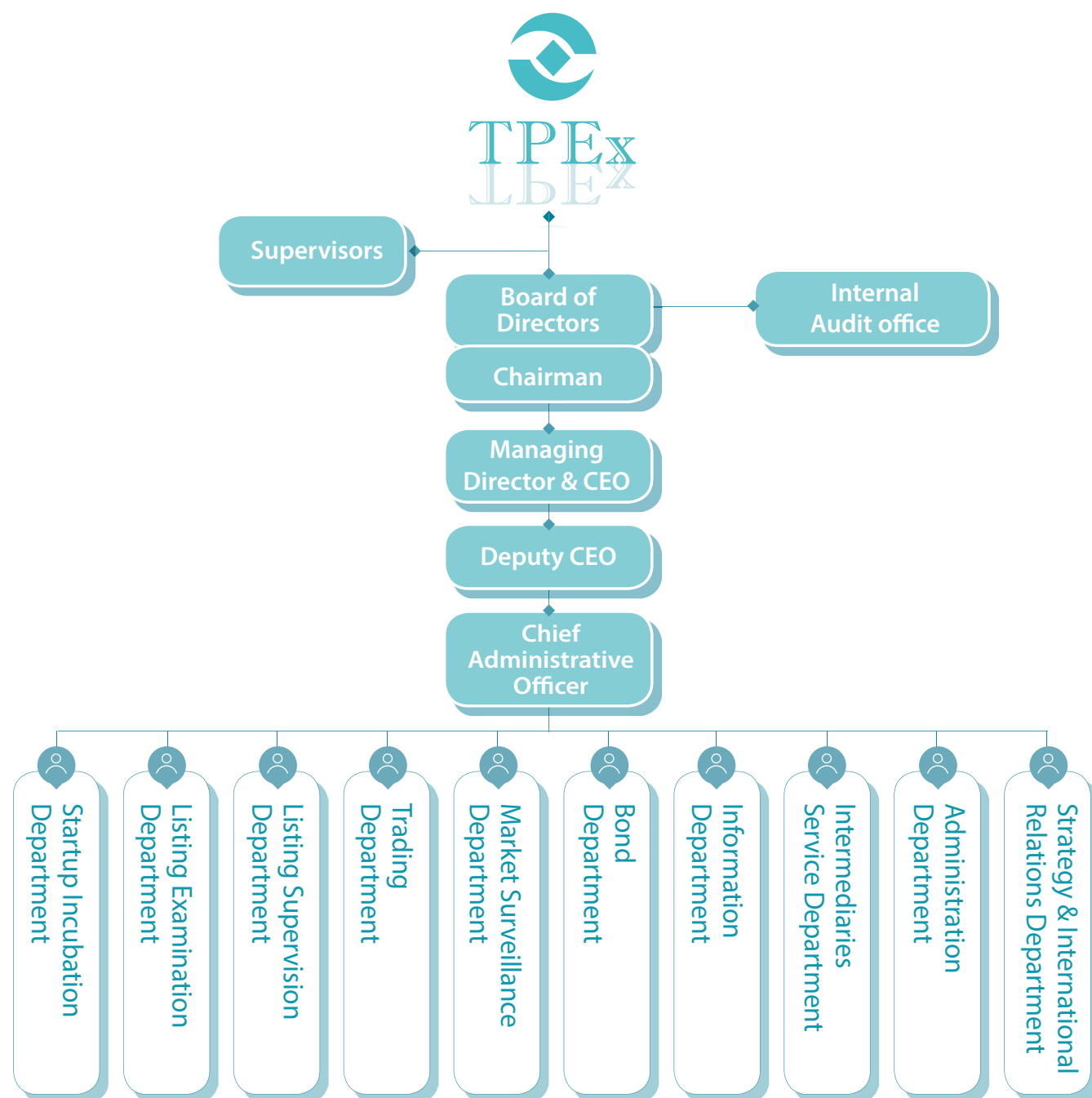
2020~2024 Leaping

- (2020/1) Promulgated the management measures and relevant regulations for security tokens (STO)
- (2020/3) Implemented the Continuous Trading System
- (2020/6) Released the TIP Taiwan TPEx CSR Index
- (2020/10) Established the Sustainability Bond Market
- (2020/10) Implemented the intraday Odd Lot Trading system
- (2020/11) Annual issuance volume of the bond market in 2020 exceeded the NT\$3 trillion mark
- (2021/5) Established the Social Bond Market
- (2021/5) Launched the Sustainable Bond
- (2021/6) Implemented the Market Maker and Liquidity Provider Programs
- (2021/7) Launched the Pioneer Stock Board



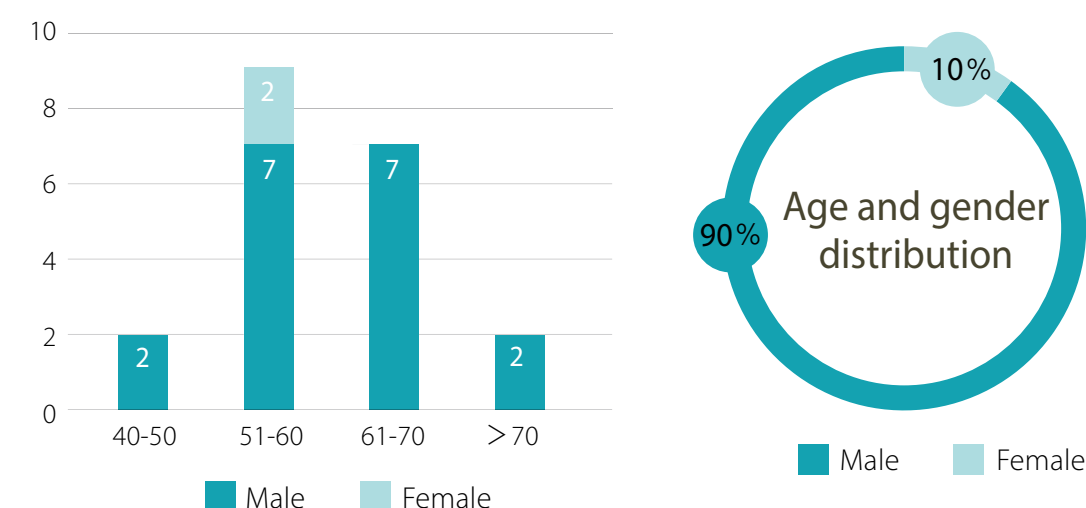
Organizational structure

The Board of Directors of TPEX is the highest governance unit. The Chairman convenes and serves as the chairman of the meeting. The Board of Directors is composed of 15 members and has 5 supervisors to supervise its operation. It is responsible for enacting the regulations and deciding development issues of the TPEX markets. There are a total of 10 departments under its organization that perform their own duties. For the main business of each department, please refer to the official website of TPEX. (<https://www.tpex.org.tw/web/about/introduction/organization.php?l=zh-tw>)



The current (10th) Board of Directors' three-year term is from August 10, 2021 to August 9, 2024. With expertise in finance, accounting, law, and public finance, all directors are outstanding talents in the industry and academia with the commitments of being independent and upholding the public interest. Among them, there are 2 female directors and 10 directors delegated by the competent authority. A Joint Meeting of directors and supervisors is held once a month. The average attendance rate of all directors and supervisors is 97.55%, showing TPEX's emphasis on corporate governance and its firm determination to lead by example.

Information on age and gender distribution of the 10th directors and supervisors



Business Performance

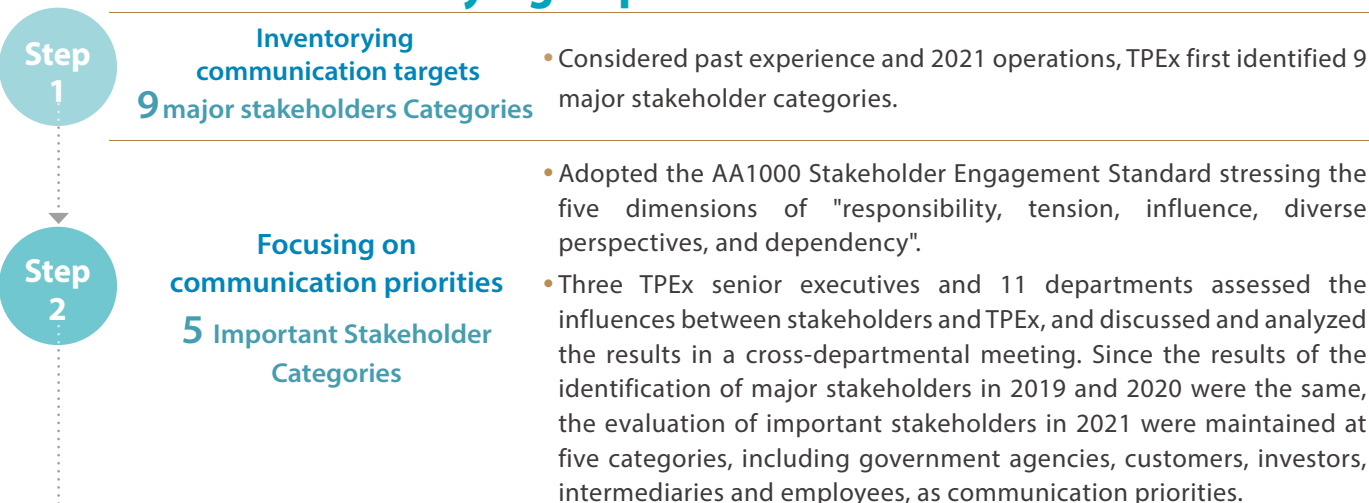
(Unit: NTD)	2019	2020	2021
Operating Revenues	2,116,174,900	2,744,010,944	3,888,544,584
Operating Expenses	1,658,300,580	1,809,056,754	2,313,984,349
Nonoperating Income and Expenses	96,866,662	86,969,920	87,186,208
Surplus After Income Tax	463,147,449	833,896,408	1,343,196,926
Income Tax Expense	91,593,533	188,027,702	318,549,517



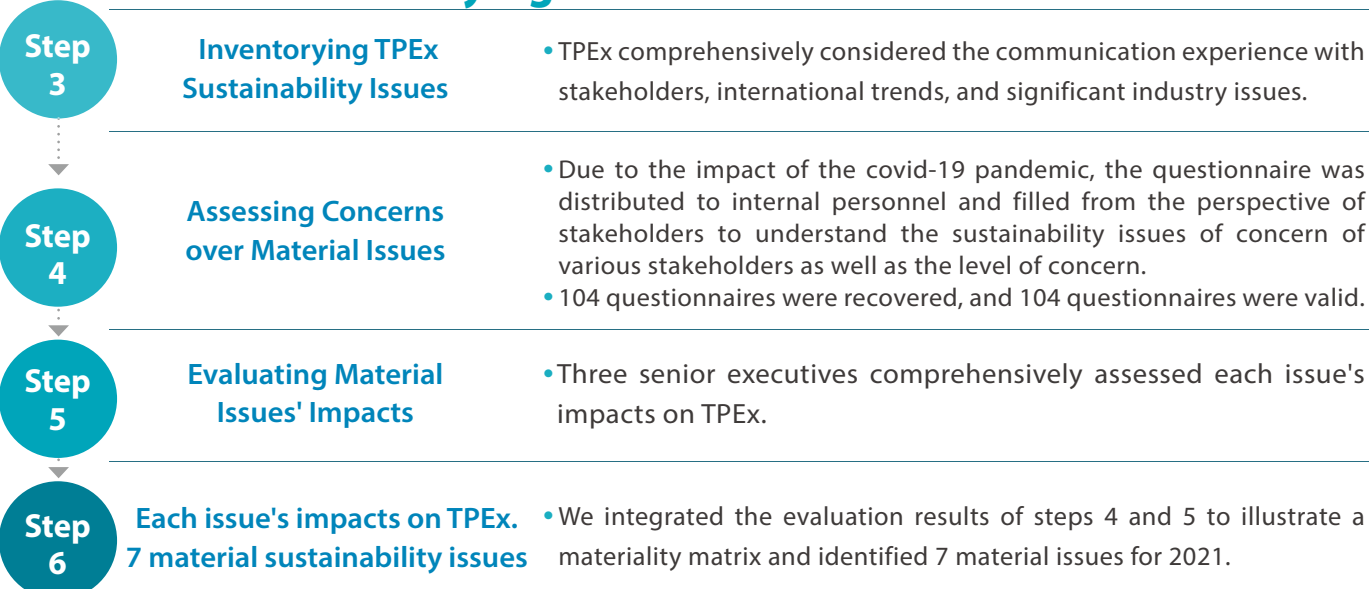
STAKEHOLDERS ENGAGEMENT

To strengthen and enhance communication with stakeholders, TPEX identified important stakeholders, extensively investigated issues of concern to stakeholders, and adjusted the sustainable development strategies.




Phase 1: Identifying important stakeholders





Phase 2: Identifying material issues



2021 stakeholders engagement list

Stakeholders	Importance to TPEX	Expectations for TPEX	Main communication channels and frequency	Communication Results
Government agencies 	TPEX is a franchise business approved by the competent authority; as such, it is obligated to cooperate with the competent authority's supervision and inspection. Government agencies at all levels have influence, binding force and legal authority on the TPEX daily operations.	Build a healthy capital market, follow financial laws and regulations, maintain market order, supervise listed / registered companies' rights and interests.	<ul style="list-style-type: none"> Meetings and public hearings (irregular) Formal correspondence (irregular) Phone calls, fax, and e-mail (irregular) Compiling and reporting important business statistics (irregular) 	<ul style="list-style-type: none"> There were no major penalties in 2021. TPEX cooperated with the competent authority in reviewing and revising various rules and regulations.
Customers 	After receiving the counseling and examination by TPEX, domestic and foreign companies issue stocks to be listed on the Main Board, ESB or GISA, or issue bonds to raise funds, thus facilitating economic growth and capital mobility. The customers also include those TPEX provide information and labor services to.	Improve the review and supervision structure as well as laws and regulations, improve review efficiency, maintain smooth consultation and communication channels, and provide diversified bond products, financing tools and other services.	<ul style="list-style-type: none"> Field visits (irregular) Symposiums, educational promotion, forums and public hearings (irregular) TPEX family networking events (annual) Formal correspondence (irregular) Phone calls, fax, and e-mail (irregular) Routine audits (regular/quarterly/monthly) Special audits (irregular) 	<ul style="list-style-type: none"> By the end of 2021, 788 domestic and foreign companies were listed on the Main Board, 296 companies were registered on the ESB, and 91 domestic companies were registered on GISA. On July 20, 2021, the "Pioneer Stock Board" was officially launched, symbolizing a new milestone in the domestic capital market. Considering the pandemic impact, TPEX TPEX has formulated IPO tolerance measures. In 2021, the scale of the international bond market reached 763, and the balance reached NT\$ 6.09 trillion, a record high.
Investors 	TPEX provides bonds, stocks, warrants, ETFs, ETNs, derivatives and other products, enabling investors of different attributes and types to participate. TPEX undertakes the mission of providing a fair and safe trading environment and meeting the investors' needs.	Make the capital market more active and facilitate the circulation of funds, and moderately supervise the operation of the market, so as to make the market information open and transparent and to protect the rights and interests of investors.	<ul style="list-style-type: none"> TPEX market performance presentations (quarterly) Investor seminars (irregular) Market Observation Post System updates (regular, irregular) Market announcement and press release (irregular) Investor email, service hotline (irregular) Official website and social media (irregular) 	<ul style="list-style-type: none"> In 2021, the total number of investors performing transactions in the TPEX market exceeded 3.31 million. Compared to the number of investors in 2020, the total number of investors performing transactions increased by nearly 870,000, a growth rate of 35%, and a record high in the history of the TPEX market. There is a dedicated hotline for investors and a consultation hotline for ESB investors set up for ESB transactions, both of which are answered by dedicated personnel, and 100% have been handled and replied to.

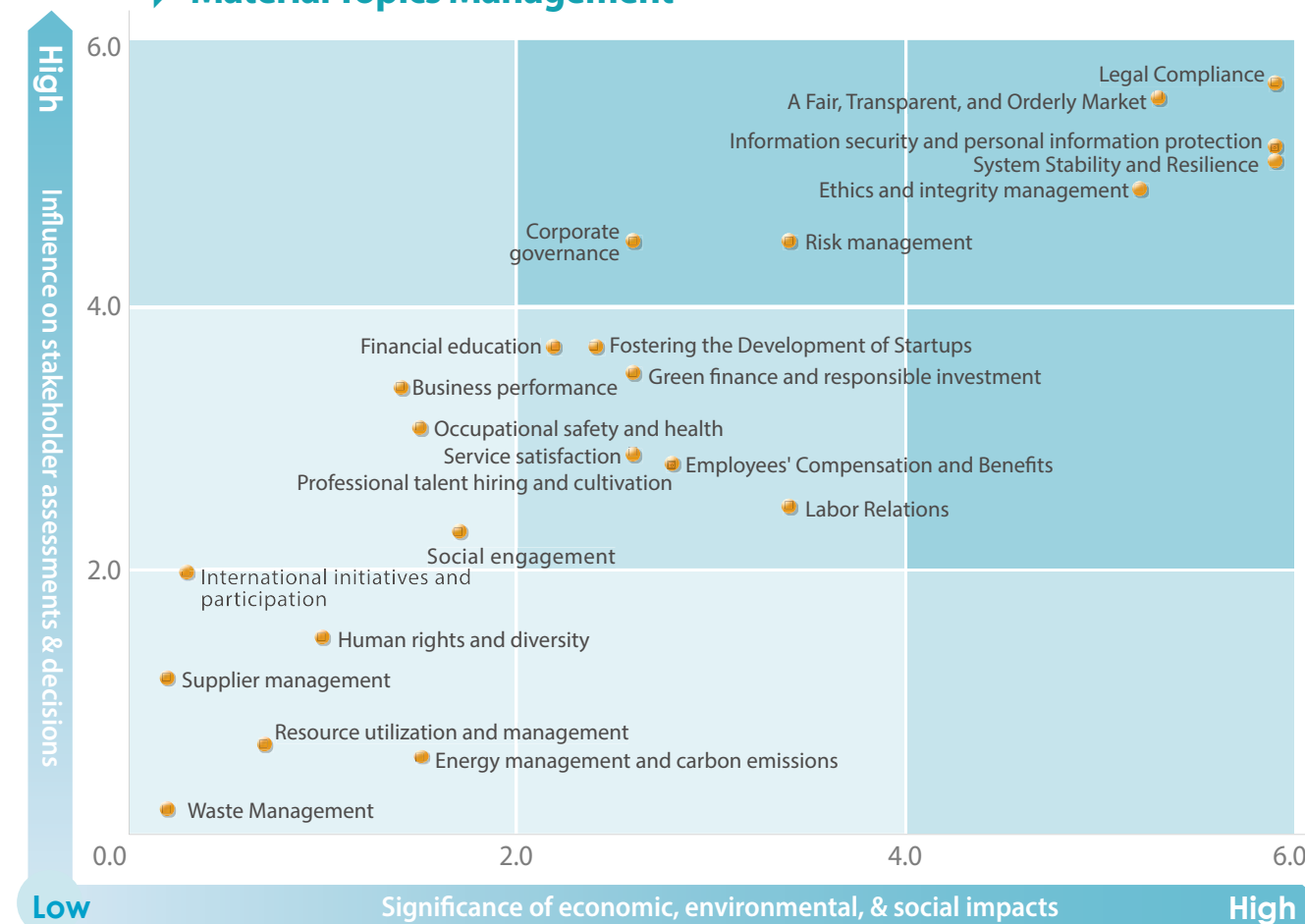


Stakeholders	Importance to TPEX	Expectations for TPEX	Main communication channels and frequency	Communication Results
Intermediary Agencies 	Intermediaries agencies are important partners helping TPEX to draw enterprises into the capital market. These professional institutions serve as an important bridge to improve TPEX's counseling and examination and promote the matching of high-quality enterprises with market funds.	Handle promotion and education seminars on various newly revised laws, and regulations, and establish a communication channel with TPEX.	<ul style="list-style-type: none"> • Meetings, seminars and promotional events (irregular) • Formal correspondence (irregular) • Phone calls, fax, and e-mail (irregular) • Intermediary agency award ceremonies (annual) • Listing examination satisfaction survey (every six months) 	<ul style="list-style-type: none"> • In the first and second halves of 2021, TPEX distributed questionnaires to 12 and 19 securities underwriters respectively. The response rate was 100%, and the overall satisfaction with TPEX services reached 100%. • A total of 2 sessions of "Intermediary Agencies Guidance for Domestic and Foreign Enterprises" were held. • TPEX held the "2021 Award Ceremony" to commend 6 securities firms and 4 accounting firms for their outstanding contributions. • Conducted a total of 179 audits of securities firms, including routine and special audits, risk assessments, and audits for the prevention of money laundering, etc.
Employees 	Employees are important assets of TPEX responsible for developing new products, maintaining various trading systems, supervising the market, promoting corporate fundraising and activating the securities market. High-quality and competent talents are the core key to strengthening TPEX's competitiveness.	Recruit qualified employees, cultivate high-quality talents, maintain a harmonious labor-employment relationship and establish a fine working environment to consolidate high-quality human resources and maintain the core keys to the solid competitiveness of TPEX.	<ul style="list-style-type: none"> • Education and training for management associates and all employees (irregular) • Encouragement meetings (quarterly) • Sports meets (irregular) • Year-end thanksgiving parties (annual) • Employee/employer meetings (quarterly) • Personnel appraisal group meeting (held once every six months, and may be held irregularly in addition) • Sexual harassment complaint handling committee (irregular) • Employee Pension Fund Management Committee and Labor Retirement Reserve Supervision Committee (held once every quarter, and may be held irregularly in addition) 	<ul style="list-style-type: none"> • In 2021, it was harmonious between employers and employees and no major discussion topics have arisen. • 100% of employees who applied for parental leave were reinstated in 2021, and 100% of them remained employed one year after the reinstatement. • According to the employee opinion survey on the 2021 education and training plans, employees responded well to the education and training.

MATERIAL TOPICS MANAGEMENT

Since the results of the identification of major stakeholders in 2019 and 2020 were the same, the 2021 important stakeholders remained government agencies, customers, investors, intermediary agencies and employees. Considering the questionnaires on material sustainability issues of concern, TPEX focused on those with high levels of stakeholder concern and operational impact, concluding with 7 material issues. The material issues in 2021 were "Legal Compliance", "System Stability and Resilience", "Information security and personal information protection", "A Fair, Transparent, and Orderly Market", "Ethics and integrity management", "Risk Management" and "Corporate Governance".

Material Topics Management





Corresponding Material Topics

TPEX corresponded the 7 material issues identified with the GRI Standards by reviewing their internal and external impacts, thereby validating the boundaries of this Report's disclosures.

Material Issues	Importance to TPEX	GRI material topic / self-designated topics	Report chapters
Legal Compliance	TPEX upholds the spirit of integrity, legal compliance, transparency, and responsibility to protect every stakeholders' rights and interests, facilitate market development, and reinforce the foundation of sustainable economic prosperity.	Environmental Compliance; Socioeconomic Compliance; Marketing and Labeling	Chapter 2 Reinforcing Good Governance Chapter 3 Facilitating Environmental Sustainability
System Stability and Resilience	TPEX maintains the stability of the financial market trading system to ensure the ability to respond to disasters or crises and secure the trust of capital market participants.	System Stability and Resilience	Chapter 1 Building a Robust Market Chapter 2 Reinforcing Good Governance
Information security and personal information protection	TPEX implements comprehensive information security management and personal data protection to ensure the privacy and security of customers' and stakeholders' information, and maintain market stability.	Customer privacy	Chapter 2 Reinforcing Good Governance
A Fair, Transparent, and Orderly Market	TPEX ensures market order, fairness, and transparency by strengthening market supervision to activate market transactions and promote sustainable development.	A Fair, Transparent, and Orderly Market	Chapter 1 Building a Robust Market
Ethics and integrity management	TPEX has established a moral atmosphere and organizational culture of impartiality, equality, and anti-corruption, and implements the integrity management policy to create a fair and orderly market.	Anti-corruption	Chapter 2 Reinforcing Good Governance
Risk management	TPEX has established a proper risk management and control mechanism to stably carry out TPEX's businesses and promote the sustainable development of the capital market.	Risk management	Chapter 2 Reinforcing Good Governance
Corporate Governance	By improving internal governance and shaping a good corporate culture, TPEX ensures that businesses remain in compliance with the competent authority's requirements as well as laws and regulations, and safeguards the interested parties' rights and interests.	General Disclosure	Chapter 2 Reinforcing Good Governance

Involvement Degree in the Impact of Material Issues

Material Issues	Internal	External			
	Employees	Government agencies	Customers	Investors	Intermediary agencies
Legal Compliance	Yes	Yes	Yes	No	Yes
System Stability and Resilience	Yes	Yes	Yes	Yes	Yes
Information security and personal information protection	Yes	Yes	Yes	Yes	Yes
A Fair, Transparent, and Orderly Market	Yes	Yes	Yes	Yes	Yes
Ethics and integrity management	Yes	No	No	No	No
Risk management	Yes	No	No	No	No
Corporate Governance	Yes	Yes	No	No	Yes

Management Approaches of Material Topics

Material Issues	GRI/self-designated topic	Policies / Commitments / Goals	Grievance mechanisms	Evaluation mechanisms	2021 Accomplishments
Legal Compliance	Environmental Compliance / Socioeconomic Compliance	Ensure that all business execution comply with laws and regulations.	Official correspondence, investor mailbox, and investor hotline.	<ul style="list-style-type: none"> Every six months, each department performs a self-assessment of compliance with laws and regulations Every year, the Internal Audit office performs inspections of compliance on all departments. 	<ul style="list-style-type: none"> No abnormalities were found in the self-assessments of legal and regulatory compliance and the internal audits' results. No violations of environmental, social, and economic regulations.
System Stability and Resilience	System Stability and Resilience	<ul style="list-style-type: none"> Establish a business continuity policy. The business continuity policy of TPEX is that the system shall be reliable, the information shall be correct, and the transaction shall be continuous. 	Business contact persons.	<ul style="list-style-type: none"> Perform external and internal audits every six months Convene regular Information Security Management Review meetings.. There shall be no critical business interruption incidents exceeding the maximum tolerable interruption time. 	<ul style="list-style-type: none"> Passed the ISO 9001, ISO27001, ISO20000, ISO22301 review operations carried out by the British Standards Institution (BSI). Implemented two same-site and two different-site system backup test drills, with a 100% success rate. Successfully conducted the information security incident notification drills and distributed denial-of-service (DDoS) attack drills. In response to risks arising from the pandemic, the TPEX information personnel were diverted to work in 4 locations.



Material Issues	GRI/self-designated topic	Policies / Commitments / Goals	Grievance mechanisms	Evaluation mechanisms	2021 Accomplishments
Information security and personal information protection	Information security and personal information protection	<ul style="list-style-type: none">• TPEX protects the confidentiality, integrity, and availability of information assets, thereby ensuring safe and stable information services.• TPEX ensures that the collection, processing and use of personal data comply with legal requirements and reduce the risk of improper disclosure of personal data.• TPEX ensures no leakage of confidential information to create a reliable and trustworthy financial environment.	<ul style="list-style-type: none">• Information Security Management Review meetings.• Personal Data Management Review meetings• Investor hotline and investor mailbox	<ul style="list-style-type: none">• Formulate information security policies, personal data protection manuals and related procedures, and perform external and internal audits every six months.• Convene Information Security Management Review meetings and Personal Data Management Review meetings.• All employees receive information security and personal information education and training every year.	<ul style="list-style-type: none">• Passed the ISO 9001, ISO27001, ISO20000, and BS 10012 review operations carried out by BSI.• 2 Information Security Management Review meetings and Personal Data Management Review meetings, respectively.• No instances of hacking, tampering or leakage of personal data in 2021.• The completion rate of all employees participating in information security and personal information protection courses reached 100%.
A Fair, Transparent, and Orderly Market	A Fair, Transparent, and Orderly Market	<ul style="list-style-type: none">• Implement securities firm audits, transaction monitoring and company supervision services.• Efforts be made in the direction of more transparent, fair, efficient, and safe transaction mechanisms to promote more active transactions.• Make public investment more secure.	<ul style="list-style-type: none">• Investor hotline, mailbox, and whistleblower letter.• Dedicated service windows for each issuing company as well as online and offline communication channels.• Seminars and communications with intermediary agencies.• Appeal and review mechanism for securities firms that are discovered with deficiencies in audits.	<ul style="list-style-type: none">• Cooperate with the competent authority to promote new trading systems.• Implement tiered management of internal control audits on companies..• Manage the information reporting and material information release in the TPEX market.• Maintain and regularly review the transaction declaration and information disclosure operations of various bonds.• Holding of promotional seminars	<ul style="list-style-type: none">• Promoted GISA, Sustainable Bonds Market, etc.• Conducted a total of 455 and 44 material information audits on listed and registered companies, respectively.• Conducted a total of 208 and 32 regular management and financial report reviews on listed and registered companies, respectively.• Conducted a total of 92 and 22 internal control system implementation status audits on listed and registered companies, respectively.• A total of 82 visited or visiting companies.• A total of 4 sessions of promotional seminars on information reporting of ESB companies were held.• A total of 2 sessions of " Intermediary Agencies Guidance for Domestic and Foreign Enterprises " were held to explain the latest regulatory amendments and review highlights.• The original "Key Financial Section" was divided into two sections, "financial" and "transaction" , and the name was revised to "Key Financial and Transaction Information Section" . In addition, the transaction indicator "The shareholding of the foreign emerging stock company" s all directors and supervisors in the recent month has decreased by 20 percent or more compared to the shareholding reported for the election month of that term of the board of directors" was added.• A total of 179 audits performed on securities firms, including routine and special audits, risk assessments, and prevention of money laundering.• Maintained the yield curve of Government bonds and Corporate bonds, and provided the fair price of bonds for investors' reference.

Material Issues	GRI/self-designated topic	Policies / Commitments / Goals	Grievance mechanisms	Evaluation mechanisms	2021 Accomplishments
Ethics and integrity management	General disclosure / anti-corruption	<ul style="list-style-type: none">• TPEX formulates several self-discipline standards for integrity management to establish an organizational culture of impartiality, equality, and anti-corruption.• Prevent conflicts of interest and eliminate dereliction of duty.	<ul style="list-style-type: none">• TPEX has established measures for the implementation of the whistleblowing system and TPEX Whistleblowing Channels• TPEX whistleblowing case acceptance unit: Reporting hotline: 02-2366-6084 Reporting e-mail: ethics@tpex.org.tw	<ul style="list-style-type: none">• TPEX audits employees' trading of Main Board, ESB, and GISA securities every quarter according to the annual audit plan. The Internal Audit office then forwards the results to the supervisors for review by the end of the following month, and reports to the Joint Meeting of Directors and Supervisors on a quarterly basis.• Self-discipline norms related to integrity management, such as: Guidelines for Employee Ethical Conduct, Employee Confidentiality Measures, and Disciplinary Standards for Securities Supervisors.	<ul style="list-style-type: none">• No reports of crimes, fraud, or violations of laws and regulations by employees were received.• The results of the questionnaire survey on the satisfaction of securities underwriters showed that the examiners exhibited no improper conduct, and overall satisfaction reached 99%.• No violation of laws and regulations. In order to strengthen the awareness of integrity and widely publicize the importance of integrity management, 3 sessions of "Corporate Integrity and Whistleblowing System" were held on March 15, March 24 and March 26 in 2021, with a total of 283 participants, accounting for 98% of all employees; On April 16, April 23 and April 28, 3 sessions of "The Importance of Personnel Conduct and Professional Ethics from the Global Anti-Corruption Trend" were held, with a total of 279 participants, accounting for 97% of all employees.
Risk management	Risk management	<ul style="list-style-type: none">• Effectively communicate, supervise, prevent and control various risks during work planning and business promotion.• Improve the quality of risk management and integrates risk management into the decision-making process.	<ul style="list-style-type: none">• Risk Management Committee• Business Continuity Committee• Internal Audit Office	<ul style="list-style-type: none">• Perform regular departmental risk assessments.• Convene Risk Management Committee meetings.• Conduct situational simulations on a regular basis.• Revise the internal control system and report to the Joint Meeting of Directors and Supervisors in accordance with regulatory changes.	<ul style="list-style-type: none">• All departments completed the identification of 47 risk items to clarify the main risks of TPEX and strengthen the risk management culture, facilitating the sustainable growth of the organization.• 1 Risk Management Committee meeting and 1 Business Continuity Committee meeting were held respectively.• Conducted 1 business continuity risk simulation drill.• The internal control system was revised twice to ensure the effectiveness of risk management.
Corporate Governance	General disclosure / employee diversity and equal opportunity	<ul style="list-style-type: none">• TPEX establishes a comprehensive corporate governance structure and lead by example to guide listed companies toward improving the quality of corporate governance.• The governance structure of TPEX can strengthen the establishment and implementation of internal systems, and under the supervision of the competent authority, business execution can comply with laws and regulations and social welfare, governance functions can be improved, and a good corporate culture can be formed.	<ul style="list-style-type: none">• Formal correspondence, reports to Joint Meetings of Directors and Supervisors, investor mailbox.	<ul style="list-style-type: none">• The Internal Audit office regularly reports to supervisors, tracks improvements, and reports to the Joint Meeting of Directors and Supervisors every quarter.	<ul style="list-style-type: none">• The internal audit team' s proposed suggestions to various departments have been sent to the supervisors for monthly review, and reported to the Joint Meeting of Directors and Supervisors on a quarterly basis, and have been rectified.• TPEX convened the Joint Meetings of Directors and Supervisors every month, with a 97.55% average attendance rate of directors and supervisors.



2021 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

SDGs/SSE	2021 Actions	2021 Performance
 Target 5.5 Board diversity and gender equality	<ul style="list-style-type: none"> Supporting women's entrepreneurial activities Providing equal opportunities in employment and promotion Providing non-discriminatory and guaranteed parental leave 	<ul style="list-style-type: none"> Collaborating with the Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs (MOEA) in holding 4 "Women Entrepreneurship Salons" and 1 "Waltz of Elite Gatherings." Females accounted for 55% of total employees, and 37.5% of management positions. Employees who took parental leave were 100% reinstated, and 100% continued to be employed one year after reinstatement.
 Target 8.3 Growth and sustainable development of small and medium enterprises	<ul style="list-style-type: none"> Promoting the TPEX Main Board, ESB, and GISA Developing the "Pioneer Stock Board" to assist innovative companies in Core Strategic Industries Facilitating corporate financing and stock market transactions to create momentum for economic growth Taking the lead in purchasing and supporting socially innovative products or services 	<ul style="list-style-type: none"> A total of 1,175 companies became listed on the Main Board, Emerging Stock Board, and GISA. By the end of 2021, 91 domestic companies were registered on GISA, and during 2021, the total number of newly registered GISA companies and companies applied for counseling service were 59. The average daily trading value of main board stocks and emerging stocks was NT\$83.098 billion and NT\$5.247 billion respectively, exhibiting growth of 68.44% and 154.09%, a record high. In the whole year, the proportion of foreign investment transactions reached 17.46%, an increase of 43%, a record high.
 Target 10.5 Financial market regulations	<ul style="list-style-type: none"> Set up the Pioneer Stock Board and a Sustainable Bond Market Working with the competent authority to promote the Corporate Governance Roadmap. Implementing supervision and maintaining market order to protect investors Requiring suppliers to sign "Suppliers' Commitment to Fulfill Corporate Social Responsibility" Subsidizing rural medical service, elderly care, and educational resources for the disadvantaged Supporting and calling on companies to contribute to the "1919 Food Bank" Holding the "Securities Talent Camp" to promote financial education 	<ul style="list-style-type: none"> The Pioneer Stock Board was launched on July 20, 2021, and officially started trading on July 26; the Sustainable Bond Market was officially launched on May 18, 2021, and the first batch of Social Bonds was listed. In line with the new Corporate Governance 3.0, TPEX amended regulations to require corporate governance managerial roles and the Directions for the Implementation of Continuing Education for Directors and Supervisors, added directions the principles for review and approval of institution in continuing education system to improve the quality of continuing education for directors and supervisors. From November 2020, TPEX requires suppliers to sign the "Suppliers' Commitment to Fulfill Corporate Social Responsibility." The amount of funding for social welfare participation exceeded NT\$40 million. A total of more than NT\$1.65 million and 3,600 kilograms of white rice and other supplies were donated to 1919 Food Bank, with joint participation from 17 listed companies. The "Securities Talent Camp" was held online, with 272 teams and 956 people from 63 colleges and universities from across Taiwan, the largest number of participating teams over the years.

SDGs/SSE	2021 Actions	2021 Performance
 Target 12.6 ESG Information Disclosure	<ul style="list-style-type: none"> Implementing the 7th Corporate Governance Evaluation Encouraging the issuance of sustainability reports Establishing a Sustainability section on the TPEX website 	<ul style="list-style-type: none"> The 7th Corporate Governance Evaluation was completed, with 27 companies newly ranked in the top 20% of listed companies and 9 companies newly ranked in the top 5%, and 5 of them made it on the list for the first time. Revised the name of the CSR report to "Sustainability Report". In 2021, a total of 156 listed companies issued the 2020 sustainability report, of which 108 were voluntary. Maintained and enriched the "Sustainability section content on the TPEX website."
 Target 13.3 Promoting green finance	<ul style="list-style-type: none"> Set up the "Sustainable Bond Market" Launched ESG-related indexes Promoting a working environment with low environmental impacts Environmental Sustainability Activities 	<ul style="list-style-type: none"> TPEX promulgated the implementation of "Taipei Exchange Operation Directions for Sustainable Bonds" on April 29, 2021 to consolidate the Green Bond Market, Social Bond Market, and Sustainability Bond Market to the Sustainable Bond Market. The opening ceremony of the Sustainable Bond Market was held on May 18, 2021. In 2021, TPEX launched thirty-five tranches with an issuance amount of NT\$105.83 billion. In May 2021, the the "TIP TPEX ESG Growth Total Return Index" and the "TIP TPEX ESG IT Elite Total Return Index" were launched to reflect the performance of equity portfolio with sustainable characteristics. Promoted electronic operations; used energy-efficient lamps, reducing heat to lower electricity usage; in addition, the contract for solar energy has been completed. The contract period is 10 years. Since January 2022, green energy has been supplied to TPEX. In 2021, TPEX signed the contracts about tree planting donation with Tse-Xin Organic Agriculture Foundation and Luodong Forest District Office, Forestry Bureau, Council of Agriculture, Executive Yuan, respectively, and planned to held two tree planting activities in 2022.
 Closely cooperating with partners who can contribute to sustainable development and market transparency	<ul style="list-style-type: none"> Commending intermediaries for providing counseling on Main Board, ESB, and GISA listings Participating in international organizations and important meetings Convening Joint Meeting of Directors and Supervisors every month Implementing the Ethical Corporate Management Best Practice Principles, Guidelines for Employee Ethical Conduct, and Implementation Measures for the Whistleblower System Auditing suppliers annually to ensure service quality 	<ul style="list-style-type: none"> TPEX organized an award Ceremony and business symposium to commend 6 securities firms and 4 accounting firms. TPEX continued participating in: <ul style="list-style-type: none"> >The 60th Working Committee and IOMA Clearing & Derivatives Conference online seminar held by The World Federation of Exchanges (WFE) >International Organization of Securities Commissions (IOSCO) Affiliated Members Consultative Committee (AMCC) 2021 annual meeting, AMCC 2021 training seminar, AMCC 2021 mid-year meeting, and IOSCO 2021 World Investor Week (WIW) meeting. >The Global Association of Central Counterparties (CCP12) 2021 annual and special annual meeting video conference. >AOSEF 2021 Working Committee video conference. >Meetings of other securities-related organizations, such as video conferences or seminars organized by Climate Bonds Initiative (CBI), Asia Securities Industry & Financial Markets Association (ASIFMA) and Asian Corporate Governance Association (ACGA). TPEX achieved robust performance with a net profit of NT\$1343 million in 2021. In 2021, the average attendance rate of directors and supervisors to the Joint Meetings of Directors and Supervisors was 97.55%. There were no incidents of employee crime, fraud, or violations of laws and regulations.



Response to the pandemic

In view of the continuous impact of the COVID-19 pandemic in 2021, in order to mitigate its impact, TPEX has planned and taken relevant measures in a timely manner.

Externally: Maintaining the smooth operation of the securities market

- Held 2 online review meetings to keep the listing examination process going smoothly.
- TPEX relaxed relevant measures accordingly. Companies that have applied for 2021 listing and were negatively impacted by COVID-19 in 2020 may, subject to rationality assessment by the recommending securities firm, be exempted from having to report higher profitability in 2020 compared to 2019; applicants that signed a TPEX listing agreement prior to the end of 2020 but have not officially listed may request to extend the listing expiry date (from 6 months after the listing contract date informed by TPEX to 9 months after the listing contract date)
- Announced that the Shareholders Meeting of listed / registered companies would be postponed to be held from July to the end of August 2021, revised the application of TPEX and assisted the companies in adjusting the disclosure and reporting on the date of the Shareholders Meeting. On the home page of the website, TPEX established a "Shareholders Meeting Postponement Section" and provided FAQ to companies and the investing public with information on relevant measures for the postponement of Shareholders Meetings of public companies in response to the pandemic.
- TPEX also, via video and online briefings, organized several seminars to communicate on matters concerning issuer performance, mandatory duties, and Corporate Governance Evaluation seminar, so that investors were kept up-to-date on the development of listed / registered companies, their compliance with laws, regulations and the quality of their corporate governance practices.
- To ensure that the operation of the securities market was not affected, the TPEX information personnels were diverted to work in 4 locations (Guting Office, Banqiao Office, Banqiao Server Room and Taichung Remote Backup Server Room).



Internally: Ensuring employee health

(1) Enhance personnel health monitoring and hygiene management:

- All staff in the office wear masks, take their body temperature on a daily basis, and clean their hands before entering the office area.
- Those who work from home shall strengthen self-health monitoring. If they have a fever or related symptoms, they shall immediately report it to the department manager and seek medical treatment as soon as possible.
- The office area is fully disinfected once every two weeks, and the conference room is cleaned and disinfected after each use.
- Colleagues are encouraged to get vaccinated and given vaccination leave.

(2) Implement taking turns to work from home:

- Implement working from home, and start working off-site in time.
- Implement flexible working hours.

(3) Business related measures:

- Implement the substitute staff system to ensure the normal operation of the business.
- The contact information registration is indeed implemented when conducting business with external units.
- Meetings that are necessary for business shall be conducted by video conference; for those that need to be handled in physical form, appropriate social distancing shall be maintained or partitions shall be used, and contact information registration shall be implemented.

(4) Implement the reporting and tracking mechanism: Employees who have gone abroad or who live with them, or who have close contacts who have returned from abroad, etc., shall immediately notify the department manager and the personnel unit to take measures such as personnel quarantine, health status tracking and management, and environment cleaning and disinfection.

(5) Strengthen medical insurance: Purchase pandemic insurance for employees (including protection against pandemic and vaccination).



Sustainable Bond Market

Under the sustainable development trend of the international market and in cooperation with the green finance action plan of the competent authority, financial products such as sustainable bonds are derived, hoping to create a sustainable development environment through capital market fund injection. TPEX expanded the scope of Sustainable Bond Market by consolidating the Green Bond Market, launched in April 2017, the Sustainability Bond Market, launched in October 2020 and Social Bond Market launched in April 2021, providing the market with a financing platform and investment tools so as to implement sustainable finance.

Development process and the amount of issued bonds on the Sustainable Bond Market in 2021

4/29	Promulgated the "Taipei Exchange Operation Directions for Sustainable Bonds" and established the Social Bond Market
5/18	Launched the Sustainable Bond Market and listed the first batch of Social Bonds on TPEX
7/6	Became a member of the International Capital Market Association (ICMA)
12/16	Established the Government Sustainable Bond Market

Development process	Sustainable Bonds			2021 Sustainable Bond Market QR Code
	Green Bonds	Sustainability Bonds	Social Bonds	
Amount of Issuance (As of the end of 2021)	75	12	7	94
Outstanding Balance (As of the end of 2021)	NT\$201.1 billion	NT\$57 billion	NT\$14.3 billion	NT\$272.4 billion



Green Bond

Refers to debt instruments that have raised funds earmarked for partial/full financing or refinancing of new and/or existing eligible green investment projects



Social Bond

Refers to debt instruments that use all of the raised funds to provide all or part of the financing or refinancing for new and/or stocked eligible social benefit investment projects

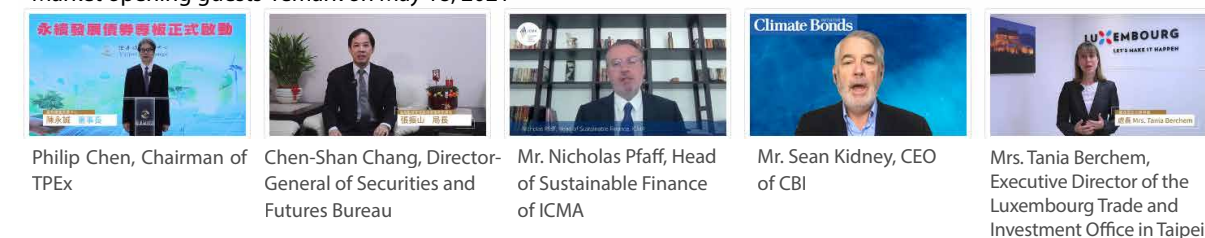


Sustainability Bond

Refers to debt instruments that raise funds for the financing or refinancing of green and social benefit investment projects

In order to guide corporate funds to invest in sustainable development investment plans and expand the development of Taiwan's bond market, TPEX learns from the experience of major international stock exchanges, and cooperates with the policies of the competent authorities to formulate the blueprint for the development of Sustainable Bond Market; in addition, in 2022, it will revise the Taipei Exchange Operation Directions for Sustainable Bonds, establish the Sustainability-Linked Bond (SLB) Market, and hold dissemination and briefing sessions, actively promoting domestic companies to issue SLB and continuing to cultivate the development of sustainable finance in Taiwan. In the future, depending on the development trend of the international market and domestic market demand, it's planned to include more sustainable development fixed-income financial products related to ESG to expand the sustainable bond sector, and to provide more information disclosure related to Sustainable Bonds content.

Market opening guests' remark on May 18, 2021



Guests' remark for the first listing of Social Bonds on May 18, 2021



Online ceremony and guests' remark for the "opening of the Sustainable Bond Market and listing of the first batch of Social Bonds on TPEX" in 2021



Characteristics and planning of the Government Sustainable Bonds

On December 16, 2021, government bonds were included in the category of sustainable bond products, allowing domestic government agencies to issue sustainable bonds to raise funds for investment projects with environmental or social benefits. The system will also help encourage the participation of more diverse issuers in Taiwan's sustainable bond market, and provide investors with more diversified and risk-diversification product options. Through the joint participation of government agencies, more companies will follow suit, thereby expanding the scale of the domestic sustainable bond market. TPEX will continue to guide and provide government with necessary assistance to promote the Government Sustainable Bonds.

Sustainability-Linked Bonds Market

Sustainability-Linked Bond (SLB) refers to ensuring that issuing companies incorporate sustainable development goals into their business strategies and business models by formulating sustainable development KPIs and designing mechanisms such as bonds' principal and interest payment terms. Due to the flexible issuance structure and use of funds, the international issuance of SLB increased by more than 11 times in 2021 compared with the previous year, and the annual international issuance reached US\$104.019 billion. Domestically, under the background that the revised draft of the Climate Change Response Act is about to incorporate the net zero carbon emission target into the act, it is expected that SLB can effectively provide capital market support for the sustainable transformation of enterprises, and jointly move towards a low-carbon economic model.



Pioneer Stock Board (PSB)

Capital flow injection and well connections to the capital market is key of success for business growth and achieving economics of scale for startups and innovative companies. On July 20, 2021, TPEX launched a "Pioneer Stock Board" under the ESM with more friendly features and trading methods tailored for above corporations.



PSB launching ceremony

Targets:

- ✓ Provide businesses of different scales and development stages with more flexibility to choose suitable board for financing.
- ✓ PSB focuses on supporting companies of Six Core Strategic Industries and other innovative industries for nurturing a new generation of successful entrepreneurs, creating more employment opportunities and enhancing economic growth momentum.
- ✓ Investors can also consider their own financial situation, risk tolerance and investment strategy needs, and choose the markets and targets that meet their investment needs.

Eligibility for Pioneer Stock Board application - Six Core Strategic Industries

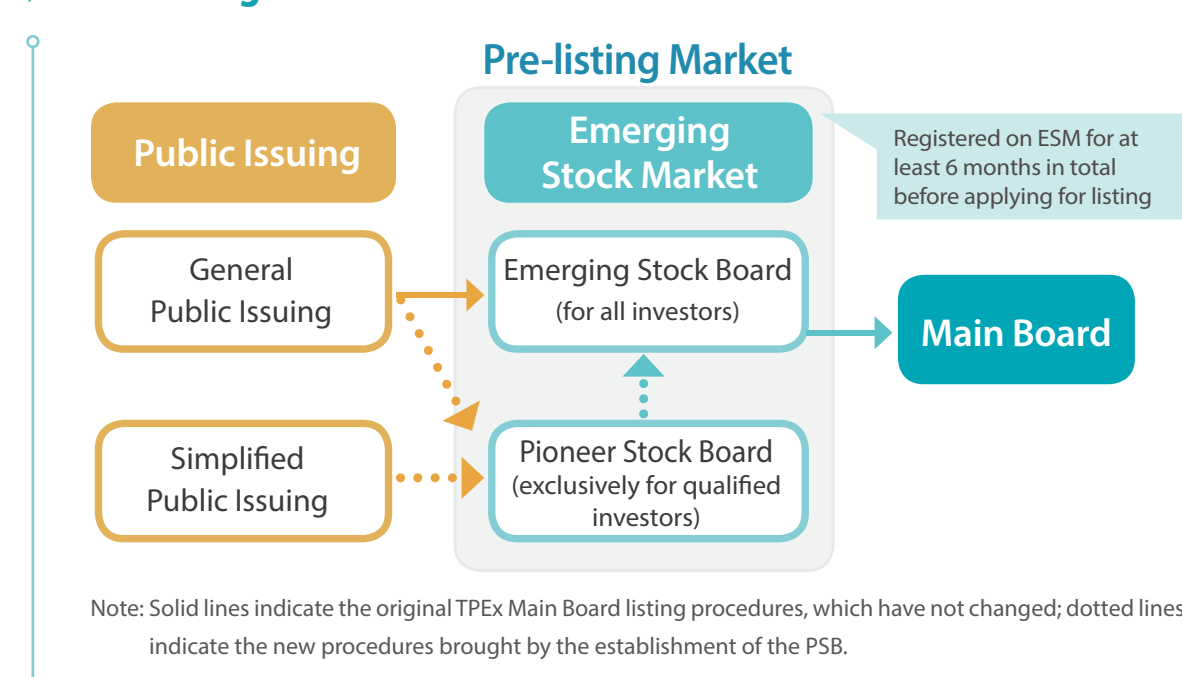


Features, promotions and challenges: The Pioneer Stock Board provides new startups with access to register through the "simplified public offering" procedure, which shortens and reduces the preparation cost and time to enter the capital market. The Pioneer Stock Board also simplifies the requirements and reduces the maintenance cost of new startups after listing, meanwhile, it provides the trading function of the secondary market, adopts the same automatic deal matching as Main Board shares, introduces recommending securities firm being designated as the liquidity providers, and sets a 20% daily price fluctuation limit.

The documents to be prepared for simplified public offering

	Simplified public offering	Public Offering
The audited financial report	One (disclosure period of 2 years)	Two (disclosure period of 3 years)
The special audit on the internal control system	Half a year	A year
The scope for the special audit on the internal control system	The company's major operating cycles and management operations is assessed by the accountant, and stated in the audit report.	Following the current regulations

Positioning of the Pioneer Stock Board





Establishment of the “Pioneer Stock Board Section” on the official website

The Pioneer Stock Board Section was launched on December 29, 2021 to completely reveal information on systems and activities related to the issuance and trading of stocks, and provide relevant videos and Q&A content, including company information (connected to the Market Observation Post System), transaction information, latest market news, system introduction, promotional materials, and Q&As.

In addition, from January to March 2022, TPEX launched a number of reward activities for accredited natural person investors and securities dealers, including "The Drawing Game for the Natural Persons of PSB Qualified Investors", "The PSB Incentive Programs for Securities Brokers" and "Securities Firms Reward Program", etc. The launch of the Pioneer Stock Board still faces many challenges. TPEX will continue to examine and improve the overall operation status and practical needs of the industry.



Promotion of Information Security

TPEX hopes to work with all market participants to create a safe, reliable and efficient securities trading environment.

The practice of strengthening the information security

TPEX Listed Companies

TPEX has formulated the "Guidelines for Cyber Security of TPEX Listed Companies" to assist them in strengthening the security protection and management mechanism of information communications. TPEX listed companies may take appropriate measures according to the characteristics, scale and information security risks of their industries, so as to establish a proper information and communication security management mechanism, promote the establishment of information and communication security manpower by the listed companies, and encourage the listed companies to join the information and communication security information sharing organizations to obtain information on security warnings and information security threats and weaknesses, such as: TWCERT / CC. TPEX continues to collect relevant domestic and foreign regulations and cases of major events, and promotes the strengthening of information security governance for listed companies at the Corporate Governance Evaluation Seminar, providing guidelines and reference examples related to information security governance.



TWCERT/CC :

Taiwan Computer Emergency Response Team / Coordination Center, currently maintained by the Taiwan Network Information Center (TWNIC), promotes corporate information security incident notification and assistance unit, product information security vulnerability reporting, malicious file detection services, and holds information security promotion activities.

Articles 9-1 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies”

Promote tier one listed companies to set up Chief Information Security Officer, information security managers, and information security personnel by the end of 2022, and tier two listed companies to set up information security managers and at least one information security personnel by the end of 2023. Also, continuously encourage and promote tier three companies to set up information security personnel.





Securities company

In addition to regulate securities company to set up Chief Information Security Officer above the Vice President level, TPEX and the surrounding units jointly develop information security reference guidelines such as network security protection, system security protection, supply chain risk management, operational resilience, and emerging technologies. matters that securities companies shall handle for hierarchical protection have also been discussed, including 14 enhanced measures such as third-party verification of the information security management system, intrusion detection and defense mechanisms, and requires securities companies to complete the construction of each enhanced measure by 2023 in stages.

TPEX will also follow the "Financial Information Security Action Plan" and the "Capital Market Roadmap" planned by the competent authority to handle various implementation measures in stages, and continue to guide securities companies to complete the matters that shall be done in the hierarchical protection of information and communication security. During the annual routine inspection of information and communication security, the depth and breadth of financial information security checks will be enhanced to urge securities companies to implement various information security protection policies.



The securities industry shall set up Chief Information Security Officer, please refer to Article 36-2 of the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets"



TPEX calls on securities companies to strengthen information security

- ✓ Securities companies can increase investment in information security protection equipment, or upgrade software, recruit more information security professionals to strengthen information security protection capabilities and prevent losses due to hacker attacks.
- ✓ Securities companies shall report a major information security incident, and share security information, so as to achieve the effectiveness of securities companies' information security joint defense.
- ✓ Securities companies shall implement DDoS defense and response, take stock of and patch system loopholes, strengthen user login and credential application and verification, and other mechanisms, and conduct business continuity drills to cope with possible future information security attacks.

Promote information security

- Through questionnaire survey: To understand the information security manpower planning and practical operation of TPEX listed companies and strengthen communication and promotion. In 2022, amendments to the handling guidelines and Q&As were promoted in the "Tasks To Be Performed by Main Board Companies Seminar", reminding all TPEX listed companies to plan their information security manpower arrangements as soon as possible. Furthermore, in March, a Corporate Governance Evaluation Seminar was held to promote and strengthen the security governance of information communication for TWSE / TPEX listed companies.
- Information security promotional briefing for TPEX listed companies: Held on December 17, 2021, to promote information security protection matters to TPEX listed companies.
- Internal control promotional briefing: In 2021, jointly held 22 sessions with Taiwan Stock Exchange to explain relevant amendment points to securities companies.

Current situation and future planning of TPEX

- TPEX is subject to the "Cyber Security Management Act", which has been amended in accordance with 6 sub-laws including the "Enforcement Rules of Cyber Security Management Act" that took effect on August 23, 2021, when handling related information security operations, and will also conduct an assessment of the maturity of information security governance to understand the information security management operations that can be further reinforced.
- TPEX planned to introduce the ISO 27001 management system into all departments of the Exchange by the end of December 2022, and complete the ISO 27001 certification operation of the entire Exchange by the end of December 2023.

Promotion of Financial Literacy

TPEX attaches great importance to investor education and promotion. Especially during the COVID-19 pandemic period, the market environment has changed rapidly and the investment complexity has increased, and all-round investor education and promotion is particularly important. Despite the restrictions on holding physical activities due to the pandemic, the promotion of financial literacy cannot be suspended or stopped. Therefore, TPEX continues to target various investment themes and actively use multiple channels and promotional materials to allow different investment groups to gain access to relevant information.

Launched the "HOME Education" section

Three major categories are "complete information on TPEX", "easy video watching", and "convenient online platform". Investor seminars and TPEX family performance presentations and promotional videos provided by TPEX can also be easily clicked and watched, and various functions will be continuously improved in the future. In addition, related online learning resources such as the "Industry Value Chain Information Platform", the "Law Source Retrieving System of Stock Exchange and Futures Trading", "Money Wise" and "Investor Education" are also planned to set in the HOME Education section.

櫃買HOME學堂
在家安心學 入門好輕鬆

櫃買中心考量投資人學習證券知識之需求，以防疫在家輕鬆學習為目標，集結本中心及線上相關學習資源，特別成立「櫃買HOME學堂」專區，希望能讓您不用出門，也能在家學習櫃買市場相關知識。

櫃買資訊好齊全	觀看影片好輕鬆	網路平台好方便
<ul style="list-style-type: none"> 認識股票市場 認識債券市場 認識債券市場 認識上櫃市場交易制度 認識興櫃市場交易制度 認識ETF 認識ETN 認識櫃買股價指數 投資人常見問題 	<ul style="list-style-type: none"> 教育宣傳影片 業績發表會 投資人講座 	<ul style="list-style-type: none"> 年輕人投資風險宣傳網站 產業價值鏈資訊平台 證券暨期貨法令判例查詢系統 金融智慧網 投資人知識網

TPEX
10004台北市中正區南京西路二號100樓15樓 (02)2349-9155 投資人服務專線 (02)2346-4100 證券櫃檯買賣中心 版權所有©1994-2021



Organized the "On-line Securities Investment Camp" to cultivate outstanding securities professionals and propagate financial knowledge

A total of 272 teams with 956 students from 37 tertiary institutions had enrolled for the camp, which is a record high. In the end, a total of 59 schools, 222 teams and 789 people completed the online courses and produced videos to participate in the investment portfolio competition. The award ceremony was successfully held on October 6th, and the video of the training course and the presentation of the top 3 teams were uploaded onto the official website to expand the use of learning resources.



TPEX held "The Securities Investment Camp Awards Ceremony" on October 6, 2021.

Opinions of Camp Participants

After the activity, a questionnaire survey was conducted on the participating students. The students all expressed their affirmation of this workshop and were willing to continue to participate in other activities organized by TPEX, or recommend classmates to sign up. The 3 online workshops were very practical, allowing most of the participating students to better understand the operation of the capital market, the main business of TPEX, market characteristics and trading practices.



Students thought that the online investment portfolio competition for TPEX products was extremely challenging and gave positive affirmation. Furthermore, the online method spared participants the hassle of traveling and provided flexible learning time. It is suggested that the online method shall still be preferred in the future, even if the pandemic is over.

Working with Charities

TPEX continued hosting the "Financial Career Development Workshop for College Students" at tertiary institutions across Taiwan to help underprivileged students develop professional knowledge and skills, and provide them with the assistance needed to obtain financial certification and turn their lives around.

TPEX reminds you to think twice before investing

TPEX and surrounding units jointly launched a new upgraded "Be aware of the trading risks! Comprehensive guide to wealth management knowledge" promotion website, which has four categories: investment guidelines in audios and videos, comics for easy risk learning, investment



knowledge bank, and financial news specials, with lively and interesting promotional videos, securities comics excellent in both pictures and literary compositions, and risk points of investment tools. The website leads investors to easily understand investment risks, lets the young people who are new to the stock market to consider carefully before investing, and establishes the risk awareness and risk control, so as to make the path of investment and financial management clearer. In addition, TPEX also proposed an "anti-scam trilogy" (the first phase is pre-verification, the second phase is being brave to report to the prosecuting agency, and the third phase is getting well prepared), through various occasions and social media reminders to constantly remind the characteristics of various products and the risks that shall be paid attention to.

Continuing to hold the "TPEX Investor Seminars"

To grasp the new trend of investing in Taiwan stocks and understand the investment strategies and applications of special products in the TPEX market, TPEX held the seminars in cooperation with securities companies in 2021, of which 5 sessions were broadcasted online and 4 sessions were held physically. The topics covered intraday odd-lot trading system, the Market Maker and Liquidity Provider Programs, etc.



CHAPTER 1

BUILDING A ROBUST MARKET

1.1. Growth	36
1.2. Sustainability	41
1.3. Collaboration	47

1.1. Growth

1.1.1. System Optimization

Considering that natural persons account for nearly 80% of transaction value, TPEX has committed to promoting a more efficient and convenient trading environment. Promoting transaction efficiency is the main development direction of TPEX to achieve fair competition between natural persons and legal persons in an environment.

Market Maker and Liquidity Provider Programs

In June 2021, TPEX launched the Market Maker and Liquidity Provider Programs. TPEX selects Main Board stocks of high-quality and low-liquidity and adopts a parallel mechanism for “stock market makers” and “trading incentive participants”. To benefit investors, securities companies and the overall market, the mechanism seeks to provide competitive quotes, increase trading opportunities, and thereby invoke market transactions.

In the future, TPEX will continue to refer to foreign practices and observe domestic implementation, and continue to evaluate and adjust the selection criteria for stock market-making targets, and the qualifications for stock market makers and trading incentive participants.

✓ **After the launch of the Market Maker and Liquidity Provider Programs, more than 90% of the market-making stocks have two-way quotes for more than 80% of the entire trading time, and the average daily transaction value of the market-making stocks has increased by 66% (during the same period, the overall TPEX Main Board stock transaction only increased by 21%), significantly outperforming the overall market.**

Intraday Odd-Lot trading system

Different from the after-hour odd-lot trading, which can only be matched once, the Intraday Odd-Lot trading will be matched every 3 minutes from 9:10. After the launch of the Intraday Odd-Lot trading system, it facilitates young people and petty bourgeoisie’s investment in TPEX stocks and lowers barrier of entry for high-priced stocks, providing a more convenient and efficient channel. In addition, it provides securities companies with periodic investment channels to eliminate the treasury risks of their remaining stock inventory, and make investors realize profits. In the future, TPEX will assess whether to adjust the Intraday Odd Lot matching interval, and whether to permit Odd Lot Day Trading, thus providing investors with more diversified trading methods.

✓ **Multiple promotion channels:**

- Communicate opinions with securities companies through Taiwan Securities Association, and hold seminars for securities companies.
- Hold investor seminars, and set up investor hotline and investor e-mailbox.
- TPEX sets up the website (TPEX official website > Mainboard > Trading System > Market Maker or > Intraday odd lot trading section) and social network sites.

1.1.2. Diverse Financial Instruments

As the main promoter, TPEX is committed to developing and promoting a number of financial products and policies, building a dynamic and sound financial environment to meet the product diverse needs of investors.

Launching of relevant ESG indexes and thematic investment products

Since the launch of the “TPEX 200 Index” in 2020, the best indicator of Taiwan's small and medium-sized stocks, supported by abundant funds and steady growth of Main Board companies, the relevant indexes launched based on its constituent stocks. Despite being afraid of pandemic, the market volume reached a record high on December 30, 2021, and the increase and yield rate were both better than the TPEX index (32.65%; 3.62%).



In 2021, TPEX launched the “TIP TPEX ESG IT Elite Total Return Index” and “TIP TPEX ESG Growth Total Return Index”, combined with the advantages of the clustering of electronic stocks in the TPEX market and the high growth characteristics of small and medium-sized enterprises, by working with Taiwan Index Plus Corporation and Taiwan Business Council for Sustainable Development. The performance of the two indexes was outstanding. Beside, securities companies also issued ESG-themed ETN products, providing investors with more diversified sustainable investment solutions. By 2021, 6 ETFs have been issued, with a total transaction issuance amount of NT\$34.354 billion, a significant 205% increase compared to 2020. The number of bond ETFs listed was 87, and the issuance scale reached NT\$1.27 trillion. The number of listings and issuance scale ranked first and seventh among major stock exchanges in Asia-Australia region and the world respectively.



TIP TPEX ESG Growth Total Return Index :

The index adopts the "ESG Performance Score" which covers three aspects of environment (E), society (S) and governance (G) of the Taiwan Business Council for Sustainable Development. The index selects the top 10 TPEX-listed companies which fulfill ESG performance with mid- to long-term growth in revenue, earnings, EBITDA or market value, as constituent stocks.

TIP TPEX ESG IT Elite Total Return Index :

Focusing on the two major highlights of the electronics industry and sustainable performance, among the electronics stocks that account for more than 60% of the overall market value of TPEX the index selects the profitable companies with good " ESG Performance Score " assessed by the Taiwan Business Council for Sustainable Development (the average return on equity in the past 12 quarters shall be positive), and then rank the top 10 stocks as constituent stocks according to the market capitalization issued.

Please refer to the Sustainable Bond Market under sustainability performance for relevant information on Social Bonds.

Outstanding performance of the International Bond Market

By the end of 2021, the scale of the International Bond Market reached 763, and the balance reached NT\$ 6.09 trillion, which was a new record high. In terms of issuance volume, a total of 202 International Bonds were issued in 2021, exceeding 200 bonds for the first time and hitting a record high, with a total issuance of NT\$1.17 trillion throughout the year. The International Bond Market has a global reputation in the international financial market. Issuers are distributed in 33 different countries, and foreign issuers account for 95% of the issuance, including 7 central government bonds and 1 local government bond.

Product diversity and innovation is the key to the growth of capital market

TPEX is committed to new indexes, new products, new systems. In 2022, TPEX will establish the SLBs Market, and conduct information exchanges on SLBs through holding seminars and actively visiting issuers and intermediaries. Meanwhile, it provides consulting

services on sustainability bond related information. With the joint efforts and active participation of all market participants, TPEX hopes to effectively utilize capital market funds and transform them into momentum for supporting industrial transformation and development and injecting real economic growth.

Average Daily Number and Volume of Trades Executed at TPEX in 2021

Product / asset type	Average Daily Number of Trades in 2021(Times)	Average Daily Volume of Trades in 2021(NT\$)
Stocks	591,671	83,098,184,181
Call (put) warrants	27,027	727,101,814
Exchange-Traded Funds (ETF)	4,905	987,941,712
Convertible / Exchangeable Bonds	2,817	1,498,910,143
Exchange Traded Notes (ETN)	638	35,150,779
Local Currency Bonds	1,650	112,716,290,866
Foreign Currency Bonds	32	3,791,102,378
Bond ETFs	1,418	847,147,488



Sustainability-Linked Bond (SLB) :

SLB is characterized by a flexible issuance structure and flexible use of funds. It is expected to effectively assist companies that urgently need to transform to net zero carbon emissions, as well as companies that are willing to move towards sustainable operations, to having suitable debt instruments to raise the required funds to achieve carbon neutrality goals and fulfill ESG commitments.





1.1.3. Expanding the capital market

The main purpose of TPEX is to support the development of emerging enterprises, provide enterprises with convenient fund-raising channels to facilitate efficient financing in the primary market, and assist them to develop and thrive in the future to create employment opportunities, while taking into account the protection of investors' rights and interests and meeting the fund-raising needs of enterprises. TPEX will also follow the development trend of domestic and foreign markets, review and revise relevant regulations and supporting measures in a timely manner, and improve various systems to create a fair, efficient, innovative, open, diversified and internationalized capital market.

A Multi-tiered capital market

As of the end of December 2021, 788 companies in total (756 domestic companies and 32 foreign companies) were listed on the Main Board, 296 companies (291 domestic companies and 5 foreign companies) were registered on the Emerging Stock Board, and 91 domestic companies were registered on GISA.

Encourage High-Quality enterprises to list on TPEX Main Board or Register on the ESB



- Held or participated in **22** domestic and foreign business promotion briefings (three of which were conducted online), and visited and received visits from **82** domestic and foreign enterprises.
- A total of **3** "Listing and Registration Promotion Briefings" were held with intermediaries.
- In order to attract high-quality overseas companies to apply for Main Board and ESB, **2** sessions of "Foreign Business Listing Procedures Promotion briefings," were held online with accounting firms; in addition, a dedicated service person for overseas companies has been set up to handle the business promotion.
- Continue to communicate or cooperate with governments to jointly promote high-quality enterprises to enter the capital market
- In order to promote the Pioneer Stock Board and introduce systems, TPEX has visited **30** companies and held or been invited to participate in **20** briefing sessions.
- Arrange business promotion activities, including potential cases provided by intermediaries such as securities firms and accounting firms.

2 GISA

- A total of **22** GISA companies have been successfully transferred to public offering, of which **14** are currently registered on the ESB, and **2** companies have been successfully listed on the Main Board.
 - Participated in a total of **29** promotional seminars related to GISA; subsidized **23** GISA companies to participate in domestic professional exhibitions; together with **18** GISA companies and TPEX, participated in the "2021 InnoVEX Online Forum", "2021 Meet Taipei - Startups for Tomorrow", and "2021 Meet Greater South - Discover Innovation:Startup Native by South".
 - Organized 2 startup investment (and business) matching meetings, and assisted **15** GISA companies to conduct one-on-one negotiation with large enterprises, venture capitals or investors with business collaboration opportunities or investment possibilities.
 - Provision of one-on-one legal consulting services for GISA companies.
- TPEX will continue to create a friendly fundraising environment, expand the TPEX market scale, promote corporate governance, and encourage product diversification, so as to give full play to the competitive advantages of "providing high-quality services and building an efficient platform".

1.1.4. Expanding investment participation

TPEX provides bonds, stocks, warrants, ETFs, ETNs, derivatives to attract investors of different attributes and types to participate in the investment. A variety of incentives and promotional activities have been planned and designed.

Action	Performance	Highlight
The "Searching for the Double-Winner of the TPEX Series Indexes", whose content includes two major themed activities, the Miraculous Foresight and the King of Performance. (Activity period: 1 November to 30 December 2021)	11,000+ participants	TPEX specially selected the benchmark index "TPEX 200 Index", the indicator of the TPEX market trend, and planned an easy-to-understand index guessing game, so that participants could learn how to grasp the market trend by observing the benchmark index; in addition, the constituent stocks of the "TIP Taiwan TPEX ESG Index" checked by ESG evaluation and two ESG-themed TPEX-listed ETNs were selected as investment targets, and a simulated portfolio performance competition was planned, with a number of risk control mechanisms designed, allowing participants to experience sustainable investment and develop concepts for investment risk management.
Pioneer Stock Board trading system prize quiz (Activity period: 1 June to 30 September 2021)	30,924 participants	In order to let more investors know about the Pioneer Stock Board Market, a prize quiz was held.
Bond ETF Investor Trading Incentive Event	In 2021, a total of nearly NT\$2 million were distributed to 640 winners and 4 winning securities firms.	The effect of the decentralization of bond ETFs has gradually emerged. In 2021, the cumulative number of investors in bond ETFs listed on the Main Board Market has exceeded 80,000, an increase of 22,000 over last year, an increase of 38%.



TPEX bond ETFs ranked first in APAC

The effect of the decentralization of bond ETFs has gradually emerged. In 2021, the listed bond ETFs attracted over a cumulative 80,000 investors, exhibiting an increase of 22,000 and a 42% growth. The bond ETFs' issuance scale exceeded NT\$1.2 trillion. It not only provides a diversified investment channel for investors in Taiwan, but also builds a stable and efficient bond ETF market, creating brilliant achievements for Taiwan's financial market.

TPEX builds a diverse investment-friendly environment and strengthens the risk awareness of young investors

Through conducting seminars and visiting issuers and intermediaries, we exchange information with market participants, encourage market participants to invest, and enhance the vitality of the stock market. In addition, from the perspective of the age of investors, the proportion of account openings in all age groups in the population has generally increased, especially among young people aged 20 to 30. The proportion has rapidly increased from 25.4% five years ago to 36.1%, and has grown significantly to 1.23 million. In order to help young people establish investment discipline and strengthen risk awareness, TPEX continues to widely reach the young generation through the Internet or social media, and produces lively and interesting promotional media such as promotional videos or online programs (collaborating with well-known financial online programs/live streamers, for key opinion leaders (KOLs) young people agree with to lead the topics) as well as uses various online channels to promote and publicize, so that the themes can be more complete and young people can grasp the key points.

1.2. Sustainability

1.2.1. Market supervision

In order to protect the investing public and the rights and interests of shareholders, TPEX has rolled out many supervisory measures, including regular audits on financial reports and internal control, audits on listed companies' information reporting, and exceptional management checks. By the implementation of various supervision works, it's expected to build an efficient platform to promote the sound development of Main Board and ESB companies, and reduce investment risks for investors.

TPEX will continue to handle promotion and education seminars on newly revised laws and regulations, and establish a sound communication channel with the companies. TPEX will also strengthen the education and training of the industry database and the industry knowledge and inspection cases of the supervisors to enhance the supervision over high-risk companies. Furthermore, TPEX reviews and revises the relevant supervision regulations

of TPEX in line with the policies of the competent authorities and the newly International Financial Reporting Standards (IFRSs) to promote the Main Board and ESB companies' corporate governance and supervision system reform. To establish a sound corporate governance system, TPEX promotes companies to pay attention to corporate governance (including ESG information disclosure) by conducting corporate governance evaluation, praising outstanding companies, and continuing to improve the degree of discrimination with the policies of the competent authorities. In addition, TPEX will strengthen supervision with technologies.

2021 supervisory measures and performance

Unit: cases

Supervisory measure	ESB Companies	Main Board Companies
Reviewing financial report: Formality review Substantive review	ALL ESB companies 32	ALL Main Board Companies 208
When material incidents happen, performing exception management analysis in accordance with regulations	2	633
Auditing the implementation of the internal control system	22	92
Analyzing in accordance with financial and business early warning indicators	56	109
Auditing material information	44	455
For companies that have been placed on alert, and where the latest financial information should be published according to TPEX standards, contacting the company to release material information	63	583

1.2.2. Transaction monitoring

To ensure fairness and investor protection, TPEX has issued relevant regulations that cover issuance, trading, and surveillance to maintain the order of securities market transactions.





Issuance



- Considering the occurrence of incidents that have a significantly impact on a company's financial conditions, TPEX has formulated the trading suspension mechanism in order to reduce information asymmetry
- With the "Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities", TPEX hope to ensure that relevant information can be disclosed in time when Main Board companies encounter matters having a significant impact on shareholders' equity or securities prices (including changes related to corporate financial soundness, major corporate transactions, positive or negative news about the company's products, changes in key management personnel, regulatory or control developments that affect the company's operational capabilities, legal events and other major events related to shareholders meetings).

Key actions and performance in 2021:

4 ESB companies and 19 Main Board companies applied for information related trading suspension.

To avoid the severe deviations in transaction price due to violent market fluctuations, relevant measures are in place:

- Main Board stocks:** When transaction price rises or falls by more than 3.5% of the reference stocks price with violent stock price fluctuations from the first matching after to 10 minutes before the market closes, TPEX will delay the matching for 2 minutes and continue to accept key-in, cancellation and changes of buy/sell orders within the delayed matching period, and match after the current delayed matching period ends.
- ESB stocks:** For ESM stocks: TPEX has introduced the trading halt mechanism for abnormal stock price fluctuations. When the weighted average trading price of individual stocks during the trading hours of each business day rises or falls to more than 50% compared with the previous business day, trading will be halted until the end of trading hours for the day.

The timing and number of trading interruptions and trading suspensions in 2021

Cause	Number (Times)	Duration
Trading suspensions due to intra-day volatility interruption of Main Board stocks	20,106	40,212 minutes
Trading suspensions due to intra-day volatility interruption of ESB stocks	11	2,853 minutes
Trading halts due to public disclosure of information	19	171 hours (Note)

(Note) : Daily trading hours (including block trades) are from 9:00 am to 5:00 pm (9 hours in total).

Supervision



TPEX's supervisory measures include surveillance and early warning, and audits on illegal transactions:

- Surveillance and early warning:** For securities traded at abnormal prices and volumes, TPEX makes an announcement of attention or takes disposal measures. TPEX publishes daily announcements on the website regarding securities that meet the criteria. If the condition remains for consecutive days, TPEX will implement advance collection of funds and securities and extended matching time to remind investors of trading risks.
- Audits on illegal transactions:** TPEX audits abnormal securities tradings. If there is suspected illegal manipulation or insider trading, the violation shall be reported to the competent authority and judicial authority for handling to protect the investors and maintain market order. TPEX also distributes information on illegal transactions among issuers and securities firms to enhance their awareness.

Key actions and performance in 2021:

Announcement of Attention Main Board Securities has been announced 3,828 times among 543 securities; Announcement of Disposition Main Board Securities has been announced 379 times among 195 securities; Announcement of Attention Emerging Stock Market Securities has been announced 63 times among 36 securities.

TPEX held 7 workshops on prevention of illegal transactions for securities firm practitioners as well as insider ownership workshops.

Information

In 2021, the trading system operated normally, and there was no service interruption.

In addition, in line with the establishment of the Pioneer Stock Board, on March 31, 2021, an announcement was made to amend the "Directions for Announcements or Notices of Attention to Trading Information and Dispositions for Emerging Stock". For stocks with abnormal price and volume changes, announcements of attention will be made; if there is a persistent abnormal price and volume situation, measures will be taken. Due to the development of the day-trading market, the "Taipei Exchange Operation Directions for Announcement or Notice of Attention to Trading Information and Dispositions" and "Numerical Standards for and Exceptions to the Irregularity Standards in Article 4, Paragraph 1 of the Announcement or Notice of Attention to Trading Information and Related Dispositions" were amended for the warning system for the attention on July 26. In the event of a simultaneous occurrence of day-trading abnormality that meets the criteria for announcement of attention, the implementation period of the disposal measures will be extended to 12 business days to remind investors to pay attention to the trading risks that may arise from day trading. In the future, TPEX will revise relevant regulations and adjust the early warning system with various products, trading systems, market development to remind investors to be aware of the trading risks. In the aspect of illegal transaction audits, supervision technology will be utilized to strengthen the effect of market supervision, so as to improve the audit efficiency and quality of market supervision operations. TPEX also continues to cooperate closely with the competent authorities and judicial authorities to enhance the capability of market monitoring and illegal transaction audits through different aspects from discussions in meetings or case studies.



1.2.3. Securities companies' audit

With the development of the securities market, the countermeasures taken by TPEX for the management of securities companies have been progressively adjusted to maintain the stable operation of the securities market.

Routine audits

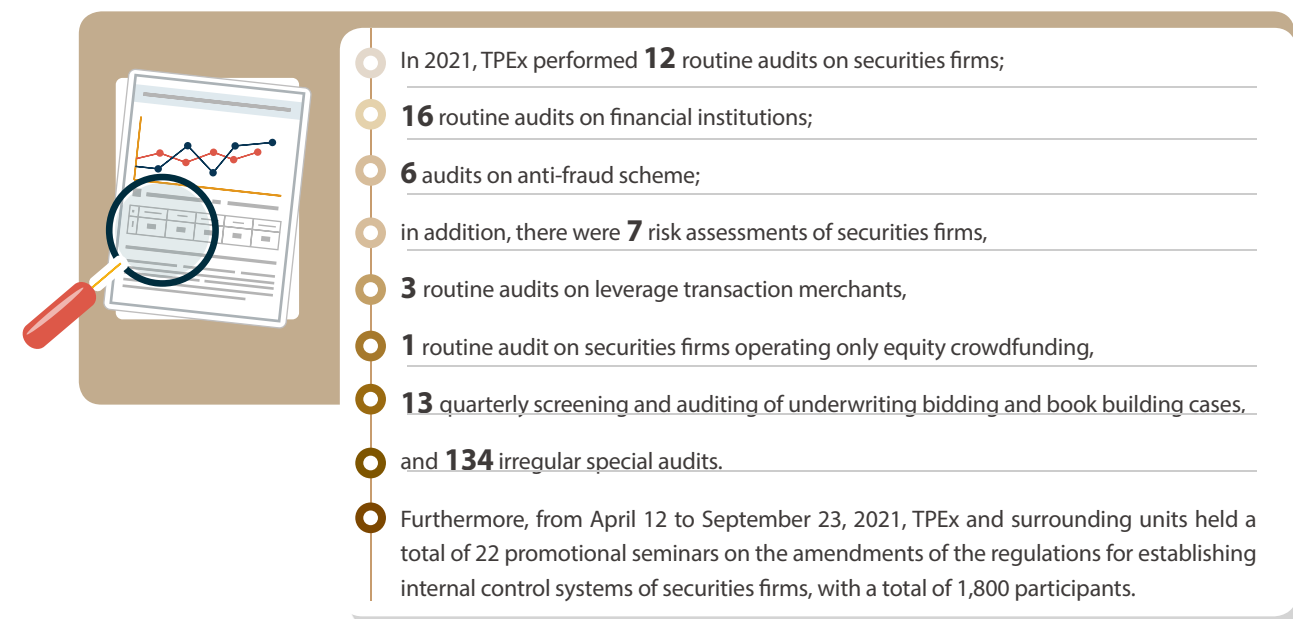
In terms of routine audits, TPEX works with TWSE to perform audits on the financial, business, internal audit, and other operational aspects of securities firms. There are also routine audits on securities firms operating only equity crowdfunding, those only security token offering, and those only operating bonds and leverage transactions.

Special audits

In terms of special audits, TPEX acts according to the "Operational Guidelines for Follow-up, Assessment, and Guidance in Regard to Securities Firm Audit Deficiencies."

Securities companies' risk management and evaluation operations

Securities companies that concurrently operate securities brokerage, underwriting and proprietary business are selected as the targets in the performance of annual evaluation. In 2021, a total of 7 evaluations were carried out. In order to strengthen the overall risk control of securities companies, the strengthening mechanisms such as risk limit control, profit and loss limit monitoring, exception management sign-off procedures and stress testing have been incorporated into relevant evaluation index items and the relevant weights have been adjusted. In response to the issue of climate change, the "Risk Management Best-Practice Principles for Securities Firms" was revised at the end of 2021 and was announced and implemented after the approval of the competent authority.



In addition to the continuous implementation of audits and evaluations for securities firms, TPEX will follow the financial security action plan of the competent authority for routine security audits of securities companies. To strengthen the protection mechanism of securities firms from hacker attacks, which will serve as the focus when carrying out information security audits TPEX supervises

and urges securities firms to implement various measures and hierarchical protection mandatory tasks. In addition, regarding the risk evaluation of securities firms, TPEX will revise the "Securities Firms Risk Management Evaluation Work - Risk Management Implementation Sampling Test Report Form" and "Self-inspection Form for the Risk Management Mechanism of Securities Firms" to help securities firms and TPEX and Taiwan Stock Exchange conduct risk management evaluation, so as to improve the level of risk management evaluation of securities firms.

1.2.4. Investment protection

While innovating systems and products to meet the needs of investors and companies, TPEX also adheres to the principle of protecting the rights and interests of investors and shareholders, and works closely with the competent authorities to implement securities market supervision laws and regulations. By continuing to implement and strengthen market management, trading, and settlement as well as other systems, TPEX seeks to create an open, transparent, and sound market.

Relevant actions to protect the investors of TPEX companies in 2021

Action	Performance	Highlight
Handling of Corporate Governance Evaluation	From February 25 to March 12, 2021, the online course of the "8th Corporate Governance Evaluation Seminar" was held to promote various measures to strengthen the board of directors, independent directors and functional committees of listed companies.	In line with "Corporate Governance 3.0 - Sustainability Roadmap", accelerating the promotion of corporate governance of listed companies, assisting enterprises in sound development and enhancing market confidence.
Performance presentations of listed companies	Three major institutional investors, four major funds and investors were invited to participate, and the presentations were conducted with the theme of TPEX family distinctive industries (including TPEX 200, biotechnology and medical care, IC design, etc.). There were a total of 33 sessions, and a total of 96 listed companies participated.	Improve services for Main Board companies, establish a platform for direct communication and interaction between companies and investors, and increase information disclosure.
2021 Sustainability Forum	Two online forums were held on August 31 and September 1, 2021, and more than 2,000 people participated online. Through questionnaires and real-time QA interaction, the depth of the events and the engagement of participants were enhanced.	From the perspectives of business operation and investment respectively, integrating multiple practice viewpoints and adding the professional vision of corporate leaders, the Sustainability Forum brought a lot of resonance and excitement to the corporate representatives or investors attending the event.
Promotional briefings and seminars	√ Propaganda Conference regarding Regulations and Directions for Main board and Emerging stock board Companies Conducted online from September 30 to October 29, 2021, the contents included themes like "Newly Amendment Regulations on Material Information", "Important Issues of Internal Control", "Key Amendments to Laws and Regulations", "Derivative Financial Product Transaction Confirmation Platform", "TPEX ESG Index Evaluation Method".	Assist Main Board and ESB companies in understanding the key points of the latest amendments to the TPEX laws and regulations. Performing well in legal compliance and information disclosure makes the companies implement the compliance and internal control and audit systems to strengthen the quality of corporate governance, and protect the rights and interests of investors.



Action

Promotional briefings and seminars

Performance

√Promotional seminar on new trading systems and related services of the TPEX market

In 2021, 7 sessions were conducted for associated persons of securities firms, providing the latest and most real-time market information for various important businesses and the latest revised market regulations.

√Promotional seminars of Pioneer Stock Board

11 sessions were held for securities firms, and 5 sessions of "2021 TPEX Investor Seminars" were held for investors to introduce the system of the Pioneer Stock Board.

√Bond promotional seminars

On April 29, 2021, the Green Bond and Sustainability Bond Market were introduced to issuers, underwriters and certification bodies, with a total of 3 online sessions. On May 27, the online promotional seminar on the "Sustainable Bond Market and Social Bond Market Introduction" was held to introduce the regulations of Social Bond Market and Sustainable Bond Market.

√Investor seminars

In 2021, TPEX held the seminars in cooperation with a number of securities companies, of which 5 sessions were broadcasted online and 4 sessions were held physically. The topics covered introduction of intraday odd-lot trading system, stock market maker system, TPEX 200 Index, and indexed products (such as ETF, ETN, index futures).

Promotional seminars on financial report filing

From December 7 to 17, 2021, 5 "Promotional Seminar on the Adoption of Inline XBRL for Financial Report" were held with across Taiwan. A total of 400 accounting personnel from listed, Main Board, and ESB companies participated.

Highlight

In addition, relevant briefing sessions were held for securities dealers and investors to assist in obtaining the latest and comprehensive market information.

In addition to the relevant operations mentioned above, there were still ① strengthening KY companies' supervision mechanism: discussing and strengthening the supervision mechanism of KY companies and optimizing the hierarchical management measures of supervision indicators; ② optimizing the hierarchical management measures of supervision indicators; dividing the financial focus area into "financial information" and "transaction information" indicators, adding multiple query methods, improving the browsing interface, and revising the regulations of TPEX and renaming the area "Key Financial and Transaction Information". ③ In December 2021, practice guidelines for opinion issuance by expert were announced, which can be used as a reference in the implementation of evaluation business. ④ According to the scale of paid-in capital, listed companies will be promoted in three stages from 2022 to announce the annual self-assessed financial information, applicable to all listed companies from 2024.

1.3. Collaboration

1.3.1. Participation in Guilds and Associations

TPEX is currently a member of 17 domestic associations. In addition to participating in regular meetings, TPEX also actively attends activities and seminars organized or co-organized by various associations.

Domestic Association Membership

Name of entity	Participation status
Taiwan Financial Services Roundtable	Member/Director
Securities Analysts Association, Chinese Taipei	Member/Director
Accounting Research and Development Foundation	Member/Director
Taiwan Corporate Governance Association	Member
The Institute of Internal Auditors, R.O.C.	Member
The Business Council for Sustainable Development of Taiwan	Member
Chinese Association of Intangible Assets Valuation	Member
Chinese International Economic Cooperation Association, Taiwan	Member
Chinese National Association of Industry and Commerce, Taiwan	Member
Corporate Operation Association	Member
Taiwan Stock Affairs Association	Member
Taiwan Mergers & Acquisitions 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. International Interactions

Due to the pandemic's impacts in 2021, almost all physical activities have been postponed. However, TPEX is still actively participating in virtual conferences, forums and seminars to learn international trends and maintain international engagements.



International Organization Membership

Name of entity	Participation status
The World Federation of Exchange (WFE)	Full member
Asian and Oceanian Stock Exchanges Federation (AOSEF)	Full member
The International Organization of Securities Commissions (IOSCO)	Affiliated member (FSC, the competent authority, is a full member)
The Global Association of Central Counterparties (CCP12)	Full member
Climate Bonds Initiative (CBI)	Partner
Task Force on Climate-related Financial Disclosures(TCFD)	Supporter
International Capital Market Association (ICMA)	Full member

Participation in international securities conferences and seminars

Participation in related organizations and activities in the international securities market

WFE	<ul style="list-style-type: none">• 2021 online seminars (5 sessions);• 60th annual meeting and general assembly video conference of WFE• WFE-IOMA Clearing & Financial Derivatives Conference online seminar
IOSCO	<ul style="list-style-type: none">• Affiliated Members Consultative Committee (AMCC) 2021 online seminar (2 sessions);• AMCC 2021 video annual meeting and mid-year meeting (1 session each);• IOSCO 2021 World Investor Week (WIW) video conference (2 sessions)
CCP12	<ul style="list-style-type: none">• 2021 annual meeting video conference (2 sessions)• 2021 special annual meeting video conference (2 sessions)
AOSEF	<ul style="list-style-type: none">• 2021 Working Committee video conference

Participation in meetings of other securities-related organizations

Asia Securities Industry & Financial Markets Association (ASIFMA)	1 video seminar
Climate Bonds Initiative (CBI)	1 video seminar
The Institute of Internal Auditors (IIA)	2021 annual meeting video conference
Asian Corporate Governance Association (ACGA)	2021 annual meeting video conference
Korea Exchange	2021 Global ETP Conference in Seoul

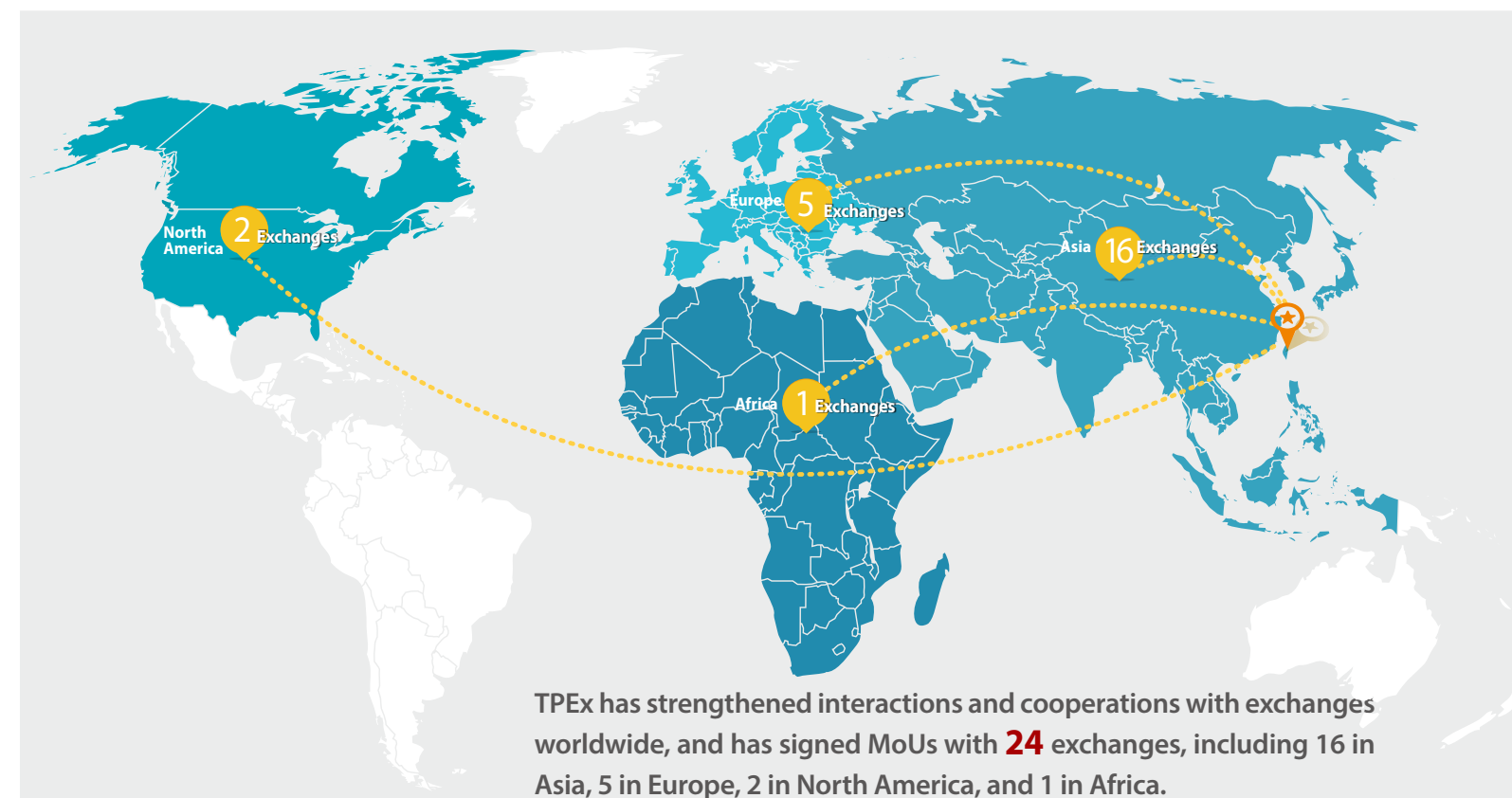
WFE's Women Leaders

During the selection of Women Leaders for WFE in early 2021, TPEX CEO Edith Lee stood out among nearly 60 nominees from around the world to be recognized by WFE, alongside 20 other winners, as Women Leaders of 2021. WFE also featured these 21 outstanding women in the March 2021 issue of Focus.



Collaboration with exchanges in various countries

TPEX has signed memorandums of understanding (MoU) with 24 exchanges worldwide. Although the pandemic affected face-to-face dialogues, TPEX still maintained good interaction with and learned from partner exchanges through video and email. During this period, we shared with Capital Market Authority (CMA) the progress of listing promotion of SMEs in both markets and the development process of multi-tiered market in TPEX.









Promoting listing (registration) of foreign enterprises on TPEX market

Due to the impact of the global pandemic, TPEX held 2 “TPEX Listing for Overseas Businesses Seminar” in 2021 to introduce the TPEX market's advantages and how to enter, thereby encouraging companies run by Taiwanese businessmen to return to Taiwan. By the end of the year, there were 32 foreign enterprises listed on Main Board and 5 foreign enterprises registered on the ESB.

1.3.3. TPEX service promotion

To help capital market participants understand and make use of the services provided by TPEX, we plan and promote through various channels, including:

Promotional channel	Description
<p>TPEX official website</p> 	<ol style="list-style-type: none">1. Considering the participants' diversity in the capital market, "Focus Areas" was set up on the homepage. Visitors can browse according to their identity or the topics they are interested in.2. The "TPEX Events" and "Media Gallery" sections were set up to promote relevant policies, key businesses, and recent activities.
<p>Facebook fan page</p> 	<ol style="list-style-type: none">1. Considering that the younger generations are more familiar with Facebook, a social media manager has been appointed to actively interact with the public, promote key products or systems, and disseminate information in an interesting way.2. Posts on the fan pages of competent authorities are shared on the TPEX fan page to facilitate policy communication.
<p>TPEX Sustainability Section</p> 	<p>TPEX establishes a Sustainability Section on its official website in 2020 to strengthen communication with stakeholders, and present TPEX's sustainability actions and performance more comprehensively and timely.</p>
<p>TPEX HOME education</p> 	<p>Considering the needs of young people who are new to the capital market aim at easy home learning when learning securities knowledge, the online learning related resources of TPEX are specially collected.</p>



Promotional channel	Description
Promotional seminars	TPEX promotes various important businesses, systems, and the latest revised regulations for companies, investors, and securities firms.
On-site visits	TPEX makes on-site visits to domestic and foreign companies to introduce the multi-tiered capital market.
Networking / matching activities	TPEX regularly organizes business promotion networking and matchmaking activities for enterprises in the TPEX market.
Media	TPEX promotes its services and products through the media.
Investor hotline / fax	<p>TPEX upholds a professional stance and a fair and objective attitude in processing investor complaints, petitions or consultations, in a timely manner. All investor emails received in 2021 were forwarded to the relevant business departments for processing after receipt.</p> <ul style="list-style-type: none">▪ Investor service hotline: 886-2-2366-6100▪ ESB market investor consultation hotline: 886-2-2369-6102▪ Email address of Investor Mailbox: Click on "Contact Us" on the TPEX Official website to access the Investor Mailbox

New sections in 2021

The "Sustainable Bond Market" and "Pioneer Stock Board section" set up in 2021 allow users to inquire about relevant information in one-stop through information integration.

Relevant information can be found in sustainability performance chapter.



2.1. Strengthening Corporate Participation



Continuous improvement of governance quality of Main Board companies

Corporate governance measures	Number of companies practiced in 2021	Number of companies practiced in 2020	Growth rate
Establish an audit committee	686	558	23%
Adopt the candidate nomination mechanism for directors/supervisors	787	756	4%
File the annual financial report in English	226	158	43%
File the annual report of the shareholders meeting in English	200	140	43%
Prepare the previous year's sustainability report	156	126	24%

Due to the severe pandemic situation in 2021, the results of the 7th Corporate Governance Evaluation was announced by video in July to commend companies with excellent corporate governance (top 5% of the TWSE and TPEX listed groups, and top 5% of small and medium market capitalization). In addition, the top 20% Main Board companies ranked in the evaluation results were listed in the "TPEX Corporate Governance Index".

CHAPTER 2 REINFORCING GOOD GOVERNANCE

2.1. Strengthening
Corporate
Participation 54

2.2. Operational
Governance 58

2.1. Strengthening Corporate Participation

2.1.1. Corporate Governance Evaluation

Since the launch of the Corporate Governance Evaluation in 2014, it has reached its seventh session. TPEX has been progressively promoting the best practices among listed companies. By commending the outstanding companies, the Corporate Governance Evaluation helps create benchmarks for industry peers and raise market-wide awareness of corporate governance and corporate social responsibility.

TWSE / TPEX listed companies

TOP 5% of the 7th Corporate Governance Evaluation

TPEX Listed Companies in Top 5% for Seven Consecutive Years

- 3105 WIN
- 4126 PAHSCO
- 4152 TLC
- 5209 CTCI ASI
- 5227 Aleees
- 5347 VIS
- 5371 Coretronic
- 5483 SAS
- 5530 Lungyen
- 6023 Yuanta Futures
- 6147 Chipbond
- 6803 ECOVE



In line with the 5 major projects of "Corporate Governance 3.0 - Sustainability Roadmap" announced by the FSC on August 26, 2020, the evaluation point-adding items added in 2021 were as follows:

Project items	Point-adding items(included in 2022 indicators)
Item I: Enhance board functions; increase corporate sustainability value	<ul style="list-style-type: none"> Promote that the number of independent directors of TWSE and TPEX listed companies shall not be less than one-third of the number of directors Promote TWSE and TPEX listed companies to set up a Nomination Committee Promote TWSE and TPEX listed companies to conduct functional committee performance evaluation Promote that the terms of more than half of the independent directors of TWSE and TPEX listed companies shall not exceed three consecutive terms Promote that quarterly financial statements of TWSE and TPEX listed companies shall be approved by the audit committee
Item II: Improve information transparency; promote sustainable practices	Revise the name of the CSR Report to Sustainability Report, and promote the publication of the English version of the Sustainability Report
Item III: Strengthen communication with stakeholders; develop productive interactive channels	
Item IV: Connect with international standards; adopt diligent governance	
Item V: Enforce sustainability governance culture; offer diverse products	

Important summary of the "Corporate Governance 3.0 - Sustainability Roadmap" :

- From 2023, TWSE and TPEX listed companies with a capital of more than NT\$ 2 billion are required to submit a sustainability report.
- From 2023, TWSE and TPEX listed companies with a capital of less than NT\$ 2 billion and not in the financial industry need to set up a corporate governance officer.
- New international standards, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) standards, are required to disclosure in sustainability reports.
- Revise the name of the current CSR Report to Sustainability Report or ESG Report.
- Promote the provision of English version of Sustainability Report.
- Expand the scope of third-party verification of sustainability reports and improve the disclosure quality of non-financial information.

At the end of 2021, At the end of 2020, TPEX amended and promulgated the operating rules and indicators for the 9th Corporate Governance Evaluation. In the future, TPEX will continue to reinforce the requirement for mandatory content to be included in the investor section or corporate governance section of the TPEX listed companies' website, so as to strengthen the communication channels for stakeholders and create a good interactive environment.

2.1.2. Driving corporate action

In 2014, TPEX formulated the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies" to require listed companies shall adopt the GRI standards, strengthen ESG practices, and implement climate-related disclosures. The relevant measures will be revised in 2022, with reference to the TCFD, SASB, to strengthen the disclosure of sustainability reports.



Preparation process of sustainability reports by listed companies

2021	2022	2023
Corporate Social Responsibility Report Renamed as "Sustainability Report"	Chemical industry and financial industry Sustainability report requires third-party verification	Companies with capital of more than NT\$ 2 billion Required to provide Sustainability Report

TPEX also encouraged listed companies to voluntarily compile corporate social responsibility reports through promotional events, company visits, and corporate governance evaluations. In recent years, the voluntary compilation of sustainability reports has grown significantly, exceeded the number of compulsory preparations.

Number of listed companies that have compiled sustainability reports in the last 4 years

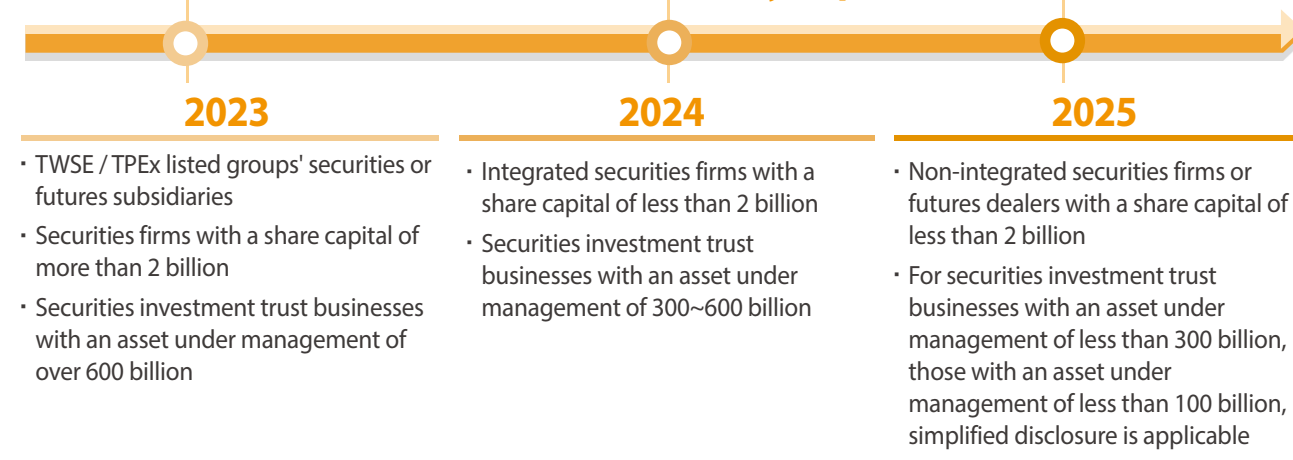
Year of the report	2017	2018	2019	2020
Percentage of total number of listed companies	14.10%	15.23%	16.11%	19.80%
Total number of preparing companies	108	118	126	156
Mandatory	40	46	46	48
Voluntary	68	72	80	108



Securities firms' climate change risk management and sustainability report preparation

Regarding climate change issues, TPEX revised the "Risk Management Best-Practice Principles for Securities Firms" in October 2021 to require the disclosure of climate change risk management information every year starting from the end of June 2023. Furthermore, to promote the sustainable development of the securities and futures industry, the competent authority plans to gradually promote the preparation and announcement of the sustainability report.

Timeline for Securities Firms' Sustainability Report Release



2.2. Operational Governance

2.2.1. Operations of TPEX governance

Responsibilities and operations of the functional committees

Committee	Main responsibilities	Members	Operations
Sustainable Development Committee	Coordinate and promote the sustainability strategies of TPEX, and make decisions, track and review related sustainability work, so as to implement the promotion goals of the sustainability strategies.	The Managing Director & CEO of TPEX serves as the chairperson, the two Deputy CEOs and the Chief Administrative Officer serve as the vice chairpersons, and the heads of various departments serve as members	• Meetings are convened twice a year.
Risk Management Committee	Review the effectiveness of the promotion and implementation of risk management policies and crisis management operations of TPEX.	The Managing Director & CEO of TPEX serves as the chairperson, and the two Deputy CEOs, Chief Administrative Officer, heads of various departments and commissioners serve as the committee members.	• Meetings are convened once a year. • Risk items are identified by each department.
Business Continuity Committee	Coordinate and supervise the business continuity management system of TPEX to ensure the appropriateness and effectiveness of the system and the coordination between departments.		• Meetings are convened once a year. • review relevant plans and conduct on-paper and field simulation drills.
Internal audit team	Ensure the effectiveness of risk management.	Chief auditor, a team leader and 2 coordinators.	The internal control system is revised twice a year, and the audit results and improvement status are regularly reported to the joint meeting of directors and supervisors on a quarterly basis.
Personal Data Protection Management Committee	Strengthen the implementation of various personal data protection mechanisms and resolve opinions on personal data management review.	Chairperson, vice chairperson, chief administrative officer, contact person for personal data protection, representative members of each department, and contact person of departmental personal information.	Hold 2 personal information management review meetings every year, and conduct contingency training and simulation drills for personal data infringement incidents

Ethics and integrity management

Being an important participant in Taiwan's capital market, TPEX aims to promote economic development and assist companies in raising funds. Ethics and integrity management is the cornerstone of sustainable development. In order to ensure that businesses can be implemented fairly and objectively, TPEX has established a complete legal compliance system and implemented the "Ethical Corporate Management Best Practice Principles" since June 2019. The implementation situation is reported to the board of directors every six months. In 2021, TPEX did not affect the capital market's order or involved in fraud, insider trading, antitrust or anti-competitive practices, and market manipulation.

Internal regulatory compliance



All employees

- Employee Confidentiality Measures
- Guidelines for Employee Ethical Conduct
- Precautions for Employees Acquiring or Disposing of TPEX-traded Securities and GISA Stocks



Reviewers and supervisors

- Disciplinary Standards for Securities Listing (ESM, GISA) and Registration Examiners and ESM Counselors
- Securities supervisors' discipline regulations



Personnel performing company audits

- Statement of the person performing the audit

In addition, TPEX has set up the "Implementation Measures for the Whistleblower System." Anyone who suspects TPEX employees of committing crimes, fraud, or violating laws and regulations can file a report. In 2021, there were no incidents of employee corruption, violation of the law, or internal complaints.

Complaint-filing Channel





In order to strengthen the awareness of integrity, TPEX regularly organizes education and training courses for all employees to widely publicize the importance of ethical management. In 2021, TPEX held 9 sessions each of courses entitled "Corporate Integrity and Whistleblowing System", "The Importance of Personnel Conduct and Professional Ethics from the Global Anti-Corruption Trend", and "Personal Data Protection Act and Sharing of Information Security Practices", a total of 851 participants participated with a participation rate of 98%. The members of the Board of Directors are mainly impartial personnel appointed by the competent authority from among experts and scholars with legal and corporate management or corporate governance expertise. They already have the ability and experience related to anti-corruption and ethical management themselves. Therefore, TPEX does not provide additional education and training courses for the governance bodies. In addition, in 2021, we have communicated with all board members about anti-corruption. For suppliers, TPEX communicates with suppliers on anti-corruption-related issues by signing a "Corporate Sustainability Development Commitments" with suppliers. A total of 148 letters of commitment were signed in 2021, accounting for 100% of the number of suppliers who signed contracts with TPEX. Besides, we communicated with all employees on anti-corruption-related issues through email, accounting for 100% of all employees.



Regulatory compliance

To ensure compliance with laws and regulations, TPEX has set up legal personnel under the Administration Department responsible for legal compliance and regulatory amendments. TPEX makes necessary amendments to relevant internal rules, which will be available in the Law Inquiries section on the TPEX official website, so as to ensure that TPEX can abide the latest laws and regulations. To ensure effective legal compliance and internal control system, each TPEX department performs legal compliance self-evaluations every six months, and submits the results to the internal audit team for review. With the internal audit team further performed annual legal compliance audits, the 2021 audit results show no particular anomaly.

2.2.2. Risk management

Risk management policy

TPEX has built an appropriate risk management mechanism considering the overall operation strategies and the business and legal environment. By integrating risk management into the decision-making process, and requiring each department to effectively identify, measure, monitor, prevent and control various risks, TPEX is capable of minimizing potential risks. To this end, TPEX has formulated the "Taipei Exchange Risk Management Policy and Crisis Management Operating Guidelines" to fully implement integrated risk and crisis management and achieve business goals unaffected.

Risk Management Committee

TPEX established a risk management committee chaired by the Managing Director & CEO, with the Deputy CEO(s), Chief Administrative Officer, heads of all departments, and commissioners as the committee members. The Risk Management Committee supervises the implementation of TPEX's Risk Management Policy, reviews major risks and response mechanisms, and incorporates risk and crisis management into TPEX's decision-making considerations. In principle, meetings are held once a year or when necessary. There were no adjustments regarding organization and procedures in 2021.

Risk response measures

All TPEX departments are responsible for improving risk management mechanisms according to their respective functions. Through the process of risk identification, analysis and assessment, various business risks are comprehensively evaluated and responded to with risk management countermeasures. TPEX's Risk Management Committee later convened on November 26, 2021, and announced the relevant revision on December 3 for internal compliance.

Risk Management Process and Implementation Results in 2021





ISO 22301 Business continuity management systems certification

In order to ensure the establishment of a compliant disaster response and recovery mechanism to protect the safety of TPEX market transactions and the rights and interests of the investing public, TPEX was successfully certified according to the ISO 22301 Business Continuity Management Systems in November 2020

ISO 22301

Scope of introduction

Main Board Stock Trading System,
Electronic Bond Trading System(EBTS),
Emerging Stock Computerized Price Negotiation and
Click system and Derivatives Trading System

The certificate of passing the British Standards Institute (BSI) verification continued to be valid



In order to avoid the high probability of abnormal failure of old equipment, the various host replacement projects have been promoted. In 2021, TPEX had replaced the expired equipment, including transaction hosts, network equipment, database host, virtual host system disk space expansion, to maintain the stable operation of the system and business continuity.

Business continuity plan

All TPEX departments update business continuity plans and emergency and abnormal situation handling manuals every year to ensure that critical businesses can immediately respond and resume after disruptions. On November 11, 2021, the Business Continuity Committee held a meeting to approve the annual update; on December 10, TPEX conducted a drill to simulate the security notification operation of information communication. The scenario was "the Trojan horse program was implanted by hackers because a colleague in the Planning and International Department accidentally clicked on a phishing email. The hacker intruded into the personal computer of the Bond Department to steal the classified information, and the Information Department activated the relevant information security protection mechanism and successfully blocked it before the data was leaked". To maintain normal market operations amidst the COVID-19 pandemic, TPEX further adopted the backup plan with splitting and distancing. In addition to the continued work-from-home and rotation plan, the intercommunications and gatherings of the capital market are conducted through video conferencing.

Internal Audit

TPEX has formulated an internal control and audit system based on the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," and each department has developed internal control system regarding its business processes. With details disclosed in the "Internal Control and Audit Section" of the TPEX intranet, TPEX operated the internal control system accordingly to ensure the continued effectiveness.

Under the Board of Directors, the Internal Audit Team is responsible for performing audits on each department, making timely suggestions for improvement, monitoring the improvement progress, and submitting monthly results to each supervisor for review. The Team reports to the Joint Meeting of Directors and Supervisors on a quarterly basis, and consequently reports to the competent authority for reference. Suggestions made to each department in 2021 have been improved in 2021.

In response to amendments to laws and regulations, TPEX accordingly amends relevant rules and standard operating procedures. Upon completion, TPEX immediately announces details on the intranet and inform colleagues through emails and internal education and training sessions. In addition to conducting monthly self-assessments in accordance with regulations, all departments also conduct assessments on the effectiveness of the internal control system. After review by the internal audit team, there are no cases of failed implementation.

2.2.3. Information Security

Information Security Management System

TPEX has obtained certification for ISO 9001 on quality management, ISO 27001 on information security, and ISO 20000 on information service, and continues to entrust certifying bodies to perform reviews every six months and re-examinations every three years in accordance with regulations. The certificates have continued to be valid so far, and an information security management review meeting chaired by the Deputy CEO is held every six months to regularly review the implementation of the information security management system to ensure its appropriateness and effectiveness. There were no instances of confidential information leakage in 2021.

	Complete education and training provided by a full-time responsible unit	The information security team performs full-time information security management; information security supervisors and personnel undergo 15 hours of information security professional training and all colleagues undergo 3 hours of information security advocacy training to enhance awareness.
	Information security protection and monitoring	<ul style="list-style-type: none"> TPEX established an information security protection system and a security operations center (SOC), and has carried out security inspections including diagnostics, server vulnerability scanning, web program vulnerability scanning, program source code and penetration testing.. TPEX has also introduced ISO 22301, formulated relevant disaster response and recovery mechanisms for events such as natural disasters, active sabotage, system failures, and performed drill tests. TPEX implements risk identification and management, management review meetings, internal audits, drills and tests, and regular review by certification bodies to continue improving the business continuity management system.
	Information security enhancement	<ul style="list-style-type: none"> Establish vulnerability analysis and notice system (VANS) Establish early warning mechanism for the information system Strengthen the sharing mechanism of information security intelligence to the Financial Security Operation Center (FSOC)
	Information Security Internal Audit	TPEX's internal audit team conducted audits on information security according to the 2021 Audit Plan, and the audit results reflect no deficiencies.
	Information Security External Audit	<ul style="list-style-type: none"> TPEX established an information security management system (ISMS) according to the ISO 27001 standard. The British Standards Institute (BSI), an external verification organization, conducted two audits, and discovered no non-conformities in 2021; thus, TPEX's ISO 27001 certificate remains valid.



Same-site and Different-site backup system

All TPEX transaction systems have the same-site and different-site backup system. Beside formulating emergency procedures, including "Business Continuity Plan", "Emergency and Abnormal Situation Handling Manual", "Computer Trading System Abnormal Incident Handling Procedures" and "Full Backup Maintenance and Handling Procedures", TPEX conduct 2 same-site and 2 different-site backup system test drills every year.

TPEX has set the information operation goals for the information system such as not to affect transactions due to programming errors throughout the year, not to cause service interruptions due to capacity factors, and to have a success rate of 96% or more in the test and drill of the backup system. All goals have been met in 2021.

Protection of Personal Data

TPEX is committed to maintaining personal data security, thus ensuring that the data collection, processing, and utilization comply with confidentiality, integrity, availability, and legal requirements and reducing the risk of personal information breaches. These measures protect the implicated parties' rights and interests and ensure the sound operations of the capital market. There are no personal information breaches in 2021.

TPEX has also introduced a personal information protection management system in accordance with the provisions of the "Personal Data Protection Act," and has established a personal data protection management manual and various instructions and procedures to provide all colleagues with a unified compliance mechanism in the collection, processing and use of personal data. In addition, TPEX reviews business operations related to personal data protection through external and internal audits once every six months.



2.2.4. Supplier management

TPEX main suppliers are divided into 6 categories, including general services, equipment, and engineering services. In addition to establishing "Property Procurement and Management Guidelines" as a basis for the procurement process, TPEX also regards suppliers as important partners. Since November 2020, TPEX has been requiring suppliers to sign a "Corporate Sustainability Development Commitments" and has urged suppliers in complying with regulations on occupational safety and health, labor human rights, and environmental protection, thereby realizing corporate social responsibility into practice and creating benefits in multiple aspects. TPEX regularly reviews the successful bidders for their services to confirm whether they are consistent with the contract specifications.

	Personal data protection management committee <ul style="list-style-type: none">TPEX has set up a "Personal Data Protection Management Committee", Chaired by the Managing Director & CEO, to organize cross-departmental tasksIn 2021, the committee held two meetings: January and July 2021
	Continuing Education for Employees <ul style="list-style-type: none">All colleagues participated in the 3-hour "Personal Data Protection Act and Sharing of Information Security Practices" education and training courseFor colleagues in charge of personal data business in each department, conduct education and training courses such as "BS10012:2017 Pre-Verification Preparation", "Privacy Impact and Risk Assessment Education and Training", and "Personal Data Security Incident Emergency Response Cognition".
	Internal/ External audits <ul style="list-style-type: none">The British Standards Institute (BSI) conducts audit and certification every six months: January and July 2021BS10012:2017 PIMS certification continued to be validThe internal audit team conducts an audit every six months: May and November 2021
	Contingency Training for Personal Data Violation Incidents <ul style="list-style-type: none">No personal data infringement incidents occurred in 2021, but in order to strengthen colleagues' ability to respond to personal data infringements and crisis awareness, in September 2021, the vice committee chairman of the Personal Data Protection Management Committee selected scenarios for conducting personal data infringement incident response training and simulation exercises.



100%

Proportion of local suppliers of TPEX in 2021



148 letters

The percentage of suppliers agreeing to sign the "Corporate Sustainability Development Commitments" was 100% in 2021.



CHAPTER 3

FACILITATING ENVIRONMENTAL SUSTAINABILITY

3.1. Sustainable Finance	66
3.2. Green Operations	71




3.1 Sustainable Finance

3-1-1 Promotion of Green Finance

TPEX hopes to promote sustainable products and green finance encourages enterprises and investors to provide further consideration to environmental, social and corporate governance issues. The virtuous cycle will enable Taiwan to accelerate the low-carbon transition and to realize a sustainable development vision.

In line with the government's "Green Finance", TPEX launched Green Bond, Sustainability Bond and Social Bond Market during 2017 to 2021. To complete the range of sustainable products, TPEX also launched Sustainable Bond Market. The "Taipei Exchange Operation Directions for Sustainable Bonds" helps the green energy technology industry and green investment projects obtain medium and long-term funds, with no investments in fossil fuel power projects. The funds shall not be used for projects that increase greenhouse gas emissions, so as to assist the government to drive Taiwan's transformation into a green economy as moves forward to becoming a low-carbon sustainable environment. Sustainable bond issuers have diversified considerably in recent years, covering local banks, local branches of foreign banks, state-owned enterprises, domestic private producers, and foreign financial institutions, etc.





Green Bond Qualification Recognition and Required Documents

 Issuer	 Scope of bonds approved for green bond qualification	 Required documents
<p>Certification: Acquire green bond accreditation from TPEX</p> <p>Issuance and listing: Apply for listing in accordance with product issuance and Main board listing specifications</p>	<p>Bonds with no equity nature Ordinary corporate or financial bonds, international bonds, NT dollar denominated foreign ordinary bonds, beneficiary securities, asset-backed securities, Islamic fixed income securities (Sukuk), and government bonds issued domestically</p>	<ul style="list-style-type: none"> • Green investment proposal • Assessment opinion or certification of the proposal • Qualification documents of the certification body • Other necessary proof or information



Renewable Energy Development and Low Carbon Transition (2017~2021)

1 Issuance of Stainable Bonds

Company name	Number of bond(s) issued	Issued amount	Investment plans
 Taipower 台湾電力公司	11	NT\$ 43.85 billion	Solar, wind, hydroelectric and geothermal energy generation
 Orsted 沃旭能源	5	NT\$ 27 billion	Offshore wind power construction
 ECOVE A CTCL Company	1	NT\$ 1 billion	Solar power construction
 Chailease 中租迪和 CHAILEASE FINANCE	3	NT\$ 4.2 billion	Solar power construction

2 ESB registration: A total of 21 green energy and 3 renewable energy businesses were registered on Emerging Stock Board

2021 publicity and promotion activities

- 3 online bond promotion and briefing sessions to introduce the sustainable bond market to the issuers, underwriters, and certification bodies respectively.
- 1 online "Promotional Seminar on the Sustainable Bond Market Special Board and Social Bond Market Introduction" to introduce the system of Social Bond and Sustainable Bond.
- There are 12 visits to issuers and intermediaries to introduce and promote the issuance and investment of Social Bond.





International participation

- In 2018, TPEx became a member of the Climate Bonds Initiative (CBI).
- In 2018, TPEx received the award and certification of the "Exchanges introducing new listing guidelines in 2017", which was selected and awarded by the Green Bond Pioneer Awards Committee (Note 1).
- In 2021, TPEx became a member of the International Capital Market Association (ICMA).

Note 1: The Green Bond Pioneer Awards Committee was jointly set up by the CBI and the London Stock Exchange Group

3-1-2 Climate Change Governance

Given the intensifying impact of climate change, the international community is paying increasing attention to climate-related risks. While facing negative climate impacts, enterprises may also identify climate-related opportunities. As such, exchanges have gradually formed a consensus on the importance of promoting climate change-related disclosures and strategies. In October 2020, TPEx formally support the Task Force on Climate-related Financial Disclosures (TCFD) and performed a preliminary assessment. The relevant impacts and response strategies of TPEx are as follows:

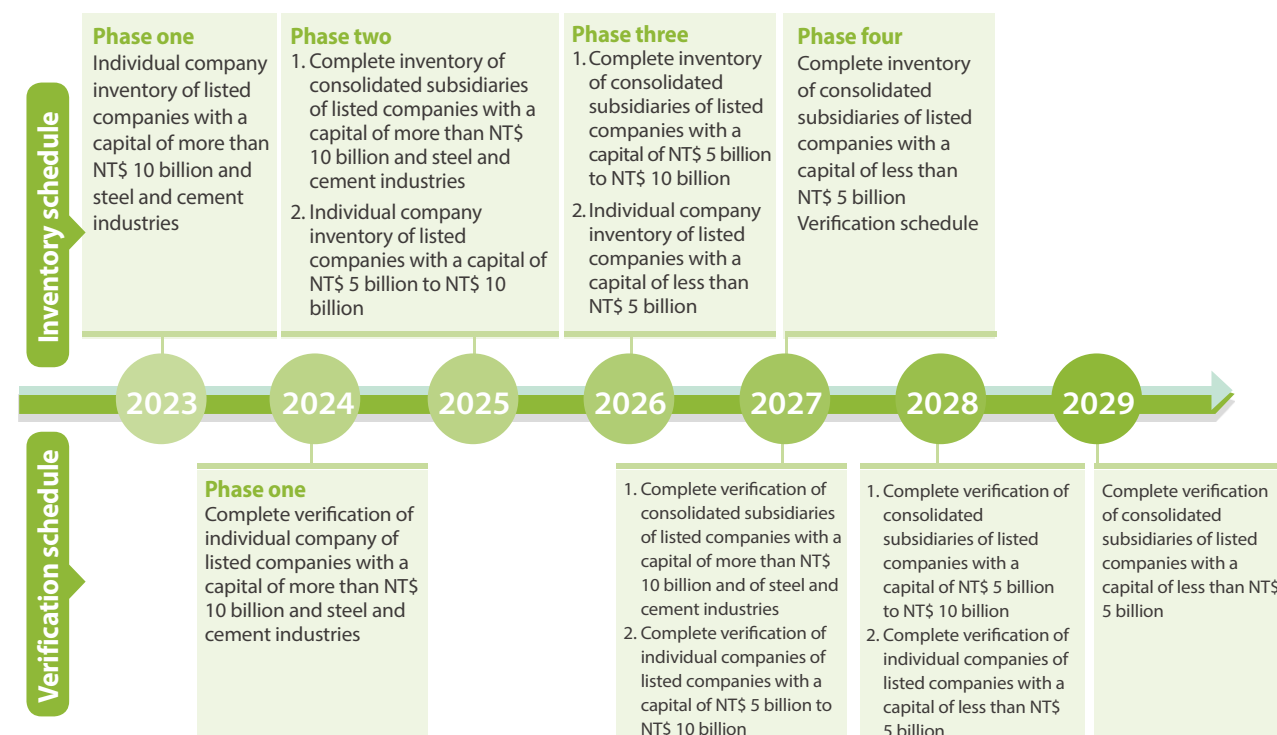
	Climate-related factors	Impact description	Response strategies
Environment-related risks 	The disclosure requirements of carbon emissions	Policies and regulations drive the disclosure of greenhouse gas emissions and proposal of carbon reduction goals, increasing operating costs	<ul style="list-style-type: none"> Plan the requirements and schedule of TPEx's greenhouse gas emissions inventory Promote energy conservation plans and set annual energy conservation goals
	The government strengthens the requirements and Supervisions of TPEx market enterprises	Policies and regulations strengthen the supervision of energy-intensive or climate change-related industries, impacting industry structure and raise the threshold for entering the capital market	<ul style="list-style-type: none"> Revise relevant laws and regulations such as the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies" to promote and assist companies in introducing climate change risks and opportunities
	Extreme weather events strike operating sites and disrupt operations	Extreme weather events affect operating sites as well as facilities and systems, the most severe of which may cause operation disruption.	<ul style="list-style-type: none"> Regularly track and report climate change trends, establish a notification mechanism for major events and conduct regular drills Regularly conduct drills in the remote backup center and review the current ISO 22301 and Business Continuity Plan (BCP) to strengthen the timeliness of key system recovery
Environment-related opportunities 	Development of products and services related to sustainable finance	<ul style="list-style-type: none"> In response to government policies and regulations to promote sustainable development, guide the investment and development in green energy technology, renewable energy industries Increased market demand for paperless, digital, and mobilized services and products 	<ul style="list-style-type: none"> Assist green finance and climate change adjustment related concept industries to enter the capital market Develop and promote sustainable financial products and digital financial services to invigorate trading Continue to simplify internal processes and promote paperless and digital service
	Promote green procurement and evaluate carbon reduction plans	<ul style="list-style-type: none"> Become a benchmark for promoting energy saving and renewable energy to enhance potential reputation and increase market opportunities Improve operational resilience in response to future carbon emissions disclosure and carbon reduction plans 	<ul style="list-style-type: none"> Evaluate the renewable energy or purchase the renewable energy certificates Plan the carbon inventory and understand current energy usage



The "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies" requires listed companies to strengthen climate-related disclosures. TPEX is now mulling over the international standard TCFD examples to promote enhanced disclosure and address listed companies' climate risks with reference to international standards and best practices.

In line with the government's 2050 net-zero carbon emission target, TPEX will establish a schedule for the disclosure of greenhouse gas inventory of listed companies, so that companies can follow and set carbon reduction targets; and cooperating with the government's carbon reduction plan, through connecting the supply chain of listed companies.

The matters



3-2 Green Operations

TPEX mainly engages in securities trading and information services and has been no instance of violations against environmental regulation or complaints received to date. However, TPEX still shoulders the mission of operating sustainably and integrating environmental values into business policies at all levels. These initiatives include digitalized administrative processes, selection of environmentally friendly materials for office equipment, promotion of energy conservation, and reduction of paper consumption. TPEX has signed the contract of solar energy for ten years which will be supplied to TPEX since January 2022.

3-2-1 Energy/carbon Management

TPEX offices and information centers use purchased electricity (non-renewable), while a smaller percentage of energy use entails fuel consumption by official vehicles. In 2021, the total electricity consumption of TPEX was 906,900 kWh, an increase of about 1%, which was due to some employees working overtime in line with market testing or related business needs. The total amount of oil used in 2021 was 5,642 liters, a decrease of about 11%, which was due to the reduction of official visits causing by the pandemic.

Energy consumption

Energy consumption	2020	2021
Purchased electricity (kWh)	898,697	906,900
Purchased electricity (GJ)	3,235.31	3,264.84
Vehicle gasoline (liter)	6,333	5,642
Vehicle gasoline (GJ)	206.82	184.25
Total energy consumption (GJ)	3,442.13	3,449.09
Energy intensity (GJ/person)	11.59	11.94

Note 1: All data of this report for 2020 and 2021 cover the TPEX Guting Office in Taipei City, Banqiao Office in New Taipei City and remote backup server room in Taichung City. Purchased electricity, vehicle gasoline, total energy consumption, and energy intensity calculations are all rounded to two decimal places.

Note 2: The electricity purchased by the Guting Office in Taipei City is based on the metered number specified on Taiwan Power Company's utility bills; those of other locations are based on the metered numbers stated on respective property management service providers' statements.

Note 3: The heating value coefficient is based on the GHG Emission Coefficient Management Table version 6.0.4 issued by the Environmental Protection Administration, according to which vehicle gasoline is 7,800 kcal/ liter.

Note 4: 1 gigajoule (GJ) = 10⁹ joules (J); 1 kilocalorie (Kcal) = 4186.8 joules (J); 1 kilowatt-hour (kWh) = 3.6 megajoules (MJ).

Note 5: Energy intensity is calculated based on the number of employees on December 31 of the year, which was 297 in 2020 and 289 in 2021



Greenhouse gas emissions

Greenhouse gas emissions	2020	2021
Scope 1 (tCO ₂ e)	14.91	13.29
Scope 2 (tCO ₂ e)	457.44	456.30
Gross emissions (tCO ₂ e)	472.35	469.59
Emission intensity (tCO ₂ e/person)	1.59	1.62

Note 1: All data of this report for 2020 and 2021 cover the TPEX Guting Office in Taipei City, Banqiao Office in New Taipei City and remote backup server room in Taichung City. Purchased electricity, vehicle gasoline, total energy consumption, and energy intensity calculations are all rounded to two decimal places.

Note 2: This report adopted the operational control approach for greenhouse gas emissions inventory check. The calculation goes: activity data*emission coefficient*GWP value (the emission coefficient is based on the GHG Emission Coefficient Management Table version 6.0.4 issued by the Environmental Protection Administration and the GWP value is quoted from the IPCC's Fifth Assessment Report (2013)). Greenhouse gases include CO₂, CH₄, N₂O, HFCs.

Note 3: The electricity purchased by the Guting Office in Taipei City is based on the metered number specified on Taiwan Power Company's utility bills; those of other locations are based on the metered numbers stated on respective property management service providers' statements.

Note 4: The calculation of greenhouse gas emission intensity includes Scope 1 and Scope 2 greenhouse gas emissions; Scope 2 GHG emissions comprise mainly purchased electricity. The calculation adopted the 2019 electricity emission factor of 0.509kg CO₂e/kWh in 2020, and the 2020 factor of 0.502kg CO₂e/kWh in 2021 issued by the Bureau of Energy.

Note 5: Emission intensity is calculated based on the number of employees on December 31 of the year, 297 in 2020 and 289 in 2021

In terms of electricity management, TPEX practices division of responsibility and regular tracking, using energy-saving lamps, enhancing insulation and maintaining air-conditioning facilities regularly to improve efficiency.

In addition, colleagues are reminded to practice energy conservation from time to time, including turning off air-conditioning in unused spaces, using only necessary lighting, and shutting doors to avoid air-conditioning leakage. Before leaving the office, colleagues are asked to turn off the power of all electrical equipment and remove unnecessary plugs. The last person of each department leaving the office should check whether power has been turned off. Before the consecutive holidays, colleagues are also reminded to turn off all unused electrical appliances and unplug power supplies.

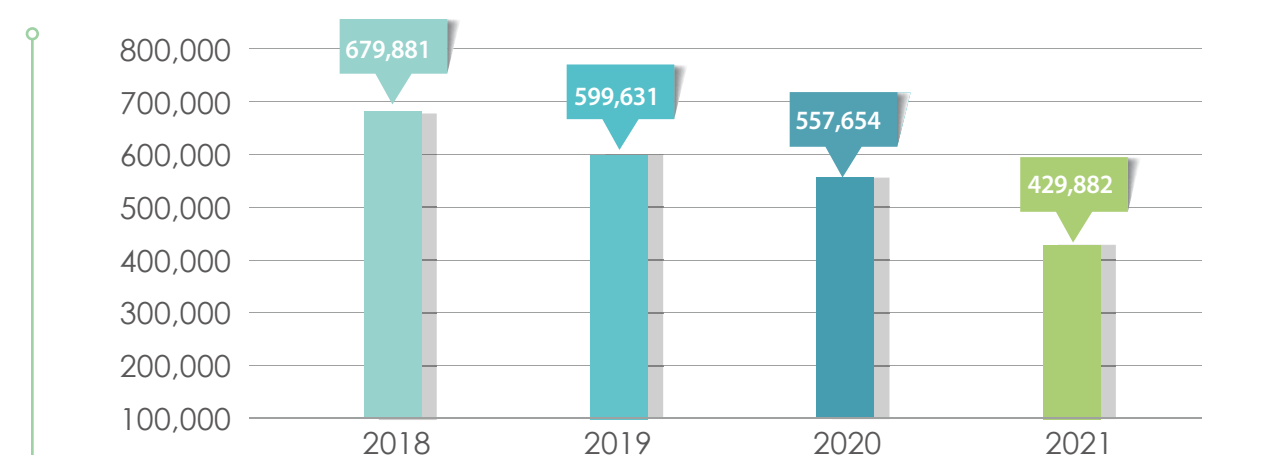
In terms of fuel management, all TPEX departments provide employees with official-use EasyCards to encourage taking public transportation. Private use of official vehicles is strictly forbidden, and rides are shared in principle. Maintenance and inspection are also carried out regularly to maintain fuel efficiency.

3-2-2 Resource Management

TPEX's main consumables are photocopy papers. Over the past few years, we have been actively promoting digitalized and paperless processes. In addition to improving productivity, these efforts have also enabled us to achieve resource efficiency.

Internally, TPEX requires colleagues to process official documents electronically. The usage rate of electronic official documents increased from 56% in 2020 to 72% in 2021 with 10,059 signed off. Meeting materials shall be transmitted electronically as much as possible; necessary photocopying or printing should also be double-sided or done using recycled paper. In 2021, the number of paper used by photocopiers reduced by 22% compared to 2020.

Photocopier Paper Consumption (sheets)



Externally, TPEX has been continuing to promote various electronic reporting services since 2015. To this end, it has successively digitalized declaration operations in place of the paper-based. The issuing company or intermediary agency can now download the necessary information from the TPEX website, and complete declarations using the online system.

TPEX advocates listed / registered companies and pre-registration companies to join the electronic official document exchange system to reduce the transmission of hard-copy documents. As of December 31, 2021, the proportion of listed / registered companies that have accessed the electronic official document exchange system reached 99.66%. All companies applied for registration in 2021 have joined the electronic official document exchange system, totaling 74.

Document download section and types of online declaration system for listed and registered companies



Company File Download Area

- Registration form for press conferences regarding material information of companies, registration statement for listing of new shares for capital increase, registration statement for capital reduction, various checklists, etc., are available online.



Online declaration system

- Listed / registered companies' stock listings, such as new shares from capital increase, cancellation of treasury shares, restricted stock awards, private placement of common shares, and over-the-counter trading of renamed new shares, totaling 34 operations
- Securities firms joining midway and resigning from recommending ESB stocks
- Bond online listing

Taiwan Water Corporation provided all the water used at TPEX, while no groundwater or other water sources are used. TPEX's operating activities have not affected water sources, and the sewage after use is discharged into the sewerage system. In addition to reminding colleagues to practice various water-saving measures, TPEX has installed water-saving devices and regularly inspects water equipment.

3-2-3 Waste Management

TPEX mainly engages in securities trading and information services and is therefore not associated with concerns over pollution or waste. At present, resource recycling bins are set up on each floor to enable the sorting of recyclables, and colleagues are required to practice resource recycling. Moreover, environmentally friendly toner is used throughout our offices, and 100% of the used toner cartridges are handed over to the original manufacturer for recycling.



CHAPTER 4 PROSPERING WITH SOCIETY



4.1. Social Participation 74

4.2. Workplace welfare 79

4-1 Social Participation

4-1-1 Social innovation

Under the strategic goal of creating a "multi-tiered comprehensive exchange", TPEX actively supports emerging small-to-medium-sized and micro-enterprises primarily in the high-tech industry, and the innovation and creativity industry to become listed and raise funds. In order to promote the development of startups and social innovation, the GISA has specially set up an industry category of "social enterprise", and actively encourages social innovation enterprises to apply on the GISA,

4-1 Social Participation



so that they may use the counseling resources on the GISA to accelerate the growth of enterprises and exert social influence. Meanwhile, in order to encourage social innovation enterprises to register on the GISA, the procedure for registration on the GISA is simplified for social enterprises registered in the "Social Innovation Database" of the Small and Medium Enterprise Administration, Ministry of Economic Affairs.

As of December 31, 2021, there were 11 companies registered in the Social Innovation Database among the GISA companies, and the amount of funds raised reached NT\$126 million. In addition, TPEX also organizes matchmaking activities for GISA social innovation enterprises to assist them in establishing cooperation or investment opportunities with domestic medium and large enterprises or investment institutions.

Driving startup development

In the early stage of operation, innovative and creative enterprises are mostly faced with bottlenecks such as small capital, low product awareness, insufficient R&D resources and incomplete internal control. In 2014, TPEX set up the GISA, which provides two key services of entrepreneurship counseling and financing channels for innovative and creative enterprises, that is, to help enterprises overcome bottlenecks through the resources of the capital market.

Building female power

There are many female entrepreneurs with abundant innovation energy in Taiwan, and TPEX spares no effort to support female entrepreneurs. Also, understanding that funds and resources are urgently needed to develop creativity and expand development in the process of starting a business, in order to promote the exchange and growth of more female entrepreneurial elites, TPEX takes the initiative in providing relevant government counseling resources for female entrepreneurs, and gives them the support needed to thrive at the early stage of business development with the hope of increasing female participation in the business world.



Through collaboration with the Small and Medium Enterprise Administration, Ministry of Economic Affairs, TPEX has targeted and invited female entrepreneurs to conduct publicity or forum activities to promote to them the counseling resources of GISA, and at the same time enhance their financial knowledge, entrepreneurial knowledge, global industrial development and economic trends, so to enhance women's entrepreneurial and economic capabilities.

Elite entrepreneurs conferences

Clare Chen, Manager of the Startup Incubation Department of TPEX, and the heads of female start-up companies Diamond Biotechnology, Andros Pharmaceuticals, etc. attended the focus talk of the event. Representatives of the companies shared their valuable entrepreneurial experience, and representatives of TPEX taught business owners the secrets of how to use the resources of GISA to enhance the company's strength.

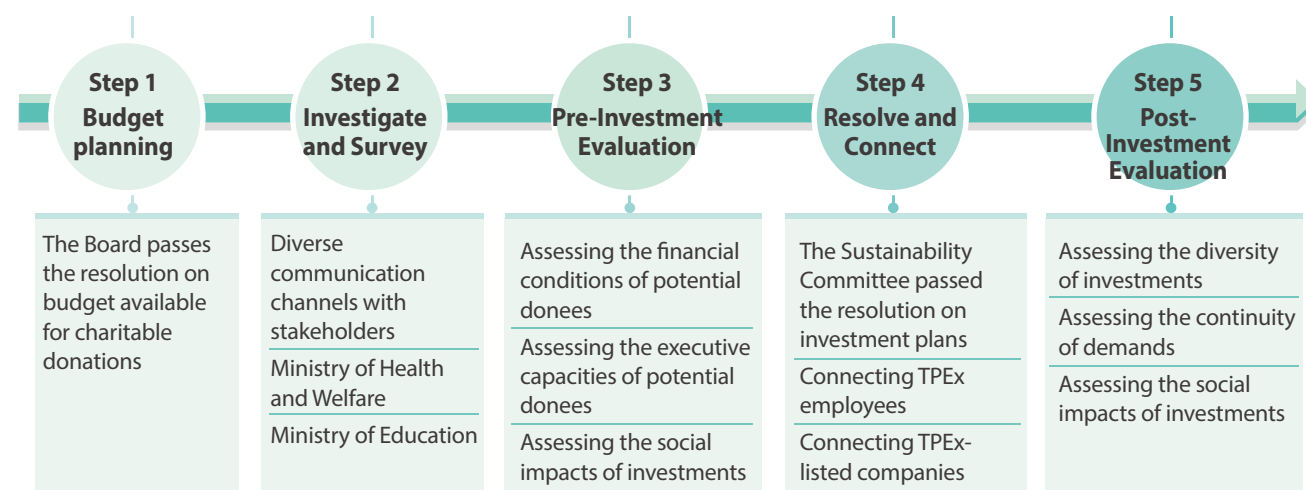


Women entrepreneurship salon series online seminars

There were 4 sessions in this series, analyzing how women use their unique traits to succeed in different fields of work. In the event on July 30, 2021, Li-Yueh, Shih, Vice President of Jin Jialong Enterprise Co., Ltd., which has been registered on GISA, was invited to share her own examples of how to find market positioning, establish product uniqueness and other brand management models, and how to use GISA's guidance mechanism to establish a good internal control and accounting system for the company, enhance the company's strength and popularity, and give full play to the benefits of business expansion.

4-1-2 Actively support the disadvantaged

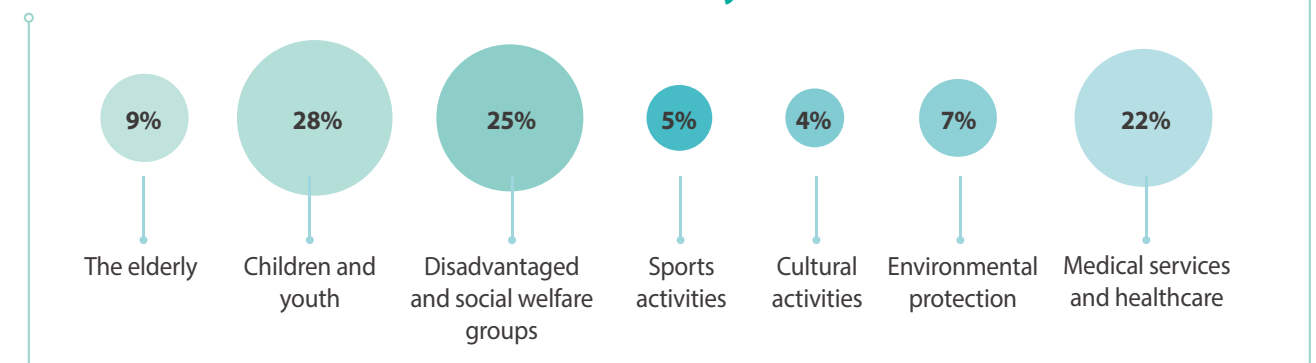
TPEX upholds the spirit of "giving back to the society from which it benefits." Specifically, TPEX's Articles of Incorporation stipulate that a certain percentage of the previous year's after-tax surplus must be allocated as donations for social welfare. Furthermore, TPEX has formulated the "Management Measures for Charitable Donations" that stipulates the implementing principles and mechanisms. The charitable donation carried out by TPEX focuses on the continuity and stability of resource allocation, and considers regional balance and immediate needs. TPEX has also appointed a cross-departmental corporate social responsibility team, headed by the Deputy CEO, to be responsible for the overall planning, so as to timely link up employees with TPEX companies to magnify and exert their own influence.



Care in multiple ways

TPEX categorized charitable donations into seven dimensions according to United Nations Sustainable Development Goals (SDGs): caring for the "elderly", "children and youth", "disadvantaged and social welfare groups", "sports activities", "cultural activities", "environmental protection", and "medical services and healthcare". We regularly review the past donation efficiency and assess the specific needs, direct related resources, and connect demands of different dimensions to amplify the impacts.

The ratio of seven dimensions of charity donees



Continuous and uninterrupted support

Support remote villages



Every year, TPEX participates in the "Financial Services Education Charity Fund" organized by the Taiwan Financial Services Roundtable and provides scholarship and grants to disadvantaged students through Taiwan Fund for Children and Families in Northern, Central and Southern Taiwan. In 2021, a total of 1,540 disadvantaged students received awards from the "Financial Services Education Charity Fund".

In order to allow children in remote villages to have the opportunity to have access to music, art and sports activities, TPEX has donated to Ministry of Education's program to subsidize the school art education for two consecutive years. TPEX also sponsored National Theater & Concert Hall's "Zero Distance Art Realization Project", National Taiwan Science Education Center's "Thomas Edison's Adventure", Vox Nativa Taiwan's "Indigenous Education Service Project", and Yilan and Taitung elementary school baseball teams.

Donations to the disadvantaged



Since 2013, TPEX has continuously supported the charitable activities of the 1919 Food Bank every year, getting enthusiastically response from TPEX employees; in order to more actively utilize its charitable powers, since 2015, TPEX has been continuing to invite listed and emerging stock companies to join in the charitable initiatives. Although affected by the COVID-19 pandemic in 2021, TPEX still succeeded in urging 16 listed and registered companies to jointly support activities of public interest. The donations, including those made by TPEX and its employees, totaled more than NT\$1.65 million, 3,600 kg of white rice and other supplies.

In addition, TPEX also called on employees and their families to serve as rice packaging volunteers. 53 volunteers worked together to package 4,062 kilograms of white rice for distribution.





Cherish the land



TPEX strongly identifies with the concept of ecological environment conservation of residents in Xingjian Village. Since 2016, TPEX has been purchasing organic rice produced in Xingjian Village, Sanxing Township, Yilan County, and donating it to disadvantaged families through social welfare agencies, thus extending TPEX's love for the land to those in need. In 2021, 3,600 kilograms of organic rice were purchased by TPEX, which were then donated to 19 social welfare organizations.



Include lettered from the Taiwan Fund for Children and Families

Student Hsieh: Due to the pandemic, our family has been in financial constraints for a while. This scholarship can be said to be a relief for us in the hour of need. I will use it to pay for college tuition and reduce the financial pressure of the household. On behalf of our family, I would also like to say thank you to TPEX.

Student Chang: I am very grateful for the scholarship provided by TPEX. It has greatly improved my life. I am currently studying in the social work department of university. Since I became a member of the Taiwan Fund for Children and Families, growing up, the social work teacher has always been there for me; and now, I also want to be like my social work teacher, accompanying other children like me, and helping them solve the difficulties that may occur on the way of education. Thank you again for your help in keeping my living expenses settled.

Plant the seeds of sustainability



TPEX has been paying close attention to environmental sustainability issues for a long time, and responding to the "United Nations Sustainable Development Goals SDG 13 Climate Action and SDG15 Life on Land" with practical actions. In order to protect the earth's ecological environment, reduce carbon and achieve sustainable development, TPEX and Tse-Xin Organic Agriculture Foundation jointly promote tree planting and environmental resource restoration. A total of 1,000 new trees have been planted on the land of the National Museum of Marine Science and Technology, hoping that through this activity, we can do our part in greenhouse effect reduction.



Medical support



In response to the "Seeing Hope-Sprout Thriving Fundraising Project" initiated by Shuang Ho Hospital, by contributing to the hospital's Sprout Project, TPEX helps the hospital optimize the intensive care medical quality for new-born children, and assists the hospital to continue to play the role of evacuation hospital for critically ill women and children in Taipei and create a high-quality medical environment.

TPEX has been making donations for many years to assist Typhoon Meranti-damaged Heng Chun Christian Hospital in rebuilding the medical building. The inauguration ceremony of the new medical building was held on December 11, 2021.



Help fight the pandemic



In 2021, due to the worsening of COVID-19 pandemic in Taiwan, the overall medical resources for pandemic control were quite lacking. In order to assist the government and Central Epidemic Command Center (CECC) to implement pandemic control measures and optimize pandemic control-related equipment, TPEX cooperated with the securities surrounding units to jointly donate negative pressure isolation rooms to CECC; in addition to quick assembly, they can also meet the emergency needs of home quarantine and home isolation. The entrances on both sides of the rooms separate medical staff and patients, and air purifiers are equipped to filter viruses, effectively protecting medical staff, reducing the risk of infection, and providing a safe place for medical treatment. Furthermore, TPEX donated to Tzu Chi Foundation for it to purchase vaccines against COVID-19, so to support with action and make contributions in Taiwan's "fight against the pandemic".



4-2 Workplace welfare

4-2-1 People-oriented philosophy

Our people-oriented approach

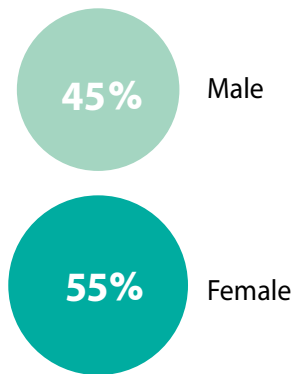
TPEX believes that "people" are the most important asset of an organization, and is therefore committed to ensuring that every employee can work with peace of mind and give full play to their expertise. In 2021, there was no work-related injury or occupational disease in TPEX.

TPEX offers stable salaries, excellent welfare, and a high-quality working environment to attract outstanding talents and to maintain favorable employee relations over the long term. With a comprehensive salary, welfare and education and training system, we engage in employee retention and training by assisting employees to continuously improve their professional skills and provide proper care.

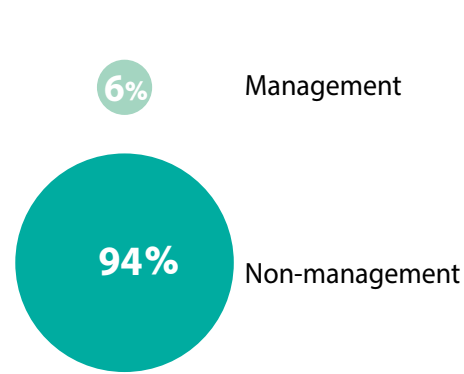


At the end of 2021, 289 full-time staff were employed at TPEx, 8 less compared to the end of 2020. All of our employees (including senior management) are citizens of Taiwan. The following charts indicate the composition of employees by gender, rank, and age, aptly demonstrating workplace diversity and equity.

Category: Gender

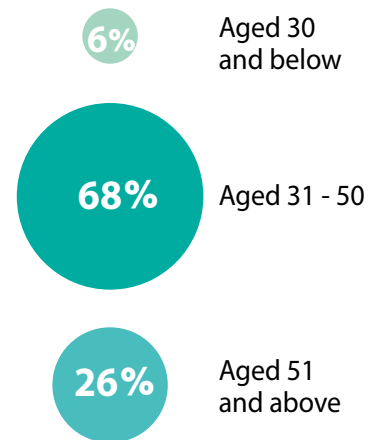


Category: Job Rank



Note: Management refers to staff above department manager (inclusive)

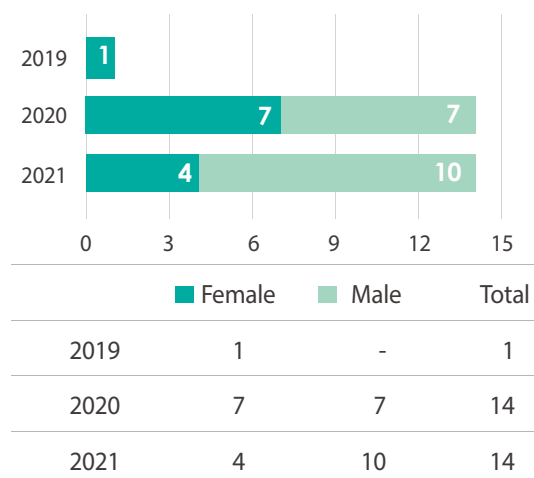
Category: Age



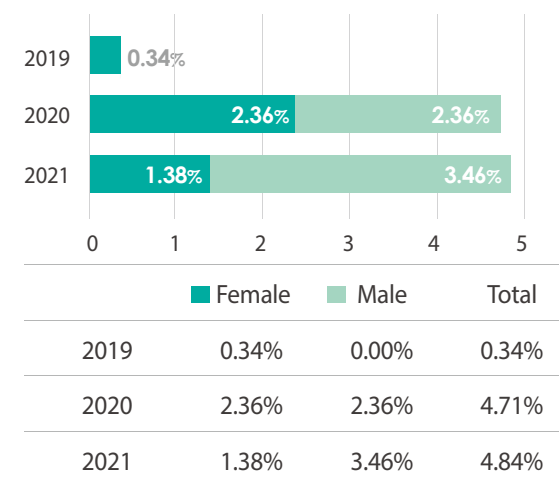
Employment equality

In terms of recruitment, appointment, training, rewards, promotion, and retirement, TPEx does not discriminate or practice unequal treatment on the basis of race, religion, nationality, gender, sexual orientation, or physical and mental disabilities. Salaries for all new recruits are determined based on their academic experience and professional certificates held. Employees' salary increases and promotions are also handled fairly and equally. Those of the same rank receive the same salaries in accordance with the policy of equal pay for equal work.

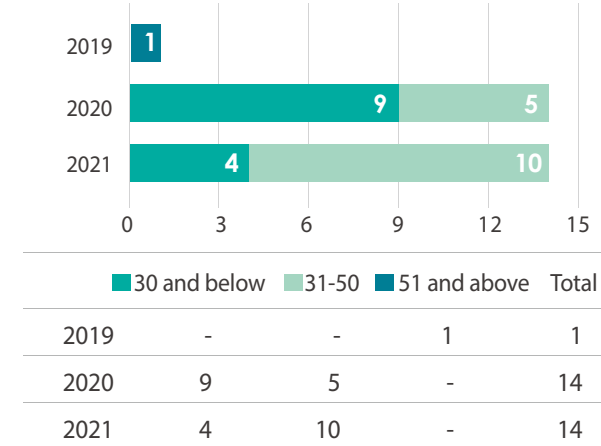
Number of new recruits (by gender)



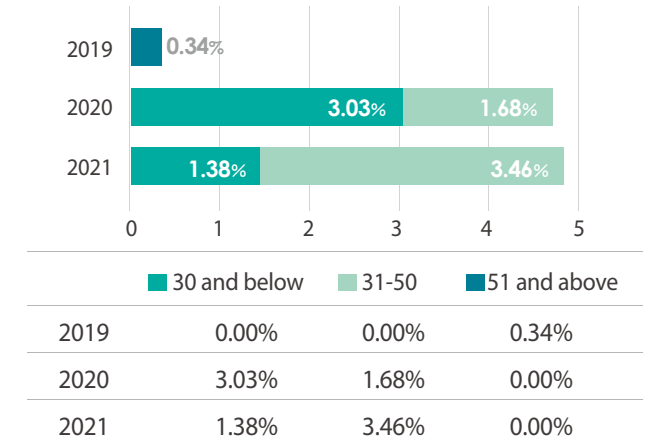
New recruit rate (by gender)



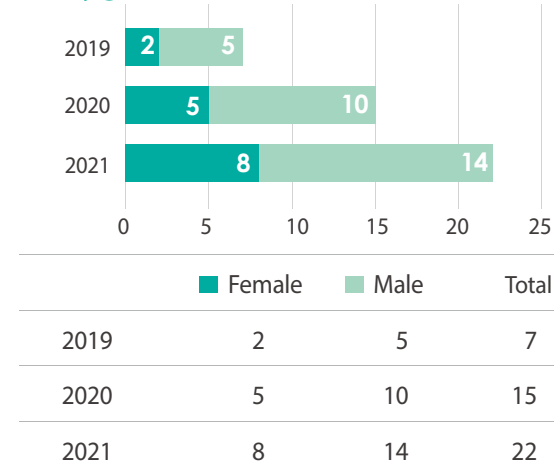
Number of new recruits (by age)



New recruit rate (by age)

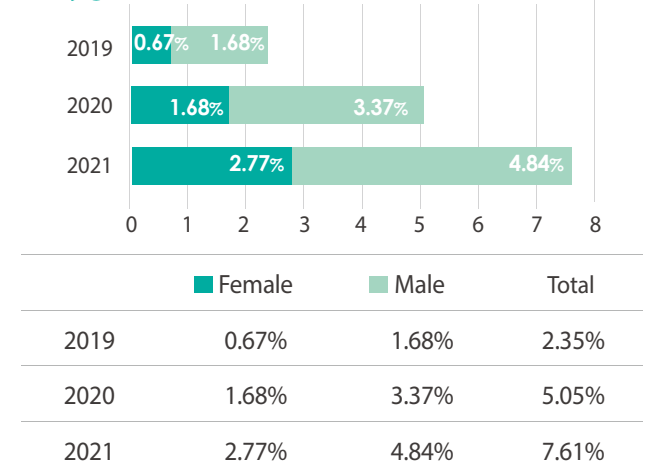


Number of departed employees (by gender)



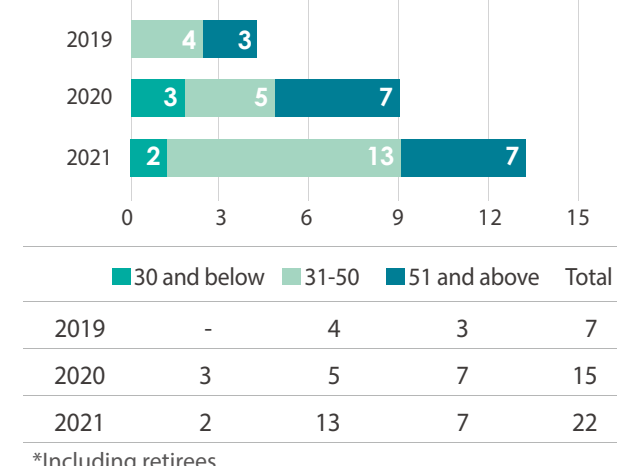
*Including retirees

Employee turnover rate (by gender)



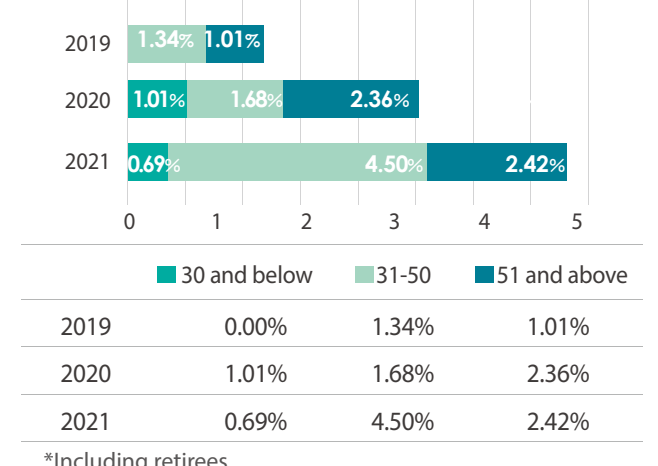
*Including retirees

Number of departed employees (by age)



*Including retirees

Employee turnover rate (by age)



*Including retirees



For employee care, TPEX offers every employee the following welfare provision aside from the statutory rights, including labor insurance, health insurance, secured parental leave, etc.

	Health protection	Group insurance, health examination subsidies
	Family care	Children's education subsidies, wedding and funeral subsidies, pension benefits superior to the basic protection guaranteed by the law
	Leisure benefits	Travel subsidies, birthday gifts, and club activity subsidies
	Encouragement of further studies	Subsidies for further studies, special leave superior to the basic protection guaranteed by the law

TPEX's recruitment and appointment policies provide the physically and mentally challenged equal treatment, which also applies to their training, reward, and promotion. At year-end from 2019 to 2021, the numbers of employees with disabilities employed by TPEX was 8, 6, and 6, respectively, ensuring an inclusive workplace beyond the requirements of the People with Disabilities Rights Protection Act.

4-2-2 Compensation and welfare support

Labor-management meetings

The members of TPEX Labor-Management Meetings comprise ten labor representatives and ten management representatives. The labor representatives are elected by all employees from among candidates with the highest votes in each department to fully incorporate each department's opinions. Meetings are convened every quarter to coordinate relations, promote cooperation, and improve operational efficiency. In 2021, TPEX held four labor-management meetings, raising issues including the application for leave and attendance clock-in with no significant concern.

Employee compensation and benefits

TPEX offers employees stable salaries while giving employees equal opportunities for salary increases and promotions. TPEX provides higher remuneration compared with the basic wage, thus enhancing employee job satisfaction.

Ratio of TPEX minimum starting salary to minimum wage stipulated by the Labor Standards Act (2019~2021)

	Year	Minimum starting salary	Minimum wage
	2019	2.02	1
	2020	1.97	1
	2021	1.95	1

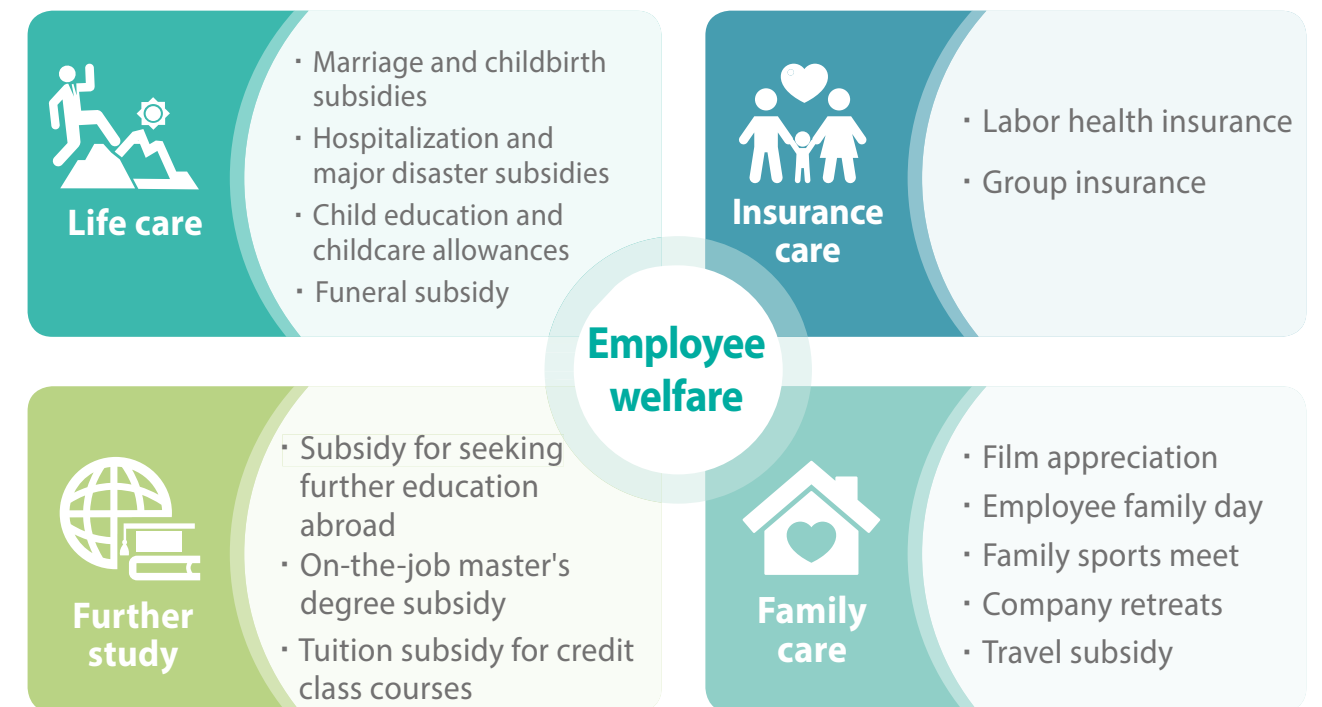
Salary by Employees' Categories (2019-2021)

	Year	Level of position	Female	Male
	2019	Management	0.96	1.00
		Non-management	1.15	1.00
	2020	Management	0.92	1.00
		Non-management	1.14	1.00
	2021	Management	0.87	1.00
		Non-management	1.11	1.00

Note: The ratio is converted based on the salary of male employees as 1 unit.

Employee benefits

TPEX offers a comprehensive welfare scheme throughout every employees' life journey, so that each highly committed employee can receive proper benefits supporting both personal and family wellbeing.



Parental leave policy and child care measures

Women account for 55% of TPEX colleagues, and many are of childbearing age. To support female employees achieving work-family balance, we provide considerate benefits for all stages of parenthood, from pregnancy, childbirth, breastfeeding, to childcare. Prenatal leave provides female colleagues who experience pregnancy discomforts with time for recuperation and prenatal checkups. At childbirth, we provide maternity bonuses, maternity leave, and paternity leave for spouses. Upon postpartum,



employees can use breastfeeding rooms and bottle sterilizers placed in the office, and all full-time TPEX employees are also entitled to unpaid parental leave according to the law. Family care leave and flexible commuting further enable colleagues to attend to both family and work. In addition, the employees' children enjoy tuition subsidies during their schooling stage.

Three colleagues applied for parental leave in 2021; however, the rates of reinstatement from parental leave were as high as 100% (no colleagues applied for parental leave in 2020). The high reinstatement rate and high retention rate demonstrates that TPEX takes care of colleagues and their families while facilitating work-family balance.

Subsidy policy for further education

To enhance employees' competencies, TPEX provide in-house training courses and also seminars or training courses offered by professional institutions. Moreover, we provide tuition subsidies to employees enrolled in on-the-job master's degrees or above and credit courses in law or accounting. We also offer a special salary increase to employees who obtain professional licenses such as attorneys, accountants, or analysts during their employment.

Club activities

TPEX has issued the Club Management Measures and subsidizes club activities to encourage employees to engage in leisure activities and thereby improving their physical and mental health. These clubs can be categorized into ball games, sports and leisure, arts and culture, and religious groups. At present, 14 clubs have been established, including the billiard club, badminton club, tennis club, basketball club, baseball club, physical fitness club, Tai Chi club, swimming club, yoga club, mountaineering club, photography club, music singing club, Yuanzhi club, and Lutheran club.



4-2-3 Training and development appraisals

Development policy

Regarding employees as the most valuable assets, TPEX actively carries out talent training to enhance employees' professionalism, stimulate enthusiasm, creativity, and a global vision. TPEX formulates a diversified annual education and training plan each year according to the yearly talent development demand. The 2021 plan focused on the three major dimensions of "professional training," "foreign language proficiency," and "general education."



Professional training

Course category

Focusing on "professional value" and "innovative products", for "professional value", such as global economic development trends and industry practices; for "innovative products", such as the introduction of new products, new systems or businesses.

Example of the course content

- The Competition of the Global Semiconductor Industry Supply Chain/Mini LED set off new changes in the display industry
- Financial Crime Investigation Practice Sharing
- Matters Needing Attention in Corporate Governance and Tax Accounting of Small and Medium-sized Enterprises
- Introduction to the U.S. Capital Market Listing Channels
- Theory and Practical Transaction Process of Asset Swap Options
- Global Economic and Industry Condition Analysis
- Asset Allocation Practice Sharing
- Real Estate Investment Trusts (REITs) Business
- Reversal of the Commercial Case Adjudication Procedure



Foreign language proficiency

Example of the course content

Including foreign language education subsidies and professional foreign language training:

- **Foreign language further education subsidies:** Different amounts of foreign language further education subsidy are given according to the target employee to effectively improve individually differentiated foreign language skills.
- **Professional foreign language training:** Provide corporate business English courses, corporate business Japanese courses and other project-based courses.



General education

Course category

Including statutory, management and humanities general education.

Example of the course content

Statutory general education:

- Information Security Education and Training and Personal Data Protection Act
- Corporate Integrity and Whistleblowing System
- Gender Equality and Sexual Harassment Prevention
- Safety and Health Education and Training
- The Importance of Personnel Conduct and Professional Ethics from the Global Anti-Corruption Trend
- Fire Safety Education and Training

Management general education: In order to improve the management ability, communication and coordination ability and crisis handling ability of managers at all levels, relevant training and professional courses are planned.

Humanities general education: In order to improve the humanistic quality of employees and promote the healthy development of body and mind, soft courses such as [Communication Management Series], [Lohas Experience Series], [Explore New Knowledge Series] and [Stress Relief and Health Care Series] are provided, including Emotional Management and Stress Relief, At-Home Workout - Principles and Instructions, Creative and Quality Green Life, etc.



Talent cultivation

In 2021, TPEX arranged a variety of physical and online training courses; employees were also selected to participate in seminars or training courses offered by professional institutions, thus strengthening their core and cross-domain professional training. In addition, in 2021, we specially arranged the outdoor ecological and humanistic education training, so that colleagues can take this opportunity to see the beauty of humanities and ecology across Taiwan.

To understand the results, TPEX conducts the employee survey on training every year as the reference for future training arrangements. According to the 2021 questionnaire results, 100% of colleagues agreed that TPEX has provided sufficient core and general education training hours.

Employee education and training hours in 2021

	Management		Non-management		Total
	Male	Female	Male	Female	
Training hours received	325	157	4,483	5,979	10,944
Number of employees	10	6	121	152	289
Average training hours per employee	32.5	26.17	37.05	39.34	37.87

Employee education and training hours (2019~2021)

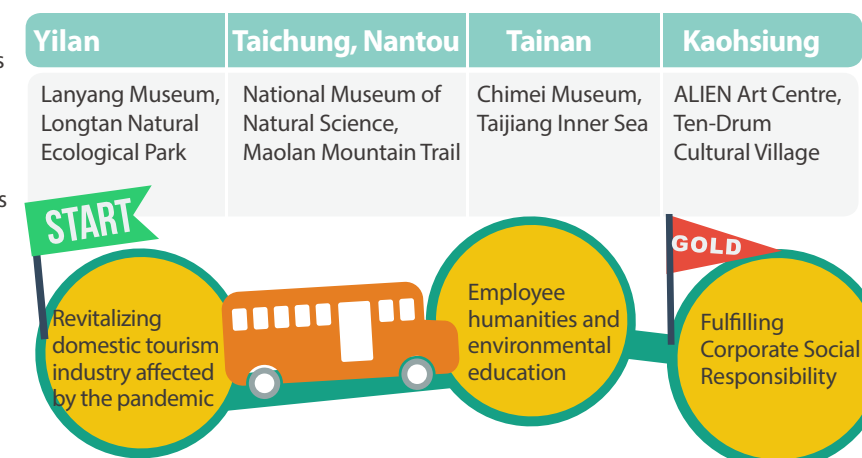
	2019	2020	2021
Training hours received	10,637	8,962	10,944
Number of employees	298	297	289
Average training hours per employee	35.69	30.17	37.87



In 2021, TPEX invested a total of NT\$1,869,221 to hold 94 training courses. The total course hours reached 201.5, and the average training hours per employee was 37.87 hours while the total number of participants reached 5,094. The diverse range of courses offered includes those on core competencies as well as sessions on health and wellbeing, parenting as well as living and lifestyle, etc.

TPEX field trip - ecology and humanities education and training trip

Centering on humanities and environmental education, TPEX arranges visits to cultural, creative, art and ecological parks in Yilan, Taichung, Nantou, Tainan, Kaohsiung and other places for colleagues, including activities like visiting art galleries, museums and experiencing local ecology, cultivating colleagues' humanistic quality and establishing environmental awareness, and at the same time fulfilling the corporate social responsibility of TPEX through on-site visits and guided tours by professional volunteers.



· Colleague feedback: In this year's outdoor education and training, the participants have gained a lot. Not only did it enhance the interaction between colleagues, but also led us to learn about the environment and ecology, and support the arts and culture industry.

Diversified mechanisms

To invigorate our organizational functions and enable employees to fully exert their competencies, TPEX issued the "Principles for Implementation of Employee Rotation Program." By regularly performing interdepartmental rotations, we assign employees' duties and positions according to their expertise, knowledge, and personal interests. Meanwhile, 100% of employees who have served for six months or more have undergone performance appraisals.

Employees who have made innovative recommendations, engaged in product or business research, undertook projects or activities, or performed tasks that have resulted in notable achievements are also duly rewarded based on the "Employee Incentive Operating Guidelines."





4-2-4 Health care services

TPEX is deeply aware that only a healthy workplace can bring out the best of our employees. TPEX, therefore, actively builds a sound health management system, and continues to carry out various health promotion activities to shape a workplace health culture.

Maintain physical and mental health of employees



- Provide employees with health checkup subsidies, and provide employees undergoing health checks 1 day of official leave
- Implementation of the Ergonomic Hazards Prevention Program, the abnormal Workload-triggered Diseases Prevention Plan and the implementation of the Prevention Plan for Illegal Infringement at Work and the Maternal Health Protection Plan
- Arrange visits of nurses and doctors that are engaged by special arrangement to the center three times a month to provide health education/health consultation services to colleagues
- Offer courses related to stress relief, healthy diets, and LOHAS experience education

Enhance office environment



- Reinforcing the cleaning and disinfection of the office environment, and conducting regular carbon dioxide concentration testing
- Set up a gym and regularly maintain or replace gym equipment
- Arrange work environment monitoring institutions approved by the Ministry of Labour to conduct regular work environment monitoring to provide a safe work environment

Improve emergency response measures



- Conduct national earthquake evacuation drills every year
- Annual fire drills
- Train first-aid personnel certified through occupational safety and health education and training and retrain regularly
- Set up Automated External Defibrillator (AED)



TPEX gym

In order to help colleagues develop exercise habits, TPEX has set up a gym in a separate space of the office building, so that employees can make good use of their spare time during working hours to exercise. In 2021, the gym space was expanded and related equipment was added, including equipment such as treadmills, cross-training recumbent bikes, upright bikes, abs training chairs, back stretchers, spinning bikes, and dumbbells, and colleagues were encouraged to make good use of them.

Colleague feedback:

Affected by the pandemic, everyone has reduced the frequency of going to the gym outside. Thanks to the thoughtful arrangement of TPEX, which not only allows colleagues to reduce the risk of infection, but also has a more comfortable training space and complete fitness equipment, so that we have no excuse not to start exercising.

APPENDIX

Appendix 1: GRI Standards Index	89
Appendix 2: SASB Standards Index	92
Appendix 3: Independent Auditors' Limited Assurance Report	93

Appendix 1: GRI Standards Index

Standard	Information Disclosed	Corresponding chapters / additional information	Page Number
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the Organization	Introduction to TPEX	8
102-2	Activities, Brands, Products, and Services	Introduction to TPEX	8
102-3	Location of headquarters	Introduction to TPEX	8
102-4	Location of operations	Introduction to TPEX	8
102-5	Ownership and Legal Form	Introduction to TPEX	8



Standard	Information Disclosed	Corresponding chapters / additional information	Page Number
102-6	Markets Served	Introduction to TPEx	8
102-7	Scale of the Organization	Introduction to TPEx 2-2 Operational Governance	8 56
102-8	Information on Employees and Other Workers	4-2 Workplace welfare	37
102-9	Supply Chain	2-2 Operational Governance	56
102-10	Significant Changes to the Organization or Its Supply Chain	No significant changes to TPEx and its supply chain in 2021	
102-11	Precautionary Principle or Approach	2-2 Operational Governance	56
102-12	External Initiatives	1-3 Collaboration2021 Sustainability Performance Highlights	47 22
102-13	Membership of Associations	1-3 Collaboration	47
Strategy			
102-14	Statement from Senior Decision-maker	Message from the Chairman and CEO	6
Ethics and Integrity			
102-16	Values, Principles, Standards, and Norms of Behavior	2-2 Operational Governance	56
102-17	Mechanisms for advice and concerns about ethics	2-2 Operational Governance	56
Governance			
102-18	Governance Structure	2-2 Operational Governance	56
102-22	Composition of the highest governance body and its committees	Introduction to TPEx	8
Stakeholder Communication			
102-40	List of stakeholder groups	Stakeholder Engagement	14
102-41	Collective Bargaining Agreements	None	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	14
102-43	Approach to Stakeholder Engagement	Stakeholder Engagement	14
102-44	Key Topics and Concerns Raised	Material Topics Management	17
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	Material Topics Management	17
102-47	List of Material Topics	Material Topics Management	17
102-48	Restatements of Information	No information restatements in 2021	

Standard	Information Disclosed	Corresponding chapters / additional information	Page Number
102-49	Changes in Reporting	Material Topics Management	17
102-50	Reporting Period	About the Report	4
102-51	Date of Most Recent Report	About the Report	4
102-52	Reporting Cycle	Every year	
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 1- GRI Standards Index	87
102-56	External Assurance	About the Report Appendix 3-Independent Auditors' Limited Assurance Report	91
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Material Topics Management	17
103-2	The management approach and its components	Material Topics Management	17
103-3	Evaluation of the management approach	Material Topics Management	17
Material topics			
GRI 200: Economic			
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4-2 Workplace welfare	77
202-2	Proportion of senior management hired from the local community	4-2 Workplace welfare	77
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	2-2Operational Governance	56
205-3	Confirmed incidents of corruption and actions taken	2-2Operational Governance	56
GRI 300: Environmental			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3-2 Green Operations	69
302-3	Energy intensity	3-2 Green Operations	69
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	3-2 Green Operations	69
305-2	Energy indirect (Scope 2) GHG emissions	3-2 Green Operations	69



Standard	Information Disclosed	Corresponding chapters / additional information	Page Number
305-4	GHG emissions intensity	3-2 Green Operations	69
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	3-2 Green Operations	69
GRI 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	4-2 Workplace welfare	77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-2 Workplace welfare	77
401-3	Parental leave	4-2 Workplace welfare	77
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	4-2 Workplace welfare	77
404-3	Percentage of employees receiving regular performance and career development reviews	4-2 Workplace welfare	77
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Introduction to TPEx 4-2 Workplace welfare	8 77
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	2-2 Operational Governance	56
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	No incidents of non-compliance in social and economic areas at TPEx in 2021	

Appendix 2: SASB Standards Index

Topic	Code	Category	Accounting Metric	Corresponding chapters / additional information	Page Number
Promoting Transparent & Efficient Capital Markets	FN-EX-410a.1	Quantitative	● Number and (2) average duration of (a) ● halts related to public release of information and (b) pauses related to volatility	1-2 Sustainability	41
	FN-EX-410a.2	Quantitative	Percentage of trades generated from automated trading systems	No automated trading system was employed at TPEx in 2021	
	FN-EX-410a.3	Discussion and Analysis	Description of alert policy regarding timing and nature of public release of information	1-2 Sustainability	41
	FN-EX-410a.4	Discussion and Analysis	Description of policy to encourage or require listed companies to publicly disclose environmental, social, and governance (ESG) information	2-1 Strengthening Corporate Participation	52
Managing Conflicts of Interest	FN-EX-510a.1	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	2-2 Operational Governance	52
	FN-EX-510a.2	Discussion and Analysis	Discussion of processes for identifying and assessing conflicts of interest	2-2 Operational Governance	52
Managing Business Continuity & Technology Risks	FN-EX-550a.1	Quantitative	(1) Number of significant market disruptions and (2) duration of downtime	1-2 Sustainability	41
	FN-EX-550a.2	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	2-2 Operational Governance	52
	FN-EX-550a.3	Discussion and Analysis	Description of efforts to prevent technology errors, security breaches, and market disruptions	2-2 Operational Governance	52
Activity Metrics	FN-EX-000.A	Quantitative	Average daily number of trades executed, by product or asset class	1-1 Growth	36
	FN-EX-000.B	Quantitative	Average daily amount traded, by product or asset class	1-1 Growth	36



Appendix 3: Independent Auditors' Limited Assurance Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
The Taipei Exchange

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of The Taipei Exchange ("the TPEx") for the year ended December 31, 2021.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with GRI Standards published by the Global Reporting Initiatives (GRI) 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 Statements of Assurance Engagements Standards No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China 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.

Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such 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.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the limited assurance report is Yin-Chou Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 27, 2022

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

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter (GRI Standards/SASB ¹ Standards/Designated Indicator)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI 205-2: 2016	Communication and training about anti-corruption policies and procedures	2-2 Operational Governance	Checking on the training record, attendance sheet and the official documents to calculate total number and percentage of governance body members, employees and business partners that the organization's anti-corruption policies and procedures have been communicated to, and total number and percentage of governance body and employees that have received training on anti-corruption.
2.	GRI 302-3: 2016	Energy intensity	3-2 Green Operations	Checking on the electricity bills, account title- gasoline expense, monthly average price of gasoline in 2021 and the number of staff at the end of 2021 to calculate the amount of energy consumed from purchased electricity and gasoline and energy intensity.
3.	GRI 404-1: 2016	Average hours of training per year per employee	4-2 Workplace welfare	Checking on the training record, attendance sheet and the external training documents to calculate average hours of training per year per employee by genders and employee categories.
4.	Designated indicator 1	The number of participants of "Securities Investment Camp"	Financial education	Checking on the 2021 closure report of "Securities Investment Camp" to calculate the number of schools, teams and people enrolling and completing the camp.
5.	Designated indicator 2	Amount of issuance and outstanding balance of sustainable bonds	Sustainable Bond Market	Checking on the application and review record to calculate the amount of issuance and outstanding balance of sustainable bonds.

(Continued)

¹ Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.

#	Assurance Subject Matter (GRI Standards/SASB ² Standards/Designated Indicator)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
6.	Designated indicator 3	The number and the percentage of suppliers signing the "Corporate Sustainability Development Commitments"	2-2 Operational Governance	Checking on the 2021 record of signing "Corporate Sustainability Development Commitments" to calculate the number and the percentage of suppliers signing the "Corporate Sustainability Development Commitments".

(Concluded)

² Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.



TPEX



證券櫃檯買賣中心
Taipei Exchange

台北市羅斯福路二段100號15樓

15F, No. 100, Sec. 2, Roosevelt Rd., Taipei, Taiwan

TEL : 886-2-2369-9555

FAX : 886-2-2369-5517

Service Hot Line : 886-2-2366-6100

<http://www.tpex.org.tw>

E-mail: server@tpex.org.tw

