

CHAPTER 3

SUSTAINABLE GOVERNANCE



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3.1 FOSTERING CORPORATE SUSTAINABILITY

3.1.1 Improving Corporate Governance Evaluation

TPEX aims to support companies in securing the capital necessary for business operations, thereby attracting top talent, strengthening internal control systems, improving corporate governance, and promoting sustainable development. The goal is to encourage boards of directors and management teams to achieve operational goals in a manner that serves the best interests of the company and all shareholders. Emphasis is also placed on corporate social responsibility, supporting the transformation of corporate governance structures, and providing effective oversight mechanisms to encourage optimal resource utilization and improved operational efficiency, ultimately enhancing corporate competitiveness.

TPEX is committed to promoting transparency among TPEX-listed companies through a sound information disclosure framework to earn investor trust. Various events, such as earnings announcement and overseas investor conferences, are organized to provide communication platforms for companies to raise capital and unleash their business value. TPEX also conducts regular visits to members of the TPEX-listed “family” to encourage sound corporate governance practices, prevent insider trading, and embed the principles of sustainable development. Through comprehensive supervisory measures, TPEX helps member companies enhance their governance systems, protect the rights of investors and shareholders, and offers services and platforms to increase visibility and global presence, making fundraising more efficient and securing public investments to the companies.

Since Taiwan's regulatory authorities released the “Corporate Governance Roadmap 2013”, continuous improvement efforts in governance-related measures have led to steady progress in international evaluations. According to the CG Watch 2023 report published biennially by the Asian Corporate Governance Association (ACGA), Taiwan ranked third in corporate governance among 12 Asian countries, tied with Singapore and only behind Australia and Japan. Comparing to the previous CG Watch 2020, Taiwan has moved up a spot in the ranking, demonstrating Taiwan's achievements in corporate governance have gained strong recognition from an international corporate governance institution.

To help TPEX-listed companies improve corporate governance and CSR performance, TPEX continues to conduct corporate governance evaluations and holds regular briefing sessions to help companies understand the latest indicators and governance practices. TPEX also supports TPEX-listed companies in understanding the direction of the ESG Sustainable Development Action Plan. Additionally, TPEX encourages TPEX-listed and Emerging Stock Board companies to voluntarily disclose material information in English. To support this, TPEX has developed sample templates for English disclosures to enhance market bilingualism and international visibility.

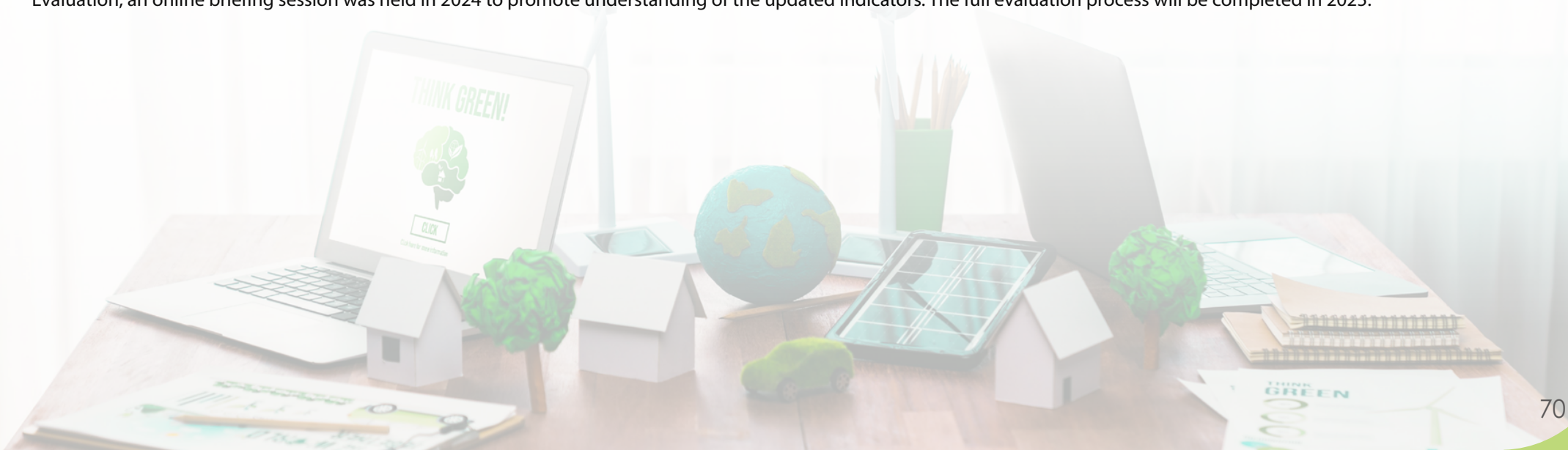


Corporate Governance Evaluation

Since its implementation in 2014, the Corporate Governance Evaluation has aimed to guide companies toward adopting best practices through a set of comprehensive indicators across four major dimensions: protecting shareholder rights and ensuring equitable treatment, strengthening the structure and operation of the board of directors, enhancing information transparency, and promoting sustainable development. These evaluations have gradually encouraged companies to voluntarily embrace superior corporate governance practices, reinforcing their commitment to corporate responsibility and sustainable development, and contributing to improved corporate governance in Taiwan's capital market. As the evaluation mechanism has evolved, the corporate governance quality of TPEX-listed companies has shown continual improvement. Key statistical data are presented in the table below:

Corporate Governance Measures	Number of companies in 2023	Number of companies in 2024	Growth rate in 2024
Submit annual financial reports in English	500	544	8.80%
Filing the annual report of the shareholders' meeting in English	482	518	7.47%

The results of the 10th Corporate Governance Evaluation were announced in April 2024, followed by an award ceremony held in June to honor companies demonstrating outstanding corporate governance performance. TPEX-listed companies ranked in the top 20% were selected for inclusion in the Corporate Governance Index. Compared to the 9th Evaluation, a total of 29 new companies entered the top 20% list, and among the 38 companies in the top 5%, 7 were newcomers, including 4 entering the top 20% list for the first time. These results highlight the growing emphasis TPEX-listed companies place on corporate governance and their proactive efforts to enhance governance practices. In preparation for the 11th Evaluation, an online briefing session was held in 2024 to promote understanding of the updated indicators. The full evaluation process will be completed in 2025.



The operating methods and indicators of the 12th Corporate Governance Evaluation in 2025 are based on the structure and important contents of 2024, and the revision direction is not only in accordance with the “Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies (2023)”, “Asia Asset Management Center project”, which aims to promote Taiwan to be the Asian asset management center” and the transformation ESG evaluation plan announced by the competent authority, but also refers to the important international corporate governance and sustainable development trends, newly amended domestic regulations, interpretations and policies, and feedback from all walks of life. The main new items of the corporate governance evaluation indicators are as follows:

Protection of Shareholders’ Rights and Equitable Treatment of Shareholders

- Whether the company has established a greenhouse gas (GHG) reduction management policy, including reduction targets, implementation measures, and performance outcomes.
- Whether the company has formulated concrete measures to enhance corporate value, submitted them to the board of directors for discussion, and disclosed the relevant information on the Market Observation Post System (MOPS) under the “Corporate Value Enhancement Plan” section.

Protection of Shareholders’ Rights and Equitable Treatment of Shareholders

- Whether the company discloses Scope 3 GHG emissions and total annual emissions for the past year.
- Whether the company has established an energy management plan and disclosed its implementation status on its website, annual report, or sustainability report.
- Whether the company has adopted an internal carbon pricing mechanism to assess the financial and operational impacts of climate change.
- Whether the company has implemented an employee training and development plan to enhance career growth and disclosed its content and execution status.
- Whether the company regularly conducts employee satisfaction surveys and discloses the results along with improvement actions.
- Whether the company has established a personal data protection policy, disclosed its contents and implementation status.
- Whether the company has developed policies and grievance mechanisms to protect consumer or client rights related to product and service health and safety, marketing, and labeling issues.
- Whether the company has established a board-level Sustainability Committee consisting of at least three members with expertise in corporate sustainability, including at least one board director participating in oversight, and whether it discloses the committee’s composition, responsibilities, and operations.

As environmental and social issues gain increasing international attention, Taiwan’s Corporate Governance Evaluation has gradually incorporated more sustainability-related indicators. To further assess the ESG performance of listed companies and guide them toward enhanced ESG disclosure and sustainability transformation, the evaluation is planned to evolve based on the current Corporate Governance Evaluation framework. By progressively increasing the number and weighting of environmental and social indicators, the evaluation will transition into an ESG Evaluation by 2026 in a step-by-step manner.

3.1.2 Driving Corporate Sustainable Action

In line with the policies of the competent authorities, TPEX has jointly promoted the development of corporate governance in Taiwan's capital markets to support enterprises in enhancing their competitiveness and creating a more investor-friendly environment. As the world increasingly faces the impacts of environmental problems and climate change, sustainable development has become a global priority, and responsible investment has emerged as a new trend in capital markets. Taiwan's efforts in advancing corporate governance have gradually evolved from an initial emphasis on corporate internal control and governance mechanisms to encouraging enterprises to address sustainability issues, and fostering a responsible investing environment that channels capital into sustainable development through market mechanisms.

Key Measures and Current Status of Promoting Sustainability Reporting in Taiwan

In 2014, TPEX established the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies", requiring TPEX-listed companies to prepare their reports with reference to the Global Reporting Initiative (GRI) Standards. These guidelines emphasize enhanced disclosures on environmental, social, and corporate governance (ESG) risk assessments, as well as climate-related issues.

To align with international developments and enhance global comparability, TPEX continues to expand the scope of sustainability reporting by referencing international disclosure standards while considering the characteristics of domestic industries. As of 2024, all TPEX-listed companies with paid-in capital of NT\$2 billion or more have prepared sustainability reports for the year 2023. Furthermore, to improve investor access to decision-useful ESG information, TPEX has enhanced disclosures of industry-specific sustainability indicators for listed companies in 14 key industries who meet the NT\$2 billion paid-in capital threshold.

On January 31, 2024, TPEX announced amendments to the sustainability reporting guidelines, which all TPEX-listed companies must prepare and file sustainability reports starting from 2025 for the fiscal year 2024. These revisions include a phased approach to disclosing carbon reduction targets, strategies, and concrete action plans. Companies are encouraged to reference the Sustainability Accounting Standards Board (SASB) metrics and include a SASB content index to improve industry-specific disclosures. To further enhance listed companies and their boards of directors' responsibilities for sustainability report preparation, the reports should be approved by the board of directors. Additionally, TPEX and the Taiwan Stock Exchange have jointly developed an ESG digital platform featuring a "Sustainability Report Generation Function", which offers sample disclosures and guidance. This tool can automatically import previously reported ESG information, thereby improving the efficiency of sustainability report preparation.

TPEX also actively promotes voluntary disclosure of sustainability reports through educational outreach and listed company

Number of TPEX-Listed Companies Preparing Sustainability Reports in the Past Three Years

Report year	2021	2022	2023
Mandatory Preparation	51	96	96
Voluntary	145	160	251
The total number of TPEX-Listed Companies who prepared	196	256	347
Percentage of Total TPEX-Listed Companies	24.26%	31.37%	41.41%

Note: Statistics as of December 31, 2024.

visits. Sustainability performance has been incorporated into the Corporate Governance Evaluation framework. In recent years, the number of companies who voluntarily prepare sustainability reports has increased, and have all exceeded the number of companies with mandatory preparations.

Promote the company's sustainability structure and key action plans

To encourage enterprises to actively practice sustainable development and comply with the policies of competent authorities, based on the four strategic pillars of “governance”, “transparency”, “digitalization”, and “innovation”, TPEX aims to advance the following five key focus areas:

- 1. Leading the company to net zero**
- 2. Deepen the culture of corporate sustainable governance**
- 3. Improve the disclosure of sustainability information**
- 4. Strengthen communication with stakeholders**
- 5. Promote ESG evaluation and digitalization**

Regulations and Implementation of Promoting Sustainability and Climate Risk Management among Securities Firms

In response to climate change, securities firms have been required, starting from 2023, to disclose information on climate risk management by the end of June each year, in accordance with the Practical Guidelines for Risk Management of Securities Firms. The TPEX will continue to review firms’ compliance with climate risk management requirements and their related disclosure practices.

To promote sustainable development among securities firms, the TPEX announced the Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms on March 13, 2023. At the time of issuance, the TPEX also formally notified securities firms to take early action in accordance with the schedule outlined in the rules. This includes the preparation of sustainability reports (or sustainability indicators) as well as the inventory and assurance of greenhouse gas emissions under Scope 1 and Scope 2.

In line with competent authorities policies to strengthen sustainable development within the securities industry, the TPEX has adopted a phased approach to assist firms in completing preparing and filing their sustainability reports on schedule. In cooperation with the Taiwan Stock Exchange (TWSE), the TPEX has divided oversight responsibilities to monitor the compliance of firms required to prepare sustainability reports for the 2024 reporting year. Continuous guidance and follow-up are being provided to firms that fall behind schedule. Looking ahead, the TPEX will continue promoting sustainability reporting among securities firms with paid-in capital of less than NT\$2 billion, encouraging them to prepare and disclose sustainability reports and indicators according to the planned timeline. The TPEX will also conduct quarterly tracking of preparation and filing progress across all securities firms.



3.2 STRENGTHENING OPERATIONAL GOVERNANCE

3.2.1 Adhere to Integrity Governance

The Board of Directors is the Highest Governance Body

The Board of Directors serves as the highest governing body of the Taipei Exchange (TPEX). The selection of board members is conducted in accordance with the provisions of the Donation of Association of the Taipei Exchange. The Board is composed of 15 members. In addition to those appointed by the competent authority in accordance with relevant regulations, other members are selected by the donor organization from among donors, professionals, scholars, and securities industry representatives. Provisions regarding the term of office and the proportion of donors among directors are clearly defined. The selection process also considers each candidate's professional qualifications to ensure that board-level decisions align with the characteristics of the capital market industry and the future development needs of the TPEX.

TPEX regularly reports its business, financial, and operational performance to the Board of Directors. The Board convenes at least once a month. Operational performance and financial conditions are presented through reporting items submitted to the Board as part of each meeting. Before presenting proposals and reports to the Board, one shall check if the content presented requires appropriate withdrawal due to any connection with the stakeholders, directors or supervisors present at the meeting and inform the person(s) concerned in advance.

In addition to carrying out its duties under the Donation of Association, the Board is responsible for approving key matters such as annual work plans, financial statements, evaluations of the effectiveness of internal control systems, the appointment or dismissal of external accountants, and the hiring or removal of senior management personnel. The Board holds regular and ad hoc meetings at least once a month to delegate authority over governance-related economic, environmental, and social issues to the Chairperson or relevant departments, depending on the significance and urgency of each issue. Reports are submitted to the Chairperson or the full Board as needed.



**List of the 11th Board Directors and Supervisors of the TPEx**

Title	Name	Current Position
Chairman	Chien, Lih-Chung	Chairman, Taipei Exchange
Director	Chen, Rebecca	Managing Director & CEO, Taipei Exchange
	Wang, Hsu-Chi	Professor, School of Law, Soochow University
	Lin, Hsiu-Ming	Chairman, Taiwan Stock Exchange Corporation
	Lin, Bing-Huei	Chairman, Taiwan Depository & Clearing Corporation
	Lin, Tien-Fu	Chairman, Yuanta Futures Co., Ltd.
	Lin, Shu-Ling	Professor, Department of Information and Finance Management, National Taipei University of Technology
	Sun, Yea-Li	Professor, Department of Information Management, National Taiwan University
	Chen, Chun-Hong	Chairman, MasterLink Securities Corporation
	Guo, Jerry	Chairman, Taishin Securities Co., Ltd.
	Chang, Chien-Yi	President, Taiwan Institute of Economic Research
	Cheng, Leo	Chairman, Fubon Securities Co., Ltd.
	Huang, Bing-Jing	Chairman, Grand Fortune Securities Co., Ltd.
	Huang, Hua-Wei	Associate Professor, Department of Accounting and Graduate Institute of Finance, National Cheng Kung University
	Shiue, Min-Jeng	Distinguished Professor, Department of Accounting, National Taipei University
Supervisor	Wang, Kuei-Tseng	Consultant, Reliance Securities Co., Ltd
	Chang, Chen-Shan	Director General, Securities and Futures Bureau, Financial Supervisory Commission
	Chen, Shao-Huang	Deputy General Manager, Taiwan Business Bank
	Yeh, Shih-Kuo	Lifetime Distinguished Professor, Department of Finance, National Chung Hsing University
	Lu, Ching-Chih	Associate Professor, Department of Finance, National Chengchi University

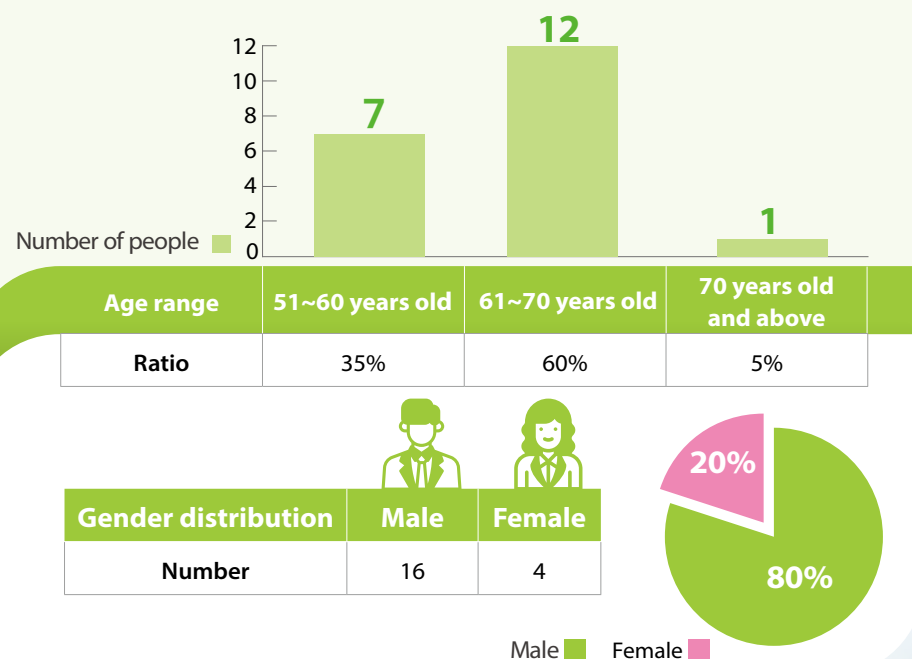
The directors of the Taipei Exchange (TPEX) are outstanding professionals drawn from the financial market, academia, and industry. Their areas of expertise encompass finance, accounting, law, information management, and related fields. 10 are appointed by the competent authority, ensuring both independence and public interest. Among the current directors, four are female. Each term of office for TPEX directors is three years; the current (11th) term runs from August 10, 2024, to August 9, 2027. The average attendance rate at board meetings in 2024 was 100%. In addition, TPEX has five supervisors whose responsibilities include overseeing the execution of board duties and reviewing the organization's annual revenues, expenditures, budgets, and final accounts. Supervisors

also serve a three-year term and are selected from experts and scholars with backgrounds in accounting, finance, and related disciplines.

The Board of Directors annually considers the interests of all stakeholders and formulates major strategies to provide critical guidance across various aspects for the management team. Under the policy direction of the competent authority, the long-term development goal of TPEX is to "proactively build a comprehensive exchange with multifunctional and multi-tiered services, and continuously enhance market mechanisms to meet the diverse needs of enterprises and investors". This vision is conveyed by the leadership and jointly implemented by the Chairman, President, Directors, and senior management. The long-term vision is translated into medium-term plans and annual work plans, with short-term objectives and execution guidelines established accordingly. The implementation of these plans is reviewed on a regular basis. Each year, TPEX directors and supervisors are required to conduct a self-assessment of their contributions to the organization's performance and report the results to the competent authority.

According to the TPEX Donation of Association, all directors and supervisors serve on an unpaid basis, except for the Chairperson, who is a full-time position and receives remuneration determined by the Board of Directors. Prior to the beginning of each fiscal year, TPEX submits the following year's revenue and expenditure budget, including the remuneration of senior management, to the Board for approval and then to the competent authority for final ratification. The total compensation of key management personnel is disclosed in the annual financial report, which is also submitted to the Board of Directors.

Information on the age and gender distribution of the 11th term of directors and supervisors



The Taipei Exchange (TPEX) has established functional committees and an Internal Audit Office. Their primary responsibilities and operational mechanisms are outlined as follows:

Committee	Main Duties	Member	Operation
Sustainable Development Committee	Coordinate and drive TPEX's sustainability strategy, taking charge of decision-making, monitoring, and review of related sustainability efforts to ensure the fulfillment of the objectives of sustainability strategies.	Chairperson: Managing Director & CEO Vice chairpersons: Deputy CEO and Chief Administrative Officer Members: Heads of Departments	<ul style="list-style-type: none"> • Meetings are held twice annually.
Business Continuity Committee	Coordinate and supervise the business continuity management system at TPEX, ensuring its adequacy, effectiveness, and inter-departmental coordination.	Chairperson: Managing Director & CEO Members: Deputy CEO, Chief Administrative Officer and Heads of Departments	<ul style="list-style-type: none"> • A standing task force responsible for the business continuity plan and crisis management, executing both preventive measures before emergencies and recovery actions afterward. • Monitoring departments' testing or simulation exercises related to Mission Critical Activities (MCA), and convening the Business Continuity Committee to conduct simulation exercises as needed.
Personal Data Protection Management Committee	Strengthen the implementation of personal data protection mechanisms and the comments and resolutions based on the review of personal data management.	Chairperson: Managing Director & CEO Vice chairpersons: Deputy CEO, Chief Administrative Officer Members: Heads of Departments	Conducts two personal data management review meetings annually. Furthermore, contingency training and simulation exercises for personal data breach incidents.
Internal Audit Office	Assist the Board of Directors and managers in evaluating compliance with internal control systems, assessing operational effectiveness and efficiency, and providing timely improvement recommendations to ensure continuous effective implementation and serve as a basis for reviewing and revising internal control systems.	General Auditor, 1 Team Leader, and 2 Specialists	Conduct biannual reviews and revisions of internal control systems. Based on each department's risk assessment results, operational status, and directives from the competent authority, formulate audit plans to audit departmental operations and provide timely improvement recommendations.

Ethical Business Practices

The TPEX is a key participant in Taiwan's capital market, committed to promoting economic development by facilitating corporate fundraising. Ethical business conduct is the cornerstone of sustainable development. To ensure fair and objective execution of all operations, TPEX has established a robust legal compliance framework and implemented the "Ethical Management Rules" in June 2019. The implementation status is reported to the Board of Directors semi-annually. In 2024, TPEX was not involved in any incidents that could undermine the order of the capital market, such as fraud, insider trading, antitrust violations, anti-competitive conduct, market manipulation, discrimination, human rights violations, or related misconduct.

TPEX has formulated a series of codes of conduct and regularly conducts training and awareness programs. Additionally, when an issuing company applies for Emerging Stock registration or Go Incubation Board (GISA) listing, staff members are reminded via email to comply with relevant TPEX rules and disciplinary regulations. This ensures employees have clear guidelines when interacting with various stakeholders.

CODES OF CONDUCT

All Employees	<ul style="list-style-type: none"> • Employee Confidentiality Guidelines • Ethical Management Rules • Guidelines for Employee Ethical Conduct • Precautions for Employees Acquiring or Disposing of TPEX-traded Securities and GISA Stocks
Reviewers and Supervisory Personnel	<ul style="list-style-type: none"> • Code of Conduct for Securities Listing (Mainboard, Emerging Stock Board, and GISA) Reviewers and GISA Advisors • Code of Conduct for Securities Supervisory Personnel
Personnel Conducting Company Audits	<ul style="list-style-type: none"> • Statement of the Person Performing the Audit

The TPEX has also established the "Implementation Measures for the Whistleblower System", which allow any individual to report suspected criminal conduct, fraud, or legal violations by TPEX personnel. This internal and external oversight mechanism further strengthens the organization's integrity and ethical standards. In 2024, no incidents of bribery or corruption were identified.

To enhance awareness of integrity and ethical conduct, the TPEX regularly conducts training programs for all employees, promoting the importance of ethical corporate management. In 2024, the TPEX held three sessions of the "Corporate Integrity and Whistleblowing Mechanism" course, with a total of 299 participants, covering all active employees (excluding those on sick leave, maternity leave, or unpaid leave).



Regulatory Compliance

To ensure adherence to applicable laws and regulations, the TPEX has assigned dedicated legal personnel under the Management Department. These personnel are responsible for executing legal compliance matters related to TPEX operations and reviewing revisions of internal rules across departments. They regularly monitor and consolidate updates on relevant regulatory developments for employee reference. When applicable laws and regulations are amended, the legal personnel will participate in the discussion of amending TPEX's corresponding internal regulations and announce the latest regulatory changes. This ensures that TPEX remains aligned with industry trends while fully complying with current legal requirements.

To ensure the effectiveness of internal control systems for regulatory compliance across all departments, each department conducts a semiannual self-assessment, which is then submitted to the Internal Audit Office for review. Additionally, the Internal Audit Office conducts an annual regulatory compliance audit. In 2024, the audit identified no significant irregularities. In the same year, the regulatory compliance training focused on the topic "Corporate Integrity and Whistleblowing Mechanism", with a total of 299 participants.

3.2.2 Risk Management

To safeguard the trading security of the TPEX market and prevent events that may threaten the TPEX's trading services—such as natural disasters, human-induced disruptions, or system failures—the TPEX has adopted the ISO 22301 Business Continuity Management System (BCMS). Through the establishment of disaster response and recovery mechanisms in line with the ISO 22301 international standard, the TPEX aims to ensure the uninterrupted operation of trading-related services and protect the rights and interests of investors.

Risk Management Policy

In alignment with its overall operational strategy and business environment, and in compliance with applicable laws and regulations, the TPEX has established a robust risk management mechanism that is continuously implemented and refined. Risk management is integrated into the decision-making process, allowing each department to identify, assess, monitor, prevent, and control risks effectively during business planning and execution, thereby keeping potential risks within acceptable limits.

To ensure comprehensive risk management and effective crisis response, the TPEX has formulated and implemented the "Taipei Exchange Risk Management Policy and Crisis Management Guidelines". These guidelines aim to prevent risks and minimize potential impacts to achieve business objective and enhance overall performance.

Risk Response Measures

To effectively implement risk management and crisis response, each department of the TPEX is responsible for managing the risks associated with its respective operations, based on its area of expertise and responsibilities. Departments regularly carry out risk identification, analysis, and evaluation processes to conduct a comprehensive assessment of operational risks, and accordingly formulate, revise, and implement risk mitigation measures.

In 2024, the TPEx revised its “Risk Identification” and “Risk Analysis” documentation. The revised risk inventory includes 12 categories comprising 52 items. Among these, 13 items were initially assessed as low to medium risk, 30 as medium risk, and 9 as medium to high risk. After implementing control mechanisms and developing contingency measures, the residual risks were re-assessed, with 8 items classified as low risk, 44 as low to medium risk, and none rated above medium risk.

Business Continuity Plan

To ensure that critical operations can respond promptly and recover within the expected timeframe following a disruptive event, the TPEx has established a Business Continuity Committee. Each department annually updates its Business Continuity Plan (BCP) and Emergency and Contingency Handling Manuals in accordance with current operational conditions. On December 2, 2024, the TPEx held its annual Business Continuity Committee meeting and approved updates to the relevant plans and manuals. In accordance with the TPEx “Business Continuity Plan”, “Work Plan”, “Business Continuity Management Procedures”, and regulatory requirements, the TPEx regularly and irregularly conduct several cross-departmental or center-wide physical or paper-based drills simulating major incidents or emergencies.

ISO 22301 Business Continuity Management Systems Certification

To ensure the establishment of disaster response and recovery mechanisms in compliance with international standards—and to safeguard the security of TPEx market trading and the rights of investors—the TPEx obtained ISO 22301 Business Continuity Management System certification in November 2020. The scope of ISO 22301 implementation covers trading system-related operations and associated IT systems. In 2024, operational results met the pre-established business continuity objectives. The British Standards Institution (BSI), an independent certification body, conducted a re-audit with no nonconformities identified, allowing the TPEx to successfully maintain its ISO 22301 certification.

Internal Audit

The TPEx has established an internal control and audit system in accordance with the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets”. Each department formulates its own internal control procedures based on business processes. These are published on the internal website under the “Internal Control and Internal Audit Section” and are executed accordingly to ensure continued effectiveness of the internal control system.

The Internal Audit Office under the Board of Directors, conducts audits of departmental operations, provides timely improvement suggestions, and compiles audit findings and follow-up improvements for monthly review by Supervisors. The findings and improvements are also presented quarterly at joint meetings of the Board and Supervisors, and subsequently reported to the competent authority for record. All improvement suggestions made in 2024 were fully implemented within the same year.

In response to internal and external environmental changes and regulatory amendments, each department promptly updates relevant procedures or standard operating protocols. Once finalized, updates are immediately announced via the internal website and email notifications, and internal training sessions are held as necessary. In addition to conducting monthly self-assessments, departments also evaluate the effectiveness of internal control systems. All results were reviewed by the Internal Audit Office, with no significant deficiencies identified in 2024.

3.2.3 Information Security

Information Security Management System

The TPEX has obtained several international certifications, including ISO 9001 (Quality Management), ISO 27001 (Information Security), ISO 20000 (IT Service Management), and ISO 22301 (Business Continuity Management). These certifications are maintained through regular reviews—semi-annual performance reviews and triennial re-examinations—conducted by accredited certification bodies. As of now, all certifications remain valid. To ensure the effectiveness and appropriateness of its information security management system, the TPEX holds an Information and Communications Security Management Review Meeting chaired by the head of the IT Department every six months to review the implementation of the information security management system. In 2024, all 20 established information security objectives were successfully achieved, reaching a 100% completion rate.

To guarantee the continuity of operations in the event of system failure at the primary data center, the TPEX has established both on-site and off-site backup systems, along with relevant emergency response procedures. These include the “Business Continuity Plan”, “Emergency and Contingency Handling Manual”, “Computer Trading System Abnormal Incident Handling Procedure”, and “Full Backup Maintenance and Processing Procedures”, ensuring that critical computer systems can continue operating without disruption.

Information security acts	Specifics
Dedicated Unit and Education & Training	The TPEX has established a dedicated Information and Communications Security Section responsible for all information security operations. To enhance employee awareness and professional competency, the TPEX provides: 15 hours of professional cybersecurity training for chief information security officers and cybersecurity personnel, 3 hours of cybersecurity training for IT staff, and 3 hours of awareness training for all employees.
Cybersecurity Protection and Monitoring	<ul style="list-style-type: none"> • It has established an information security protection system and a Security Operations Center (SOC), and in 2024, it has carried out security testing operations such as information security diagnostics, host system vulnerability scanning, web program vulnerability scanning, program source code detection and penetration testing to avoid information security threats or attacks. • ISO 22301 has been introduced to formulate disaster response and resilience mechanisms for various events that may threaten the trading services of TPEX (e.g. natural disasters, man-made sabotage, and system failures, etc.), and has been tested through drills. • Conduct regular risk identification and management, management review meetings, internal audits, drills and tests, and review by the verification unit to continuously improve the business continuity management system.
Cybersecurity Enhancement Measures	<ul style="list-style-type: none"> • Vulnerability Analysis and Notice System (VANS) • Information system early-warning mechanism • Sharing of cybersecurity intelligence with the Financial Security Operations Center (FSOC)
Internal Cybersecurity Audit	In accordance with the 2024 annual audit plan, the Internal Audit Office conducted information security audits across departments. All departments implemented the information security management measures in compliance with internal control requirements, and no significant deficiencies were identified.
External Cybersecurity Audit	<ul style="list-style-type: none"> • The TPEX has established an Information Security Management System (ISMS) in line with ISO 27001 standards, serving as the basis for IT operations. • In 2024, the British Standards Institution (BSI) conducted two surveillance audits, both of which were completed with zero non-conformities. The ISO 27001 certification remains valid.
Outsourced Vendor Cybersecurity Audits	<ul style="list-style-type: none"> • In accordance with the “Outsourcing Management Procedures”, cybersecurity audits are conducted for outsourced vendors. • In 2024, a total of 12 vendors were audited, reviewing their cybersecurity practices in handling contracted business operations for the TPEX.

Protection of Personal Data

The TPEX is committed to safeguarding the personal data it manages, ensuring that the collection, processing, and use of such data comply with requirements of confidentiality, integrity, availability, and relevant legal regulations. These efforts aim to mitigate the risk of unauthorized disclosure and protect the rights of data subjects, thereby contributing to the sound operation of the capital market.

To ensure that data subjects can exercise their rights in a manner that is effectively manages, respect the rights of data subjects, and handle personal data-related complaints effectively and correctly, the TPEX has established designated channels for inquiries and complaints. Responses are provided to the individuals concerned after review. In 2024, no incidents of personal data breach were reported.

Furthermore, the TPEX has implemented a Personal Data Protection Management System, which complies with the Personal Data Protection Act and is governed by a comprehensive Personal Data Protection Management Manual, as well as associated guidelines and procedures. These serve as a standardized framework for all employees in the collection, processing, and use of personal data. In addition, TPEX reviews personal data protection related operations through external and internal audits semi-annually.

Personal Data Protection Management Committee

- The TPEX has established a Personal Data Protection Management Committee, chaired by the President and structured as a cross-departmental task force.
- In 2024, two Personal Data Management Review Meetings were held in January and July.

Contingency Training for Personal Data Violation Incidents

- Although no personal data breach incidents occurred in 2024, the TPEX organized a personal data breach response drill and simulation training in September 2024. The training scenario was designed by the Personal Data Protection Management Representative (Supervisory Head of Planning and International Affairs) to enhance employees' crisis awareness and response capabilities.

Internal and external audits

- The British Standards Institution (BSI) conducted semi-annual external audits in January and July 2024
- The internal audit team conducted semi-annual audits. Internal audits were performed by the Internal Audit Team in May and November 2024.

Continuing Education for Employees

- To raise awareness among all employees, a three-hour training course titled "Information Security and Personal Data Protection" was conducted for all staff.

3.2.4 Supplier Management

The TPEX's primary suppliers include service providers, equipment vendors, and third-party vendors, categorized into six major types: information services, security, electronic equipment, telecommunications, furniture, and renovation projects.

In addition to following the “Property Procurement and Management Guidelines” as the standard procedure for procurement activities, the TPEX views suppliers as important partners. Since November 2020, suppliers have been required to sign the Corporate Sustainability Development Commitments, pledging adherence to principles related to occupational safety and health, labor rights, and environmental protection. This aims to uphold corporate social responsibility, promote environmental sustainability, and safeguard fundamental human rights.

The TPEX also conducts regular reviews of suppliers’ service performance to ensure compliance with contractual terms and standards.

100%

Proportion of spending on local suppliers for TPEX in 2024.

**156
copies**

In 2024, all supplier contracts included a signed “Corporate Sustainability Development Commitments” , achieving a 100% supplier signing rate.

Note: Property Procurement and Management Guidelines: Conducting price negotiation, price comparison and bidding procedures based on the purchase items and amounts.