

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

<p>Step 1 Inventorying Communication Targets</p>	<p>9 Major Stakeholder Categories</p>	<p>Considered past experience and 2020 operations, TPEX first identified 9 major stakeholder categories.</p>
<p>Step 2 Focusing on Communication Priorities</p>	<p>5 Important Stakeholder Categories</p>	<ul style="list-style-type: none"> Adopted the AA1000 Stakeholder Engagement Standard stressing the five dimensions of "responsibility, tension, influence, diverse perspectives, and dependency." Three TPEX senior executives and 11 departments assessed the influences between stakeholders and TPEX via questionnaires and discussed the results in a cross-departmental meeting. TPEX identified five important stakeholder categories for 2020, including government agencies, customers, investors, intermediaries, and employees as communication priorities.

Phase 2 Identifying Material Issues

<p>Step 3 Inventorying TPEX Sustainability Issues</p>	<p>23 Sustainability Issues</p>	<ul style="list-style-type: none"> TPEX comprehensively considered the communication experience with stakeholders, international trends, and significant industry issues. The issues included 13 on governance (economy), 3 on the environment, and 7 on the society.
<p>Step 4 Assessing Concerns over Material Issues</p>	<ul style="list-style-type: none"> Distributed 346 Questionnaires Analyzed 342 Questionnaires Increase by around 30% (compared to 2019) 	<ul style="list-style-type: none"> By distributing questionnaires to 9 major stakeholder groups, TPEX assessed the stakeholders' concerns over issues. To enhance stakeholder communication and participation, TPEX distributed more questionnaires with 342 valid.
<p>Step 5 Evaluating Material Issues' Impacts</p>	<ul style="list-style-type: none"> 3 Senior Executives of the Sustainability Committee Internal Consultations on 5 Major Aspects 	<ul style="list-style-type: none"> Three senior executives of the Sustainability Committee assessed each issue's impacts on TPEX. The five units under the Sustainability Committee discussed the impact levels on TPEX.
<p>Step 6 Analyzing with Materiality Matrix</p>	<ul style="list-style-type: none"> 9 Major Sustainability Issues 7 Issues of Stakeholders' Concern + 2 Voluntary Disclosures 	<ul style="list-style-type: none"> We integrated the evaluation results of steps 4 and 5 to illustrate a materiality matrix and identified 7 material issues for 2020. Consider the communication experience with stakeholders and the balance between aspects, we voluntarily disclosed 2 additional issues and concluded the 9 material issues for 2020.

Stakeholder Groups	Importance to TPEX	Main Communication Channels and Frequency	Issues of Concern	Corresponding Chapters	Communication Results
Government Agencies	<ul style="list-style-type: none"> 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 TPEX's daily operations. 	<ul style="list-style-type: none"> Meetings and public hearings (irregular) Formal correspondence (irregular) Phone calls, fax, and email (irregular) Compiling and reporting important business statistics (regular) 	<ul style="list-style-type: none"> System Stability and Resilience Legal Compliance Financial Education A Fair, Transparent, and Orderly market 	<ul style="list-style-type: none"> Financial Inclusion Market Development 1-1 Growth 1-2 Sustainability 2-2 Operation Management 	<ul style="list-style-type: none"> There were no major penalties in 2020. TPEX cooperated with the competent authority in reviewing and revising various rules and regulations.
Customers	<ul style="list-style-type: none"> 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. 	<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 email (irregular) Routine audits (regular/quarterly/monthly) Special audits (irregular) 	<ul style="list-style-type: none"> Legal Compliance A Fair, Transparent, and Orderly Market Ethics and Integrity Management Information Security and Personal Information Protection 	<ul style="list-style-type: none"> Market Development 1-1 Growth 1-2 Sustainability 2-2 Operation Management 	<ul style="list-style-type: none"> By the end of 2020, 782 companies were listed on the Main Board, 253 companies were registered on the ESB, and 87 domestic companies were registered on GISA. Considering the innovative companies' limitations, TPEX plans to launch the "Pioneer Stock Board" in the 3rd quarter of 2021. Considering the pandemic's impact, TPEX has formulated IPO tolerance measures. In 2020, the bond market's issuance volume reached NT\$3.39 trillion, a record high.
Investors	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> TPEX market performance presentations (quarterly) Investor seminars (irregular) Market Observation Post System updates (regular, irregular) Market announcements and press releases (irregular) Investor email, service hotline (irregular) Official website and social media (irregular) 	<ul style="list-style-type: none"> Ethics and Integrity Management Legal Compliance A Fair, Transparent, and Orderly Market Information Security and Personal Information Protection 	<ul style="list-style-type: none"> Market Development 1-1 Growth 1-2 Sustainability 2-2 Operation Management 	<ul style="list-style-type: none"> In 2020, the number of new accounts opened in the TPEX market increased by nearly 640,000 compared to 2019, and the growth rate was as high as 75%. In 2020, the total number of investors performing transactions in the TPEX market exceeded 2.45 million. Compared to the number of investors in 2019, the total number of investors performing transactions increased by nearly 710,000, a growth rate of 40%, and a record high in the history of the TPEX market. In 2020, TPEX received 505 letters from investors through the investor mailbox, and 100% have been handled and replied to.

Stakeholder Groups	Importance to TPEX	Main Communication Channels and Frequency	Issues of Concern	Corresponding Chapters	Communication Results
Intermediary Agencies	<ul style="list-style-type: none"> Intermediary 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 efficiency and promote the matching of high-quality enterprises with market funds. 	<ul style="list-style-type: none"> Meetings, seminars and promotional events (irregular) Formal correspondence (irregular) Phone calls, fax, and email (irregular) Intermediary agency award ceremonies (annual) Listing examination satisfaction survey (every six months) 	<ul style="list-style-type: none"> Legal Compliance Ethics and Integrity Management Corporate Governance A Fair, Transparent, and Orderly Market 	<ul style="list-style-type: none"> Market Development 1-1 Growth 1-2 Sustainability 2-2 Operation Management 	<ul style="list-style-type: none"> In the first and second halves of 2020, TPEX distributed questionnaires to 11 and 18 securities underwriters, respectively. The response rate was 100%, and the overall satisfaction with TPEX services reached 100%. TPEX held the "Award Ceremony and Business Symposium" to commend 5 securities firms and 4 accounting firms for their outstanding contributions.
Employees	<ul style="list-style-type: none"> 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 key to strengthening TPEX's competitiveness. 	<ul style="list-style-type: none"> Education and training for management associates and all employees (irregular) Encouragement meetings (quarterly) Sports meets (annual) Year-end thanksgiving parties (annual) Employee/employer meetings (quarterly) Personnel appraisal group meeting (every six months) Sexual harassment complaint handling committee (irregular) Employee Pension Fund Management Committee and Labor Retirement Reserve Supervision Committee (quarterly) 	<ul style="list-style-type: none"> Employees' Compensation and Benefits Legal Compliance Occupational Health and Safety Ethics and Integrity Management 	<ul style="list-style-type: none"> 2-2 Operation Management 4-2 Workplace Wellbeing 	<ul style="list-style-type: none"> According to the employee opinion survey on the 2020 education and training plans, 100% of colleagues said that the hours are sufficient. All employees reinstated in 2019 remained employed one year after their reinstatements.



Stakeholder Engagement Highlight (1)

Developing and Promoting Sustainability Bond Market

TPEX dedicates to promote sustainable finance in Taiwan by following major exchanges across the globe and considering these trends to develop Sustainability Bond Market in Taiwan. The planning process prioritizes stakeholder engagement and communication.

Communicate	Plan	Promote
<ul style="list-style-type: none"> Jul. 2020 Visited the Financial Supervisory Commission (FSC) to communicate the proposal content and supporting measures and engaged through phone calls and emails to ensure regulatory feasibilities. Aug. 2020 Visited multiple potential issuers to understand their recommendations. 	<ul style="list-style-type: none"> Aug. 2020 Finalized and submitted the proposal to the FSC. Sep. 2020 Received FSC's consent and announced the Operational Directions for Sustainability Bonds and related documents on October 6. 	<ul style="list-style-type: none"> Nov. 2020 CTBC Bank and Bank SinoPac issued the first batch of Sustainability Bonds and received positive feedback from market participants. Dec. 2020 Organized online roadshows to communicate with enterprises, while specialized sections and features were launched on the TPEX website and the Market Observation Post System. By the end of 2020, 8 press releases and feature stories were released for further communication. Apr. 2021 Received recognition from the competent authority regarding the robust planning works.

Stakeholder Engagement Highlight (2)

Rolling Out Continuous Trading for Enhanced Efficiency

To respond to the growing demands for transaction efficiency, TPEX began to communicate with investors, the competent authority, affiliated organizations, and IT service providers. The launch in March 2020 proved to increase transaction volume, reduce service requests, and invigorate the market.

Communicate	Plan	Promote
<ul style="list-style-type: none"> Since 2011, TPEX began to communicate with investors, the competent authority, affiliated organizations, and IT service providers. 	<ul style="list-style-type: none"> 2019-2020 TPEX organized 40 investor workshops and 12 securities practitioners training. Mar. 2019~Mar. 2020 TPEX and TWSE launched the Simulation Platform to enable investors to acquire familiarity and organized prized activities to encourage investors to actively participate, with a hotline provided for instant assistance. 	<ul style="list-style-type: none"> Mar. 2020 Continuous Trading system launched. TPEX promotes through media and a dedicated section on the website providing introduction and consultation, with the hotline continues to provide instant assistance.

ASSETS	1,476,400.00
Current Assets	1,236,700.00
Non-Current Assets	239,700.00
LIABILITY	947,700.00
Current liability	255,000.00
Non-Current liability	692,700.00
EQUITY	528,700.00
Current EQUITY	354,100.00
Non-Current EQUITY	174,600.00

Stakeholder Engagement Highlight (3)

Pioneer Stock Board for Innovative Enterprises

TPEX attaches importance to innovative enterprises' demands for listing and obtaining financing. We have learned from the rich experience on cultivating small-and-medium enterprises and emerging industries into the capital market for accelerated growth.

Communicate	Plan	Promote
<ul style="list-style-type: none"> TPEX grasped the innovative enterprises' demands for listing and obtaining financing through regular business engagement. 	<ul style="list-style-type: none"> TPEX referred to the trends that major exchanges establish new boards to support innovation. Throughout the process, we visited intermediary organizations (securities firms and accountants), innovative companies, and external stakeholders to advance the proposal for Pioneer Stock Board. Oct. 2020 TPEX organized a public hearing on the Pioneer Stock Board, inviting innovative companies, intermediary organizations, and relevant industry associations to exchange opinions. 	<ul style="list-style-type: none"> Dec. 2020 TPEX received the competent authority's consent on the proposal, and Pioneer Stock Board is expected to be launched in July 2021.

