

MESSAGE FROM THE CHAIRMAN AND CEO

The outbreak of the COVID-19 in 2020 highlights the co-dependence, co-existence, and co-prosperity relationship between individuals, businesses, society, and the natural environment. This monumental change has unprecedented impacts on global businesses and capital markets and is an exceptional trial for TPEX as a market steward. In response, TPEX implemented measures to support companies and ensured the funding and listing processes were unaffected. Meanwhile, TPEX also continued bettering the trading mechanism by launching the Continuous Trading System and Intraday Odd Lot Trading System to improve transaction efficiency and encourage younger investors.

In the meantime, TPEX acknowledges and supports the United Nations' Sustainable Development Goals (SDGs), which raises comprehensive awareness on the environmental, social, and governance (ESG) aspects. Upholding the ESG values by incorporating sustainability into our daily operation, we further take the initiative to substantiate policies including Corporate Governance 3.0 and Green Finance Action Plan 2.0 to foster capital market sustainability with every market participant.

TPEX made remarkable progress in 2020 in promoting green finance and products in alignment with ESG criteria, with the vision of becoming a prominent exchange with a leading platform for sustainable securities. The record issuance volume of Green Bond is expected to direct more funding to environmentally friendly investment projects. TPEX also launched the "TIP Taiwan TPEX CSR Index" in June 2020, the first index considering the TPEX-listed companies' performance on the annual Corporate Governance Evaluation and their Corporate Social Responsibility (CSR) reports. With this index, TPEX hopes to promote ESG values and responsible investment by providing a comprehensive yet relevant reference to the market. TPEX further promulgated the "Operational Directions for Sustainability Bonds" in October and established the Sustainability Bond Market.

In terms of corporate governance, TPEX continued to align our regulations in response to Financial Supervisory Commission's roadmaps and encouraged listed companies to disclose through



CSR reports. We also included the disclosure recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and standards by the Sustainability Accounting Standards Board (SASB) in the Rules Governing the Preparation and Filing of CSR Reports. Moreover, we have been actively urging all the TPEX-listed companies to adopt the Corporate Social Responsibility Best Practice Principles to support sustainable growth.

In October 2020, TPEX was committed and signed as a supporter to TCFD to raise employees' comprehensive awareness towards the environment and climate change and reduce energy consumption and carbon emissions. 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 and obtaining the ISO 22301 certificate. Strict cybersecurity and confidentiality policies were also in place to strengthen internal governance. The World Federation of Exchanges also recognized our efforts in promoting workplace gender equality. Meanwhile, TPEX continued with our donation to various charitable programs that provide care for the elderly and the underprivileged and bring medical services to remote areas. We also sponsor research projects on topics relating to the capital markets.

Looking forward, TPEX plans to expand the scope of the Sustainable Bond Market by establishing the Social Bond Market in the 2nd quarter of 2021 and incorporating the Green Bond and Sustainability Bond Market. The introduction of the Sustainable Bond Market will facilitate the capital market to direct more funding towards realizing co-prosperity and sustainability. In addition, TPEX plans to introduce the Market Making scheme in June 2021 to boost the trading volume of stocks with low liquidity. Furthermore, a new "Pioneer Stock Board" will be established in the 3rd quarter to complement the current multi-tiered market framework, supporting startups and businesses from Taiwan's Six Core Strategic Industries.

TPEX believes that a responsible securities exchange, pursuing high quality and sustainable growth, is a better proposition for investors and issuers. The sound development of the capital market is the key driver of economic, social, and environmental sustainability. We commit to becoming a prominent exchange for sustainable financial instruments, upholding the ESG values to strengthen our core businesses. TPEX will continue to promote information transparency, capital raising functionality, efficient and fair-trading mechanisms, and financial literacy, building a vibrant and innovative world-class capital market.

Philip Chen
Chairman 

Edith Lee
Managing Director & CEO 