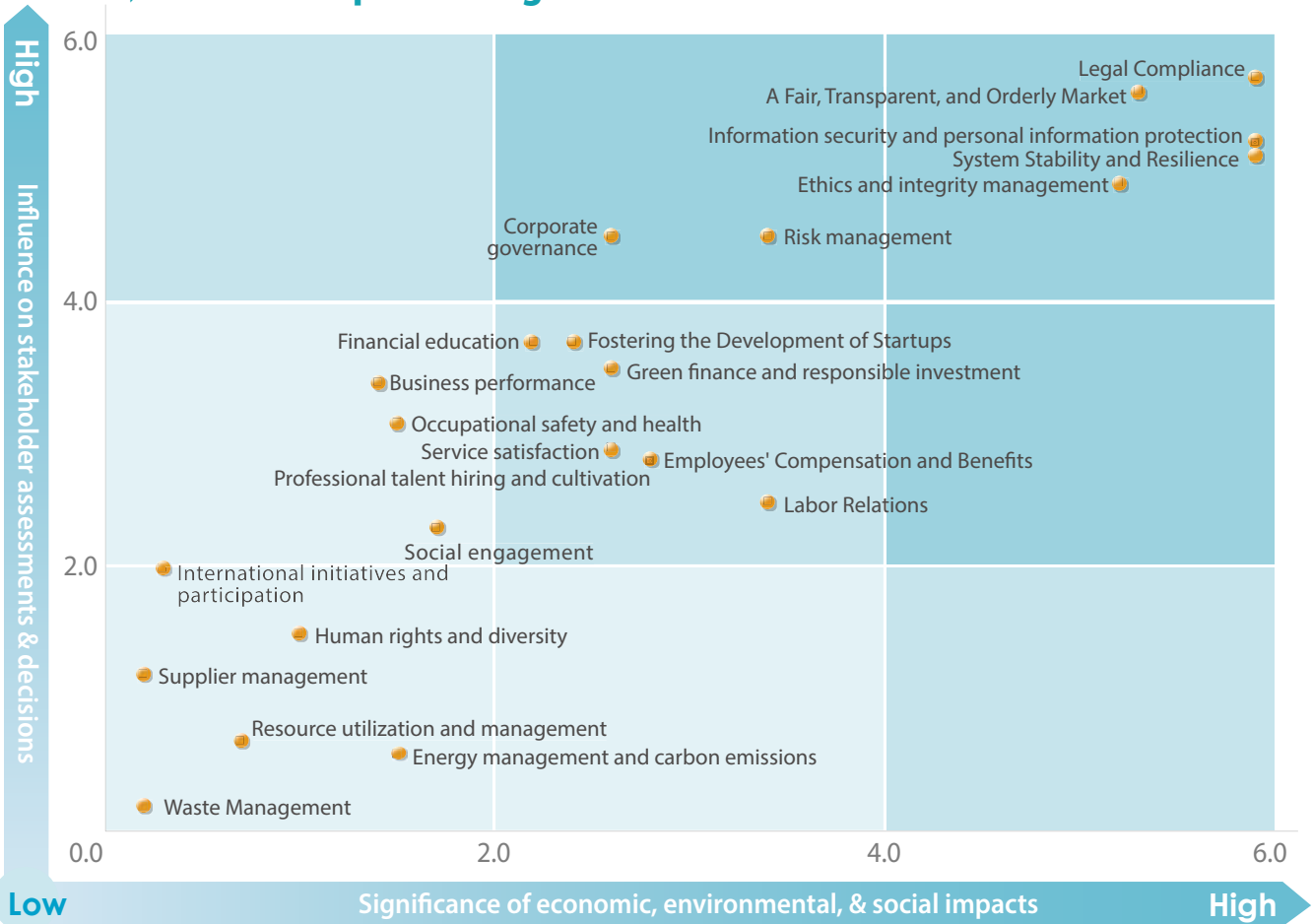




MATERIAL TOPICS MANAGEMENT

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 Date 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.
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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.
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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.
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