



2021 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

SDGs/SSE	2021 Actions	2021 Performance
 <p>Target 5.5 Board diversity and gender equality</p>	<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.
 <p>Target 8.3 Growth and sustainable development of small and medium enterprises</p>	<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.
 <p>Target 10.5 Financial market regulations</p>	<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 	<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.
	<ul style="list-style-type: none"> 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"> 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
 <p>Target 12.6 ESG Information Disclosure</p>	<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.
 <p>Target 13.3 Promoting green finance</p>	<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 "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.
 <p>Closely cooperating with partners who can contribute to sustainable development and market transparency</p>	<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

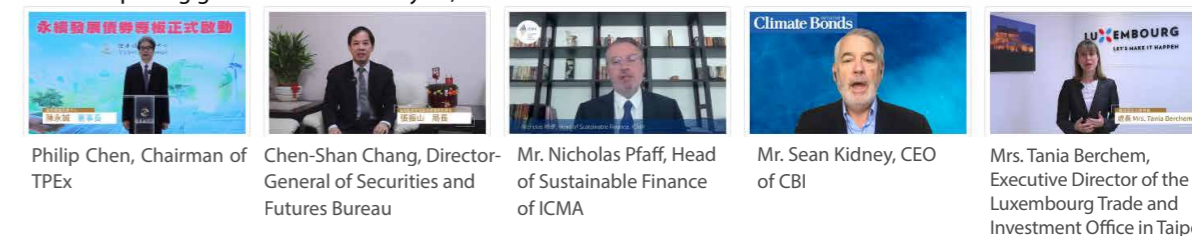


Sustainability Bond

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

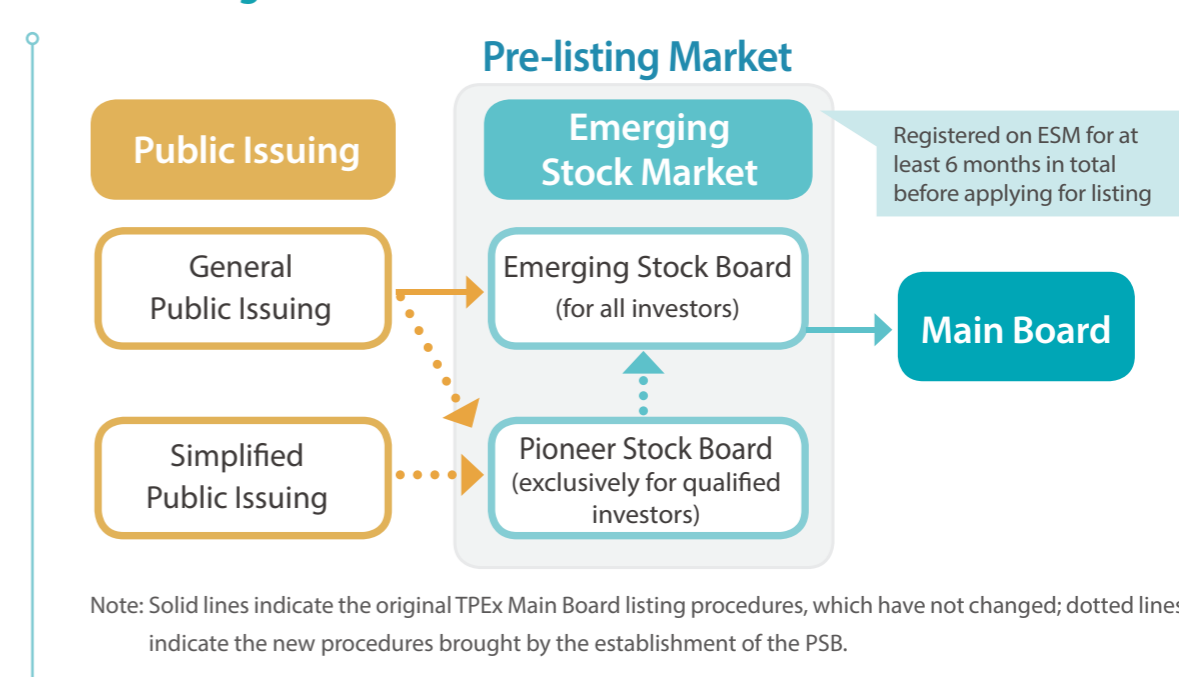


Features, promotions and challenges: The Pioneer Stock Board provides new startups with access to register through the "simplified public offering" procedure, which shortens and reduces the preparation cost and time to enter the capital market. The Pioneer Stock Board also simplifies the requirements 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.





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.



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.