



# MESSAGE FROM THE CHAIRMAN AND CEO

In recent years, TPEX has integrated the sustainable development concept of coexistence with the environment and social co-prosperity into its daily business operations to show its recognition and support for the United Nations' Sustainable Development Goals (SDGs). In 2021, in addition to continuously working with enterprises and intermediaries to improve the operation efficiency of the capital market, we continued to urge enterprises in the TPEX market to value corporate governance and respond to SDGs, and we also actively optimized the mechanism of green finance and ESG-related products, driving the TPEX market and participants towards ESG sustainable development.

In 2021, the COVID-19 pandemic continued to be severe, and Taiwan's pandemic control measures were stricter in the middle of the year. During this period, in addition to employees' taking turns to work from home, TPEX also promoted intermediaries such as bond dealers to work from home, disseminated that the listed / registered companies shall strengthen pandemic control measures, and timely released major information and implemented Business Continuity Plan appropriately. Although the impact of the pandemic still persisted, TPEX had not stopped helping enterprises to enter the capital market to raise funds and improving the market mechanism. The Market Maker and Liquidity Provider Programs was launched at the end of June 2021, aiming to boost Main Board stock trading volume and liquidity specifically of those "good business performance but low liquidity" stocks. In July, the "Pioneer Stock Board" of the emerging stock market was launched to complement the current multi-tiered market framework, supporting innovative startups and companies from Taiwan's Six Core Strategic Industries.

In terms of promoting green finance and ESG-related products, TPEX launched two ESG-related indexes in 2021, and then securities firms also launched two ETN products linked to these indexes, hoping to drive the development of domestic ESG products and meet the needs of responsible investment. Moreover, as to complete the scope of the Sustainable Bond Market, TPEX established Sustainable Bond Market by integrating the Green Bonds, Social Bonds and Sustainability bonds Market. In addition, TPEX plans to establish the Sustainability-Linked Bonds Market in 2022, through mechanisms such as setting targets and linking payment terms to ensure that issuers incorporate sustainable development strategic goals into business decisions.

In terms of corporate governance, TPEX continued to align the "Corporate Governance 3.0 - Sustainability Roadmap", framed by Financial Supervisory Commission, and encouraged listed companies to make sustainability reporting. Further measures including the mandatory adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and

Sustainability Accounting Standards Board (SASB) standards will be used to enhance the disclosure quality of sustainability reports. TPEX held a two-day forum "Sustainability Through ESG, 2021" at the end of last August to exchange viewpoints and share practical experiences to strengthen their understanding of the importance of sustainable development of those small and medium-sized enterprises. Meanwhile, through the participation of investment experts in various fields, the essence and demand of sustainable investment were clarified, which would help develop new thinking on sustainability issues of small and medium-sized enterprises.

As for TPEX, we continued to enhance employees' cognition about the environment protection and the risk of climate change, and did our best to reduce energy consumption and carbon emissions. After signing as a supporter to TCFD in October 2020, TPEX joined the International Capital Market Association (ICMA) in July 2021, becoming the fifth full member in Asia as a stock exchange. At the same time, TPEX plans to purchase part of its operating electricity from green electricity or renewable energy from 2022, and has begun to evaluate its own feasible practices for greenhouse gas inventory. 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. Strict cybersecurity and confidentiality policies were also in place to strengthen internal governance. Meanwhile, TPEX continued with our donation to various charitable programs that provide care for the elderly and the underprivileged people, and bring medical services to remote areas. We also sponsored research activities related to progress our capital market development.

As the world becomes more aware of the importance of environmental, social, governance issues and responsible investment, TPEX should play as a driver of market sustainability. TPEX will stand by listed companies and intermediaries to strive the ESG concept into its operation strategy and their sustainability development, and always.

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 Chairman

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