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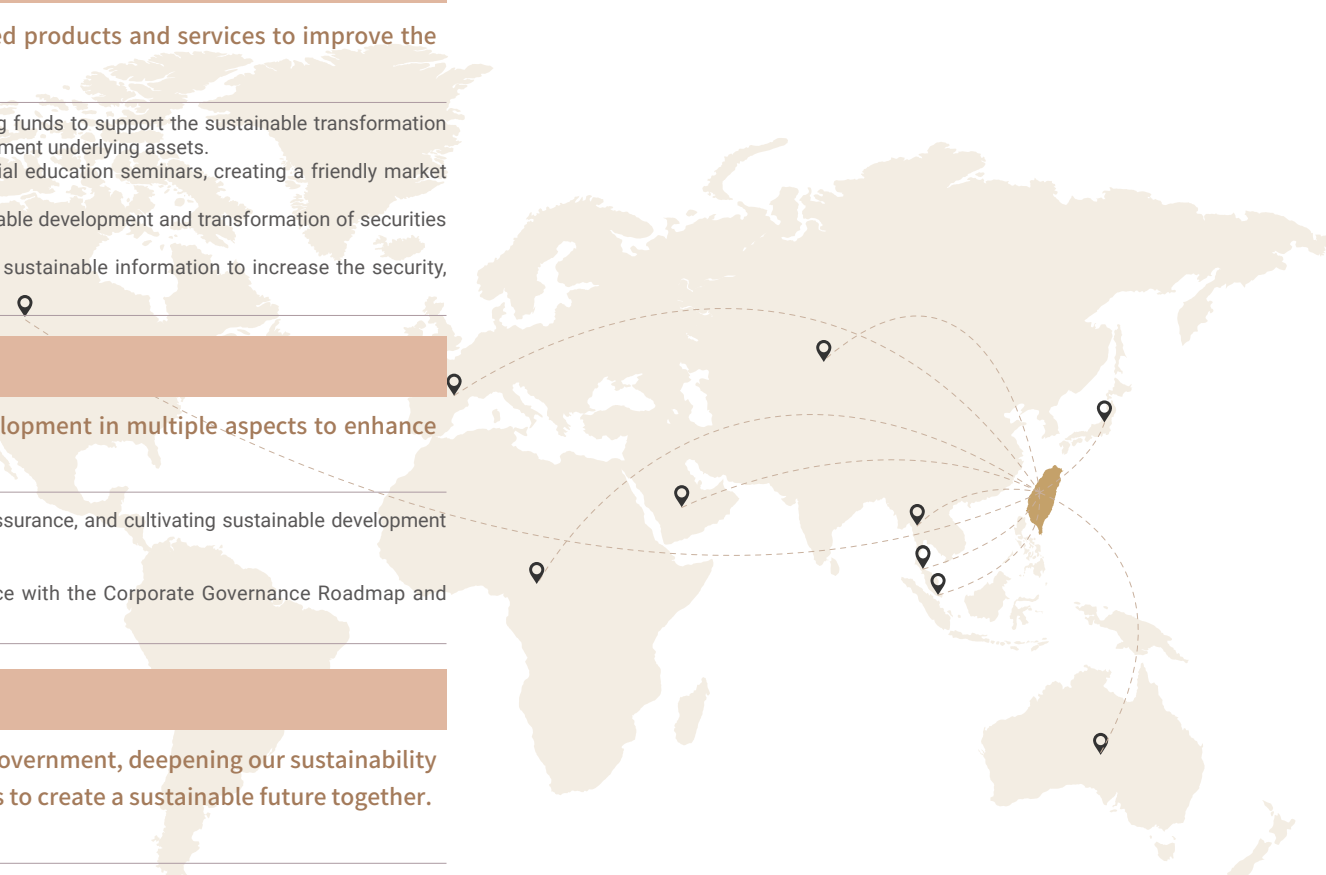
# Sustainable Strategy



## 2. Sustainable Development Goals

With the vision of Embracing Sustainable Finance, Creating Win-Win-Win for Customers, the Market and the Environment, TPEX implements a three ESG aspects-oriented strategy and formulates the execution strategies from three levels, namely TPEX, the real economy and the capital market.

Capital market	
Goal	Guiding funds into ESG transition, and offering diversified products and services to improve the operation of the sustainable finance ecosystem.
Strategies	<ul style="list-style-type: none"> <li>• Promoting diversity and innovation of sustainable products, guiding funds to support the sustainable transformation of enterprises, and providing investors with more responsible investment underlying assets.</li> <li>• Continuously optimizing products and services, conducting financial education seminars, creating a friendly market environment, and implementing inclusive finance.</li> <li>• Cooperating with the competent authorities to promote the sustainable development and transformation of securities firms.</li> <li>• Improving the market system and enhancing the transparency of sustainable information to increase the security, fairness and stability of transactions.</li> </ul>
Real economy	
Goal	Assisting enterprises to strengthen ESG sustainable development in multiple aspects to enhance the competitiveness.
Strategies	<ul style="list-style-type: none"> <li>• Guiding enterprises to implement greenhouse gas inventory and assurance, and cultivating sustainable development competitiveness.</li> <li>• Strengthening the promotion of corporate sustainable development.</li> <li>• Promoting various corporate governance measures in accordance with the Corporate Governance Roadmap and relevant policies.</li> </ul>
TPEX	
Goal	Following the international trend and responding to the government, deepening our sustainability and supporting the net-zero transformation of enterprises to create a sustainable future together.
Strategies	<ul style="list-style-type: none"> <li>• Setting carbon reduction targets and specific implementation measures with reference to international initiatives or national policies such as Taiwan's 2050 Net Zero Emissions Pathway.</li> <li>• Using internal resources to train and retain talents, care for society, and cultivate the sustainable value and ESG culture.</li> <li>• Strictly abiding by the ethic management guide, improving service resilience, and strengthening the disclosure of TPEX ESG information and communication with stakeholders.</li> </ul>



# 1. Stakeholder Identification

To strengthen and enhance communication with stakeholders, TPEX identified important stakeholders extensively investigated issues of concern to stakeholders, and adjusted the sustainable development strategies.

## Identification process of stakeholder



### Inventoring communication targets 9 major categories of stakeholders

Considering past experience and operations in 2022, TPEX first identified 9 major categories of stakeholders.



### Focusing on communication priorities 6 major categories of important stakeholders

- Adopted the AA1000 Stakeholder Engagement Standard stressing the 5 dimensions of “responsibility, tension, influence, diverse perspectives, and dependency” .
- 12 senior executives of TPEX assessed the influences between stakeholders and TPEX by questionnaire, and discussed and analyzed the results in a cross-departmental meeting.
- In 2022, 6 categories including government agencies and surrounding units of securities and futures, customers, intermediary agencies, employees, investors and media were taken as important stakeholders and prioritized communication targets.



## 2. Stakeholder Engagement

### 2022 stakeholder engagement list

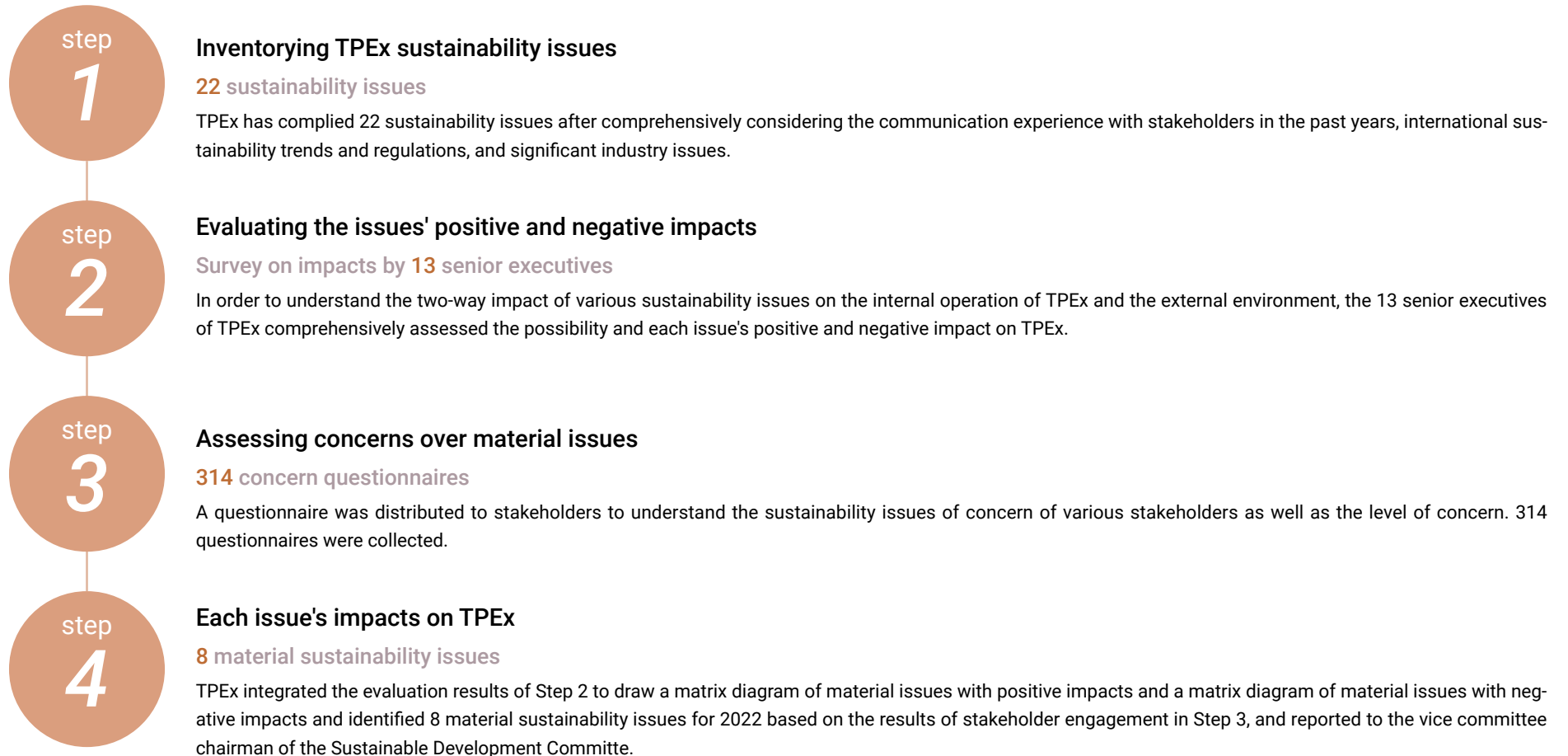
Stakeholders	Importance to TPEX	Expectations for TPEX	Main communication channels and frequency	Main communication results
<b>Government agencies and surrounding units of securities and futures</b>	TPEX is a franchise business and is subject to the approval of the competent authority; as such, it is 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 daily operations, and surrounding units of securities and futures are important partners of TPEX to promote relevant policies.	Build a healthy capital market, follow financial laws and regulations, maintain market order, supervise listed/registered companies and protect investors' rights and interests.	<ul style="list-style-type: none"> <li>• Meetings, public hearings (irregular), formal correspondence (irregular)</li> <li>• Phone calls, fax, and e-mail (irregular)</li> <li>• Compiling and reporting important business statistics (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• TPEX cooperated with the competent authority in reviewing and revising various rules and regulations, and the TPEX market operated smoothly in 2022.</li> <li>• There were no major penalties in 2022.</li> </ul>
<b>Customers</b>	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.	Improve the examination and supervision structure as well as laws and regulations, improve examination efficiency, maintain smooth consultation and communication channels, and improve the provision of diversified financing instruments such as stocks and bonds and related services.	<ul style="list-style-type: none"> <li>• Field visits (irregular)</li> <li>• Symposiums, educational promotion, forums and public hearings (irregular)</li> <li>• TPEX family networking events (annual)</li> <li>• Formal correspondence (irregular)</li> <li>• Phone calls, fax, and e-mail (irregular)</li> <li>• Routine audits (regular/quarterly/monthly)</li> <li>• Special audits (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• By the end of 2022, 808 domestic and foreign companies were listed on the Main Board, 299 domestic and foreign companies were registered on the Emerging Stock Market, and 97 domestic companies were registered on GISA.</li> <li>• By the end of 2022, the balance of the bond market reached NT\$16.3 trillion.</li> <li>• In 2022, a total of 44 sustainable bonds were issued, with an issue amount of NT\$112.247 billion, and both the number of issuance and the amount of issuance reached record highs.</li> </ul>
<b>Intermediary agencies</b>	Intermediary agencies are important partners in helping enterprises access into the capital market. The professional institutions serve as an important bridge to improve TPEX's counseling and examination and promote the matching of high-quality enterprises with market funds.	Handle promotion and education seminars on various newly revised laws, and regulations, and establish a communication channel with TPEX.	<ul style="list-style-type: none"> <li>• Meetings, seminars and promotional events (irregular)</li> <li>• Formal correspondence (irregular)</li> <li>• Phone calls, fax, and e-mail (irregular)</li> <li>• Intermediary agency award ceremonies (annual)</li> <li>• Listing examination satisfaction survey(annual)</li> </ul>	<ul style="list-style-type: none"> <li>• In 2022, TPEX distributed questionnaires to 19 securities underwriters. The response rate was 100%, and the overall satisfaction with TPEX services reached 100%.</li> <li>• A total of 2 sessions of "Application for TPEX Listing Educational Seminar for Intermediaries" were held.</li> <li>• TPEX organized the 2022 Intermediaries Award Ceremony to commend and enhance communication with 7 securities dealers and 4 accounting firms with outstanding contributions.</li> <li>• Conducted a total of 119 audits of securities firms, including routine and special audits, risk assessments, and audits for the prevention of money laundering, etc.</li> </ul>

Stakeholders	Importance to TPEX	Expectations for TPEX	Main communication channels and frequency	Main communication results
<p><b>Employees</b></p>	<p>Employees are important assets of TPEX responsible for developing new products, maintaining various trading mechanisms, supervising the market, promoting corporate fundraising and activating the securities market. High-quality and competent talents are the core key to strengthening TPEX's competitiveness.</p>	<p>Recruit qualified employees, cultivate high-quality talents, maintain a harmonious labor-employment relationship and establish a fine working environment to consolidate high quality human resources.</p>	<ul style="list-style-type: none"> <li>• Education and training for management associates and all employees (irregular)</li> <li>• Encouragement meetings (quarterly)</li> <li>• Sports meets (irregular)</li> <li>• Year-end thanksgiving parties (annual)</li> <li>• Employee/employer meetings (quarterly)</li> <li>• Personnel appraisal group meeting (held once every six months, and may be held irregularly in addition)</li> <li>• Sexual harassment complaint handling committee (irregular)</li> <li>• Employee Pension Fund Management Committee and Labor Retirement Reserve Supervision Committee (held once every quarter, and may be held irregularly in addition)</li> </ul>	<ul style="list-style-type: none"> <li>• In 2022, it was harmonious between employers and employees and no major discussion topics have arisen.</li> <li>• 100% of employees who applied for parental leave were reinstated in 2022, and 100% of them remained employed one year after the reinstatement.</li> <li>• According to the employee opinion survey on the 2022 education and training plans, employees responded well to the education and training.</li> </ul>
<p><b>Investors</b></p>	<p>With the mission of providing a fair and safe trading environment and meeting the investors' needs, TPEX provides diverse instruments such as bonds, stocks, warrants, ETFs, ETNs, derivatives, enabling investors of different attributes and types to participate.</p>	<p>Make the capital market more active and facilitate the circulation of funds, and supervise the operation of the market, so as to make the market information open and transparent and to protect the rights and interests of investors.</p>	<ul style="list-style-type: none"> <li>• TPEX Corporate Day Events (quarterly)</li> <li>• Education Seminars: The Taipei Exchange Market (irregular)</li> <li>• Market Observation Post System updates (regular, irregular)</li> <li>• Market announcement and press release (irregular)</li> <li>• Investor email, service hotline (irregular)</li> <li>• Official website and social media (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• In 2022, the total number of investors performing transactions in TPEX market exceeded 2.7 million.</li> <li>• There is a dedicated hotline for investors and a consultation hotline for Emerging Stock Market investors set up for Emerging Stock Market transactions, each of which is answered by dedicated personnel, and 100% of the messages have been conveyed to the relevant business department for handling and replying to the investors.</li> </ul>
<p><b>Media</b></p>	<p>TPEX promotes various systems, businesses and publicity, involving the rights and interests of investors in the market. Due to the wide contact between the media and investors and the rapid transmission of information, investors can obtain information efficiently through the media and strengthen the service and protection of investors.</p>	<p>Manage various systems, operations and promote the publication of news and information, and establish a good communication channel with TPEX.</p>	<ul style="list-style-type: none"> <li>• Phone calls, fax, and e-mail (irregular)</li> <li>• Network communication software (irregular)</li> <li>• Press conference and release (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Regular and occasional press releases through the print media.</li> <li>• Handle news release and advertising matters of the TPEX market through online news media.</li> <li>• Handle online advertising matters through advertising media such as Facebook, Google and YouTube.</li> </ul>

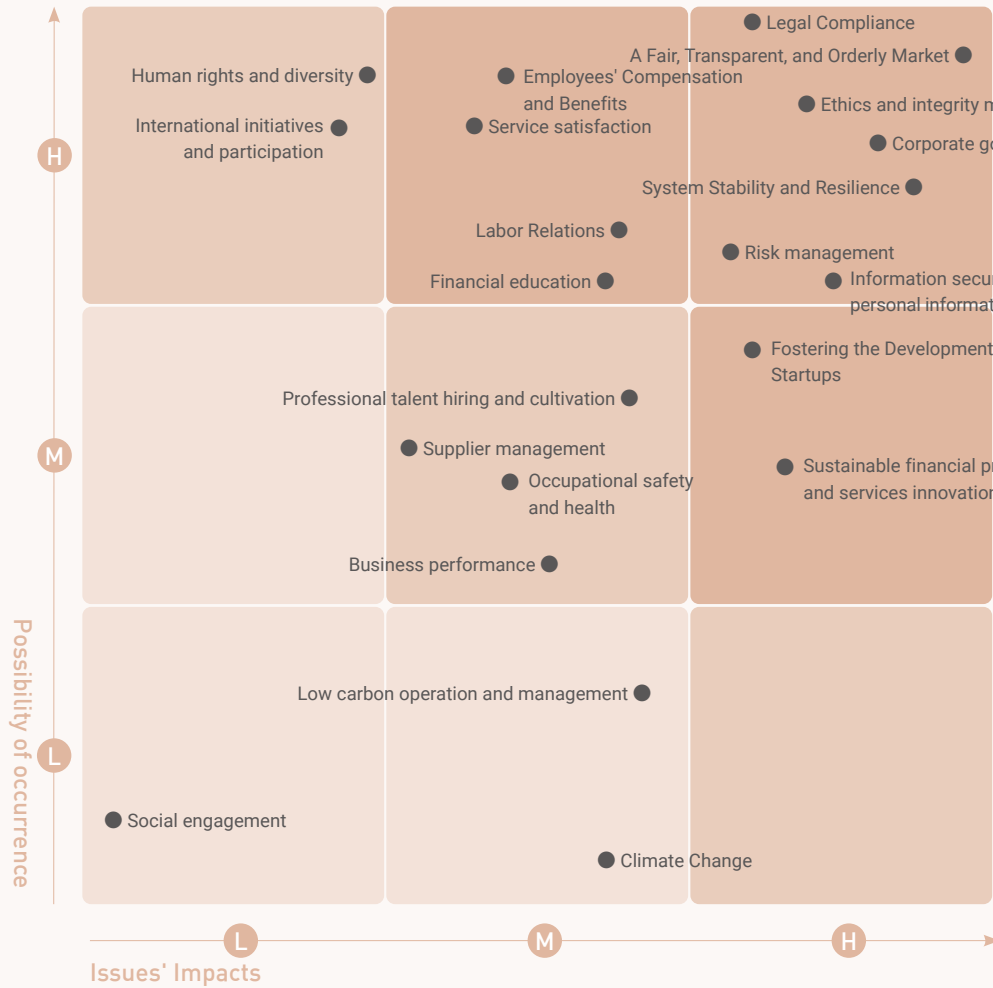
# 1. Material Topics Analysis

Based on the analysis of 13 questionnaires on positive and negative impact issues completed by the senior executives of TPEX, as well as the 314 “Questionnaire on the Level of Concern on the Sustainability Issues of TPEX” completed by stakeholders, the highest level of both positive and negative operational impacts were selected. With reference to the results of the stakeholders' level of concern, the 8 material issues in 2022 were “A Fair, Transparent, and Orderly Market”, “Ethics and Integrity Management”, “Corporate Governance”, “System Stability and Resilience”, “Legal Compliance”, “Operational Performance”, “Climate Change” and “Information Security and Personal Information Protection”. Compared with 2021, “Climate Change” and “Business Performance” are newly added, while “Risk Management” is not included as a material issue in 2022.

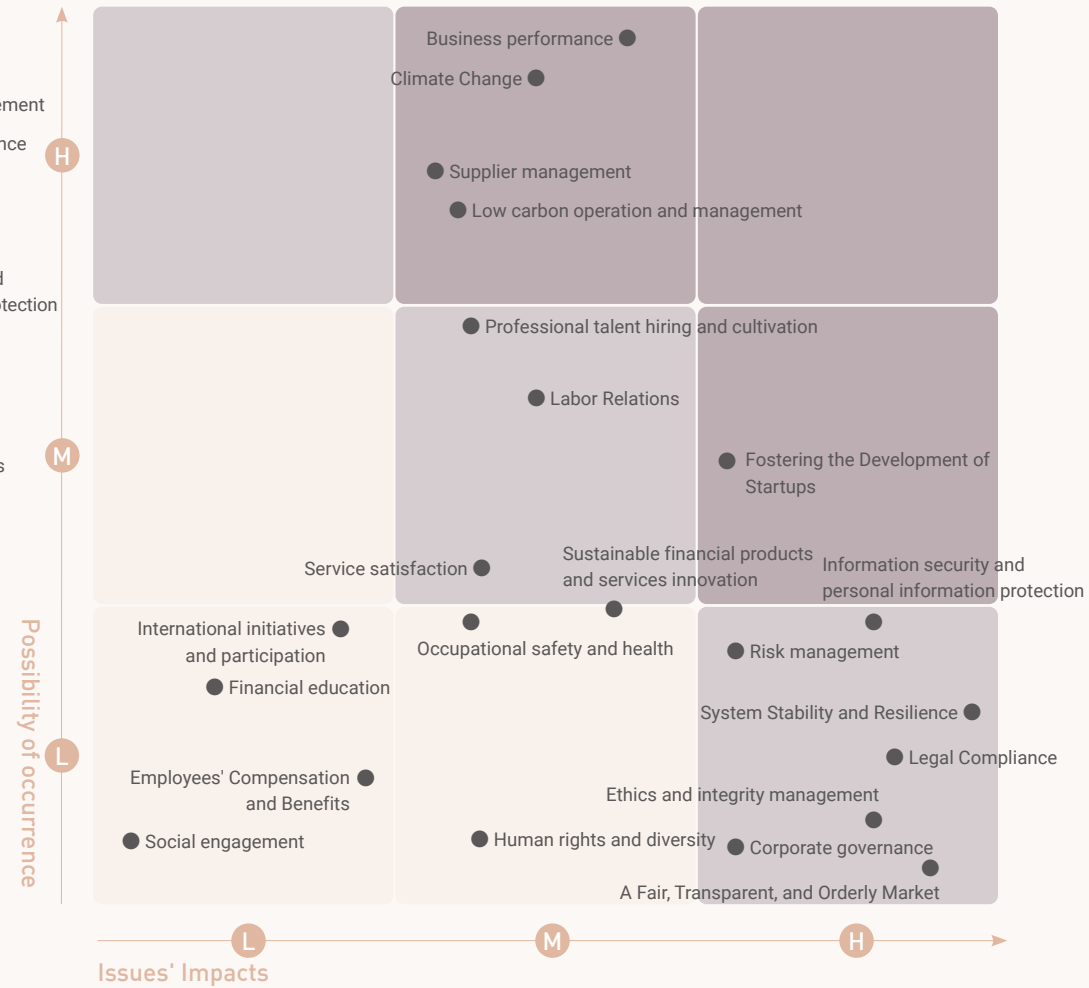
## Identification process of material issues



Matrix diagram of material issues with positive impacts



Matrix diagram of material issues with negative Impacts





## 2. Material Topics Management

### Involvement degree in the impact of material issues

Material Issues	Internal		External			
	Employees	Government agencies and surrounding units of securities and futures	Customers	Investors	Intermediary agencies	Media
A Fair, Transparent, and Orderly Market	Yes	Yes	Yes	Yes	Yes	Yes
Ethics and Integrity Management	Yes	Yes	Yes	Yes	Yes	Yes
Corporate Governance	Yes	Yes	Yes	No	Yes	No
System Stability and Resilience	Yes	Yes	Yes	Yes	Yes	Yes
Legal Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Business Performance	Yes	Yes	No	No	No	No
Climate Change	Yes	Yes	Yes	Yes	Yes	No
Information Security and Personal Information Protection	Yes	Yes	Yes	Yes	Yes	Yes

## Management approaches of material topics

A Fair, Transparent, and Orderly Market	Potential or actual impacts	<p><b>Description of positive impacts</b></p> <p>Attract domestic and foreign high-quality enterprises to enter into TPEX market and expand the scale of TPEX market; promote more active transactions and protect the rights and interests of investors.</p>	<p><b>Description of negative impacts</b></p> <p>Being detrimental to integrity, reputation among stakeholders declines, the number of listed / registered companies decreases, and investors' willingness to invest declines</p>
	Policies / commitments	<ul style="list-style-type: none"> <li>Implement securities firm audits, transaction monitoring and company supervision services.</li> <li>Efforts are made in the direction of more transparent, fair, efficient, and safe transaction mechanisms to promote more active transactions.</li> </ul>	
	Short-term, medium-term and long-term goals	<p><b>Short-term (1 ~ 3 years)</b></p> <ul style="list-style-type: none"> <li>Promote the six core strategic industries to enter the multi-tiered market of TPEX and expand the scale of TPEX market.</li> <li>Strengthen the promotion of and emphasis on sustainable development of Main Board companies and Emerging Stock Market companies to enhance its quality and information transparency.</li> <li>Strengthen supervision measures to maintain market stability.</li> <li>Continue to promote various trading mechanisms and remind investors of investment risks.</li> </ul> <p><b>Medium-term (3 ~ 5 years)</b></p> <ul style="list-style-type: none"> <li>Review and amend relevant systems and regulations of TPEX market in a timely manner.</li> <li>Collect opinions from all parties and optimize the issuance system, trading mechanism and supervision measures.</li> </ul> <p><b>Long-term (After 5 years)</b></p> <ul style="list-style-type: none"> <li>Continue to improve the market issuance, supervision and trading mechanism to provide diversified needs of enterprises and investors.</li> <li>Continue to understand the needs of enterprises, review and amend relevant regulations in a timely manner in line with international standards, promote more high-quality enterprises to enter the capital market, assist enterprises in meeting international competition and challenges, and jointly promote the sustainable development of the capital market.</li> </ul>	

A Fair, Transparent, and Orderly Market	Grievance/evaluation mechanisms	<ul style="list-style-type: none"> <li>Investor hotline and mailbox.</li> <li>Dedicated service windows for each listed / registered companies as well as online and offline communication channels.</li> <li>Seminars and communications with intermediary agencies.</li> <li>Cooperate with the competent authority to promote new trading mechanisms.</li> <li>Implement tiered management of routine and exception regulation, and internal control audits on listed / registered companies.</li> <li>Manage the information reporting and material information release of listed / registered companies.</li> <li>Maintain and regularly review the transaction declaration and information disclosure of various bonds.</li> <li>Holding of promotional seminars.</li> </ul>
	2022 accomplishments	<ul style="list-style-type: none"> <li>Continued to promote the Pioneer Stock Board, GISA, Sustainable Bond Market, etc.</li> <li>Conducted a total of 292 and 52 material information audits on listed and registered companies, respectively.</li> <li>Conducted a total of 209 and 34 routine regulation and financial report reviews on listed and registered companies, respectively.</li> <li>Conducted a total of 93 and 23 internal control system implementation status audits on listed and registered companies respectively.</li> <li>A total of 4 sessions of promotional seminars on information reporting of Emerging Stock Market companies were held.</li> <li>6 sessions of "Promotional seminar on new trading mechanisms and related services of TPEX market", 15 education seminars for investors and 5 promotional sessions of Pioneer Stock Board were held.</li> <li>Conducted a total of 119 audits of securities firms, including routine and special audits, risk assessments, and audits for the prevention of money laundering.</li> <li>Maintained the yield curve of Government bonds and Corporate bonds, and provided the fair price of bonds for investors' reference.</li> </ul>
	GRI/self-designated material topics	<p>Self-designated Topic: A Fair, Transparent, and Orderly Market</p>

Ethics and integrity management	Potential or actual impacts	Description of positive impacts	Description of negative impacts
		Ethics and integrity management, reputation enhancement and stakeholder trust.	Violation of ethics and integrity management may result in a decline in reputation, affect investor's confidence and market order, and even result in punishment.
	Policies / commitments	<ul style="list-style-type: none"> <li>TPEX formulates several self-discipline standards for integrity management to establish an organizational culture of impartiality, equality, and anti-corruption.</li> <li>Prevent conflicts of interest and eliminate dereliction of duty.</li> </ul>	
	Short-term, medium-term & long-term goals	Adhere to the code of integrity management, regularly review relevant self-regulatory norms, avoid any violation, and conduct education and training for colleagues to cultivate the spirit of rule of law (because ethics and integrity management are the basic elements for the operation of TPEX and short-term, medium-term and long-term goals are the same).	
	Grievance/evaluation mechanisms	<ul style="list-style-type: none"> <li>TPEX has established measures for the implementation of the whistleblowing system and set up reporting hotline and reporting e-mail.</li> <li>TPEX audits employees' trading of Main Board, Emerging Stock Market, 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.</li> <li>TPEX formulates self-discipline norms related to integrity management, such as: Guidelines for Employee Ethical Conduct, Employee Confidentiality Measures, and Disciplinary Standards for Securities Supervisors.</li> </ul>	
	2022 accomplishments	No reports of crimes, fraud, or violations of laws and regulations by employees were received for the whole year.	
GRI/self-designated material topics	GRI 205 anti-corruption		

Corporate Governance	Potential or actual impacts	Description of positive impacts	Description of negative impacts
		TPEX has excellent corporate governance, smooth operation, good reputation and positive demonstration effect on listed / registered companies as a whole.	If the corporate governance is poor and is rectified by the competent authority, the reputation will be reduced.
	Policies / commitments	TPEX establishes a comprehensive corporate governance structure toward improving the quality of corporate governance.	
	Short-term, medium-term & long-term goals	Attach great importance to the interests of stakeholders. In order to establish a good corporate governance system and promote the sound development of the core business, TPEX improves the quality of corporate governance with a professional management team, a complete board of directors with independent supervision functions, a strict internal control mechanism, and transparent and real-time communication channels, which has a positive demonstration effect on listed / registered companies.	
	Grievance/evaluation mechanisms	<ul style="list-style-type: none"> <li>Formal correspondence, reports to Joint Meetings of Directors and Supervisors, investor mailbox.</li> <li>The Internal Audit office regularly reports to supervisors, tracks improvements, and reports to the Joint Meeting of Directors and Supervisors every quarter.</li> </ul>	
	2022 accomplishments	<ul style="list-style-type: none"> <li>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.</li> <li>TPEX convenes a Joint Meeting of Directors and Supervisors every month, with a 96% average attendance rate of directors and supervisors.</li> </ul>	
GRI/self-designated material topics	GRI 2 general disclosure GRI 405 diversity and equal opportunity		

System Stability and Resilience	Potential or actual impacts	<b>Description of positive impacts</b> Maintain the stability of the market trading system to ensure the continuous operation of the system in times of disasters.	<b>Description of negative impacts</b> It influences the market order and harms the rights and interests of investors.
	Policies / commitments	<ul style="list-style-type: none"> <li>Establish a business continuity policy.</li> <li>The business continuity policy of TPEX is that the system shall be reliable, the information shall be correct, and the transaction shall be continuous.</li> </ul>	
	Short-term, medium-term & long-term goals	<b>Short-term (1 ~ 3 years)</b>	
		<ul style="list-style-type: none"> <li>There shall be no critical business interruption incidents exceeding the maximum tolerable interruption time.</li> <li>The core trading system backup drill completed the launch within the targeted recovery time.</li> </ul>	
		<b>Medium-term (3 ~ 5 years)</b>	
	Grievance/evaluation mechanisms	<ul style="list-style-type: none"> <li>Maintaining system stability and continuous operation.</li> <li>All information system backup drills completed the launch within the targeted recovery time.</li> </ul>	
		<b>Long-term (After 5 years)</b>	
2022 accomplishments	<ul style="list-style-type: none"> <li>Ensure the operation continuity plan of the organization.</li> <li>Enhance the resilience of the information system.</li> </ul>		
	<ul style="list-style-type: none"> <li>Various operational ongoing needs are negotiated and addressed through business contact window.</li> <li>Perform external and internal audits every six months.</li> <li>Convene regular Information Security Management Review meetings.</li> <li>There shall be no critical business interruption incidents exceeding the maximum tolerable interruption time.</li> </ul>		
GRI/self-designated material topics	<ul style="list-style-type: none"> <li>The certificate continues to be valid after passing the ISO 22301 standard review carried out by the British Standards Institution (BSI).</li> <li>Implemented two same-site and two different-site system backup test drills, with a 100% success rate.</li> <li>Successfully conducted the information security incident notification drills and distributed denial-of-service (DDoS) attack drills and the results showed that all the attacks could be effectively defended.</li> </ul>		
	Self-designated Topic: System Stability and Resilience		

Legal Compliance	Potential or actual impacts	<b>Description of positive impacts</b> Good compliance with laws and regulations, enhanced reputation and enhanced the trust of stakeholders.	<b>Description of negative impacts</b> This results in a decline in reputation, an impact on social perception and even the imposition of penalties.
	Policies / commitments	Fully comply with laws, regulations and requirements, actively maintain smooth communication and contact with stakeholders, and prevent possible illegal events.	
	Short-term, medium-term & long-term goals	The relevant laws and regulations are regularly reviewed to avoid any illegal events, and colleagues are educated and trained to cultivate the spirit of the rule of law (because legal compliance is the basic requirement for the operation of TPEX and short-term, medium-term and long-term goals are the same).	
		<ul style="list-style-type: none"> <li>Every six months, each department performs a self-assessment of compliance with laws and regulations.</li> <li>Every year, the Internal Audit Team performs inspections of compliance in all departments.</li> </ul>	
	2022 accomplishments	In 2022, there were no irregularities rectified by the competent authorities.	
		GRI 2 General Disclosure	





<b>Business Performance</b>	Potential or actual impacts	<b>Description of positive impacts</b> TPEX will be able to provide a high-quality market platform for enterprises and the investing public to achieve the goal of “circulating securities and activating the economy” .	<b>Description of negative impacts</b> The inability to provide a high-quality market platform affects the market order and harms the rights and interests of investors.
	Policies / commitments	<ul style="list-style-type: none"> <li>Building a “multi-functional and multi-tiered comprehensive exchange” .</li> <li>Building a diversified commodity trading market to meet investors' diversified trading needs.</li> </ul>	
	Short-term, medium-term & long-term goals	<b>Short-term (1 ~ 3 years)</b>	
		Maintain a healthy financial performance.	
		<b>Medium-term (3 ~ 5 years)</b>	
		In line with the promotion of various major economic policies of the government and the prosperity of the capital market, TPEX will provide a better market platform for enterprises and the investing public to achieve the goal of “circulating securities and activating the economy” .	
		<b>Long-term (After 5 years)</b>	
Grievance/evaluation mechanisms	Working with all stakeholders to continuously create sustainability value.		
	<ul style="list-style-type: none"> <li>A monthly income and expenditure balance sheet and balance sheet analysis are prepared and reported at the Joint Meeting of Directors and Supervisors every month.</li> <li>Every year, accounting firms are engaged to verify the financial statements of TPEX and issue an accounting verification report.</li> </ul>		
2022 accomplishments	While supporting the major economic policies of the competent authorities and building a prosperous capital market, TPEX maintained a sound financial performance in 2022.		
GRI/self-designated material topics	GRI 201 Economic Performance		





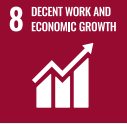



<b>Climate Change</b>	Potential or actual impacts	<b>Description of positive impacts</b> Early identification of risks and opportunities of climate change and formulation of relevant response strategies to reduce the impacts when it actually occurs.	<b>Description of negative impacts</b> Extreme weather events affect operating sites as well as facilities and systems, the most severe of which may cause operation disruption.
	Policies / commitments	<ul style="list-style-type: none"> <li>In October 2020, TPEX formally supported the Task Force on Climate-related Financial Disclosures (TCFD).</li> <li>TPEX introduced the TCFD Disclosure Framework to identify risks and opportunities and propose countermeasures.</li> </ul>	
	Short-term, medium-term & long-term goals	TPEX will formulate future carbon reduction targets and renewable energy purchase targets based on the results of the greenhouse gas inventory in 2022.	
	Grievance/evaluation mechanisms	Regularly discuss issues related to climate change at the Sustainable Development Committee.	
	2022 accomplishments	In 2022, issues such as TCFD disclosure framework and greenhouse gas inventory were discussed at the Sustainable Development Committee.	
	GRI/self-designated material topics	Self-designated Topics: Climate Change Governance	

Information security and personal information protection	Potential or actual impacts	<p><b>Description of positive impacts</b></p> <p>To ensure the privacy and security of customers' and stakeholders' information, and maintain market stability.</p>	<p><b>Description of negative impacts</b></p> <p>The privacy and security of information of customers and stakeholders are compromised and the market order is susceptible to hazards.</p>
	Policies / commitments	<ul style="list-style-type: none"> <li>• TPEX protects the confidentiality, integrity, and availability of information assets, thereby ensuring safe and stable information services.</li> <li>• 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.</li> <li>• TPEX ensures no leakage of confidential information.</li> </ul>	
	Short-term, medium-term and long-term goals	<p><b>Short-term (1 ~ 3 years)</b></p> <ul style="list-style-type: none"> <li>• No leakage of confidential information is allowed.</li> <li>• The entire Exchange passed the ISO 27001 standard verification.</li> </ul> <p><b>Medium-term (3 ~ 5 years)</b></p> <ul style="list-style-type: none"> <li>• Ensure the privacy and security of customers' and stakeholders' information.</li> <li>• Ensure the continuous effectiveness of the ISO 27001 certificate of the entire Exchange.</li> </ul> <p><b>Long-term (After 5 years)</b></p> <ul style="list-style-type: none"> <li>• Protect the confidentiality, integrity, and availability of information assets, thereby ensuring safe and stable information services.</li> <li>• Ensure that the collection, processing and use of personal data comply with legal requirements and reduce the risk of improper disclosure of personal data.</li> <li>• Continuously improve the overall protection of asset security.</li> <li>• To ensure the continued effectiveness of the ISO 27001 certificate of the entire Exchange.</li> </ul>	






Information security and personal information protection	Grievance/evaluation mechanisms	<ul style="list-style-type: none"> <li>• Information Security Management Review meetings.</li> <li>• Personal Data Management Review meetings.</li> <li>• Investor hotline and investor mailbox.</li> <li>• Formulate information security policies, personal data protection manuals and related procedures, and perform external and internal audits every six months.</li> <li>• Convene Information Security Management Review meetings and Personal Data Management Review meetings.</li> <li>• All employees receive information security and personal information education and training every year.</li> </ul>
	2022 accomplishments	<ul style="list-style-type: none"> <li>• TPEX has passed continuous and effective verification of ISO 9001, ISO 27001, ISO 20000 standards of British Standards Institution (BSI) (the scope of verification is information system development, computer operation, host network and machine room equipment and facilities management maintained by the Information Department).</li> <li>• TPEX handled the related operations of the verification of the ISO 27001 information security standards introduced by the entire Exchange.</li> <li>• 2 Information Security Management Review meetings and Personal Data Management Review meetings, respectively.</li> <li>• No instances of hacking, tampering or leakage of personal data in 2022.</li> <li>• The completion rate of all employees participating in information security and personal information protection courses reached 100%.</li> </ul>
	GRI/self-designated material topics	GRI 418 Customer Privacy

## 1. SDGs

SDGs/SSE	Targets/Indicators	Specific Actions in 2022
	<ul style="list-style-type: none"> <li>Eliminating all forms of poverty</li> </ul>	<ul style="list-style-type: none"> <li>Joining hands with TPEX family to donate funds and supplies to vulnerable groups through 1919 Food Bank.</li> <li>Responding to the joint donation activity of “The Joint Donation to the Food(Necessities) Banks” organized by the FSC and the Taiwan Futures Exchange to help the economic marginal households suffering from urgent difficulties and urgent needs of life, but have not received government subsidies.</li> </ul>
	<ul style="list-style-type: none"> <li>Eliminating hunger, achieving food security, improving nutrition and promoting sustainable agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Sponsoring the “Food Plan for the Single Underprivileged Elders” of Hongdao Elderly Welfare Foundation.</li> <li>Purchasing organic rice from Xing Jian Village and donating to social welfare groups.</li> <li>Sponsoring the “Clean Source Plan” in the Pinglin Tea District to promote organic farming in water conservation areas.</li> <li>Sponsoring the Guandu National Nature Park Care Plan to create an environment suitable for birds and other creatures, and to have comprehensive maintenance management for the paddy fields.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring health and promoting well-being for all ages</li> </ul>	<ul style="list-style-type: none"> <li>Setting up vaccination stations in the workplace to provide COVID-19 vaccination and influenza vaccination services to increase vaccination rates.</li> <li>Distributing rapid screening reagents for COVID-19 during the pandemic, and launching a diversion mechanism for off-site office and home office, as well as adopting anti-pandemic measures such as wearing masks and measuring body temperature to reduce the rate of disease infection.</li> <li>Funding a number of medical institutions to replace or purchase medical equipment.</li> <li>Donating to the NTU Children's Health Foundation - Critical Care for Children to support and assist NTU Children's Hospital in providing better medical treatment for children.</li> </ul>
	<ul style="list-style-type: none"> <li>Ensuring education for vulnerable groups</li> <li>Ensuring learners have access to knowledge and skills that promote sustainable development, including appreciation of cultural diversity, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Participating in the “Financial Services Education Charity Fund” to help young students from disadvantaged families successfully complete their studies.</li> <li>Donating to the Taiwan Fund for Children and Families of local communities and providing scholarships for disadvantaged students.</li> <li>Donating to the “Ministry of Education – School Education Savings” to help disadvantaged students in school with peace of mind.</li> <li>Investing in rural education resources, sponsoring the “Zero Distance Art Realization Project” of the National Theater &amp; Concert Hall, the “Thomas Edison's Adventure” public welfare learning activity of the National Taiwan Science Education Center, the “Original Sound School Education Program” of the Vox Nativa Taiwan, and the program of subsidizing the school art education of the Ministry of Education.</li> <li>Donating to the “College Student Financial Employment Public Welfare Program” organized by the Taiwan Depository &amp; Clearing Corporation to help college students with poor family economy improve their financial expertise and enhance their employment competitiveness.</li> <li>82 schools participated in the “Financial Talent Camp” , with a total of 412 teams and 1,433 students enrolled, hitting a record high.</li> </ul>

SDGs/SSE	Targets/Indicators	Specific Actions in 2022
 <p>5 GENDER EQUALITY</p>  <p>Target 5.5 Board room diversity and gender equality</p>	<ul style="list-style-type: none"> <li>Achieving gender equality and empowering all women</li> <li>Ensuring that women enjoy maternity-related benefits</li> </ul>	<ul style="list-style-type: none"> <li>Collaborating with the Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs (MOEA) in holding 2 “Women Entrepreneurship Salons” and 1 “Waltz of Elite Gatherings” .</li> <li>Female employees accounted for 56% and 38.9% of management positions.</li> <li>Employees who took parental leave were 100% reinstated in 2022, and 100% continued to be employed one year after reinstatement.</li> </ul>
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>Ensuring clean water resources and sustainable management</li> </ul>	<ul style="list-style-type: none"> <li>Sponsoring the tea plantation in the water conservation zone of Jade Reservoir to promote organic farming program.</li> <li>Responding to the Guandu National Nature Park Care Plan, and assisting it in improving the maintenance and management of wetlands.</li> </ul>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>Investing in clean energy technology</li> </ul>	<ul style="list-style-type: none"> <li>Funding the construction of solar power facilities to facilitate the development of green energy industry.</li> <li>In January 2022, the first green electricity supply was completed. In 2022, 296 renewable energy certificates issued by the Ministry of Economy were obtained, accounting for 22.41% of renewable energy.</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Target 8.3 SME growth and sustainable development</p>	<ul style="list-style-type: none"> <li>Ensuring smooth operation of the capital market, promoting sustainable economic growth, supporting and encouraging the growth of micro and small enterprises</li> <li>Promoting corporate financing and stock market transactions to create economic growth momentum</li> </ul>	<ul style="list-style-type: none"> <li>By the end of 2022, there were a total of 1,204 companies that listed / registered on Main Board / Emerging Stock Market and GISA.               <ul style="list-style-type: none"> <li>- In 2022, the number of companies applied for listing on Main Board and for registering on the Emerging Stock Market were 22 and 67, respectively (including 12 companies applied for listing on Pioneer Stock Board.)</li> <li>- In 2022, the total number of newly registered GISA companies and companies applied for counseling service were 54.</li> </ul> </li> <li>The average daily trading value of Main Board stocks was NT\$60.482 billion, which was the second highest in history.</li> <li>In the whole year, the proportion of foreign investment transactions reached 20.47%, an increase of 17.25%, a record high.</li> </ul>
 <p>10 REDUCED INEQUALITIES</p>  <p>Target 10.5 Security market regulation</p>	<ul style="list-style-type: none"> <li>Ensuring equal opportunities, promoting the improvement of regulations and supervision of financial markets and financial institutions from policy and regulatory perspectives, and strengthening the implementation of relevant regulations</li> </ul>	<ul style="list-style-type: none"> <li>The trading value of Pioneer Stock Board in 2022 increased by nearly 15% as compared to 2021.</li> <li>Established a Sustainability-Linked Bond Market.</li> <li>In line with the “Corporate Governance 3.0 - Sustainability Roadmap” , TPEX issued the Reference guide for Independent Director and Audit Committee, promoted the introduction of corporate risk management mechanism by Main Board companies, and added regulations which requested Main Board companies to add a special area on the website to disclose relevant information on corporate governance.</li> <li>Suppliers are required to sign the “Corporate Sustainability Development Commitments” , with a total of 188 letters signed in 2022.</li> </ul>



SDGs/SSE	Targets/Indicators	Specific Actions in 2022
 <p>Target 12.6 Reporting on environmental, social and governance</p>	<ul style="list-style-type: none"> <li>Promoting corporate sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>The 8th Corporate Governance Evaluation was completed, with 28 companies newly ranked in the top 20% of Main Board companies and 9 companies newly ranked in the top 5%, and 6 of them made it on the list for the first time.</li> <li>In 2022, a total of 196 Main Board companies issued the 2021 sustainability report, of which 145 were voluntary.</li> <li>Set up the Sustainability Road Map Consultation Team to provide consultation channels for relevant issues of Main Board companies.</li> <li>An “ESG Section” with a single inquiry entrance has been established to continuously maintain and enrich the contents of the section.</li> </ul>
 <p>Target 13.3 Climate action and green finance</p>	<ul style="list-style-type: none"> <li>Taking relevant measures to respond to climate change and its impact</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, a total of 44 Sustainable Bonds were issued, with an issue amount of NT\$112.247 billion. Both the issue size and amount reached a record high.</li> <li>In 2022, the “TIP TPEX ESG Sustainable High Dividend Total Return Index” and the “TIP Customized TPEX ESG 30 Index” were launched to reflect the performance of equity portfolio with sustainable characteristics in TPEX market.</li> <li>Promoting electronic operations; using energy-efficient lamps, reducing heat to lower electricity usage; in addition, the contract for solar energy has been completed, and the first green electricity supply has been completed in January 2022. In 2022, TPEX has obtained 296 renewable energy certificates issued by the Ministry of Economy, accounting for 22.41% of renewable energy.</li> </ul>
	<ul style="list-style-type: none"> <li>Conservation and sustainable use of terrestrial ecosystems to ensure biodiversity and prevent land degradation</li> </ul>	<ul style="list-style-type: none"> <li>Sponsoring the organic farming program in the water conservation area of Jade Reservoir.</li> <li>Sponsoring the Guandu National Nature Park Care Plan to improve the maintenance and management of wetlands.</li> <li>There are expected to be over 6,700 reforestation plants in coastal and mountainous areas.</li> </ul>
	<ul style="list-style-type: none"> <li>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</li> </ul>	<ul style="list-style-type: none"> <li>Responding to the disaster relief action in Ukraine and supporting the International Assistance Program in Ukraine.</li> </ul>
 <p>Target 17.16 Partnerships for sustainable and transparent capital markets</p>	<ul style="list-style-type: none"> <li>Strengthening the implementation of sustainability and activating the global partnership for sustainability</li> </ul>	<ul style="list-style-type: none"> <li>TPEX continued participating in major international conferences, including:                             <ul style="list-style-type: none"> <li>The 61st annual meeting and general assembly video conference of WFE and WFE-IOMA Clearing &amp; Financial Derivatives Conference online seminar.</li> <li>Affiliated Members Consultative Committee (AMCC) 2022 online seminar; AMCC 2022 mid-year meeting; IOSCO 2022 World Investor Week (WIW) video conference.</li> <li>The Global Association of Central Counterparties (CCP12) 2022 annual and special annual meeting video conference.</li> <li>AOSEF 2022 Working Committee video conference and online seminars.</li> </ul> </li> <li>Meetings of other securities-related organizations, such as video conferences or seminars organized by Citadel Securities, Korea Exchange and Asian Corporate Governance Association (ACGA).</li> </ul>





## 2. ESG Section

TPEX actively promotes sustainability, including responding to the United Nations Sustainable Development Goals, continuously encouraging Main Board and Emerging Stock Market companies to attach importance to corporate governance, and actively optimizing the mechanism of green finance and ESG-related commodities. Various ESG-related information has been set up on the official website for public reference. In order to provide enterprises and the investing public with one-stop information on the sustainability of TPEX, an ESG Section single inquiry portal was established on September 29, 2022, covering four major themes, namely “Sustainable Bond Market”, “ESG for Listed Companies”, “ESG Indices & ETP” and “Our Sustainability”, to facilitate market participants' inquiries.



ESG Section

# ESG

Sustainable Bond Market	ESG for Listed Companies	ESG Indices & ETP	Our Sustainability
			
<p>To facilitate investors' understanding of the issuer's overall sustainable bond strategy and execution effectiveness, enhance the disclosure of sustainable bond information, and assist the issuers in providing more comprehensive information to establish investor confidence, ESG Section provides sustainable bond issuance overview, research papers and news. In addition, in November 2022, the "Issuer-Level Sustainability Strategies" and "Impacts of Sustainable Bonds" sections were added to provide investors with more comprehensive information about sustainable bonds. In the future, TPEX will continue to enhance the disclosure of information in the ESG Section based on the information provided by the websites of major stock exchange in the world.</p>	<p>TPEX provides the introduction to sustainable development, sustainability reports, Sustainable Development Roadmap, Corporate Governance Evaluation System, relevant rules and best-practice principles, and other references for Main Board companies as references for enhancing their ESG efforts. In the future, TPEX will update the relevant information in accordance with ESG.</p>	<p>TPEX exerts multiple influences to promote sustainability. In addition to assisting Main Board companies in engaging in sustainable development, TPEX proactively created sustainable products and innovative systems. This includes launching ESG indices and products, using market mechanisms to guide enterprises in prioritizing sustainability issues, and providing investors with responsible investment products and information.</p>	<p>TPEX recognizes and supports the United Nations' efforts to promote sustainable development goals in the areas of environment, society, and governance. TPEX actively responds to the United Nations' initiative for "Sustainable Stock Exchanges". Apart from integrating sustainable activities into its daily operations, TPEX also proactively extends these efforts to the market, aiming to encourage more market participants to collectively prioritize sustainable development.</p>

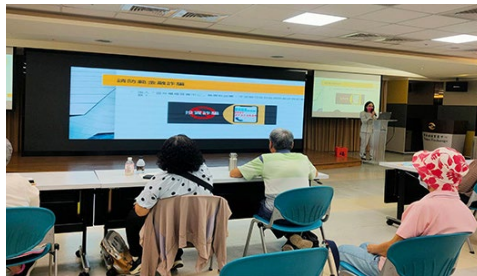
### 3. Anti-Financial Investment Fraud Zone

In order to cooperate with the work plan of anti-financial investment fraud publicity project of the competent authority, TPEX participated in the publicity ceremony for anti-financial investment fraud on September 19, 2022, and actively continued to conduct the anti-financial investment fraud publicity through multiple channels.

In view of the increasing prevalence of financial investment fraud cases, in order to enable investors to be alert and raise their awareness of fraud prevention, TPEX established the “Anti-Financial Investment Fraud Zone” on its official website on September 30, 2022, which integrates press release, video clips, Facebook posts and other information to strengthen the public's awareness of anti-financial investment fraud through diversified means.



Publicity Ceremony for Anti-Financial Investment Fraud on September 19, 2022



September 30, 2022  
TPEX Investor Seminars (Taipei) - Promotion on Anti-Financial Fraud



October 3, 2022  
Financial Talent Camp - Promotion on Anti-Financial Fraud

### Promotion performance in 2022

Action	Performance
Continuous release of FB posts	In 2022, 67 posts on anti-financial investment fraud were published on the FB fan page of TPEX.
Press releases	In 2022, a total of 4 press releases were issued to remind investors to be vigilant and be cautious about the traps, so as to protect their property safety.
Produced anti-fraud publicity video	In 2022, 6 anti-financial investment fraud publicity videos were produced and were placed in the Anti-Financial Investment Fraud Zone of TPEX for investors to browse and enhance investors' awareness of anti-financial investment fraud.
Held an online prize-winning contest	Held a 5-week “Anti-Investment Fraud Quizzes with Award” from September 26, 2022 to October 30, 2022, which allows investors to understand the current common online financial investment fraud pattern through online prize-winning games, thereby reviewing their self-awareness of online fraud and their awareness of fraud prevention. A total of 78,882 investors across the province participated in the event.
Publicity in physical activities	<ul style="list-style-type: none"> <li>• 4 “Education Seminars: TPEX Trading Practices and Other Business” and 2 Education Seminars: The Taipei Exchange Market were held in 2022.</li> <li>• “Financial Talent Camp” was held on October 3, 2022.</li> <li>• “FinTech Taipei 2022” was held on October 28 and 29, 2022, respectively.</li> <li>• “2022 GISA Pitch” were held on November 9, 2022.</li> <li>• “2022 Meet Taipei - Startups for Tomorrow” was held in 2022.</li> </ul>
Assisting in the detection of fraud in cross-border securities and futures trading	The search system was set up in July 2022 to regularly collect the names and keywords of more than 500 cross-border trading platforms and 11,000 web channels. 33 abnormal messages suspected of fraud or erotic information have been collected, have been reported to Anti-fraud hotline 165 and 2 cases of fraudulent websites have been successfully blocked.

## 4. Strengthening the Disclosure of Sustainable Information of Main Board Company

### Formulate relevant guidelines and FAQs

With the official launch of Sustainable Roadmap for TWSE/TPEX Listed Companies by the FSC on March 3, 2022, TPEX and the TWSE, with reference to the international capital market regulations and development trends, announced the amendment of the “Rules Governing the Preparation and Filing of Sustainability Reports by Main Board Company” on September 26, 2022. On December 21, TPEX and the TWSE jointly issued the Directions for the Implementation of Assurance Institutions for the Sustainability Report of TWSE/TPEX Listed Companies and formulated application documents and relevant FAQs to assist Main Board company to promote the disclosure of greenhouse gas information and ensure the quality of information, with a view to cooperating with the third-party assurance institutions to jointly TWSE/TPEX Listed Companies in facilitating the greenhouse gas inventory.

### Strengthen the disclosure of ESG information of Main Board companies

Main Board companies should report relevant information or state the current status of corporate information disclosure at Market Observation Post within six months after the end of each fiscal year. The seven major issues disclosed at the early stage of the report include greenhouse gas emissions, energy management, water resources management, waste management, human resources development, and communication with the board and investors, with a total of 29 indicators. The ESG information disclosure and declaration operation system and the query website were launched on May 31, 2022. Investors can inquire about the information of individual companies or industries through the website of Market Observation Post\ Corporate Governance\ Information relating to corporate social responsibility \ ESG information.

### Set up a “Sustainability Roadmap Section”

In order to help Main Board companies to build carbon management capabilities as early as possible, on May 12, 2022, TPEX has set up a “Sustainability Roadmap Section” on TPEX Service Portal which contains information on the applicable schedule for each stage, description of promotion planning, FAQs and resource sharing, communicates and shares resources with Industrial Development Bureau, MOEA (IDB), the Bureau of Standards, Metrology and Inspection

and relevant counseling agencies and continuously updates the resources of the section for the reference of Main Board companies.

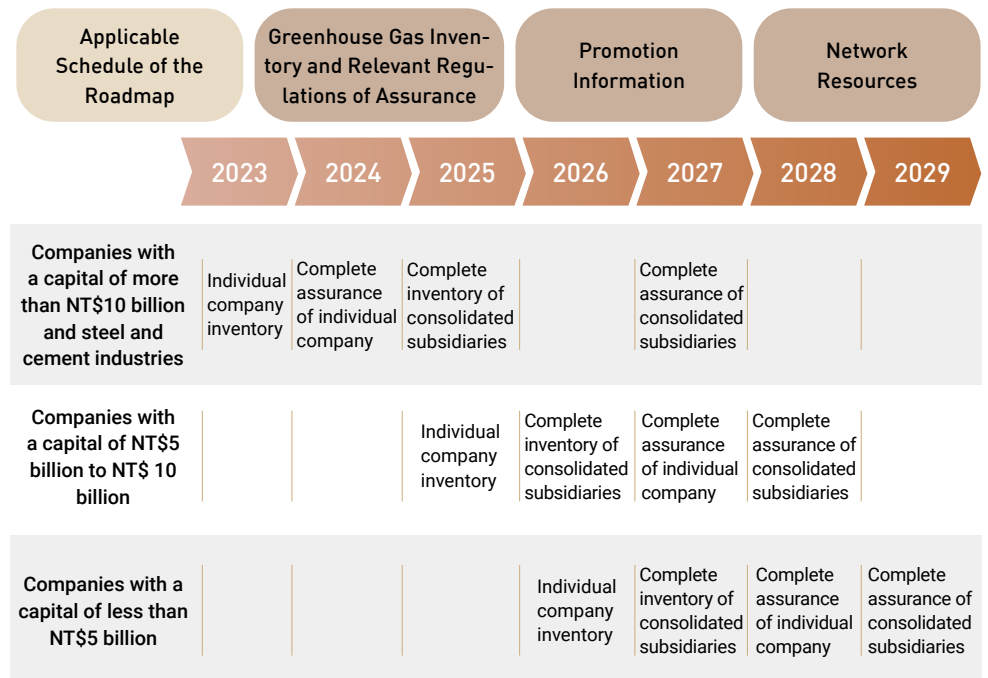
According to the planning of the Sustainability Roadmap, TPEX conducts relevant practical publicity, promotes the disclosure of greenhouse gas information and ensures the quality of information, and continues to share resources with government units to assist and guide Main Board companies to establish greenhouse gas inventory capabilities.

### Set up a sustainable development roadmap consultation group

TPEX conducted a number of internal education and training courses on greenhouse gas inventory and assurance guideline, strengthened the professional knowledge of colleagues, and set up a sustainable development roadmap consultation group to provide Main Board companies with consultation channels on relevant issues.



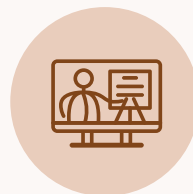
## Sustainability Roadmap



### Conducting greenhouse gas inventory and assurance promotional events

TPEX joined hands with the TWSE to hold a number of promotional courses:

One public hearing was held to exchange opinions with the Main Board companies on carbon inventory and information disclosure to understand the problems and difficulties faced by the Main Board companies, so as to assist the Main Board companies in building the greenhouse gas inventory capability.



Two practical teaching promotion courses on greenhouse gas inventory were held together with the TWSE through online video.

Three “Sustainability Roadmap Industry Theme Publicity Meetings” were held to organize different practical courses for the Directors, Supervisors and dedicated business personnel of TPEX.



One “Assurance Institution for Sustainability Report Management Seminar” was held to promote relevant regulations and procedures for the assurance organization, which is expected to help the assurance organization to jointly guide the Main Board companies to promote greenhouse gas inventory and assurance.

### Subsequent planning direction and focus

The greenhouse gas inventory information disclosed in the current Sustainability Roadmap includes Scope 1 and Scope 2. The indirect greenhouse gas emission information in Scope 3 is increasingly valued by the international community. In order to promote the planning for subsequent policies, TPEX will continue to review the implementation ability of the enterprise to disclose and assure the greenhouse gas emission in Scope 3, consider the international trend and the domestic development situation, follow the policy of the Financial Supervisory Commission, continue to plan in the future based on the overall implementation status, and continue to conduct promotional events to help Main Board companies promote the sustainable development.



Successful “Assurance Institution for Sustainability Report Management Seminar”

## 5. Sustainability-Linked Bond (SLB)

In order to help enterprises achieve their overall sustainable development strategic goals, move towards zero emission and sustainable transformation, and expand the scope of Taiwan's Sustainable Bond Market, TPEX has taken into account the relevant principles of the international market and the practices of the international sustainable development bond market. On July 8, 2022, the “Taipei Exchange Operation Directions for Sustainable Bonds” were amended and the sustainability-linked bond (SLB) was launched and Sustainability Bond Market was established, with an aim to provide more diversified sustainable development financing and investment tools for domestic and foreign issuers and investors, and to align with the international market trends.

The SLB refers to bonds for which the principal and interest payment terms are linked to the issuer's sustainability performance targets (SPTs) and does not impose restrictions on the use of proceeds, and is characterized by a mechanism that ensures that the issuer incorporates sustainable development objectives into its business decisions and business model by setting sustainability performance targets (SPTs) and linking these SPTs to principal and interest payment terms.

The main difference between SLBs and sustainable Use-of-Proceeds (UoP) bonds is that the funds of SLB can be used for general business purposes rather than for specific investment projects. SLBs ensure that issuers incorporate sustainability into their operational strategies and business models by setting Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs), which are linked to the principal and interest payment terms of the bonds.

On September 14, 2022, TPEX held the first batch of “Sustainability-linked Bond Listing Ceremony”. Far Eastern New Century and CHI MEI each issued NT\$2.5 billion and NT\$1 billion of Sustainability-linked Bond (SLB), becoming the leaders in the SLB market. TPEX invited competent authorities, issuers and evaluation agencies to deliver a speech, and invited Mr. Nicholas Pfaff, the Deputy Chief Executive Officer and Head of Sustainable Finance of the International Capital Market Association (ICMA), to record a video congratulating on the first batch of Sustainability-linked Bond issuance and exchange, which was recognized by the



ICMA  
Deputy Chief Executive Officer and Head of Sustainable Finance Mr. Nicholas Pfaff

issuers and international sustainable development bond promotion agencies, effectively improving the international visibility of Taiwan and helping the public understand the sustainable bond market of Taiwan. As at December 31, 2022, the accumulated issuance number of SLB was two and the accumulated issuance amount was NT\$3.5 billion.

In order to encourage more market participants to join the SLB, TPEX will continue to hold the SLB publicity seminar and release media reports and press releases, and will actively visit potential issuers, investors and intermediaries to promote the issuance system and investment and financing advantages of SLB. In addition, TPEX will continue to track the development trend of the international SLB market, including the relevant standards of SLB updated and issued by major international organizations, and provide relevant information to market participants in a timely manner to assist domestic companies to issue SLB that meets international standards and enhance investors' investment willingness.

### Examples

- An issuer selects to link the bond to greenhouse gas emissions performance. ————— KPI
- The target is to reduce emissions by 30% by the end of 2025 compared to the end of 2018. ————— SPT
- The coupon rate will be increased by 0.25% if the target is not met on the target observation date. ————— Bond Principal and Interest Payment Terms



Listing Ceremony of Sustainability-Linked Bonds of Far Eastern New Century and CHI MEI

## 6. ESG Indices and Index Linked Products

In order to further transform enterprise's investment in sustainable development into a positive impact on the capital market, TPEX has actively launched ESG-related indices and promoted index-linked products since 2020. On June 29, 2020, TPEX launched the first benchmark “TIP Taiwan TPEX ESG Index”. The index is prepared based on the corporate Corporate Governance Evaluation System and the sustainability reports promoted by the competent authorities, with a view to urging Main Board companies to continuously improve the quality of corporate governance, and encouraging Main Board companies to record their actions in E, S and G in detail. The index has successfully attracted the attention of the Main Board companies and the capital market after its launch, which not only provides a good reference for investors who value sustainable decisions, but also encourages the Main Board companies to continuously improve their own effectiveness in sustainable operation, with a view to being included as a constituent stock of the index, thereby improving company's visibility.

TPEX continued to promote the sustainable-related index. In 2021, after combining the ESG theme with the advantages of the clustering of electronic stocks in the TPEX market and the high growth characteristics of small and medium-sized enterprises, TPEX has cooperated with Taiwan Index Plus Corporation and Taiwan Business Council for Sustainable Development to prepare and launch the “TIP Customized TPEX ESG IT Elite Total Return Index” and the “TIP Customized TPEX ESG Growth Total Return Index”, and in 2022, the “TIP Customized TPEX ESG High Dividend Total Return Index” and the “TIP Customized TPEX ESG 30 Index” were launched to provide more market participants with more targeted observation indicators:

### TIP Customized TPEX ESG High Dividend Total Return Index

code: IR0173

The Index is designed to reflect portfolio performance of TPEX-listed companies that contain sustainability, dividend performance, good liquidity and considerable market capitalization.

The collaboration among Taiwan Index Plus Corporation (TIP), TPEX and Business Council for Sustainable Development of Taiwan built up the evaluation model and ESG scores by leveraging the sustainability reports, annual reports and further public information. TIP utilizes ESG scores, 3-year dividend yield and market capitalization to select 10 to 15 TPEX-listed stocks and applies free-float adjusted market capitalization and liquidity as weighting scheme; TIP designs TIP Customized TPEX ESG High Dividend Total Return Index (abbr. TIP TPEX ESG HD Total Return Index) to reflect portfolio performance of TPEX-listed stocks that contain sustainability, dividend performance, good liquidity and considerable market capitalization. The Index was also an ETN tracking target and was the first ETN with a distribution type in domestic at that time.

### TIP Customized TPEX ESG 30 Index

code: IX0177

The index focuses on ESG performance and financial indicators, which excludes high-polluting and high-energy-consuming industries, selects TPEX listed companies with good investment capacity and sustainable development performance.

TPEX collaborated with Taiwan Index Plus Corporation (TIP) and Center for Corporate Sustainability from the College of Business at National Taipei University (NTPU), and designs “TIP Customized TPEX ESG 30 Index” on September 26, 2022. The index adopts the model of Taiwan Sustainability Ratings System developed by Center for Corporate Sustainability from the College of Business at National Taipei University to review whether an enterprise has an appropriate sustainable vision, and removes the constituent stocks of high pollution, high energy consumption industries and financial indicators. It also further excludes the controversial industries that affect social development, including companies engaged in military-controversial weapons, gambling (game), adult entertainment, tobacco and alcohol, tropical rainforest logging and drugs. Meanwhile, it has a cap on industrial weight to avoid concentration in a single industry. Its preparation of each link is highly in line with market trends, and it is expected to become a tracking target of listed ETF products, with a view to enabling the ETF investors to exert sustainable influence, and leading the enterprises to invest in high-quality options for sustainable development.

In recent years, responsible investment has become a trend. ESG information has become an important factor for investors to consider when deciding on investment decisions. Institutional investors use ESG-related indices as a tracking target of financial products to develop diversified ESG products, which is expected to effectively guide the capital market funds to invest in sustainable development. In cooperation with the “Sustainable Development Roadmap” and the “Sustainable Development Action Plans for TWSE / TPEX Listed Companies (2023)” published by the competent authorities, TPEX will continue to promote sustainable investment. In addition to the ESG integrated index, relevant indices on sustainability issues will be compiled according to the investment needs of the market, for example, taking into account the trend of international index preparation, planning and launching climate change related indices in a timely manner, etc., with a view to provide a more diversified reference index for the market.