



**金融監督管理委員會**  
**Financial Supervisory Commission**

# **Corporate Governance Roadmap (2018~2020)**

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## **Corporate Governance Roadmap (2018-2020)**

### **I. Foreword**

With respect to the promotion of corporate governance in Taiwan, the Financial Supervisory Commission (“Commission”) has legislated many corporate governance concepts for the past decades and published the "2013 Corporate Governance Roadmap in Taiwan" based on the trends and developments of international corporate governance and with reference to the implementation status of corporate governance of Taiwan companies. The Commission has also supervised relevant agencies to complete various measures, including the announcement of the first Corporate Governance Evaluation in April 2015, releasing the compilation of the "TWSE Corporate Governance 100 Index" and "TPEX Corporate Governance Index" in June 2015, requiring certain listed companies to prepare and disclose their corporate social responsibility reports ("CSR reports") from 2015, and promulgating the Taiwan "Stewardship Principles for Institutional Investors" at the end of June 2016. In 2017, all listed companies were requested to appoint independent directors, expand mandatory audit-committee requirements gradually, disclose all duties required by law and strengthen the participation of independent directors in board meetings, and encourage listed companies to establish a corporate governance professional and appoint senior officers to supervise them. Furthermore, the Taiwan Stock Exchange Corporation ("TWSE") compiled and launched the "FTSE4Good TIP Taiwan ESG Index" in December 2017 to encourage TWSE listed companies to better understand the merits of corporate sustainable development. In addition, starting from 2018, the Commission requires all listed companies to adopt e-voting as one of the methods for shareholders to exercise their voting rights. Thus, there is abundant progress in various aspects, such as, urging listed companies to protect the rights and interests of investors, enhancing the functions of the board of directors and carrying out corporate social responsibility ("CSR").

According to the Corporate Governance (CG) Watch survey based on 11 Asian markets published by the Asian Corporate Governance Association and CLSA in September 2016, Taiwan leapt into fourth place from sixth place in 2014, and is preceded by Singapore, Hong Kong and Japan. Taiwan's total score rose from 56 to 60, thereby making more progress in score than any other country within the survey. Moreover, Taiwan has also improved in five categories, including corporate governance rules and practices, enforcement, political and regulatory environment, IGAAP (or “accounting and auditing”), and corporate governance culture.

Although Taiwan has made progress in corporate governance, more measures are still being undertaken. To cope with the rapid changes in the capital markets and to facilitate the pace of corporate governance in Taiwan in line with international trends, the Commission is dedicated to continuous refinement of this version of the Corporate Governance Roadmap for the next three years as the guidance for promotion of corporate governance policies. It is expected that this roadmap can be conducive for companies and can encourage them to value corporate governance voluntarily. Furthermore, it can also encourage external shareholders, such as institutional investors, to actively participate in corporate governance to enhance the international competitiveness of the Taiwan capital markets.

### **II. Challenges to the Implementation of Corporate Governance in Taiwan and International Trends in Recent Years**

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The Organization for Economic Co-operation and Development ("OECD") updated the G20/OECD Principles of Corporate Governance (the Principles) in September 2015. The Principles focus on strengthening the role of institutional investors, shareholder rights, board functions, and more. With respect to "the role of institutional investors," the Principles highlight that this group can drive listed companies to value corporate governance and that the institutional investors can achieve this by means such as disclosing their investment policies and actual voting records. With respect to "shareholder rights", the Principles highlight the use of information technology at shareholders meetings, and the approval procedures for and disclosure of executive remuneration. In respect to "the board functions", they emphasize the importance of the evaluation of the board performance, objective independence and supervisory functions of the board of directors plus the acquisition of accurate and adequate information by board members.

It is further mentioned in CG Watch 2016 that, with respect to corporate governance culture in Taiwan, the majority of corporate governance reforms seen to date have been brought about by top-down regulatory action, and it is expected that Taiwan can lead domestic institutional investors to enhance corporate governance standards of listed companies in the future. It also points out that Taiwan can continue to exert effort to strengthen board committees and remuneration information, increase English information disclosure, promote voting by poll, and more.

In consideration of the aforementioned international trends and feedback on corporate governance of Taiwan companies from domestic experts and scholars, it is analyzed that the implementation of corporate governance in Taiwan faces the following challenges:

1. With respect to corporate governance culture: It is not prevalent, and most of the external viewpoints still hold that corporate governance in Taiwan is promoted with a top-down approach, instead of being internalized into company culture. Generally speaking, it is necessary for the companies, media and investors to jointly establish good corporate governance culture in Taiwan.
2. With respect to the operations and functions of the board of directors: As a listed company has a larger business scale and number of investors, it should have an appropriate mechanism to strengthen the supervisory function of its board of directors and should assist its board of directors to perform the functions. In addition, to cause the reasonable remuneration of directors, supervisors and managers, further measures, including reinforcement of the disclosure of remuneration information and the connection between remuneration and performance evaluation, need to be adopted.
3. With respect to shareholders' participation: Starting from 2018, listed companies have fully adopted e-voting systems; however, some companies have not yet adopted the nominee system in respect to the directors/supervisors election, thereby resulting in certain shareholders' abstention or failure to vote. Furthermore, progress still needs to be made in terms of the number of signatories to the "Stewardship Principles for Institutional Investors", so as to reinforce the supervisory power of institutional investors and to facilitate shareholder activism.
4. With respect to information disclosure: Currently, the market capitalization of foreign investors' holdings in the Taiwan securities market has reached a considerable percentage; however, the provision of English information by listed companies is not

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yet prevalent. The content and quality of non-financial information can be further improved so that it will not become a mere formality. In addition, most listed companies do not facilitate to publish their annual financial reports within 60 days after the end of the fiscal year, which can still be improved compared to international best practices.

5. With respect to strengthening the regulatory enforcement: The current Securities and Exchange Act needs to strengthen sanctions for violation of the "Regulations Governing the Exercise of Powers by Audit Committees" and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee." In addition, further amendments to relevant regulations and rules of the TWSE and Taipei Exchange ("TPEX") in respect to the regulatory compliance of corporate governance by listed companies and the sanction mechanisms for violations need to be made.

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### III. Five Action Plans in the Corporate Governance Roadmap

#### 1. Vision

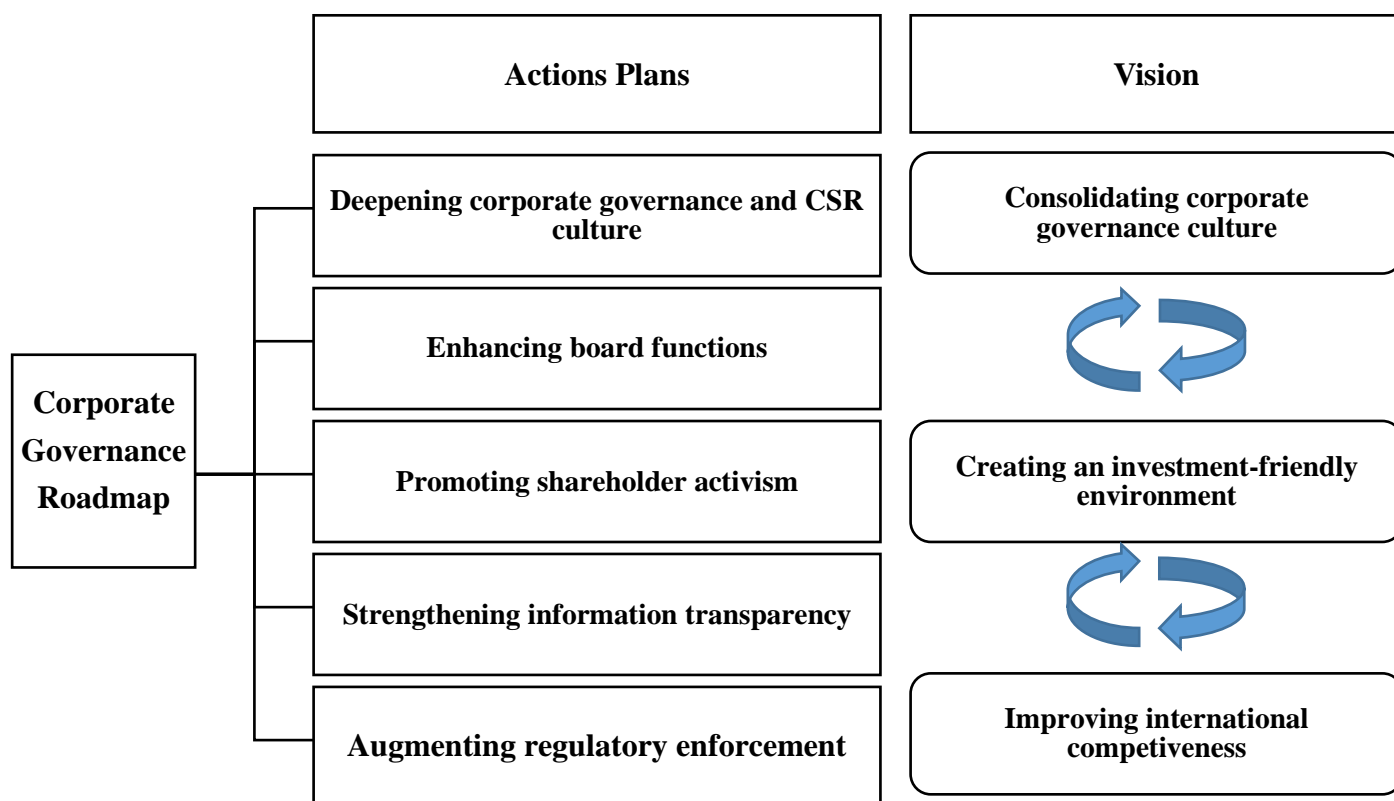
The Roadmap intends to encourage active participation of companies and investors in corporate governance, through deepening corporate governance culture, enhancing board functions, strengthening information transparency, encouraging participation of external shareholders, and augmenting regulatory enforcement. Promoting corporate governance where it is brought about by top-down government action can be transformed into an action that is voluntarily emphasized by companies. Meanwhile, it also aims to have corporate governance culture rooted, create an investment-friendly environment and improve international competitiveness.

#### 2. Action Plans

To achieve the vision and lead corporate governance in Taiwan to be aligned with the international standards, five action plans are proposed as follows:

- **Deepening corporate governance and CSR culture:** To further incorporate these two elements into Taiwan markets through measures, such as introducing qualitative corporate governance evaluation indicators and differentiation in scoring, developing and promoting the CG 100 index and Taiwan ESG index, and promoting corporate governance concepts.
- **Enhancing board functions:** To strengthen the supervisory function of the board of directors and enhance board functions through expanding the establishment of audit committees, promoting the establishment of corporate governance professionals and introducing supplementary measures for circumstances such as wherein the same person serves as chairman and president (or the equivalent officer).
- **Promoting shareholder activism:** To facilitate external shareholders' participation in corporate governance by measures, such as increasing the attendance of institutional investors at shareholders meetings and promoting the adoption of the candidate nomination system for the election of directors and supervisors.
- **Strengthening information transparency:** To facilitate the transparency of general information disclosure in Taiwan securities markets by increasing the disclosure of English information by listed companies, enhancing information disclosure timeliness, comparability and content requirements and improving the disclosure quality of non-financial information.
- **Augmenting regulatory enforcement:** To strengthen the enforcement of laws and regulations by amending the Securities and Exchange Act to introduce relevant penalty provisions, amending TWSE and TPEX relevant corporate governance rules and regulations as well as finding diverse ways to enforce them in the case of violations, so as to be in line with the international trends and practical needs in Taiwan.

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For the purpose of promoting the aforementioned action plans, the Commission has established the following 13 strategic objectives and plans to achieve them through the execution of 24 specific actions.

Action Plans	Deepening corporate governance and CSR culture	Enhancing board functions	Promoting shareholder activism	Strengthening information transparency	Augmenting regulatory enforcement
Strategic objectives	1. Enhancing the effectiveness of the corporate governance evaluation system 2. Developing and promoting the CG 100 index and Taiwan ESG index related products 3. Deepening CG	4. Strengthening the supervisory function of the board of directors 5. Promoting reasonable remuneration for directors and supervisors 6. Increasing support for directors and enhancing board	8. Facilitating shareholders to exercise shareholder rights and urging companies to implement corporate governance 9. Strengthening institutional	10. Promoting English information disclosure and enhancing investor relationships 11. Enhancing information disclosure timeliness, comparability and content	13. Strengthening the enforcement of corporate governance related laws and regulations

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	and CSR culture	functions 7. Strengthening the independence of internal auditors	investors' Stewardship responsibilities	12. Improving the quality of non-financial information	
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## **Action Plan 1: Deepening Corporate Governance and CSR Culture**

### **Analysis of Current Status**

While the results from leading listed companies to value corporate governance have been gradually acknowledged since the publication of the 2013 Corporate Governance Roadmap, most of the external viewpoints still hold that corporate governance in Taiwan has been promoted with a top-down approach, and driven by laws and regulations that most companies have not internalized corporate governance into their corporate culture, thereby lacking the motive to actively improve corporate governance. Therefore, how to further encourage companies to value corporate governance voluntarily is one of the key points to promote corporate governance. Amongst them, the corporate governance evaluation system has been introduced in Taiwan since 2014, guiding listed companies to march toward best practices. If qualitative corporate governance evaluation indicators, including differentiation in scoring, to further uplift the evaluation effectiveness can be carried out, the incentive to encourage companies to voluntarily improve their corporate governance quality will be increased. Moreover, as differences exist in corporate governance or internal control related laws and regulations applicable to the respective industry of listed companies (e.g. the financial sector), releasing evaluation results based on companies of similar characteristics will also encourage listed companies to actively improve corporate governance.

In addition, the CG 100 index was launched in June 2015 in Taiwan. The Taiwan Stock Exchange Corporation ("TWSE") statistics indicates that only one securities investment trust company currently adopts and issues relevant financial products. Thus, the promotion of the index could be combined with relevant financial products for investors' reference for their stock selection. It is expected that the healthy competition can cause listed companies to impose their corporate governance. Such an index can also serve as reference for selection of investment targets by securities investment trust companies, the four major governmental funds and institutional investors. It is expected that through investment activities, companies will facilitate their practice in corporate governance and fulfill CSR.

For the purpose of assisting companies, media and investors in establishing good corporate governance concepts, it is advised that each kind of promotion, forums, seminars or other methods be adopted that the media and investors through their supervision and monitoring of listed companies can drive listed companies to internalize corporate governance as well as CSR and combine them with corporate culture, thereby further rooting the overall corporate governance and CSR culture in the Taiwan securities market.

### **Strategic Objective 1: Enhancing the effectiveness of the corporate governance evaluation system**

For the purpose of assisting investors and companies to understand the effectiveness of corporate governance, the corporate governance evaluation system has been introduced since 2014 in Taiwan, and as of this year it is marked the fifth year. It is expected that enhancing the effectiveness of the corporate governance evaluation system will create healthy competition among companies, thereby uplifting overall standards of corporate governance in Taiwan in the future.

#### **I. Gradually introducing a more defined mix of qualitative corporate governance evaluation indicators and releasing evaluation results taking into account the**

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### **differentiation in industries**

#### 1. Details of Promotion:

- (1) As the corporate governance evaluation system entails fewer qualitative indicators and there are no differentiative factors in scoring, the practices of international corporate governance institutions (such as the Asian Corporate Governance Association) can be taken as reference to gradually introduce qualitative indicators and differentiative factors in scoring. Different scores will be given for various levels of disclosure and fulfillment of companies and discretionary deductions will depend on the severity of violation of corporate governance, so as to enhance the effectiveness of corporate governance evaluation system and the focus of listed companies.
- (2) In consideration of corporate governance or internal control related laws and regulations applicable to the respective industry of listed companies, releasing evaluation results based on an industry-by-industry basis can encourage listed companies to actively improve corporate governance.

#### 2. Promotion Schedule of Key Measures:

##### (1) 2018:

- (i) Gradually introducing qualitative corporate governance evaluation indicators and facilitating performance by using a refined scoring system.
- (ii) Introducing the evaluation through questionnaire design, physical visit or other methods (including diverse parties such as CPAs, internal auditor(s), corporate governance professional(s)) and studying the feasibility for the release of evaluation results on an industry-by-industry basis.

- (2) 2019: Implementing qualitative evaluation indicators based on the result and releasing evaluation results on an industry-by-industry basis or appropriate category.

### **Strategic Objective 2: Developing and promoting the CG 100 index and Taiwan ESG index related products**

The "TWSE Corporate Governance 100 Index" and "TPEX Corporate Governance Index" was compiled and released in June 2015 in Taiwan to include listed companies with better practice in corporate governance. This helps investors and corporate managements understand the effects of individual companies' corporate governance practices through comparison in the overall market and encourages companies to elevate their standards of corporate governance. Meanwhile, for the purpose of steering market capital into listed companies with more distinguished sustainable efforts, Taiwan Index Plus Corporation and FTSE Russell jointly announced their mutual compilation of the "FTSE4Good TIP Taiwan ESG Index" in December 2017. Such an index evaluates listed companies based on three major aspects, Environment, Society and Governance, and employs financial indicators to filter constituent stocks of indices. It is expected that this can provide more sustainable investment options for domestic and institutional investors so as to facilitate the development of a sustainable investment

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environment domestically.

In the future, promoting CG 100 index and Taiwan ESG index will continue to be implemented to encourage investors, through market mechanism, to invest in companies with better corporate governance and those carrying out CSR and lead companies to value corporate governance voluntarily, thereby creating a complementary relationship.

## **II. Inducing the establishment of an ESG index for TPEX-listed companies and promoting the use of the CG 100 index and Taiwan ESG index related products**

### 1. Details of Promotion:

- (1) To develop Taiwan ESG related to listed companies as reference of investment, the Taipei Exchange ("TPEX") will study the feasibility for the preparation of an ESG index for listed companies, and TWSE and TPEX will continue to promote the use of relevant indices.
- (2) The CG 100 index was launched in June 2015 in Taiwan. However, the statistics of TWSE indicates that only one securities investment trust company currently adopts and issues relevant financial products. Thus, the promotion of use of index shall be fortified, and it is necessary to constantly review constituent stocks of ESG index according to the evaluation results of corporate governance.

### 2. Promotion Schedule of Key Measures:

- (1) 2018: Planning to constantly review, within a 3-year period, constituent stocks of the CG 100 index and promoting the use of relevant indices.
- (2) 2019:
  - (i) Studying the feasibility for the preparation of the ESG index for TPEX-listed companies.
  - (ii) Constantly reviewing constituent stocks of the ESG index for listed companies and promoting the use of relevant indices.
- (3) 2020: Announcing the ESG index for TPEX-listed companies, based on the study results in 2019, and promoting the use of relevant indices.

## **Strategic Objective 3: Deepening CG and CSR culture**

For the purpose of assisting the companies, media and investors in establishing good corporate governance concepts, it is advised that each kind of promotion, forums, seminars or other methods shall be adopted while appropriate supervision of the media and investors can assist listed companies in internalizing corporate governance as well as CSR and combining them with company culture, thereby shaping the overall corporate governance and CSR culture in Taiwan securities market.

## **III. Promoting the importance of corporate governance and CSR**

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1. Details of Promotion:

- (1) International organizations still have the viewpoint that corporate governance in Taiwan has been promoted with a top-down approach, and driven by laws and regulations. To lead companies to voluntarily value corporate governance and CSR, the TWSE, TPEX and Securities and Futures Investors Protection Center ("SFIPC") will collect cases, prepare teaching materials, provide more explanations through each kind of promotion, forums, seminars or other methods and make materials accessible on the TWSE's website, for use as refresher courses organized by the private sector for directors and supervisors.
- (2) For the purpose of assisting the media and investors in establishing good corporate governance concepts, the TWSE and TPEX will coordinate with relevant units and private sectors to organize relevant promotional activities or documents to strengthen the emphasis of the role the media and investors can have on corporate governance and CSR.

2. Promotion Schedule of Key Measures:

- (1) 2018: Organizing training materials and case studies (including domestic and foreign cases) through critiques by the TWSE, TPEX and Securities and Futures Investors Protection Center ("SFIPC") (including the relevant laws, regulations and self-disciplinary regulations, corporate governance and more).
- (2) 2019: Having the TWSE communicate with private sectors to arrange relevant promotion, courses, lecturing sessions, seminars, or other activities, based on the aforementioned materials, for the media and investors.
- (3) 2020: Continuing to organize relevant yearly activities, and having the TWSE plan to explain through case study, combining applications, clips and other features.

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## **Action Plan 2: Enhancing Board Functions**

### **Analysis of Current Status**

Currently, there are cases where listed companies have an identical chairman and general manager who hold most of the company resources and control relevant information. As a result, other directors were not informed or timely informed about material matters regarding the operation of the company. For such issues, mechanisms such as the introduction of corporate governance professionals and the establishment of independent directors, are adopted worldwide. With reference to international practices, relevant measures are promoted to assist directors of listed companies to exercise their powers, so as to strengthen their supervisory function. In addition, in order to facilitate the reasonable establishment of remuneration for directors, supervisors and managers of listed companies, proposal for further reinforcement of the disclosure of remuneration information will be made and the linkage between remuneration and performance evaluation of a director will be promoted.

### **Strategic Objective 4: Strengthening the supervisory function of the board of directors**

The board of directors is the highest approval level of a company, and the successful operation of the company depends on the sound operation of the board and the effectiveness of the board's functions. As most companies in Taiwan are family businesses, it is expected to further strengthen the supervisory function of the board of directors through expanding the establishment of audit committees, promoting the establishment of corporate governance professionals and introducing supplementary measures for circumstances such as identical chairman, general manager and equivalent officers (the most senior manager).

## **IV. Considering expanding the establishment of audit committees**

### **1. Details of Promotion:**

- (1) After Taiwan introduced the mechanism of independent directors, certain listed companies adopted the governance system by the board of directors and supervisors along with independent directors. However, compared to supervisors, the audit committee composed of independent directors can further provide professional and objective feedback to the board of directors, and assist them to make decisions in the best interest of the company.
- (2) The current criteria for the establishment of an audit committee applies to companies whose paid-in capital is TWD (same currency hereinafter) 20 billion or more. In order to continue strengthening the internal supervisory mechanism of companies and adopt international developments and trends, the Commission will gradually require all listed companies to establish an audit committee to replace supervisors.

### **2. Promotion Schedule of Key Measures:**

- (1) 2018:
  - (i) According to the "Rules Governing Review of Securities TWSE Listings" ("TPEX Procedures for the Review of Securities for TPEX Listing") of the TWSE and TPEX, starting from January 2018, each of the companies

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applying for an initial public offering and those applying for an initial TPEX trading with a paid-in capital of TWD 600 million or above is required to set up an audit committee.

- (ii) In the second half of 2018, the Commission shall promulgate an order, requiring that each of the listed companies shall establish an audit committee to replace supervisors upon expiry of the term of the current directors and supervisors, provided that if the office term thereof will expire in 2019, this requirement may apply upon expiry of the term of elected directors and supervisors (i.e. all listed companies shall complete the establishment of the audit committees in 2022).

## **V. Promoting the Emerging Stock Companies to appoint independent directors**

### 1. Details of Promotion:

As of the end of September 2017, 252 out of 273 emerging stock companies, representing around 92%, had already established independent directors. As Emerging Stock Companies are those preparing to be listed in the future, for the purpose of assisting them to strengthen their corporate governance and implement the supervisory function of the board of directors, the Commission will gradually promote and require all emerging companies to establish independent directors.

### 2. Promotion Schedule of Key Measures:

#### (1) 2018:

- (i) The TPEX shall amend the "Rules Governing the Review of Emerging Stocks for Trading on the TPEX," requiring that starting from 2019, companies applying to be registered as Emerging Stock Companies shall establish independent directors.
- (ii) In the second half of 2018, the Commission shall promulgate an order, requiring that all Emerging Stock Companies shall establish independent directors upon expiry of the term of the current directors and supervisors, provided that if the office term thereof expires in 2019, this requirement may apply upon expiry of the term of elected directors and supervisors (i.e. all Emerging Stock Companies shall complete the establishment of independent directors in 2022).

## **VI. Introducing supplementary measures for circumstances where the chairman and general manager and equivalent officer (or the most senior manager) are identical, and are spouses or first-degree relatives**

### 1. Details of Promotion:

- (1) According to TWSE and TPEX statistics, currently 32% of listed companies have an identical chairman and general manager. In order to clearly separate the powers of the chairman and general manager and strengthen the independence of the board of directors, relevant measures will be adopted to require all listed companies with the aforesaid situation that the board of

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directors is advised to increase the number of independent directors, and to not have a majority of the members be employees or managers.

- (2) In order to facilitate investors to be aware of the relevant information mentioned above, it will be specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies" requiring companies whose chairman, general manager or the equivalent officer (the chief manager), spouse or first-degree relatives to disclose and explain the necessity of such arrangement.

## 2. Promotion Schedule of Key Measures:

- (1) 2018:
  - (i) Amending the "Corporate Governance Best Practice Principles" to encourage companies whose chairman and general manager and equivalent officer (or the most senior manager) is identical, are spouses or first-degree relatives to add independent directors in their boards and to not have a majority of the directors be employees or managers.
  - (ii) Submitting the proposal for amendments to the corporate governance evaluation indicators to have companies whose chairman and general manager and equivalent officer (or the most senior manager) is identical, are spouses or first-degree relatives to add independent directors in their boards and to not have a majority of the directors be employees or managers.
- (2) 2019: Amending the "Regulations Governing Information to be Published in Annual Reports of Public Companies", requiring companies whose chairman and general manager and equivalent officer (or the most senior manager) of listed companies is identical, are spouses or first-degree relatives to disclose in the annual report, the necessity of the arrangement.
- (3) 2020: Having the TWSE and TPEx to conduct a study to add relevant regulations and rules to require a listed company whose chairman and general manager and equivalent officer (or the most senior manager) is identical, are spouses or first-degree, to add independent directors, and to not have a majority of the directors be employees or managers.

## **Strategic Objective 5: Promoting Reasonable Remunerations for Directors and Supervisors**

As the remuneration system is a crucial part of corporate governance and risk management, for the purpose of strengthening corporate governance and creating a sound remuneration system for directors, supervisors and managers, the Commission has set out the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" in 2011 pursuant to Paragraph 1, Article 14-6 of the Securities Exchange Act, and requires all listed companies and emerging stock companies to establish remuneration committees, which shall exercise their power pursuant to the aforesaid Regulations. For the purpose of facilitating the establishment of reasonable remuneration for directors, supervisors and managers, certain

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measures will be further adopted to strengthen the independence of remuneration committees of listed companies and emerging companies, promote information transparency of individual directors and supervisors, and promote the evaluation mechanism that links the performance evaluations result of directors to their remuneration.

## **VII. Strengthening the independence of the remuneration committee of listed companies and Emerging Stock Companies**

### 1. Details of Promotion:

For the purpose of strengthening the independence of the remuneration committee and taking into account the fact that most foreign countries do not require all members of the remuneration committee to be independent directors, relevant measures will be proposed to require a majority of the members of the remuneration committee of listed companies and emerging companies be independent directors, so as to provide the flexibility for companies to appoint external staff who are familiar with current market salary practices to be members of the remuneration committee.

### 2. Promotion Schedule of Key Measures:

- (1) 2018: Amending the "Corporate Governance Best Practice Principles", encouraging that a majority of the members of the remuneration committee of listed companies are independent directors.
- (2) 2019: Having the TWSE and TPEX to conduct a study to add relevant regulations and rules to require that a majority of the members of the remuneration committee of listed companies be independent directors.
- (3) 2020: Proposing to add regulations under the "Regulations Governing the Exercise of Powers by the Remuneration Committee", requiring that a majority of members of the remuneration committee of listed companies and Emerging Stock Companies which have established independent directors to be independent directors.

## **VIII. Facilitating information transparency and reasonable remuneration of individual directors and supervisors**

### 1. Details of Promotion:

For the purpose of promoting the reasonability of the establishment of remuneration for directors and supervisors of listed companies, the Commission will study the feasibility for listed companies to disclose the remuneration of each individual director and supervisor, so as to procure companies to establish reasonable remuneration for directors, supervisors and managers through investors' supervision.

### 2. Promotion Schedule of Key Measures:

- (1) 2018: Studying the feasibility to gradually expand the disclosure of the



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remuneration information of individual directors, supervisors, general managers and vice general managers of listed companies.

- (2) 2019: Based on the study result in 2018, amending the "Regulations Governing Information to be Published in Annual Reports of Public Companies" to require listed companies to disclose the remuneration information of individual directors, supervisors, general managers and vice general managers.

**IX. Requiring the board of directors to conduct self-evaluation (or peer- evaluation) and combining the result of the performance evaluation with the review mechanism for directors' remuneration**

1. Details of Promotion:

- (1) To strengthen the exercise of powers by audit committees and the linkage between the remuneration and performance of directors, it is advisable to establish relevant regulations for the evaluation of performance, and remuneration review, of directors, supervisors and managers (such as, through corporate governance evaluation to require companies having significant decrease of after-tax profit and loss that the growth ratio of remuneration of directors, supervisors and managers should not be higher than that in the preceding year).
- (2) In addition, to assist the board of directors to understand their effectiveness of operation and performance of functions, it is advisable for the board of directors to adopt performance evaluation for use as references for the performance, remuneration and reelection of each individual director.

2. Promotion Schedule of Key Measures:

- (1) 2018:
  - (i) Amending the "Corporate Governance Best Practice Principles", encouraging companies to conduct the board's self-evaluation (or peer-evaluation), and submit the evaluation result to the board for approval and for use as the reference for the performance, remuneration and reelection of each individual director.
  - (ii) Amending the Sample Template of "Self-Evaluation or Peer-Evaluation of the Board of OO Co., Ltd.", so as to incorporate the latest development of the practices for compliance by the companies.
  - (iii) Having the TWSE and TPEX conduct random checks, when conducting internal control review on listed companies of which both of their after-tax profit and loss is decreased but remuneration is increased to a certain ratio, to ascertain whether such companies have duly executed their directors remuneration policy.
- (2) 2019:
  - (i) Incorporating enhancing measures that link the performance of directors, supervisors and managers with their remuneration (such as, the criteria of

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performance evaluation for directors and supervisors shall be approved by the board, and the remuneration of directors and supervisors shall be determined in accordance with the performance evaluation results) into the corporate governance evaluation.

- (ii) Having the TWSE and TPEX promulgate the "Self-Evaluation or Peer-Evaluation Guidelines of the Board of Listed Companies" and set out in relevant regulations that as of 2020, companies are required to conduct the board's self-evaluation in accordance with the said guidelines, and enhance external promotions.
- (3) 2020:
- (i) Based on the result of proposals in 2019, amending the corporate governance evaluation indicators.
  - (ii) Planning to set forth provisions under the "Regulations Governing Information to be Published in Annual Reports of Public Companies", requiring the companies to disclose relevant information of self-evaluation (or peer-evaluation) of the board conducted by companies for shareholders' references.

### **Strategic Objective 6: Increasing Support for Directors and Enhancing the Board Functions**

For the purpose of strengthening the support of the companies for directors' exercise of functions, the Commission will adopt methods such as promoting the establishment of corporate governance professionals and require the procurement of director and supervisor liability insurance, so as to increase the effectiveness of the board of directors.

#### **X. Promoting the establishment of corporate governance professionals**

##### 1. Details of Promotion:

- (1) To implement corporate governance and facilitate the board of directors to exert their proper functions, relevant foreign regulations will be used as references to promote the establishment of corporate governance professionals. As the corporate governance requirements for the financial and insurance industry shall be stricter than general industries, and the source of capital of listed companies with a certain scale includes many minority shareholders, financial institutions such as financial holding companies, banks, bills companies and insurance companies, and listed companies with a certain scale shall be required first to establish corporate governance professionals.
- (2) For consistent handling of information requested by directors, so as to avoid any detriment to investors' rights and interest during the execution of directors' functions, relevant TWSE and TPEX regulations shall require listed companies to establish standardized operating procedures and deadlines for handling directors' requests, appoint exclusive staff, and set out relevant measures in case the company fails to comply with such requirements. Private sectors will also be encouraged to hold relevant training courses to train corporate governance

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professionals, so as to provide relevant information and assistance needed for directors and independent directors to exercise their functions and to enhance board functions.

2. Promotion Schedule of Key Measures:

1. 2018:

- (1) Promulgating regulations by the relevant competent Bureaus of the Commission in charge of the financial industry, requiring the financial holding companies, banks, bills companies, insurance companies, listed integrated securities firms and integrated securities firms which are subsidiaries of financial holding companies to establish at least one corporate governance professional, and having the TWSE and TPEX (or promulgating regulations by the Commission under the amendments to the Company Act), requiring each of the listed non-financial companies whose paid-in capital is TWD 10 billion or more to establish at least one corporate governance professional. The aforesaid regulations shall be enforced in 2019.
- (2) Having the TWSE cooperate with private sectors to plan training courses for corporate governance professionals.
- (3) Having the TWSE and TPEX require in their relevant regulations that listed companies shall establish the standardized operating procedures to handle the requests of any board member (including personnel and the handling deadline).

2. 2019: Having the TWSE and TPEX promote and advocate the functions of corporate governance professionals.

3. 2020:

- (1) Promulgating regulations by the relevant competent Bureaus of the Commission in charge of the financial industry, requiring the public integrated securities firms and listed futures commission merchants to establish at least one corporate governance professional, and having the TWSE and TPEX (or promulgating regulations by the Commission under the amendments to the Company Act), requiring each of the listed non-financial companies whose paid-in capital is not less than TWD 2 billion but less than TWD 10 billion to establish at least one corporate governance professional. The aforesaid regulations shall be enforced in 2021.
- (2) Having the TWSE and TPEX cooperate with private sectors to hold activities for the exchange of experiences among corporate governance professionals and continuously promote functions of corporate governance professionals.

**XI. Rationalizing the accountability and responsibilities of directors and supervisors by introducing directors and supervisors liability insurance**

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1. Details of Promotion:

To allow directors and supervisors to fully perform their functions and create the best interests for shareholders, all listed companies will be required to procure director and supervisor liability insurance.

2. Promotion Schedule of Key Measures:

- (1) 2018: Pursuant to "TWSE Rules Governing Review of Securities Listings" and "TPEX Procedures for the Review of Securities for TPEX Listing", starting from January 2018, all listed companies applying for initial public offering shall procure director and supervisor liability insurance.
- (2) 2019: Having relevant rules and regulations of TWSE and TPEX require all listed companies shall procure director and supervisor liability insurance.

### **Strategic Objective 7: Strengthening the Independence of Internal Auditors**

The key to the sound operation of a company is whether the internal audit can operate its functions independently. As the review and budget of internal auditors of many companies are still determined by internal senior management, there is a concern that the independence of internal audit might be affected thereby. By encouraging the submission to the board of directors of the appointment, discharge, performance review and remuneration of internal auditor(s) for approval, it is expected that the independence of internal auditors can be enhanced.

### **XII. Setting out assessment methods for the recruitment, discharge, performance review and remuneration of internal auditor(s).**

1. Details of Promotion:

- (1) Currently, companies that already established audit committees have required that the recruitment of the chief internal auditor shall be agreed by the committee first and then submitted to the board of directors for approval. In addition, review and remuneration of the chief internal auditor shall also be agreed by the remuneration committee first and then submitted to the board of directors for approval. However, in many companies, the review or budget of internal auditors is still determined by the general manager and CEO, which has raised concern on the insufficient independence of internal auditors.
- (2) The appointment, discharge, performance review and remuneration of a chief internal auditor shall be submitted to the board of directors for approval. Referring to the previous measures, to strengthen the independence of internal auditors, listed companies are encouraged to submit the appointment, discharge, performance review and remuneration of internal auditor(s) to the board of directors for approval or to the chief auditor for sign-off first and then report to the Chairman for approval.

2. Promotion Schedule of Key Measures:

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- (1) 2018: Amending the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", encouraging that the recruitment, evaluation and remuneration of internal auditors of listed companies be submitted to the board for approval, or be signed off by the chief auditor and then reported to the Chairman for approval.
- (2) 2019: Providing suggestions to revise corporate governance evaluation indicators to include contents associated with the "Corporate Governance Best Practice Principles" as evaluation items.

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### **Action Plan 3: Promoting shareholder activism**

#### **Analysis of Current Status**

Taiwan has achieved an excellent result in its promotion of e-voting for shareholder meetings. Up to the end of June 2017, there were 1,151 listed companies adopting e-voting, approximately 70% of all listed companies, all of which shall adopt e-voting for their shareholders meetings by 2018; however, some companies did not adopt candidate nomination systems in the election of directors and supervisors, which will cause certain shareholders to abstain. It will prompt listed companies to adopt candidate nomination systems for the election of directors and supervisors, so as to facilitate investors to exercise their shareholders rights.

In addition, the supervisory power of external shareholders, such as institutional investors, may cause listed companies to place greater value on corporate governance. This is also an essential part of the corporate governance in Taiwan. Since Taiwan promulgated the "Stewardship Principles for Institutional Investors" in June 2016, 38 institutional investors have become the signatories of the Principles. For the purpose of expanding the number of signatories and increasing the influence of shareholders' actions, relevant measures will be adopted, including encouraging institutional investors to become a signatory of the Principle, publishing the list of institutional investors having better compliance in their practices and encouraging the exchange of experience among institutional investors, and certain appropriate actions to supervise or support the management's operation will be adopted to cause listed companies to value their corporate governance and corporate social responsibility.

#### **Strategic Objective 8: Facilitating shareholders to exercise shareholder rights and urging companies to implement corporate governance**

Enhancing channels available for the exercise of shareholder rights, will increase investors' willingness to participate in corporate governance. Taiwan has required all listed companies to adopt e-voting for their shareholder meetings from 2018, and will further promote shareholders activism through the adoption of candidate nomination systems for the election of directors and supervisors and the integration of information needed by shareholders.

#### **XIII. Promoting the candidate nomination system for the election of directors and supervisors along with the adoption of e-voting systems**

##### **1. Details of Promotion:**

With the adoption of e-voting systems by all listed companies from 2018, the Commission will, based on the tentative schedule for the amendments to the Company Act, require all listed companies to further adopt candidate nomination systems, so as to make the exercise of shareholders' right more convenient.

##### **2. Promotion Schedule of Key Measures:**

- (1) 2019: Having the Commission issue an order in 2019, the year after the promulgation of the amendments to the Company Act (for the time being, it is estimated that the amendments to the Company Act will be promulgated in

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2018), requiring all listed companies to adopt a nomination system for the election of directors and supervisors from 2021, for which a one-year grace period for amendment of the Articles of Incorporation will be granted.

#### **XIV. Consolidating information needed by shareholders and channels for shareholders to exercise their rights**

##### 1. Details of Promotion:

- (1) Considering that some investors are not familiar with the information published on the Market Observation Post System ("MOPS") (such as key financial profiles), proposals will be made based on the review habit of investors to improve relevant disclosures on MOPS, so that investors can obtain information by simple methods.
- (2) With regard to the popularity of mobile technology and the convenience for investors to obtain information of the investment target, the Commission will, based on the platforms of Taiwan Depository and Clearing Corporation ("TDCC") such as ePASSBOOK APP or "TDCC Stockvote", develop functions that can integrate the functions for access by shareholders to information required and shareholder rights, so as to promote shareholder activism.

##### 2. Promotion Schedule of Key Measures:

- (1) 2018:
  - (i) Planning to improve relevant disclosure measures of MOPS to meet investors' needs.
  - (ii) Having the TDCC ePASSBOOK APP continue to provide market and stock information that shareholders need, and combine the ePASSBOOK APP with the "TDCC Stockvote" to provide channels for shareholders to exercise their rights.
  - (iii) Having the TDCC introduce Chinese and English versions of the integrated platform for investors relations in the "TDCC Stockvote", so as to facilitate communication between institutional investors and companies, and to provide institutional investors with convenient channels to look up investor services and corporate governance information of issuers and understand the business operation of e-voting in Taiwan, so as to expand the international visibility.
- (2) 2019:
  - (i) Based on the study result, adjusting relevant disclosures in MOPS and conducting promotional activities to investors.
  - (ii) Having the TDCC propose a plan to use digital technology to transmit relevant documents in connection with the convening of the shareholder meetings and other notifications.
  - (iii) Having the TWSE and TPEX amend relevant rules and regulations,

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requiring listed companies to appoint contact window(s) to handle investors' relationship, and import relevant information into the system appointed by TDCC, providing integrated information on TDCC's platforms.

### **Strategic Objective 9: Strengthening institutional investors' Stewardship responsibilities**

The principles of corporate governance promulgated by the Organization for Economic Co-operation and Development ("OECD") in 2015 emphasize that "market investors" have the function to promote the corporate governance of listed companies, and focus on the communications and interactions between shareholders and companies. As institutional investors have considerable influence on the capital market in Taiwan, and domestic and foreign institutional investors have occupied around 40% of the trades on the centralized securities exchange market of Taiwan in 2017, if institutional investors can promote listed companies to improve their quality of governance through the equity shares held or managed by them, it will effectively strengthen the overall standard of corporate governance in Taiwan and increase the value of enterprises. In the future, through means such as making institutional investors attend shareholders meeting, exercise their voting rights, communicate and interact with the managements of the invested companies, it is expected the corporate governance of overall markets in Taiwan can be strengthened.

#### **XV. Planning to increase the signings by institutional investors of the "Stewardship Principles for Institutional Investors" and improve the information disclosure quality.**

##### 1. Details of Promotion:

- (1) Institutional investors collect and use massive funds, and have significant impacts on the market and invested companies. The Commission will keep encouraging relevant financial institutions such as banks, insurance companies, securities firms and securities investment trust companies to become the signatories of the "Stewardship Principles for Institutional Investors", so as to exert their influence.
- (2) For the purpose of strengthening the disclosure quality of relevant information of the "Stewardship Principles for Institutional Investors", promotional activities of institutional investors will be jointly held by TWSE and private sectors, so as to encourage the exchange by institutional investors of their practices in the compliance of the Principle and their experience in information disclosure practices. In addition, the Commission will collect the disclosures made by each signatory and will study means to strengthen the contexts and quality of relevant information disclosed by institutional investors. Good examples of stewardship reporting of foreign institutional investors will be tracked and reports will be released timely on the website of the Corporate Governance Center.

##### 2. Promotion Schedule of Key Measures:

- (1) 2018:
  - (i) Having the competent Bureau of the Commission in charge of the financial



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industry communicate with securities investment trust companies, securities firms, insurance companies and banks to promote their signings of the "Stewardship Principles for Institutional Investors". It is aimed that the signing by securities investment trust companies reaches 70% or more in 2018, and the signing by other businesses (securities firms, insurance companies and banking businesses) reaches 50% or more.

- (ii) Having the TWSE and TPEX collect and analyze the content disclosed by the signatories of the "Stewardship Principles for Institutional Investors", and propose their analyses and feedback improvement.
  - (iii) Having the TWSE and TPEX continue to track good examples of stewardship reporting of foreign institutional investors, and timely release these reports on the website of the Corporate Governance Center or the TPEX website.
- (2) 2019:
- (i) Based on the improvement suggestions, proposing relevant implementation measures and promoting and encouraging institutional investors to enhance their disclosure quality, and publishing a list of signatories who have better practices and compliances.
  - (ii) Having the TWSE propose amendments to the "Stewardship Principles for Institutional Investors", to be in line with international trends and the domestic operation status.
  - (iii) Having the TWSE and TPEX discuss with private sectors, governmental funds, institutional investors, and others to co-host promotional activities to encourage signatories to share their experiences in the enforcement of the Principles and their information disclosure practices.
- (3) 2020: Based on the study result in 2019, conducting matters with regard to amendments to the "Stewardship Principles for Institutional Investors".

## **XVI. Increasing the shareholders' meeting attendance rate of institutional investors including banks and insurance companies**

### 1. Details of Promotion:

- (1) According to the summary of e-voting information of 2017 shareholders meetings of listed companies and emerging stock companies as provided by TDCC, the usage percentage of e-voting (number of e-vote voted divided by the number of e-voting companies held) for the insurance companies is 36.77% and 6.04% for banks.
- (2) For the purpose of implementing shareholder activism, the Commission will gradually increase the attendance percentage of institutional investors, such as banks and insurance companies, in the shareholders meetings so as to enhance their influence on corporate governance.

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2. Promotion Schedule of Key Measures:

- (1) 2018: Having the Commission (the relevant competent Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 30% and 40% respectively.
- (2) 2019: Having the Commission (the relevant competent Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 50%.
- (3) 2020: Having the Commission (the relevant competent Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 70%.

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## **Action Plan 4: Strengthening Information Transparency**

### **Analysis of Current Status**

In the recent two years, foreign shareholdings in Taiwan listed companies have reached 40% of the overall market value, and these foreign investors are the major shareholders of listed companies. However, the provision of English information by listed companies is not prevalent yet. In order to implement the investor fairness principle and take into account the company costs, listed companies whose foreign shareholdings and paid-in capital (or market value) reaches a certain amount will be required, in stages, to provide English information. In addition, currently, many Taiwan listed companies provide annual financial reports at a time close to the required deadline (within 3 months after the end of fiscal year). However, to help investors to be aware of the annual financial information of the companies, major international markets encourage companies to release their reports within 2 months after the end of fiscal year. The Commission will promote to have Taiwan listed companies release their annual financial reports earlier. In addition, the update of XBRL Taxonomy and the use of iXBRL will strengthen the comparability of financial reports, so as to benefit the investors to use relevant financial information.

In addition, more and more international investment institutions are starting to value non-financial information. Since September 2014, Taiwan has required listed companies of specific sectors, whose paid-in capital reaches a certain amount, to announce their CSR reports. Up to the end of 2017, 432 companies have done so. Although the number is still growing, for the purpose of serving as a reference to investors, the Commission will keep promoting the companies to improve the quality of relevant disclosures and to select non-financial information about which investors are more concerned.

### **Strategic Objective10: Promoting English information disclosure of listed companies and enhancing investors' relationships**

The provision of English information by listed companies is not prevalent in Taiwan. Requiring listed companies whose foreign shareholdings or paid-in capital (market value) reaches a certain level to disclose relevant English information will increase accessibility of information for foreign investors, enhance our investment environment with international trends and further encourage other companies to provide their English information. Taiwan has required all listed companies to hold investor conferences annually from 2018, and in the future, by promoting listed companies to hold periodical investor conferences, the visibility of these listed companies will also be enhanced.

### **XVII. Requiring listed companies with a high foreign investors' holding rate or paid-in capital over a certain amount to provide the English versions of "AGM handbooks", "Annual Reports" and "Annual Financial Reports", and more.**

#### **1. Details of Promotion:**

Although the current corporate governance evaluation and the "Corporate Governance Best Practice Principles" encourage listed companies to disclose English financial and business information, provision of English information by listed companies is not prevalent. Up to the end of 2017, foreign shareholdings in Taiwan listed companies have reached 40% of the total market

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value. To further implement investor fairness principles and strengthen information equivalence, the TWSE and TPEX will set out in their regulations that listed companies with higher foreign shareholding or whose paid-in capital (or market value) reaches a certain amount are required to provide English information.

2. Promotion Schedule of Key Measures:

- (1) 2018: Having the TWSE and TPEX set out in the "Rules Governing Information Filing" that all listed companies whose foreign investor shareholding reaches 30% or more or where the paid-in capital reaches TWD 10 billion or more (for those with flexible par-value or no par-value, other criteria, such as market value, will be further set out by TWSE and TPEX) shall provide English versions of "AGM handbooks", "Annual Reports" and "Annual Financial Reports" (with the CPA audit report, financial statements, notes and annexes, and others) starting from 2019.

### **XVIII. Encouraging TPEX listed companies to hold periodical investor conferences**

1. Details of Promotion:

Currently, the TWSE requires all listed companies to hold investor conferences at least once a year from 2018, and TPEX has also required primary OTC listed companies and industries such as "biotechnology", "cultural and creative" and "agricultural technology" to hold investor conferences at least once a year. To keep encouraging listed companies to hold investor conferences and strengthening investor relationship, the TPEX will study the feasibility for all listed companies to hold periodical investor conferences.

2. Promotion Schedule of Key Measures:

- (1) 2018: Having the TPEX hold seminars on how to do investor conferences and continuously encouraging TPEX listed companies to hold investor conferences.
- (2) 2019: Depending on the implementation status of investor conferences of listed companies, planning to require all TPEX listed companies to hold periodical investor conferences and relevant corresponding actions.
- (3) 2020: Based on the study result in 2019, conducting relevant matters that TPEX listed companies shall hold periodical investor conferences.

### **Strategic Objective11: Enhancing information disclosure timeliness, comparability and content**

To encourage companies to announce and report their quarterly and annual financial reports and monthly management reports containing financial and business information, and enhancing the comparability of XBRL Financial Reporting Taxonomy and the transparency of information, so as for the use by investors as references. In addition, promoting listed companies to disclose relevant employee welfare expenses, so as to strengthen corporate social responsibility.

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**XIX. Encouraging announcement of information such as annual financial reports within 60 days after the end of the fiscal year**

1. Details of Promotion:

For the purpose of facilitating shareholders to have access to annual financial reports and information, through amendments to the "Corporate Governance Best Practice Principles", companies will be encouraged to announce their annual financial reports within 60 days after the end of the fiscal year, or announce the first, second and third quarter financial reports before the required deadline.

2. Promotion Schedule of Key Measures:

- (1) 2018: Setting out in the "Corporate Governance Best Practice Principles", that companies are advised to announce their annual financial reports within 60 days after the end of the fiscal year, and announce the first, second and third quarter financial reports and monthly management report before the required deadline.

**XX. Enhancing the comparability and transparency of XBRL format financial reports**

1. Details of Promotion: Updating XBRL Taxonomy can strengthen the comparability of XBRL financial statements between domestic public companies and international companies, and reduce the offshore financing costs of domestic companies. Adopting iXBRL technology can also enhance reporting efficiency, reduce obstacles in investors' reading of XBRL documents and enhance information transparency.

2. Promotion Schedule of Key Measures:

- (1) 2018: Starting from the first quarter, the XBRL Financial Reporting Taxonomy will be updated to the latest 2017 version and adopt the XBRL Formula. The TWSE will hold training and promotion courses for the update of XBRL Taxonomy and iXBRL.
- (2) 2019: Starting from the first quarter, all public companies shall use iXBRL format to file their financial reports.

**XXI. Requiring all listed companies to disclose "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year", so as to strengthen their social responsibilities**

1. Details of Promotion: For the purpose of enhancing the social responsibility of listed companies, measures will be gradually adopted to require listed companies to disclose relevant information of "the number of non-supervisory employees, the average and median of annual employee welfare expenses and their differences from the previous year".

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2. Promotion Schedule of Key Measures:

(1) 2018:

- (i) Encouraging companies to voluntarily disclose the "salary adjustment of non-supervisory employees in comparison to the preceding year" on MOPS as well as the salary adjustment of directors and managers for comparison purpose.
- (ii) Amending the "Corporate Governance Best Practice Principles" to encourage listed companies to disclose information such as "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year".

(2) 2019: Proposing amendment suggestions for the corporate governance evaluation indicators and taking the disclosure of "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year" to be one of the evaluation items.

(3) 2020: Providing relevant regulations to disclose "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year" in annual reports.

**Strategic Objective12: Improving the quality of non-financial information**

Since September 2014, Taiwan has promoted listed companies to prepare CSR reports and currently has required the financial insurance industry, food industry, chemical industry and listed companies whose paid-in capital reaches 5 billion or more to prepare and report CSR reports. For the purpose of making this information to be used by investors for reference, the Commission will keep promoting companies to enhance the disclosure quality of non-financial information in the CSR reports, and will evaluate and select non-financial information that investors are more concerned about for disclosure in the annual reports.

**XXII. Along with the issuance of GRI Standards, requiring listed companies to compile the mandatory CSR reports in accordance with GRI Standards; conducting annual review on CSR reports on a batch basis to propose improvement measures and promote the acquisition of third party verification; proposing to require further disclosure in annual reports that non-financial information within CSR reports about which investors are more concerned.**

1. Details of Promotion:

As the disclosure of non-financial information has been gradually valued by stakeholders (including investors), for the purpose of assisting companies to value sustainable development and guiding their constructive competitiveness, relevant measures, such as promoting the preparation by the companies of CSR reports in accordance with GRI standards, along with the release and use of GRI standards, promoting verification of CSR reports by the third party and proposing the disclosure of non-financial information that investors are more

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concerned about in the annual reports, will be adopted.

2. Promotion Schedule of Key Measures:

- (1) 2018: Scheduling a three-year review, where the TWSE and TPEX (or cooperate with professional private institutions) shall annually review CSR reports of listed companies on a batch basis, and provide relevant measures to guide companies to improve.
- (2) 2019:
  - (i) Requiring companies who are mandated to compile CSR reports to issue 2018 CSR reports in accordance with GRI Standards.
  - (ii) Selecting non-financial information about which investors are more concerned and studying the feasibility to require, by stages, the disclosure of such information in annual reports.
- (3) 2020:
  - (i) Planning to expand the scope of third-party verification of CSR reports (such as financial sectors, chemical industry or listed companies whose paid-in capital or market value reaches a certain amount).
  - (ii) Based on the study result in 2019, conducting relevant amendments to the "Regulations Governing Information to be published in Annual Reports of Public Companies."

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## **Action Plan 5: Augmenting regulatory enforcement**

### **Analysis of Current Status**

For the violation of the "Regulations Governing the Exercise of Powers by Audit Committees" or the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee", the current Securities Exchange Act does not provide the punishment of such violations. For the purpose of strengthening the regulatory enforcement, amendments to the Act will be proposed, so as to provide the legal basis of the relevant punishments. In addition, to be in line with the international trends and the practical needs of Taiwan, the TWSE and TPEX will set out in their regulations the relevant requirements for the standard with which corporate governance is to be complied. They will also set out multi-measures to deal with listed companies who violate corporate governance requirements, so as to strengthen the compliance with the relevant regulatory requirements for corporate governance.

### **Strategic Objective13: Strengthening the enforcement of corporate governance related laws and regulations**

It is expected that through the strengthening of the regulatory enforcement of relevant laws and regulations of corporate governance, listed companies will strengthen their compliance to relevant laws and regulations of corporate governance.

#### **XXIII. Adding a legal basis for penalty of violations of Paragraph 4, Article 14-4 of the "Securities and Exchange Act" ("Regulations Governing the Exercise of Powers by Audit Committees") and Paragraph 1, Article 14-6 of the same Act ("Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee")**

1. Details of Promotion: Proposing and adding punishment provisions and a legal basis for violation of Paragraph 4, Article 14-4 of the "Securities and Exchange Act" ("Regulations Governing the Exercise of Powers by Audit Committees") and Paragraph 1, Article 14-6 of the same Act ("Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee"), so as to strengthen the regulatory enforcement.
2. Promotion Schedule of Key Measures:
  - (1) 2018: Proposing relevant draft amendments to the Securities and Exchange Act and relevant corresponding measures.
  - (2) 2019: Planning to submit to the Executive Yuan for further submission to the Legislative Yuan for review of the draft amendments to the Securities and Exchange Act, along with the tentative schedule of the Commission for legal amendments.

#### **XXIV. Including corporate governance requirements in relevant rules and regulations of TWSE and TPEX, as well as finding diverse ways to enforce them**

1. Details of Promotion:



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For the purpose of strengthening listed companies' compliance with relevant regulatory requirements for corporate governance, the TWSE and TPEX will add relevant corporate governance rules in the relevant regulations, along with the Roadmap and the key amendments to the Company Act that passed on 21 December 2017, and taking into account the multi-measures adopted by the stock exchanges in countries such as the United States and United Kingdom, Hong Kong and Singapore as references, establish multi-measures of punishment for listed companies who violate regulations of corporate governance, including private warnings, public denunciations, remedy requirements, and suspension or termination of trading.

2. Promotion Schedule of Key Measures:

- (1) 2018: Having the TWSE and TPEX add rules and corporate governance regulations along with the amendment of the Company Act and Corporate Governance Roadmap 2018, as well as finding diverse ways to enforce them, so as to continuously require listed companies to comply with relevant regulations of corporate governance.

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Key actions to be promoted for each year (from 2018 to 2020)

Strategic Objective	Specific Actions	Action Plan 1: Deepening Corporate Governance and CSR Culture		
		2018	2019	2020
<b>1. Enhancing the effectiveness of the corporate governance evaluation system</b>	<b>(1) Gradually introducing a more defined mix of qualitative corporate governance evaluation indicators and releasing evaluation results taking into account the differentiation in industries</b>	<p>1. Gradually introducing qualitative corporate governance evaluation indicators and facilitating performance by using a refined scoring system.</p> <p>2. Introducing the evaluation through questionnaire design, physical visit or other methods (including diverse parties such as CPAs, internal auditor(s), corporate governance professional(s)) and studying the feasibility for the release of evaluation results on an industry-by-industry basis.</p>	<p>3. Implementing qualitative evaluation indicators based on the results and releasing evaluation results on an industry-by-industry basis or appropriate category.</p>	
<b>2. Developing and promoting the CG 100 index and Taiwan ESG index related products</b>	<b>(2) Inducing the establishment of an ESG index for TPEX-listed companies and promoting the use of the CG 100 index and Taiwan ESG index</b>	<p>4. Planning to constantly review, within a 3-year period, constituent stocks of the CG 100 index and promoting the use of relevant indices.</p>	<p>5. Studying the feasibility for the preparation of an ESG index for TPEX-listed companies.</p> <p>6. Constantly reviewing constituent stocks of the ESG index for listed companies and promoting the use of relevant indices.</p>	<p>7. Announcing the ESG index for TPEX-listed companies, based on the study results in 2019, and promoting the use of relevant indices.</p>

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Strategic Objective	Specific Actions	Action Plan 1: Deepening Corporate Governance and CSR Culture		
		2018	2019	2020
	related products			
<b>3. Deepening CG and CSR culture</b>	<b>(3) Promoting the importance of corporate governance and CSR</b>	8. Organizing training materials and case studies (including domestic and foreign cases) through critiques by the TWSE, TPEX and Securities and Futures Investors Protection Center ("SFIPC") (including the relevant laws, regulations and self-disciplinary regulations, corporate governance and more).	9. Having the TWSE communicate with private sectors to arrange relevant promotion, courses, lecturing sessions, seminars, or other activities, based on the aforementioned materials, for the media and investors.	10. Continuing to organize relevant yearly activities, and having the TWSE plan to explain through case study, combining applications, clips and other features.

Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
<b>4. Strengthening the supervisory function of the board of directors</b>	<b>(4) Considering expanding the establishment of audit committees</b>	11. According to the "Rules Governing Review Of Securities TWSE Listings" ("Procedures for the Review of Securities for TPEX Listing") of TWSE and TPEX, starting from January 2018, each of the companies applying for an initial public offering and those applying for an initial TPEX trading with a paid-in capital of TWD 600 million or above is required to set up an audit committee.		

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
		<p>12. In the second half of 2018, the Commission shall promulgate an order, requiring that each of the listed companies shall establish an audit committee to replace supervisors upon expiry of the term of the current directors and supervisors, provided that if the office term thereof will expire in 2019, this requirement may apply upon expiry of the term of elected directors and supervisors (i.e. all listed companies shall complete the establishment of the audit committees in 2022).</p>		
	<p><b>(5) Promoting the Emerging Stock Companies to appoint independent directors</b></p>	<p>13. The TPEX shall amend the "Rules Governing the Review of Emerging Stocks for Trading on the TPEX," requiring that starting from 2019, companies applying to be registered as Emerging Stock Companies shall establish independent directors.</p> <p>14. In the second half of 2018, the Commission shall promulgate an order, requiring that all</p>		

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
		Emerging Stock Companies shall establish independent directors upon expiry of the term of the current directors and supervisors, provided that if the office term thereof expires in 2019, this requirement may apply upon expiry of the term of elected directors and supervisors (i.e. all Emerging Stock Companies shall complete the establishment of independent directors in 2022).		
	<b>(6) Introducing supplementary measures for circumstances where the chairman and general manager and equivalent officer (the most senior manager) are identical, and are spouses or first-degree relatives</b>	<p>15. Amending the "Corporate Governance Best Practice Principles" to encourage the board of directors to add independent director seats and to not have a majority of the directors be employees or managers if the chairman and general manager and equivalent officer (the most senior manager) is identical, are spouses or first-degree relatives.</p> <p>16. Submitting a proposal for amendments to the corporate governance evaluation indicators to have the board of</p>	17. Amending the "Regulations Governing Information to be Published in Annual Reports of Public Companies," requiring that relevant information in the annual report, such as disclosing the necessity of the arrangement, if the chairman and general manager and equivalent officer (the most senior manager) of listed companies is identical, are	18. Having the TWSE and TPEX to conduct a study to add relevant regulations and rules to require a listed company to add independent director seats, and to not have a majority of the directors be employees or managers, if the chairman and general manager and equivalent officer (the most senior manager) is identical, are spouses or first-degree.

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
		directors to add independent director seats and to not have a majority of the directors be employees or managers if the chairman and general manager and equivalent officer (the most senior manager) is identical, are spouses or first-degree relatives.	spouses or first-degree relatives.	
<b>5. Promoting Reasonable Remunerations for Directors and Supervisors</b>	<b>(7) Strengthening the independence of the remuneration committee of listed companies and Emerging Stock Companies</b>	19. Amending the "Corporate Governance Best Practice Principles", encouraging that a majority members of the remuneration committee of the listed companies are independent directors.	20. Having the TWSE and TPEX to conduct a study to add relevant regulations and rules to require that a majority of members of the remuneration committee of listed companies be independent directors.	21. Proposing to add regulations under the "Regulations Governing the Exercise of Powers by the Remuneration Committee", requiring that a majority of members of the remuneration committee of listed companies and emerging stock companies which have established independent directors to be independent directors.
	<b>(8) Facilitating the information transparency and reasonable remuneration</b>	22. Studying the feasibility to gradually expand the disclosure of the remuneration information of individual directors, supervisors, general managers and vice	23. Based on the study result in 2018, amending the "Regulations Governing Information to be Published in Annual Reports	

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
	on of individual directors and supervisors	general managers of listed companies.	of Public Companies" to require listed companies to disclose the remuneration information of individual directors, supervisors, general managers and vice general managers.	
(9) Requiring the board of directors to conduct self-evaluation (or peer-evaluation) and combining the result of the performance evaluation with the review mechanism for directors' remuneration	<p>24. Amending the "Corporate Governance Best Practice Principles", encouraging companies to conduct the board's self-evaluation (or peer-evaluation), and submit the evaluation result to the board for approval and for use as the reference for the performance, remuneration and reelection of each individual director.</p> <p>25. Amending the Sample Template of "Self-Evaluation or Peer-Evaluation of the Board of OO Co., Ltd.", so as to incorporate the latest development of the practices for compliance by the companies.</p> <p>26. Having the TWSE and TPEX conduct random checks, when</p>	<p>27. Incorporating enhancing measures that link the performance of directors, supervisors and managers with their remuneration (such as, the criteria of performance evaluation for directors and supervisors shall be approved by the board, and the remuneration of directors and supervisors shall be determined in accordance with the performance evaluation results) into the corporate governance evaluation.</p> <p>28. Having the TWSE and</p>	<p>29. Based on the result of proposals in 2019, amending the corporate governance evaluation indicators.</p> <p>30. Planning to set forth provisions under the "Regulations Governing Information to be Published in Annual Reports of Public Companies", requiring the companies to disclose relevant information of self-evaluation (or peer-evaluation) of the board conducted by companies for shareholders' references.</p>	

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
		conducting internal control review on listed companies of which both of their after-tax profit and loss is decreased but remuneration is increased to a certain ratio, to ascertain whether such companies have duly executed, their director remuneration policy.	TPEX promulgate the "Self-Evaluation or Peer-Evaluation Guidelines of the Board of Listed Companies" and set out in relevant regulations that as of 2020, companies are required to conduct the board's self-evaluation in accordance with the said guidelines, and enhance external promotions.	
<b>6. Increasing Support for Directors and Enhancing the Board Functions</b>	<b>(10) Promoting the establishment of corporate governance professionals</b>	31. Promulgating regulations by the relevant competent Bureaus of the Commission in charge of the financial industry, requiring the financial holding companies, banks, bills companies, insurance companies, listed integrated securities firms and integrated securities firms which are subsidiaries of financial holding companies to establish at least one corporate governance professional, and having the TWSE and	34. Having the TWSE and TPEX promote and advocate the functions of corporate governance professionals.	35. Promulgating regulations by the relevant competent Bureaus of the Commission in charge of the financial industry, requiring the public integrated securities firms and listed futures commission merchants to establish at least one corporate governance professional,



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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
		<p>TPEX (or promulgating regulations by the Commission under the amendments to the Company Act), requiring each of the listed non-financial companies whose paid-in capital is TWD 10 billion or more to establish at least one corporate governance professional. The aforesaid regulations shall be enforced in 2019.</p> <p>32. Having the TWSE cooperate with private sectors to plan training courses for corporate governance professionals.</p> <p>33. Having the TWSE and TPEX require in their relevant regulations that listed companies shall establish the standardized operating procedures for handling the requests of any board member (including personnel and handling deadline).</p>		<p>and having the TWSE and TPEX (or promulgating regulations by the Commission under the amendments to the Company Act), requiring each of the listed non-financial companies whose paid-in capital is not less than TWD 2 billion but less than TWD 10 billion to establish at least one corporate governance professional. The aforesaid regulations shall be enforced in 2021.</p> <p>36. Having the TWSE and TPEX cooperate with private sectors to hold activities for the exchange of experiences among corporate governance professionals and continuously promote functions of</p>

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Strategic Objective	Concrete Measurement	Action Plan 2: Enhancing Board Functions		
		2018	2019	2020
				corporate governance professionals.
	(11) Rationalizing the accountability and responsibilities of directors and supervisors by introducing directors and supervisors liability insurance	37. Pursuant to TWSE "Rules Governing Review of Securities Listings" and "TPEX Procedures for the Review of Securities for TPEX Listing", starting from January 2018, all listed companies applying for initial public offering shall procure director and supervisor liability insurance.	38. Having relevant rules and regulations of TWSE and TPEX require all listed companies shall procure director and supervisor liability insurance.	
7. Strengthening the Independence of Internal Auditors	(12) Setting out assessment methods for the recruitment, discharge, performance review and remuneration of internal auditor(s)	39. Amending the "Corporate Governance Best Practice Principles" for TWSE/TPEX Listed Companies, encouraging that the recruitment, evaluation and remuneration of internal auditors of listed companies be submitted to the board for approval, or be signed off by the chief auditor and then reported to the Chairman for approval.	40. Providing suggestions to revise corporate governance evaluation indicators to include contents associated with the "Corporate Governance Best Practice Principles" as evaluation items.	

Strategic Objective	Concrete Measurement	Action Plan 3: Promoting shareholder activism		
		2018	2019	2020
8. Facilitate	(13) Promoting		41. Having the Commission	

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Strategic Objective	Concrete Measurement	Action Plan 3: Promoting shareholder activism		
		2018	2019	2020
<p>ng shareholders to exercise shareholder rights and urging companies to implement corporate governance</p>	<p>the candidate nomination system for the election of directors and supervisors along with the adoption of e-voting systems</p>		<p>issue an order in 2019, the year after the promulgation of the amendments to the Company Act (for the time being, it is estimated that the amendments to the Company Act will be promulgated in 2018), requiring all listed companies to adopt a nomination system for the election of directors and supervisors from 2021, for which a one-year grace period for amendment of the Articles of Incorporation will be granted.</p>	
	<p>(14) Consolidating information needed by shareholders and channels for shareholders to exercise their rights</p>	<p>42. Planning to improve relevant disclosure measures of MOPS to meet investors' needs.</p> <p>43. Having the TDCC ePASSBOOK APP continue to provide market and stock information that shareholders need, and combine the ePASSBOOK APP with the "TDCC Stockvote" to provide channels for</p>	<p>45. Based on the study result, adjusting relevant disclosures in MOPS and conducting promotional activities to investors.</p> <p>46. Having the TDCC propose a plan to use digital technology to</p>	

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Strategic Objective	Concrete Measurement	Action Plan 3: Promoting shareholder activism		
		2018	2019	2020
		<p>shareholders to exercise their rights.</p> <p>44. Having the TDCC introduce Chinese and English versions of the integrated platform for investors relations in the "TDCC Stockvote", so as to facilitate communication between institutional investors and companies, and to provide institutional investors with convenient channels to look up investor services and corporate governance information of issuers and understand the business operation of e-voting in Taiwan, so as to expand international visibility.</p>	<p>transmit relevant documents in connection with the convening of the shareholders' meeting and other notifications.</p> <p>47. Having the TWSE and TPEX amend relevant rules and regulations, requiring listed companies to appoint contact window(s) to handle investor relationships, and import relevant information into the system appointed by TDCC, providing integrated information on TDCC's platforms.</p>	
<p><b>9. Strengthening institutional investors' Stewardship responsibilities</b></p>	<p><b>(15) Planning to increase the signings by institutional investors of the "Stewardship Principles for Institutional</b></p>	<p>48. Having the competent Bureau of the Commission in charge of the financial industry communicate with securities investment trust companies, securities firms, insurance companies and banks to promote their signings of the "Stewardship Principles for</p>	<p>51. Based on the improvement suggestions, proposing relevant implementation measures and promoting and encouraging institutional investors to enhance their disclosure quality, and</p>	<p>54. Based on the study result in 2019, conducting matters with regard to amendments to the "Stewardship Principles for Institutional Investors".</p>

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Strategic Objective	Concrete Measurement	Action Plan 3: Promoting shareholder activism		
		2018	2019	2020
	<b>Investors' and improve the information disclosure quality</b>	<p>Institutional Investors". It is aimed that the signing by securities investment trust companies reaches 70% or more in 2018, and the signing by other businesses (securities firms, insurance companies and banking businesses) reaches 50% or more.</p> <p>49. Having the TWSE and TPEX collect and analyze the contents disclosed by the signatories of the "Stewardship Principles for Institutional Investors", and propose their analyses and feedback improvement.</p> <p>50. Having the TWSE and TPEX continue to track good examples of stewardship reporting of foreign institutional investors, and timely release these reports on the website of the Corporate Governance Center or the TPEX website.</p>	<p>publishing a list of signatories who have better practices and compliances.</p> <p>52. Having the TWSE propose amendments to the "Stewardship Principles for Institutional Investors", to be in line with international trends and the domestic practices.</p> <p>53. Having the TWSE and TPEX discuss with private sectors, governmental funds, institutional investors, and others to co-host promotional activities to encourage signatories to share their experiences in the enforcement of the Principles and their information disclosure practices.</p>	
	<b>(16) Increasing the</b>	55. Having the Commission (the relevant competent	56. Having the Commission (the relevant	57. Having the Commission (the relevant

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Strategic Objective	Concrete Measurement	Action Plan 3: Promoting shareholder activism		
		2018	2019	2020
	shareholders' meeting attendance rate of institutional investors including banks and insurance companies	Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 30% and 40% respectively.	competent Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 50%.	competent Bureau in charge of the financial industry) require that the attendance rate of banks and insurance companies attending shareholders' meetings of listed companies (taking the sum of the number of companies where the meetings are attended in person and by e-voting, and divided by the number of listed companies invested) shall reach 70%.

Strategic Objective	Concrete Measurement	Action Plan 4: Strengthening Information Transparency		
		2018	2019	2020
10. Promoting English information disclosure of listed companies and	(17) Requiring listed companies with a high foreign investor holding rate or paid-in capital over a certain	58. Having the TWSE and TPEX set out in the "Rules Governing Information Filing" that all listed companies whose foreign investor shareholding reaches 30% or more or where the paid-in capital reaches TWD 10 billion or more (for those with		

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Strategic Objective	Concrete Measurement	Action Plan 4: Strengthening Information Transparency		
		2018	2019	2020
enhancing investor relationships	amount to provide the English versions of "AGM handbooks", "Annual Reports" and "Annual Financial Reports", and more.	flexible par-value or no par-value, other criteria, such as market value, will be further set out by TWSE and TPEX) shall provide English versions of "AGM handbooks", "Annual Reports" and "Annual Financial Reports" (with the CPA audit report, financial statements, notes and annexes, and others) starting from 2019.		
	(18) Encouraging TPEX listed companies to hold periodical investor conferences	59. Having the TPEX hold seminars on how to do investor conferences and continuously encouraging TPEX listed companies to hold investor conferences.	60. Depending on the implementation status of investor conferences of listed companies, planning to require all TPEX listed companies to hold periodical investor conferences and relevant corresponding actions.	61. Based on the study result in 2019, conducting relevant matters that TPEX listed companies shall hold periodical investor conferences.
11. Enhancing information disclosure timelines, comparability	(19) Encouraging announcement of information such as annual financial reports within 60 days after the end of	62. Setting out in the "Corporate Governance Best Practice Principles", that companies are advised to announce their annual financial reports within 60 days after the end of the fiscal year, and announce the first, second and third quarter financial reports and		

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Strategic Objective	Concrete Measurement	Action Plan 4: Strengthening Information Transparency		
		2018	2019	2020
and content	the fiscal year	monthly management report before the required deadline.		
	(20) Enhancing the comparability and transparency of XBRL format financial reports	63. Starting from the first quarter, the XBRL Financial Reporting Taxonomy will be updated to the latest 2017 version and adopt XBRL Formula. The TWSE will hold training and promotion courses for the update of XBRL Taxonomy and iXBRL.	64. Starting from the first quarter, all public companies shall use iXBRL format to file their financial reports.	
	(21) Requiring all listed companies to disclose "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year", so as to strengthen their social responsibilities	65. Encouraging companies to voluntarily disclose the "salary adjustment of non-supervisory employees in comparison to the preceding year" on MOPS as well as the salary adjustment of directors and managers for comparison purpose.  66. Amending the "Corporate Governance Best Practice Principles" to encourage listed companies to disclose information such as "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year".	67. Proposing amendment suggestions for the corporate governance evaluation indicators and taking the disclosure of "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year" to be one of the evaluation items.	68. Providing relevant regulations to disclose "the number of non-supervisory employees, the average and median of annual employee welfare expenses and the differences from the previous year" in annual reports.
12. Improving the quality of non-financial	(22) Along with the issuance of GRI Standards, requiring	69. Scheduling a three-year review, where the TWSE and TPEX (or cooperate with professional private institutions) shall	70. Requiring companies who are mandated to compile CSR reports to	72. Planning to expand the scope of third-party verification of CSR reports



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Strategic Objective	Concrete Measurement	Action Plan 4: Strengthening Information Transparency		
		2018	2019	2020
<b>I information</b>	<b>listed companies to compile the mandatory CSR reports in accordance with GRI Standards; conducting annual review on CSR reports on a batch basis to propose improvement measures and promote the acquisition of third party verification; proposing to require further disclosure in annual reports that non-financial information within CSR reports be included about which investors are more concerned</b>	annually review CSR reports of listed companies on a batch basis, and provide relevant measures to guide companies to improve.	issue 2018 CSR reports in accordance with GRI Standards.  71. Selecting non-financial information that investors are more concerned about and studying the feasibility to require, by stages, the disclosure of such information in annual reports.	(such as financial sectors, chemical industry or listed companies whose paid-in capital or market value reaches a certain amount).  73. Based on the study result in 2019, conducting relevant amendments to the "Regulations Governing Information to be published in Annual Reports of Public Companies".

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Strategic Objective	Concrete Measurement	Action Plan 5: Augmenting regulatory enforcement		
		2018	2019	2020
13. Strengthening the enforcement of corporate governance related laws and regulations	(23) Adding a legal basis for penalty of violations of Paragraph 4, Article 14-4 of the "Securities and Exchange Act" ("Regulations Governing the Exercise of Powers by Audit Committees") and Paragraph 1, Article 14-6 of the same Act ("Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee")	74. Proposing relevant draft amendments to the Securities and Exchange Act and relevant corresponding measures.	75. Planning to submit to the Executive Yuan for further submission to the Legislative Yuan for review of the draft amendments to the Securities and Exchange Act, along with the tentative schedule of the Commission for legal amendments.	
	(24) Including corporate governance requirements in relevant rules and regulations of TWSE and TPEX, as well as finding diverse ways to enforce them	76. Having the TWSE and TPEX add rules and corporate governance regulations along with the amendment of the Company Act and Corporate Governance Roadmap 2018, as well as finding diverse ways to enforce them, so as to continuously require listed companies to comply with relevant regulations of corporate governance.		

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#### **IV. Promotion Methods**

1. The Commission, TWSE, TPEX and relevant non-profit organizations (such as the TDCC and SFIPC) will jointly promote the Roadmap. With the promotion policies established by the competent authority, the combined effort of the TWSE, TPEX and non-profit organizations will work together to drive corporate governance success.
2. There will be annual reviews on the implementation status of each action plan of the Roadmap, and amendments will be made on a rolling basis.

#### **V. Conclusion**

The Roadmap is expected to further deepen the corporate governance culture in Taiwan by establishing the direction and guidelines for the promotion of corporate governance for the next three years, allowing the preparation time for companies and guiding them to voluntarily value corporate governance and CSR. Through action plans such as enhancing board functions, strengthening information transparency and promoting shareholder activism, this will also assist companies to augment their competitiveness and create a more investment-friendly environment and encourage investors to actively participate in corporate governance, so as to enhance the international competitiveness of the Taiwan capital market.