

2025 Corporate Governance Report

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I.

Corporate Governance Developments in Taiwan

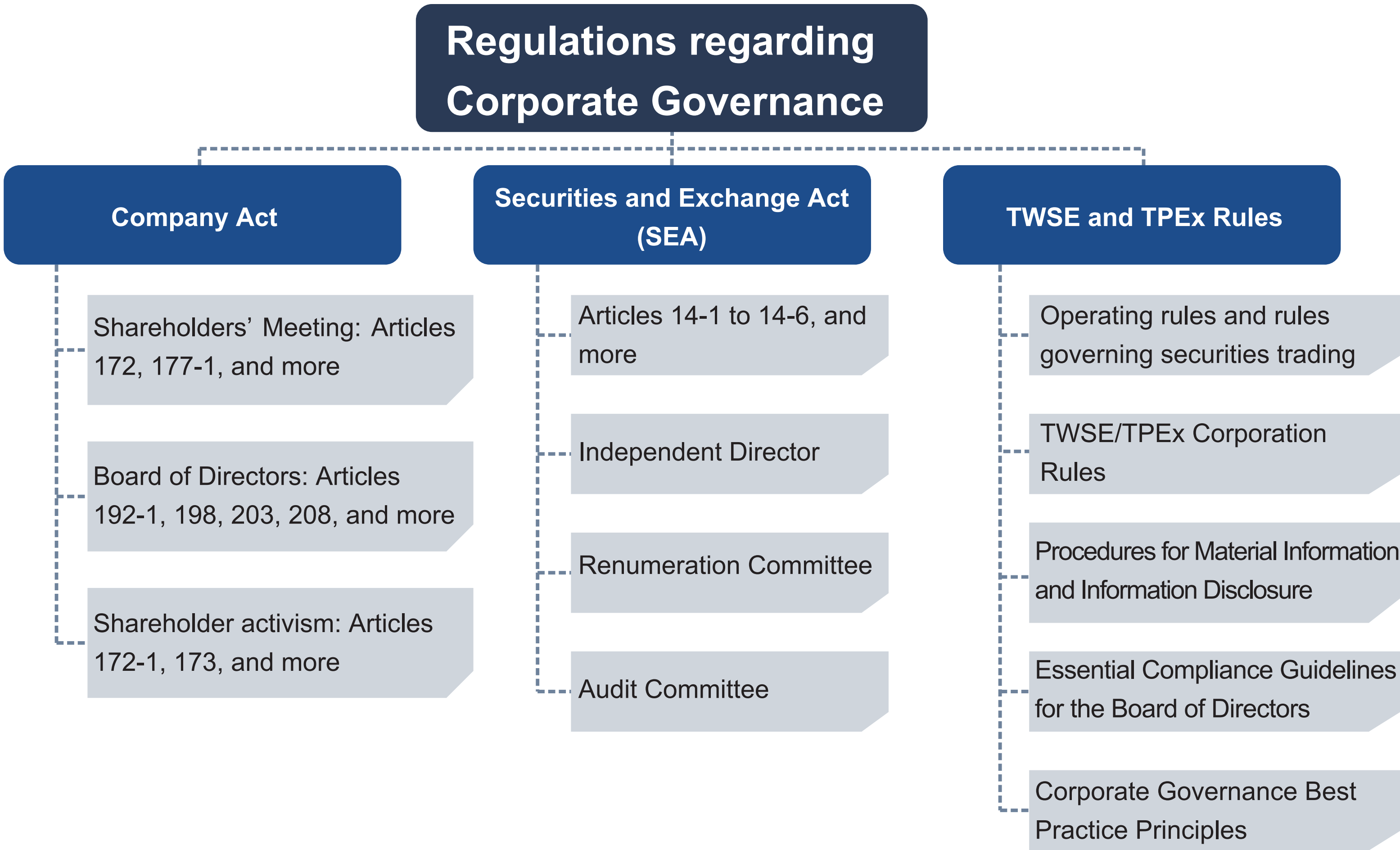
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A. History of Corporate Governance Developments in Taiwan

Corporate governance is a mechanism that is used to supervise and manage the operation of enterprises. It pushes business owners to fulfill their responsibilities, protects the rights of shareholders, while safeguarding the interests of other stakeholders. A sophisticated corporate governance system should empower the Board of Directors, along with management, to attain business objectives, while maximizing benefits for the company and shareholders. It supports the achievement of business objectives by facilitating effective corporate management, providing robust oversight mechanisms, encouraging efficient resource and enhancing operational efficiency. This ultimately strengthens competitiveness while contributing to overall social welfare. The promotion and implementation of corporate governance is highly reliant on the cooperation between the government, non-governmental organizations, and companies. The competent authority for corporate governance of TWSE/TPEX-listed companies in Taiwan is the Financial Supervisory Commission (the FSC). The Taiwan Stock Exchange Corporation (the TWSE) and the Taipei Exchange (TPEX) are responsible for supervising the formulation of relevant regulations. Other non-governmental organizations such as the Securities and Futures Institute (the FSI), along with the Securities and Futures Investors Protection Center (the SFIPC), also contribute by organizing education, training, seminars, assessments and evaluations. They may also participate directly in Shareholders' Meetings or supervise company operations as shareholders. Through collaboration with government agencies and the private sector, Taiwan's corporate governance environment is being continually enhanced.

Currently, corporate governance legal framework is mainly based on the Company Act, and the Securities and Exchange Act (SEA). Regulations regarding TWSE/TPEX-listed companies are formulated by the TWSE and TPEX. The Company Act oversees the operations of Shareholders' Meetings and boards of directors. Systems have been established such as electronic voting, proxy attendance with power of attorney, and shareholder proposals with the end goal of strengthening corporate governance with regulations regarding shareholders' meetings, board governance as well as shareholder activism.

In 2006, the Company Act and the SEA were amended to legislate corporate governance principles. These amendments reinforced the legal foundation of corporate governance within the framework of the Company Act, the SEA, together with the rules formulated by the TWSE and TPEX for listed companies.



To strengthen corporate governance practices, the SEA was amended in 2006 to introduce the independent director system and Audit Committee system. In 2010, TWSE/TPEX-listed and ESM listed companies were required to establish remuneration committees to enhance the functions, structure and operations of their boards of directors. By the authority vested in the FSC through the SEA, the FSC enacted the following: (1) Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; (2) Regulations Governing the Exercise of Powers by Audit Committees of Public Companies; and the (3) Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

To assist TWSE/TPEX-listed companies in establishing a first-rate corporate governance system while promoting the sound development of the securities market, the TWSE and TPEX have formulated relevant rules and regulations for TWSE/TPEX-listed companies to follow, such as: (1) TWSE/TPEX Corporation Rules Governing Review of Securities Listings and related Operating Rules (business rules); (2) TWSE/TPEX Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities; (3) Rules Governing Information Reporting; (4) Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TWSE/TPEX-Listed Companies; as well as the (5) Corporate Governance Best-Practice Principles; (6) Sustainable Development Best-Practice Principles; and (7) Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed companies.

In its promotion of corporate governance, Taiwan has taken into consideration the regulations and trends of major international capital markets, adopting a number of enhancement measures in 2025. These include assisting enterprises in transitioning smoothly to the IFRS Sustainability Disclosure Standards and the IFRS Sustainability Disclosure Standards Alignment Section that has been successively releasing industry-specific disclosure examples under IFRS S2. These are in line with the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies (2023), the Sustainability Report Template and Reference Example Handbook that were issued for enterprises to consult when preparing their sustainability reports. The Green Stock Designation System was established to encourage enterprises to continue moving toward green transformation. The Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX-Listed Companies were amended to refine sustainability information disclosure; and certain provisions of the Securities Investor and Futures Trader Protection Act were amended to refine the legal framework for derivative suits and removal lawsuits, thereby advancing corporate governance.



B. Strengthening Taiwan's Corporate Governance Roadmap (2013-2017)

Although the promotion of the corporate governance project has achieved considerable results, corporate governance reforms in neighboring countries in the region have progressed rapidly. Therefore, the FSC announced the Strengthening Taiwan's Corporate Governance Roadmap approved by the Executive Yuan in 2013, declaring Taiwan's determination for corporate governance reform and guiding the direction of reform for the next five years. In addition to establishing a clearer framework of mandatory regulations and incorporating recommended measures into the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies, the TWSE also established the Corporate Governance Center (the CGC) by integrating support from the government, private sector, securities-related entities, and the media, while actively engaging in dialogue among listed companies, private enterprises, and the public. This approach marks a shift from the traditional top-down reform model, cultivating a culture where businesses recognize the intrinsic value of sound governance. Consequently, companies are encouraged to voluntarily adopt governance measures that surpass regulatory requirements. This initiative not only bolsters individual corporate competitiveness but also elevates Taiwan's global standing in corporate governance practices. The specific measures and implementation results are as follows.

1. Shaping a Corporate Governance Culture:

The first Corporate Governance Evaluation (CGE) began in October 2014, with the Taiwan Corporate Governance 100 Index and the TPEX Corporate Governance Index completed in June 2015. In addition, the Taiwan Index Plus Corporation and FTSE Russell jointly compiled the FTSE4Good TIP Taiwan ESG Index in December 2017.

2. Promoting shareholder activism:

Starting from 2016, newly TWSE/TPEX-listed companies must include electronic voting as one of the channels for shareholders to exercise their voting rights. By 2018, all TWSE/TPEX-listed companies had fully adopted electronic voting and the case-by-case voting system for their shareholders' meetings. In addition, Taiwan's Stewardship Principles for Institutional Investors were released on June 30, 2016.

3. Enhancing the functions of the board of directors:

Following the broadened scope of requirements, all listed companies have now fully implemented the establishment of independent directors and Audit Committees.

4. Disclosing important corporate governance information:

Since September 2014, food, chemical, financial and insurance industries and enterprises with a capital of NT\$10 billion or more have been required to prepare and publish sustainability reports. The number of companies preparing sustainability reports has grown from 212 in 2014 to 1,891 in 2025.

5. Strengthening legal operations:

The Regulations Governing Establishment of Internal Control Systems by Public Companies were amended in 2014. Starting in 2016, the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and various sectors were successively revised to encourage companies to place greater emphasis on corporate governance requirements. Additionally, the TWSE and TPEX required listed companies to disclose information such as the period for announcing the acceptance of shareholder nominations or proposals, the review process, in addition to the applicable review criteria.

C. New Corporate Governance Roadmap (2018-2020)

Measures relevant to the Strengthening Taiwan's Corporate Governance Roadmap were implemented in 2017. In order to align Taiwan's corporate governance standards with international practices, in 2018 the FSC launched the New Corporate Governance Roadmap (2018-2020), incorporating insights from governance experts and related entities. The Roadmap targets five core areas: enhancing governance culture, improving board functionality, refining disclosure quality, promoting shareholder activism, and reinforcing regulatory compliance. Its primary goals are to foster a robust governance culture, create an attractive investment climate, and boost the global competitiveness of Taiwan's capital markets. The Roadmap encourages the voluntary adoption of sound governance practices by both businesses and investors, thereby supporting Taiwan's sustainable economic development.

Compared with the previous Strengthening Taiwan's Corporate Governance Roadmap 2013, the New Corporate Governance Roadmap (2018-2020) not only shortened the implementation period from five to three years, but also included major reform matters such as:

1. **Promoting Shareholder Activism in the Financial Industry:** Encouraging financial institutions to adopt the Stewardship Principles for Institutional Investors and actively participate in shareholders' meetings. This strategy increases their supervisory role, fosters shareholder activism, and enhances corporate governance standards. The goal of having more than 70% of securities investment trust companies and more than 50% of other industry players (securities firms, insurance companies, and banks) sign the Stewardship Principles for Institutional Investors was achieved in 2018. A 70% attendance rate goal for banks and insurance companies at TWSE/TPEX-listed companies' shareholders' meetings was achieved by 2020. This milestone resulted from a phased initiative to promote increased participation of financial institutions in corporate governance activities.
2. **Introduction of the Corporate Governance Officer System:** Focusing on enhancing the functions of the board of directors, in addition to continuing to expand the establishment of independent directors and Audit Committees, relevant international practices will be referenced to introduce corporate governance officers, thereby strengthening support for directors.
3. **Enhancing Information Disclosure in English:** Promoting TWSE/TPEX-listed companies with a higher foreign shareholding ratio or a certain capital scale or above to disclose financial and business information in English, starting from 2019, there were 252 TWSE listed companies and 89 TPEX-listed companies that required to publish English versions of their Annual Financial Report, Annual Report, and Shareholders' Meeting Handbook for their shareholders' meetings to implement the fair and equitable treatment of all shareholders, to create a friendly investment environment.
4. **Promoting the candidate nomination system:** To support the implementation of electronic voting and facilitate shareholders' exercise of rights, listed companies are required to adopt the candidate nomination system for director elections.
5. **Enhancing the effectiveness of Corporate Governance Evaluation (CGE):** To improve evaluation outcomes, qualitative indicators have been further incorporated into the CGE, with methods such as questionnaires or on-site visits adopted to strengthen its effectiveness.
6. **Strengthening Compliance with Corporate Governance Laws and Regulations:** The SEA was amended to include penalty provisions for violations related to audit and remuneration committee regulations. The TWSE and TPEX did the same to listed companies in alignment with the Roadmap and the amendments to the Company Act to include enhanced corporate governance regulations.

D. Corporate Governance 3.0 - Sustainable Development Roadmap (2021-2023)

In response to the rapid changes in the capital market environment and to accelerate the pace of Taiwan's corporate governance towards internationalization, the FSC, in the spirit of continuous augmentation, planned the Corporate Governance 3.0 - Sustainable Development Roadmap for the period of 2021-2023, with 39 specific promotion measures centered around five major themes: (1) Strengthening the Functions of the Board of Directors and Enhancing Corporate Sustainable Value; (2) Increasing Information Transparency to Promote Sustainable Management; (3) Strengthening Stakeholder Communication and Creating Good Interaction Channels; (4) Aligning With International Standards and Guiding Responsible Stewardship; and (5) Deepening the Culture of Sustainable Corporate Governance and Providing Diversified Products. The key points are summarized as follows:

1. **Strengthening the Functions of the Board of Directors:** From 2024, new TWSE/TPEX-listed companies, with over NT\$10 billion paid-in capital and listed financial or insurance firms must appoint at least one-third independent directors, who are limited to three consecutive terms. These changes take effect as current terms expire. Listed companies are encouraged to implement risk management systems. Starting in 2023, TWSE/TPEX-listed companies with paid in capital of less than NT\$2 billion are required to appoint corporate governance officers. The initiative also promotes diverse director training, sets examples for the exercise of powers by independent directors and audit committees, plus encourages the establishment of nomination committees in listed companies.
2. **Increasing Information Transparency:** As international investors and industry chains place increasing emphasis on environmental, social, and governance (ESG) issues, enterprises are encouraged to give due consideration to ESG-related issues and provide investors with relevant information to support decision-making. Sustainability disclosures are being enhanced with reference to international standards such as the Task Force on Climate-related Financial Disclosures (the TCFD), and standards issued by the Sustainability Accounting Standards Board (SASB). As of 2023, TWSE/TPEX-listed companies with a paid-in capital of NT\$2 billion or more are required to publish sustainability reports and are also subject to expanded requirements for third party assurance of these reports. Furthermore, to enhance the timeliness of financial information disclosure, TWSE and TPEX-listed companies with a paid-in capital of NT\$10 billion or more are required, starting in 2022 and 2023 respectively, to announce self-assessed financial information and submit their annual financial reports within 75 days after year-end. As of 2023, companies with a paid-in capital of NT\$2 billion or more must announce self-assessed financial information within 75 days after year-end. From 2024 onward, all TWSE/TPEX-listed companies must announce self-assessed financial information within 75 days after year-end. This measure aims to further enhance the transparency of information disclosure.
3. **Strengthen Stakeholder Communication:** To strengthen the operation of shareholders' meetings of TWSE/TPEX-listed companies, enhance the neutrality of stock affairs operations provided by self-managed stock affairs companies, and improve the information transparency of electronic voting results, measures were implemented to safeguard shareholders' rights to participate in shareholders' meetings. Specifically, the maximum number of TWSE/TPEX-listed companies holding shareholders' meetings per day was reduced to 90 in 2021, then 80 in 2022.

4. **Guiding Responsible Stewardship:** As foreign investment in Taiwan's securities market continues to grow annually, international proxy advisory firms, which are key partners for foreign investors, exert considerable influence on Taiwan's issuers. In response, relevant stewardship codes have been introduced, drawing on foreign regulations. Additionally, a communication mechanism between international proxy advisory firms and domestic issuing companies has been established to broaden the industry chain of stewardship in Taiwan. The FSC continues to encourage the disclosure of stewardship information and is establishing a stewardship-related rating mechanism to promote institutional investors' shareholder engagement and enhance the overall corporate governance in Taiwan's securities market.
5. **Encouraging Voluntary Corporate Governance and Sustainable Development:** With the impact of global climate change coupled with the COVID-19 pandemic on the world, countries have begun to attach importance to the sustainable development of the environment and society. Guiding the investment of funds in sustainable development through market mechanisms is an important driving force for enterprises to voluntarily focus on sustainable issues. This roadmap plans to establish a Sustainable Board and promote sustainable development-related products such as Green bonds, Sustainable Development Bonds (SDBs), Social Responsibility Bonds (SRBs), and Sustainability-Linked Bonds (SLBs). As of the end of January 7, 2026, there were 151, 55, 33, and 6 issuances, respectively, in the amounts of NT\$545 billion, NT\$129.6 billion, NT\$75.8 billion, and NT\$15.9 billion, respectively, effectively guiding corporate funds to invest in ESG-oriented development. In addition, by continuously improving the effectiveness of CGEs and expanding the disclosure of evaluation rankings for small- and medium-sized enterprises (the SMEs), TWSE/TPEX listed companies are further encouraged to proactively strengthen their corporate governance practices.

E. Sustainable Development Roadmap for TWSE/TPEX-Listed Companies (2022-2029)

In response to climate change and the growing international focus on sustainable issues, the FSC released the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies in March 2022. The roadmap aims to assist Taiwanese enterprises in setting carbon reduction targets and requires TWSE/TPEX-listed companies to conduct GHG inventories and obtain assurance in phases based on their capital size. Starting in 2023, companies with a capital of NT\$10 billion or more, as well as those in the steel and cement industries, began to conduct GHG inventories. By 2027, all TWSE/TPEX-listed companies are expected to complete GHG inventories, with assurance to be completed in 2029. By the end of 2025, all TWSE/TPEX-listed companies in the first phase had completed consolidated GHG inventories and assurance for individual companies, while all companies in the second phase had completed individual GHG inventories.

F. Sustainable Development Roadmap for TWSE/TPEX-Listed Companies (2023-2027)

In March 2023, the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies was released by the FSC, featuring four main pillars: governance, transparency, digitalization, and innovation, along with five key aspects: (1) leading enterprises to achieve net zero; (2) deepening corporate sustainable governance culture; (3) refining sustainable information disclosure; (4) strengthening stakeholder communication; and (5) promoting ESG evaluation and digitalization. This initiative continues to promote active corporate sustainable development and enhance international competitiveness.

Reviewing the implementation results from 2023 through 2025, important milestones have been achieved across all five dimensions. Key implementation highlights are summarized as follows:

1. Leading Enterprises to Achieve Net Zero

Through institutional measures, TWSE/TPEX-listed companies are required to disclose their carbon-reduction targets, strategies, and action plans, and related disclosures have been incorporated into the corporate governance evaluation indicators to strengthen corporate carbon reduction management and information transparency. At the same time, in coordination with the development of Taiwan's national carbon market, the trading system for carbon reduction credits and the establishment of related trading platforms have been promoted. Furthermore, to enhance the quality of corporate climate-related information disclosure, the Scope 3 GHG Inventory Reference Guidelines and practical resources have been issued to help enterprises gradually build their Scope 3 inventory capabilities. The sustainable finance market has continued to expand, with the issuance momentum of Green Bonds and Sustainability Bonds enhanced through institutional improvements and market promotion.

2. Deepening Sustainable Corporate Governance Culture

Through institutional amendments and the evaluation mechanism, TWSE/TPEX-listed companies have been guided to strengthen the Board of Directors' supervisory function and governance structure, including raising the proportion of independent director seats, limiting the consecutive terms of independent directors, and reinforcing the functions of the Audit Committee. At the same time, the policy of Board diversity has continued to be promoted, advancing the increase in the proportion of female directors. Furthermore, through the corporate governance evaluation and related guidelines, enterprises have been guided to incorporate ESG performance into the senior executive compensation system, and enterprises have been encouraged to establish a Sustainability Committee or a dedicated sustainable governance mechanism to strengthen supervision and decision-making on sustainability issues.

3. Refining Sustainable Information Disclosure

In 2025, all TWSE/TPEX-listed companies completed the disclosure of their Sustainability Reports as required. At the same time, the sample audit and assurance management system for Sustainability Reports has continued to be refined to enhance information quality and reliability. In coordination with the development of international sustainability disclosure standards, convergence with the IFRS Sustainability Disclosure Standards has been advanced, and TWSE/TPEX-listed companies have been required to incorporate the management of sustainability information into their internal control systems, thereby strengthening the foundation of corporate sustainability information governance.

4. Strengthening Stakeholder Communication

Through institutional adjustments, the timeliness and transparency of information disclosure have been enhanced, including the earlier disclosure of the shareholders' meeting handbook and annual report information, as well as the strengthening of the disclosure mechanism for substantial shareholding information. At the same time, the Investor Relations platform and related stewardship systems have continued to be refined, improving institutional investors' access to information and promoting market communication. Furthermore, through institutional research and policy advancement, the proxy advisor mechanism and related systems for share-ownership transparency have been gradually strengthened to improve the capital market governance environment.

5. Promoting ESG Evaluation and Digitization

ESG information disclosure and the digitization of the capital market have continued to be promoted, including the establishment of the Sustainability Report production platform, the expansion of the ESG database and related filing functions, enhancing the efficiency of corporate sustainability information filing and data usability. At the same time, the gradual transformation of the Corporate Governance Evaluation into an ESG Evaluation is being planned, in order to comprehensively reflect corporate sustainability performance. Furthermore, the development of ESG-related indices and financial products has continued to be promoted, and the ESG product information platform has been integrated to provide investors with convenient sustainable investment information.

The four main axes and five-dimensional implementation directions set forth in the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies have reached important phased milestones. Looking ahead, related supporting measures will continue to be reviewed on a rolling basis in line with policy continuity and practical implementation.

II.

Effectiveness of Taiwan’s
Corporate Governance
Implementation in 2025

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A. Leading Enterprises to Achieve Net Zero

1. Assisting in the Establishment of a Greenhouse Gas Reduction Credit Trading Mechanism

As the international trend of net-zero transition continues to deepen, and as Taiwan's carbon fee system, voluntary reduction project mechanism, and related climate policies are gradually put in place, the carbon market has become a key avenue for enterprises to fulfill their carbon-reduction responsibilities, manage transition risks, and seize sustainability competitiveness. In 2025, the Taiwan Carbon Solution Exchange (the TCX) continued to play a key platform role in Taiwan's carbon market. In line with the competent authority's policy direction, the TCX has shifted from market construction toward operational enhancement, focusing on improving the operational efficiency of the trading platform, expanding market participation, and strengthening enterprises' practical participation capabilities. This has laid both a practical and institutional foundation for the subsequent piloting and promotion of the Taiwan Greenhouse Gas Emissions Trading System (TW ETS). In 2025, under the policy guidance of the FSC and the Ministry of Environment (MOENV), the TCX advanced various core strategies. Key results are as follows:

- a. **Optimizing trading mechanisms and strengthening market resilience:** To improve trading efficiency and lower the threshold for enterprise participation, the TCX continued to optimize the functions of the international carbon credit trading platform and the domestic reduction credit trading platform in 2025. Participation eligibility for the international platform was expanded from legal persons to enterprises, aligning participation requirements for domestic and international carbon credit trading, lowering barriers for enterprises, and enhancing market liquidity. At the same time, the account opening application process and the buyer/seller portal interface to ensure trading security and provide one-stop services, accelerating the implementation of carbon reduction and sustainable transformation across the industry chain. For the domestic reduction credit trading platform, in cooperation with the TWSE and the technical team, the TCX conducted system upgrades and functional adjustments, including strengthening the trading application function, optimizing the data presentation, and conducting multiple user acceptance tests (UATs) to ensure the accuracy of data linkage between systems. The optimized platform was successfully launched in December 2025, providing enterprises with a stable and reliable operational environment.
- b. **Establishing an early-stage credit matching channel to promote market liquidity:** Commissioned by the Climate Change Administration of the Ministry of Environment, the TCX has constructed diversified matching channels for early-stage reduction credits to facilitate market operation. In addition to convening briefing sessions to conduct in-depth explanations and exchanges with relevant enterprises, the TCX has actively gauged the supply-and-demand status of power utilities and industry associations through surveys and interviews. In addition, the TCX has set up the Early-Stage Reduction Credit Trading Service Window on its official website to provide real-time and professional consultation services, effectively enhancing the efficiency of trading matching.
- c. **Introducing international carbon credit projects to expand market alignment:** In response to Taiwan's policy of promoting natural carbon sinks and to assist enterprises in achieving their net-zero goals, TCX's international carbon credit trading platform introduced the Improved Forest Management (IFM) project type in 2025 following the afforestation project, marking the first batch of projects sourced from the U.S. credit issuance agency American Carbon Registry (ACR) on the TCX. This has not only enriched the project types available on TCX's international trading platform but also helped Taiwanese enterprises meet their strategic needs for localized carbon offsetting and enabled them to flexibly plan their carbon management strategies.
- d. **Deepening talent development and strengthening alignment with international standards:** the TCX has continued to promote the development of sustainability and carbon market professionals. In 2025, the TCX collaborated with BSI to offer 33 ISO greenhouse gas series courses, issuing nearly 1,000 certificates and helping the industry master international standards. In partnership with the CFA Institute, the TCX has promoted the CFA Certificate in ESG Investing, cultivating cross-disciplinary professionals with both financial insight and sustainability thinking. At the same time, the TWSE and TCX have integrated the resources of universities, research institutions, and NGOs across northern, central, and southern Taiwan, hosting more than 30 sustainability seminars, workshops, and lectures throughout the year, gradually building the talent base needed for the operation and governance of Taiwan's carbon market.

- e. **Collaboratively advancing natural carbon sinks to expand the foundation of reduction credits:** In 2025, the TWSE and TCX jointly launched the Taiwan Natural Carbon Sink Sustainable Coexistence Action Plan, leveraging a public-private cooperation model to create demonstration cases of local natural carbon sink projects. The plan focuses on local natural solutions such as sustainable forest management and soil carbon sinks, guiding enterprises to shift from traditional carbon reduction thinking toward a Nature Positive model for sustainable development, thereby expanding the foundation of domestic reduction credits.

In 2025, Taiwan's carbon market mechanisms have gradually evolved from policy and institutional frameworks into substantive enablers of corporate carbon-reduction actions. Through enhanced platform functions and the establishment of matching mechanisms, the administrative and information costs of carbon fee offsets and credit trading for enterprises have been effectively reduced, helping the industry convert carbon-reduction pressure into market momentum. Going forward, the TCX will continue to cooperate with national climate policy in advancing the pilot trading platform for TW ETS, deepening the development of natural carbon sinks and international cooperation, together with assisting enterprises in moving steadily toward net-zero transition through more flexible, efficient, and trust-based approaches.

2. Encouraging Companies to Disclose Scope 3 Greenhouse Gas Information

On November 7, 2025, the FSC amended the Regulations Governing Information to be Published in Annual Reports of Public Companies and issued the related directive, providing that, beginning with the 2026 fiscal year, TWSE/TPEX-listed companies shall apply the IFRS Sustainability Disclosure Standards in three phases according to paid-in capital, and that the provisions of the standards regarding Scope 3 Greenhouse Gas Emissions Information shall apply beginning with the fourth fiscal year following the initial application of the standards. To support the implementation of Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies and prepare companies for future disclosure of Scope 3 Greenhouse Gas Emissions Information in alignment with IFRS Sustainability Standards, the TWSE and TPEX held six Greenhouse Gas Inventory Practical Workshop sessions across Taipei, Hsinchu, Taichung, and Kaohsiung in 2025. Through practical case studies, these workshops enhanced listed companies' Scope 3 inventory capabilities and promoted knowledge exchange.

The workshops featured practical training on Scope 3 Greenhouse Gas, covering topics such as emerging trends in greenhouse gas management, inventory standards, and quantification methods. Through practical experience, participants learned specific methods for Scope 3 data collection, calculation, emission factor data sources and management, thereby enhancing their inventory capabilities. The workshop sessions have been recorded and are available in the Inventory Promotion Videos section of the IFRS Sustainability Standards Alignment Promotion Website (<https://isds.tpex.org.tw/IFRS/front/#/main/disseminate/cfv>).

In January 2025, the TWSE published the Scope 3 Greenhouse Gas Inventory Operation Guidelines and FAQ, outlining Scope 3 Greenhouse Gas and key inventory principles such as emission source identification, data integration, and base year management. The document also analyzes quantification methods for 15 categories of Scope 3 Greenhouse Gas Emissions sources. Additionally, the guidelines compare the Scope 3 classification differences between GHG Protocol and ISO14064-1 and provide guidance on aligning with IFRS S2, supporting businesses in enhancing the accuracy and transparency of their information disclosure.

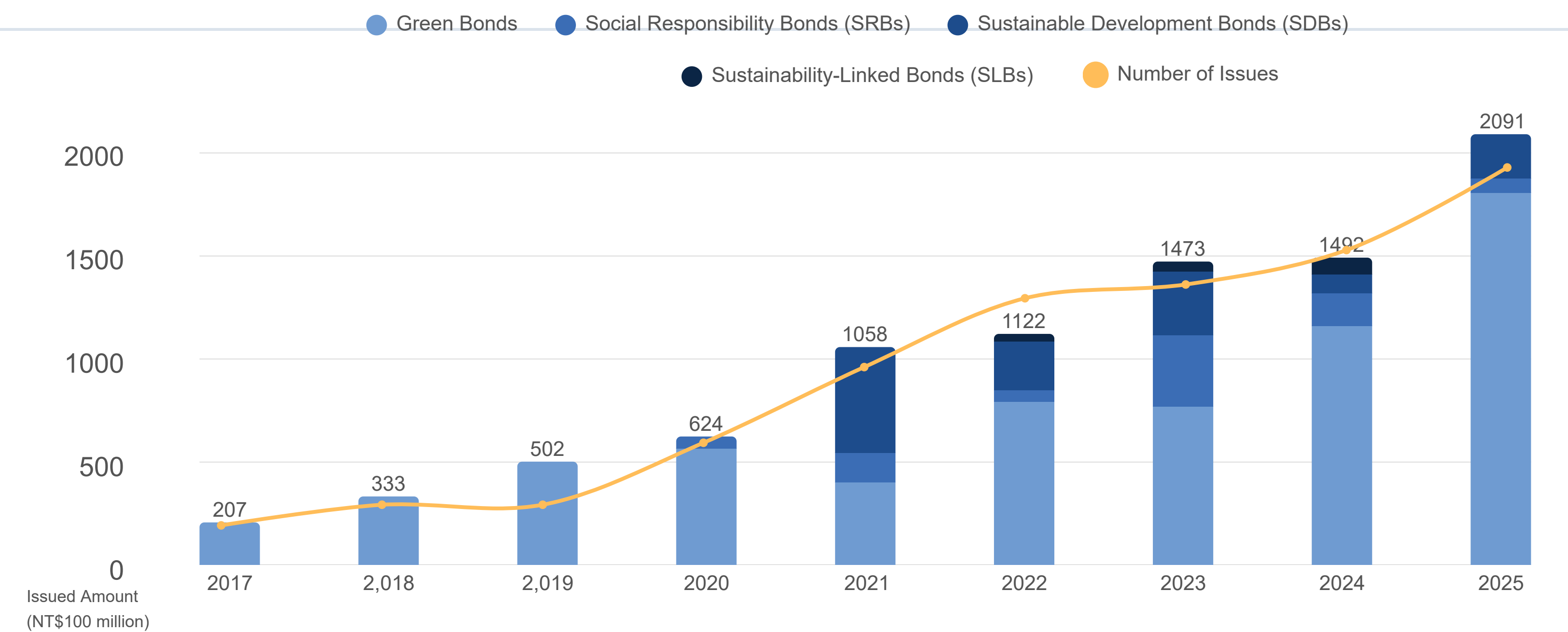
Following the issuance of the guidelines and their promotion, enterprises' Scope 3 inventory capabilities and willingness to disclose related information have significantly improved. As of the end of 2025, there were 689 TWSE listed companies (67%) and 373 TPEX listed companies (43%) that have voluntarily disclosed Scope 3 Greenhouse Gas Emissions Information, marking not only the initial effectiveness of policy promotion but also reflecting the acceleration of enterprises' climate risk management mechanisms in response to global supply chain carbon-reduction requirements.

3. Encouraging Enterprises to Issue Green Bonds, Sustainability-Linked Bonds, and Other Sustainable Development Bonds

a. Market scale and structure: significant growth in domestic issuance momentum

In 2025, Taiwan's Sustainability Development Bond market grew significantly. A total of 63 bonds were issued during the year, with an issuance amount of NT\$209.1 billion, representing a 40% increase from 2024 and setting new all-time highs in terms of both the number of issuances and the issuance amount. As of the end of 2025, the outstanding balance was NT\$766.2 billion, a year-on-year increase of 28%, reflecting active market supply and demand.

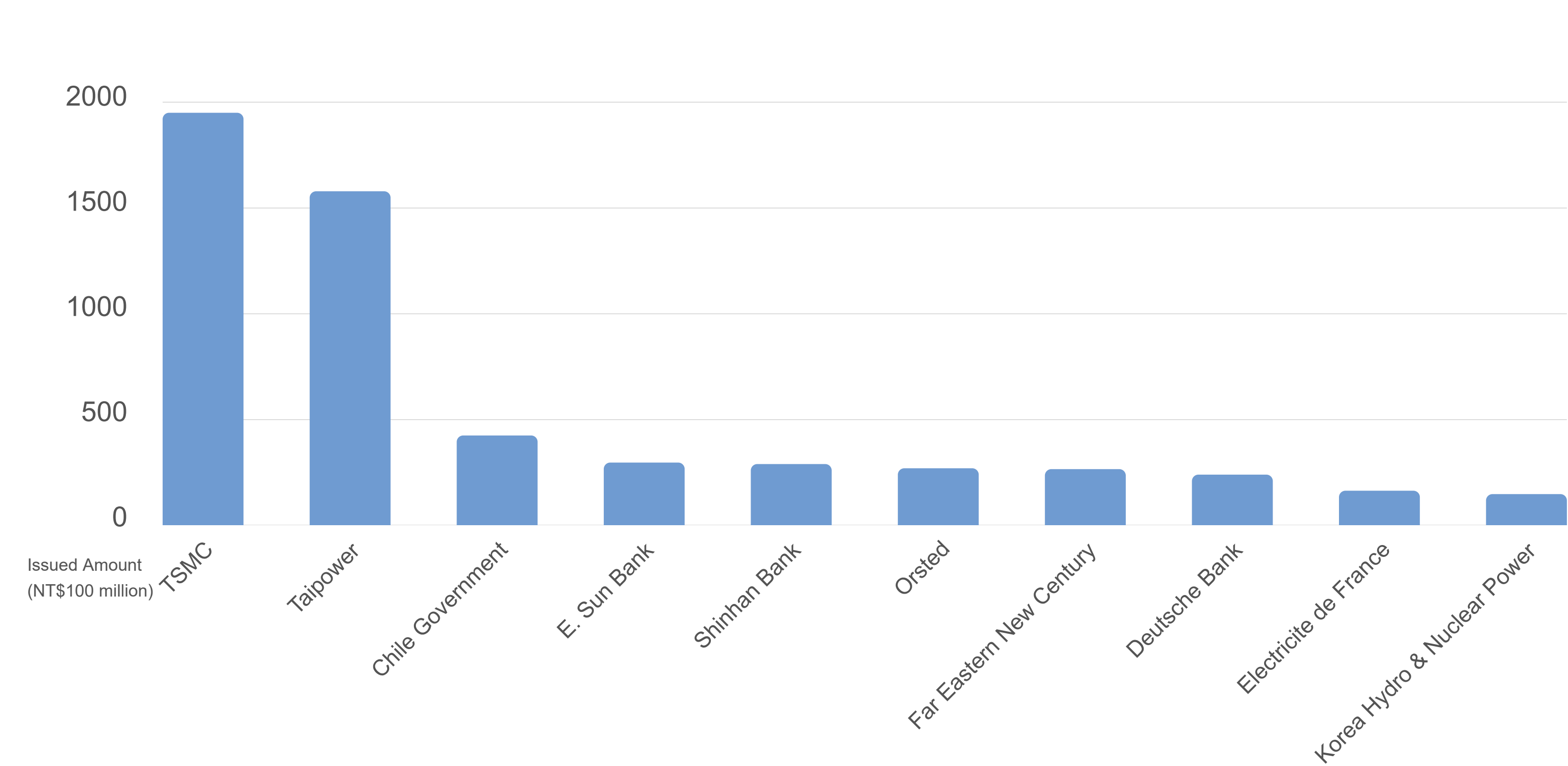
Figure 1: Historical Number of Issuances and Amount of Sustainable Development Bonds in Taiwan's Market



i. Domestic enterprises as top issuers

Among the top 10 issuers in terms of cumulative issuance amount over the years (see Figure 2 below), TSMC and Taiwan Power Company (Taipower) have consistently ranked first and second, demonstrating that Taiwan's public and private enterprises have actively raised transition financing through sustainability development bonds. In addition, E.Sun Bank and Far Eastern New Century have also joined the ranks of the top 10 issuers. Domestic issuers now span the technology, energy, financial, and traditional industry sectors, indicating that Taiwan's large enterprises and financial industry have become one of the cornerstones supporting Taiwan's sustainability development bond market.

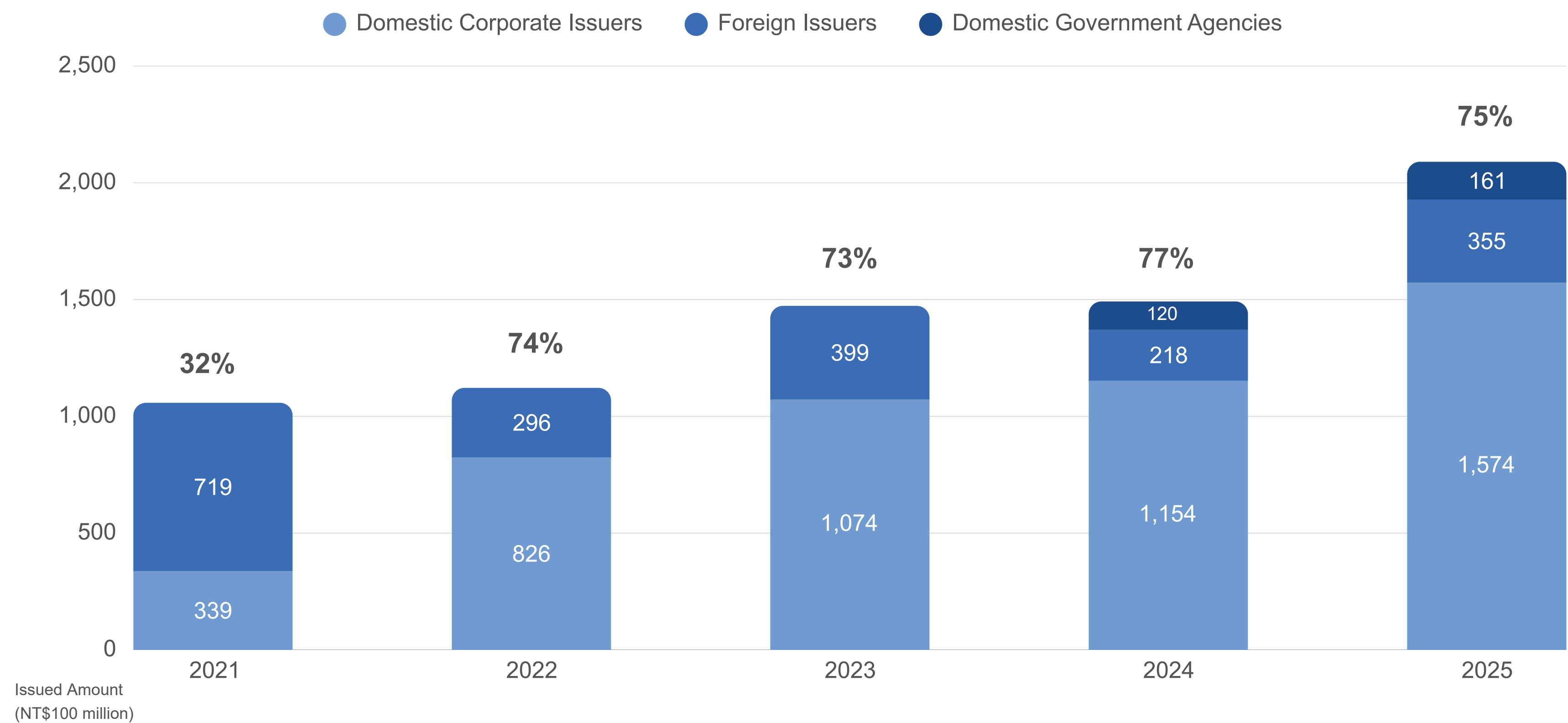
Figure 2: Top 10 issuers of Sustainability Development Bonds



ii. Significant increase in the proportion of domestic enterprise issuers

Looking at the overall structure of issuers, the proportion of domestic issuers (excluding government agencies) in the total issuance amount of the market has jumped from 32% in 2021 to 75% in 2025. The issuance amount has increased substantially from NT\$33.9 billion in 2021 to NT\$157.4 billion in 2025, a 364% increase over five years.

Figure 3: Percentage of Domestic Corporate Issuers in Taiwan’s Sustainable Development Bond Market



b. Deepened participation of government agencies and SMEs

In terms of issuer diversification, there were 12 new issuers added in 2024 and 2025 combined (seven in 2024 and five in 2025), continuing to inject growth momentum into the issuance market. Given that large TWSE/TPEX-listed companies and financial institutions have become the main issuers in Taiwan's sustainability bond market and have actively participated, the Taipei Exchange (TPEX) has further assisted smaller enterprises, the six special municipalities' city governments, and non-special-municipality county/city governments in raising funds through the sustainability bond market. The specific results are as follows:

- i. Deepened issuance by government agencies:** Following the lead of the Taipei City Government and Kaohsiung City Government, which were the first to issue bonds in 2024, the Taoyuan City Government issued Taiwan's first Sustainable Government Bond combining environmental and social benefits in 2025. The proceeds are used to fund the construction of the Green Line of the Taoyuan Mass Rapid Transit and social housing, demonstrating the local government's commitment to addressing housing issues and implementing low-carbon transportation.
- ii. Green transformation of the industry chain:** On the corporate end, following the initial participation of several flagship listed companies including Nanya Technology Corporation, China Steel Corporation, Century Iron and Steel Industrial Co., Ltd., and Taiwan Cement Corporation in 2024, TPEX successfully assisted the first TPEX-listed company, Yeedex Electronic Corporation, in issuing a Green Convertible Corporate Bond in 2025. The proceeds were used to construct a Gold-grade green building plant, setting a benchmark for SME participation in the sustainability bond market and symbolizing that the influence of green finance has penetrated the semiconductor supply chain.

Figure 4: New issuers in the Sustainability Bond market in recent years

Year	Issuer	Number
2023	Chang Hwa Commercial Bank, Ltd.; Taiwan Mobile Co., Ltd.; Korea Expressway Corporation; Shinhan Bank; Hon Hai Precision Industry Co., Ltd.	5
2024	Taipei City Government; Kaohsiung City Government; Nanya Technology; China Steel Corporation; Century Iron & Steel Industrial Co.,Ltd.; Natixis Taipei Branch; TCC Group Holdings	7
2025	Electricite de France; Taoyuan City Government; Korea Hydro & Nuclear Power Co., Ltd.; Yeedex Electronic Corporation; Union Bank of Taiwan	5

c. Future outlook and promotion plan: Policy guidance and optimization

In line with the government's policy of building Taiwan into an Asian Asset Management Center and channeling private funds into public infrastructure, TPEx will continue to advance two main aspects of expanding the issuance landscape and strengthening the issuance mechanism:

- i. Expanding public-sector issuance:** In addition to continuing to provide guidance to local governments, TPEx has also begun assisting central government agencies in participating in the Sustainability Bond market and assisted National Quemoy University in preparing a Green Bond plan, which received qualification certification at the end of September 2025. The first central government Green Bond was issued at the end of January 2026, with the goal of creating a demonstration effect for the more than 40 universities and colleges under the Ministry of Education that have a school administration fund.
- ii. Optimizing sustainability development bond issuance:**
 - Providing case-by-case guidance and fee subsidies: TPEx has continued to implement the fee subsidy program for the issuance evaluation of Sustainability Bonds, and has provided case-by-case guidance to help enterprises plan their investment items, lowering the threshold for domestic enterprises to enter the sustainable finance market.
 - Alignment with international standards: In 2025, TPEx successfully petitioned the FSC for the early application of the revised IFRS 9 provisions to Sustainability-Linked Bonds (SLBs) and released a related Q&A document for market participants' reference. By clarifying accounting treatment ambiguities and reducing investment uncertainties, this has deepened the development of the market.

Sustainable Development Bond
Issuance Fee Subsidy Measure
Detailed Guidelines>



d. **Promote Green Stock Designation system to encourage corporate net-zero transition and engagement in green economic activities**

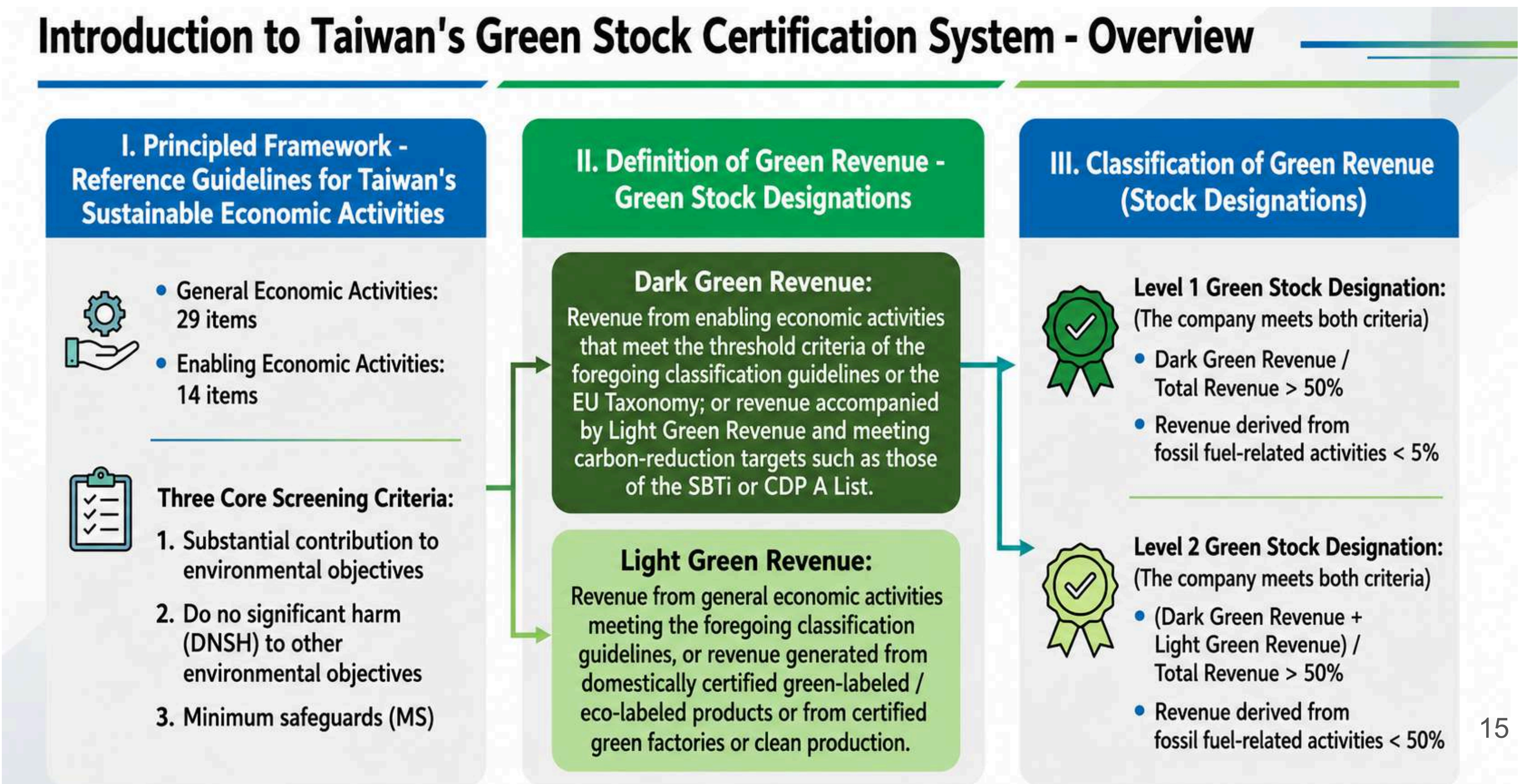
In October 2024, the FSC launched the Green and Transition Finance Action Plan, aiming to promote enterprises' continuous progress toward green transformation and sustainable development through policy guidance, financial resource support, and technological innovation. In line with the foregoing policy, TPEx and the TWSE, with reference to the framework of the Green Equity Principles issued by the World Federation of Exchanges and taking into account the experience of foreign exchanges that have issued green corporate marks and the development of domestic industries, have promoted the establishment of the Green Stock Designation System. The system will be officially implemented in 2026, under which TWSE/TPEx-listed companies that disclose green revenue reaching a certain percentage of their annual consolidated (or individual) operating revenue and that meet specific conditions will be granted the Green Stock Designation.

The Green Stock Designations is based on the relevant domestic and international classification guidelines and methodologies for sustainable economic activities, conducting its assessment using the company's publicly available information to provide reliable certification of the company's green initiatives. Key points of this system are as follows:

- i. **Applicable entities:** All listed companies in Taiwan (financial industry temporarily excluded)
- ii. **Implementation year:** 2026 (based on 2025 revenue information)
- iii. **Green revenue identification criteria:**
 - ia. Green revenue is identified based on the classification method of economic activities, assessing whether a company's core operations align with sustainability.
 - ib. The standards and definitions concerning economic activities are mainly based on the Reference Guidelines for Taiwan's Sustainable Economic Activities (covering enabling economic activities and general economic activities) and the EU Taxonomy.
- iv. **Green Stock Designation levels:**

The Green Stock Designation adopts a two-tier structure, consisting of Level 1 Green Stock Designation and Level 2 Green Stock Designation. Designation levels are awarded based on specific thresholds, including the proportion of a company's Dark Green and Light Green revenue, as well as a limited proportion of revenue derived from fossil fuel-related activities.
- v. **Benefits to enterprises obtaining certification:**
 - ia. Showcasing the effectiveness of green transformation, enhancing the company's visibility in the capital market, and attracting attention from financial institutions and investors.
 - ib. Facilitating the company's fundraising to continue promoting the company's sustainable transformation.

Figure 5: Introduction to Green Stock Designations



To encourage TWSE/TPEX-listed companies to continue moving toward green transformation, Version 2.0 of the ECO-Fin was launched in 2025, adding a Green Securities Zone that continuously provides domestic and international green certification information aligned with international standards. Through outreach sessions and the publication of related video content, the platform helps issuers and investors/financiers develop a deeper understanding of the Green Stock Designations. In addition, it encourages TWSE/TPEX-listed companies to disclose green revenue, participation in international initiatives, and other relevant information through annual reports for shareholders' meetings, sustainability reports, and ESG digital platforms. By marking a company's green initiatives, the platform raises capital market and corporate awareness of green issues, prompting them to actively invest in green economic activities and partnering with TWSE/TPEX-listed companies to advance toward sustainability and net zero.

5. Released the second edition of the Reference Guidelines for Identifying Sustainable Economic Activities to assist the Financial Industry and Enterprises in Carbon Reduction Transition

On December 31, 2024, the FSC, along with the Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of Interior, and the Ministry of Agriculture, jointly released the second edition of Reference Guidelines for Identifying Sustainable Economic Activities (the Reference Guidelines). The updated version expands the scope of applicable industries, including screening criteria, as well as offering guidance for enterprises in planning their transition. The goal is to promote orderly industrial transition and make finance a vital part of corporate net-zero transition.

To encourage the financial industry to invest in sustainable economic activities, the FSC, along with the Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, and the Ministry of Interior, jointly released the first edition of the Reference Guidelines in December 2022. The Reference Guidelines initially focused on industries that receive the highest level of financial investment and lending in Taiwan, including segments of manufacturing, construction and real estate, transportation and storage sectors. They provide reference criteria for assessing sustainability for 16 general economic activities and 13 forward looking economic activities. The Reference Guidelines established the technical screening criteria for making a substantial contribution toward climate change mitigation, with the principle that activities must not harm other environmental objectives, such as climate change adaptation and water conservation, or compromise social safeguards.

In line with Taiwan's 2050 Net Zero Emissions Target and the policy goals of Green Growth and 2050 Net Zero Transition, the second edition of the Reference Guidelines expands the range of applicable industries to encourage more enterprises to advance towards carbon reduction and sustainability goals. It establishes criteria for determining substantial contributions to environmental objectives based on the nature of economic activities along with their environmental impact. The aim is to support enterprises and the financial industry in identifying sustainable economic activities. The main contents are as follows:

a. Expanding the Scope of Eligible Industries:

- i. **General economic activities:** From 16 general economic activities across three industries in the first version, expanded to 29 general economic activities across five industries; newly added economic activities include certain manufacturing sectors (comprising seven economic activities including textiles, paper making, chemicals, steel, semiconductors, displays, computers and peripheral equipment), with waste management and recycling, agriculture and forestry both comprising three economic activities.
- ii. **Supporting economic activities:** Originally called forward-looking economic activities, including 14 actions such as renewable energy, hydrogen energy, Energy Service Company (ESCO), carbon capture and storage, with additional domestic and international reference standards added.

b. Method for identifying sustainable economic activities:

Three conditions are used to assess whether an enterprise's economic activities meet sustainability criteria. First, the activity must make a substantial contribution to environmental goals (such as maintaining carbon emissions below specified thresholds, using renewable materials above certain thresholds, and obtaining relevant domestic and international certifications). Second, the activity also must not cause significant harm to the environment and society, which is determined whether the enterprise has received any major penalties related to environmental, labor, or human rights violations. In short, the activity should be beneficial without causing harm to both the environment and society.

c. Method for determining sustainability level:

If an enterprise's economic activities meet all three conditions, they can be considered sustainable. If any condition is not met but the enterprise has a transition plan in place, it is classified as In Transition. If the enterprise has neither a concrete plans nor a timeline for transition, it is considered Non-Compliant.

d. Increasing the sustainability ratio requirements for financial industry investments, financing, and financial products:

Separate calculation methods for sustainability ratios have been developed for lending, investment, asset management, and property insurance. These methods help financial institutions track their investments and financing in economic activities that are applicable to or comply with the Reference Guidelines, as well as monitor the development of related financial products. Financial institutions are encouraged to disclose information related to their sustainability ratios.

The Reference Guidelines are promoted on a voluntary basis. Enterprises may disclose the applicability and compliance of their economic activities with the Reference Guidelines through Market Observation Post System (MOPS), sustainability reports, annual reports, and official websites, or share this information to funding providers for reference. The FSC encourages financial institutions to adopt the Reference Guidelines for investment and financing evaluations, actively engage with enterprises, and disclose information such as sustainability ratios for investments, financing, and financial products. In the future, such disclosure practices will be included as indicators in sustainable finance evaluations.

Clear direction combined with proper planning provides the foundation for the challenging journey toward carbon reduction transition and sustainable development, guiding us steadily toward our goals. The FSC and five ministries aim to establish the Reference Guidelines for Identifying Sustainable Economic Activities as a reference framework to guide enterprises in carbon reduction and sustainable transition. The Reference Guidelines provide a common language for communication and engagement between financial institutions and enterprises, fostering financial institutions' support for industries and promoting an orderly transition to net-zero and sustainable development.

B. Deepening Sustainable Corporate Governance Culture

1. Promoting Gender Diversity of Directors of TWSE/TPEX-Listed Companies

To advance gender diversity among Board members and to increase the proportion of women participating in decision-making, indicators related to women directors were incorporated into Taiwan's Corporate Governance Evaluation beginning in 2015, companies to appoint at least one female director to the board. Beginning in 2016, an additional indicator was introduced requiring that each gender account for at least one-third of board seats. Subsequently, indicators have continued to position with international trends. In coordination with the regulatory requirement that at least one director of a different gender be appointed by 2026, when the Corporate Governance Evaluation transforms into the first ESG Evaluation in 2026, indicator G-11 has been adjusted to Has the company formulated and disclosed a policy of Board diversity, specific management goals, and their implementation? with No single gender of the company's directors accounts for less than one-third of the total Board seats listed as an advanced bonus item under this indicator to continue encouraging TWSE/TPEX-listed companies to enhance the gender diversity of their directors.

With reference to international development trends, the TWSE amended Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies in 2021, recommending that the proportion of female directors should reach one-third of board seats. The TWSE and TPEX further amended the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers in 2023 in accordance with the Sustainable Development Action Plan for TWSE- and TPEX-Listed Companies (2023). The revision stipulated that starting from 2024, TWSE/TPEX-listed companies must appoint at least one director of a different gender when re-electing the board of directors.

Statistics from 2021 to 2025 show that the share of TWSE/TPEX-listed companies with one or more female directors has steadily increased. As of 2025, more than 90% of companies have appointed one or more female directors. The share of which has also increased year by year. In 2025, the percentage of female directors in TWSE/TPEX-listed companies was 20.09% and 21.15%, respectively. The percentage of companies where female directors make up one-third or more of the board has increased year by year.

Figure 6: Percentage of Female Directors Reaching One Seat or More

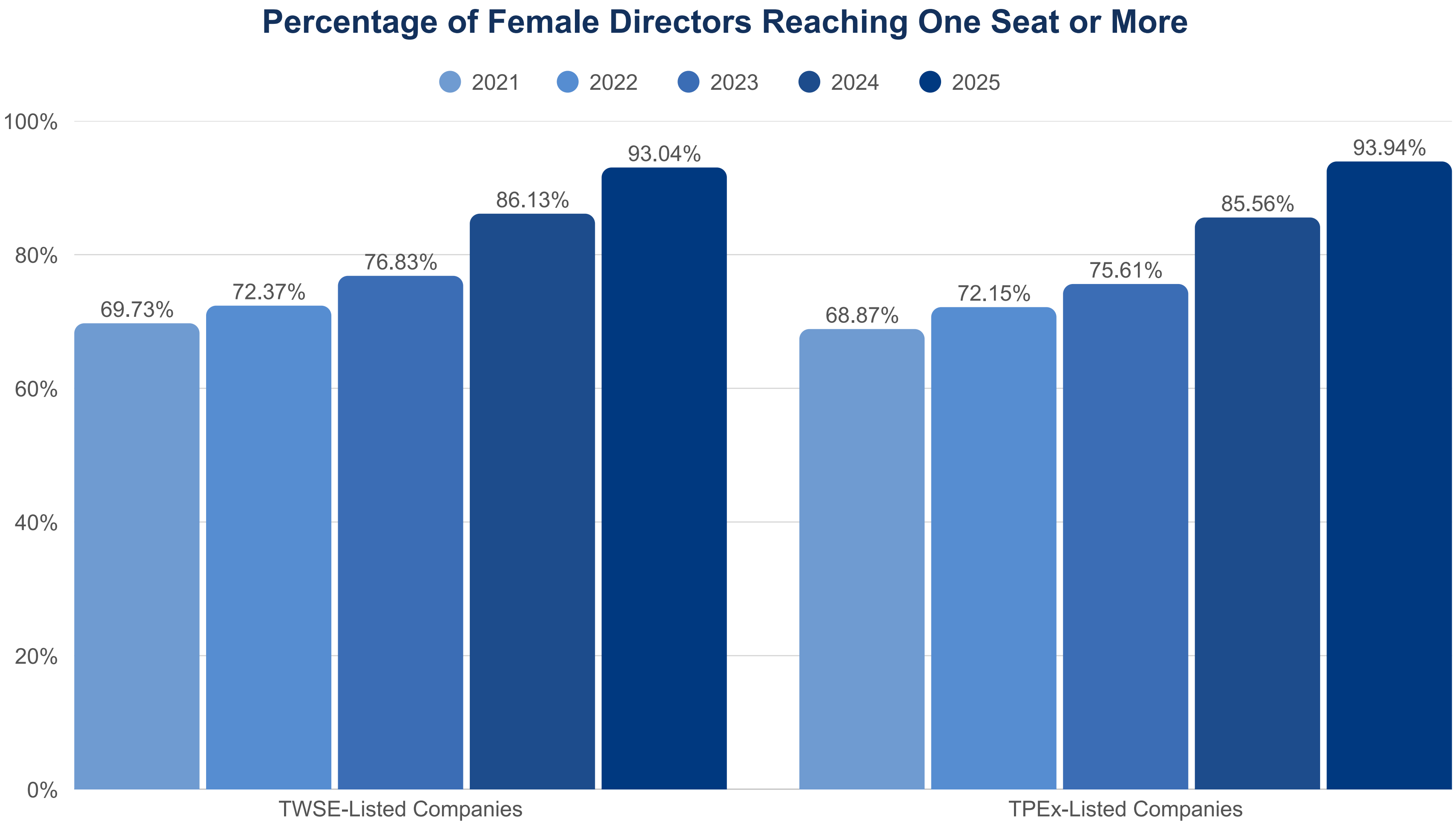


Figure 7: Percentage of Female Directors

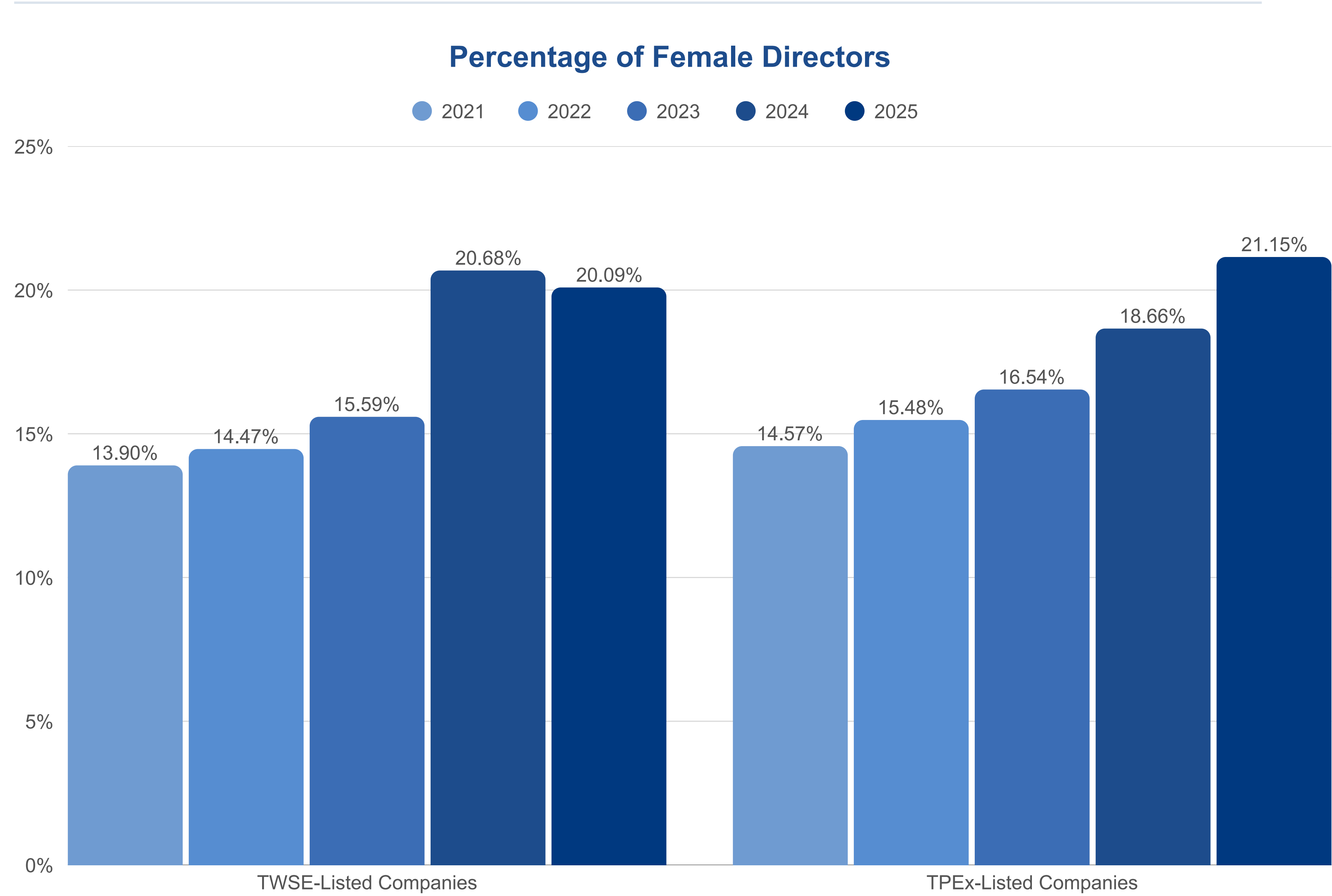
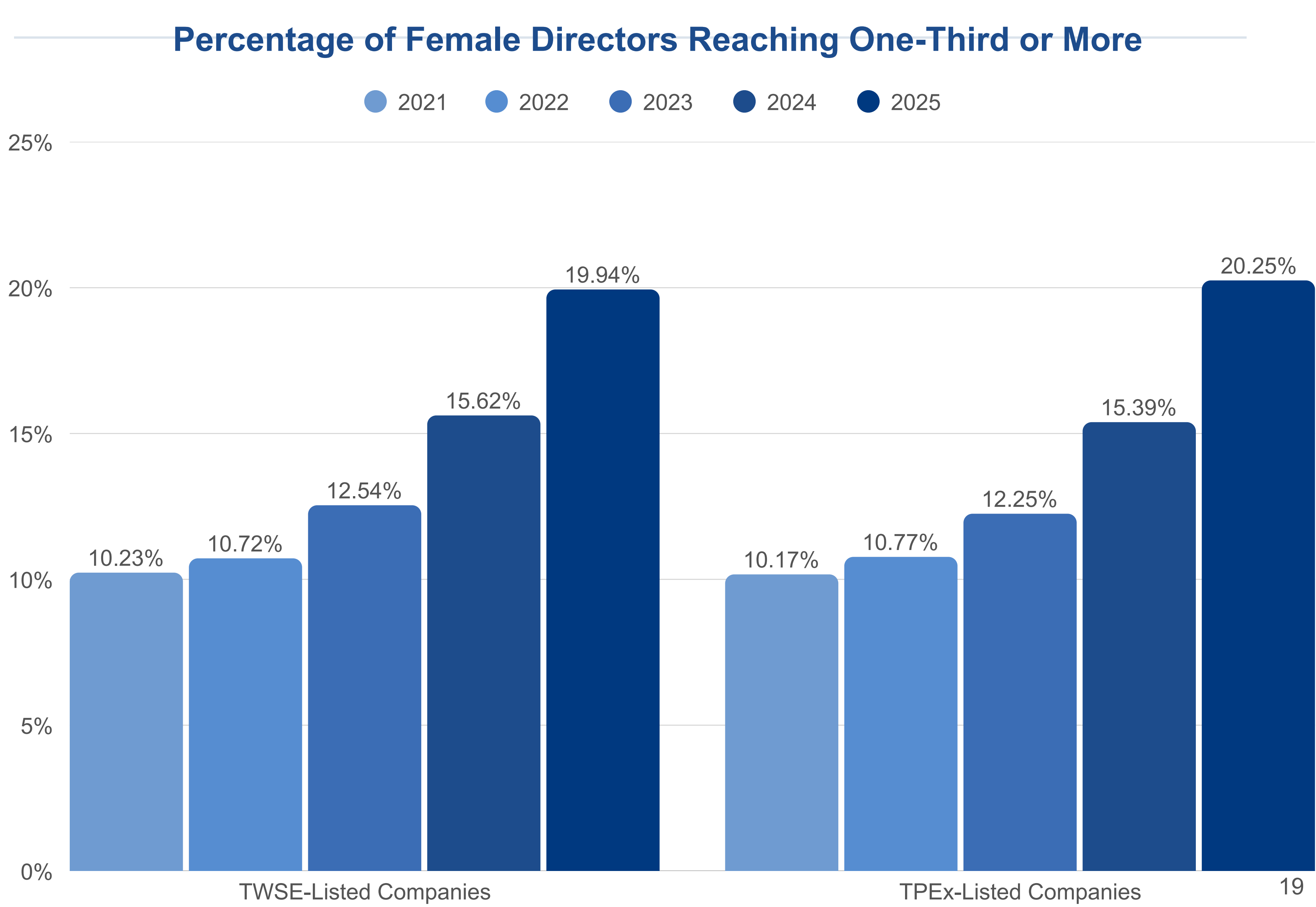


Figure 8: Percentage of Female Directors Reaching One-Third or More



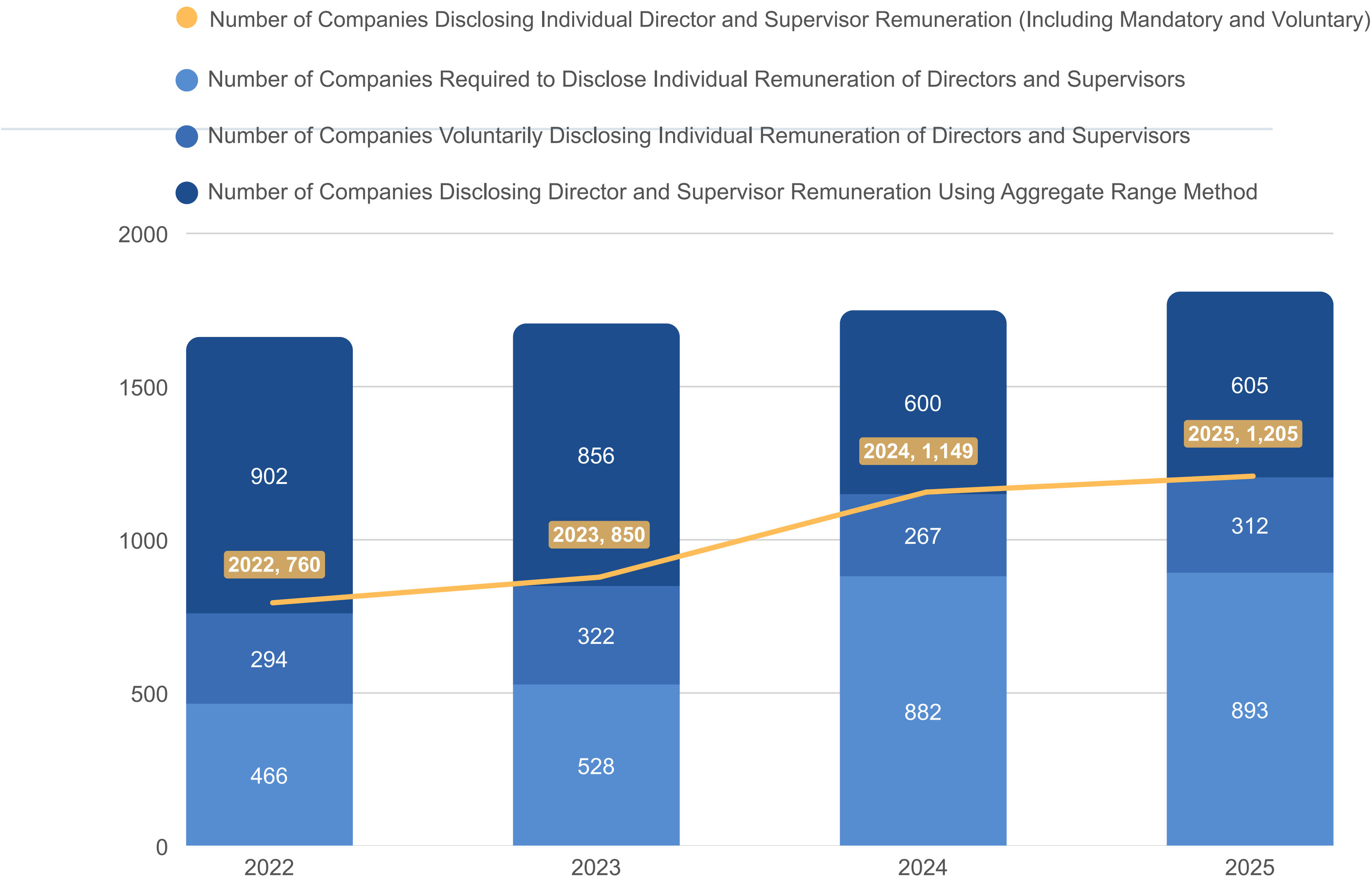
2. Director Remuneration Disclosure and Promotion of Reasonable Remuneration

To enhance transparency and ensure the reasonable determination of director remuneration for listed companies while safeguarding shareholder interests, the FSC has established in the Regulations Governing Information to be Published in Annual Reports of Public Companies (Annual Report Regulations) that companies may either disclose directors' names in aggregate with corresponding remuneration ranges or disclose individual directors' names with the remuneration they received in their most recent annual reports. However, companies meeting specific conditions (notes) are required to disclose individual directors' names and remuneration.

To progressively enhance the transparency and quality of individual remuneration disclosures, the FSC further amended the Annual Report Regulations in 2023 to expand the scope of conditions requiring listed companies to disclose individual director remuneration. The expansion extends the current disclosure requirement from companies in the lowest CGE tier to those in the lowest two tiers. Additionally, new criteria was added for companies where changes in after-tax profit do not align with changes in director remuneration, and where employee salary expenses are disproportionate to operating performance. These changes aim to strengthen the reasonableness of director remuneration relative to company profits and encourage profitable companies to fairly share operating results with employees, thereby improving corporate governance quality.

In addition to requiring the disclosure of individual director remuneration, indicator 3.13 Whether the company voluntarily discloses individual director compensation in its annual report has been included in the CGE to encourage listed companies to enhance transparency. In the 12th Evaluation (2025), there were 312 evaluated companies that voluntarily disclosed individual director remuneration, compared to 267 companies in the 11th Evaluation (2024), 322 companies in the 10th Evaluation (2023), and 294 companies in the 9th Evaluation (2022). The total number of companies disclosing individual director and supervisor remuneration (whether mandatory or voluntary) has shown an upward trend, with an increasing disclosure ratio (see Figure).

Figure 9: Individual Compensation Disclosure Status of Directors and Supervisors in Companies Evaluated by the Corporate Governance Evaluation (CGE)



Additionally, to promote reasonable director remuneration through investor and shareholder oversight, the TWSE drew on the Say-on-pay system from the EU Shareholder Rights Directive II and amended the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies on December 7, 2021. The amendments require listed companies to report director remuneration at annual shareholder meetings, including remuneration policies, individual remuneration details, amounts, and alignment with performance evaluation results. Starting from the 9th Evaluation (2022), this requirement was incorporated as indicator 1.1 in the CGE, encouraging listed companies to actively present detailed director remuneration at annual shareholder meetings, with details consistent with disclosures in the annual report. In the 12th Evaluation (2025), there were 425 evaluated companies that reported individual director remuneration at shareholder meetings, compared to 324 companies in the 11th Evaluation (2024), 202 companies in the 10th Evaluation (2023), and 86 companies in the 9th Evaluation (2022), showing a significant increase.

Furthermore, linking remuneration to performance evaluations helps strengthen the accountability of directors and senior executives. To encourage this practice, the CGE has established indicator 3.14 Whether the company's annual report discloses the connection between performance evaluation and remuneration for directors and managers. This indicator promotes the establishment of clear performance evaluation criteria linked to remuneration to ensure fair and reasonable compensation. In the 12th Evaluation (2025), there were 1,076 evaluated companies that disclosed the connection between performance and remuneration for directors and senior executives, compared to 867 companies in the 11th Evaluation (2024), 675 companies in the 10th Evaluation (2023), and 640 companies in the 9th Evaluation (2022), showing a steady increase in disclosure numbers. In coordination with the transformation of the Corporate Governance Evaluation into the first ESG Evaluation beginning in 2026, certain indicators of similar nature have been consolidated. In the future, indicator 1.1 will be merged with indicator 3.14 into indicator G-1 Reporting to the general shareholders' meeting on the remuneration received by directors, including the remuneration policy, individual remuneration content and amounts, and their linkage to performance evaluation results, to encourage companies to report director remuneration policies and their linkage with performance evaluation results to the shareholders' meeting.

Additionally, based on the FSC's Sustainable Development Action Plans for TWSE and TPEX-Listed Companies (2023), which promote linking senior executive remuneration to ESG performance, the 11th Evaluation (2024) added indicator 4.23 Whether the company discloses policies linking senior executive compensation to ESG-related performance evaluations. A total of 533 evaluated companies in the 12th Evaluation (2025) disclosed such information, with transition to G-31 compliance in the upcoming First ESG Evaluation (2026). Going forward, listed companies will be encouraged to establish ESG-related performance evaluation criteria aligned with their sustainability goals and reasonably link these to senior executive remuneration, supporting sustainable development while enhancing the fairness and transparency of executive pay.

Notes: In accordance with Article 10, Paragraph 1, Subparagraph 2, Item 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, companies shall disclose individual director and supervisor remuneration under any of the following circumstances:

1. Where there has been a net after-tax loss in the parent-company-only or individual financial statements over the most recent three fiscal years, individual director and supervisor remuneration shall be disclosed. However, this shall not apply where the parent-company-only or individual financial statements for the most recent fiscal year have generated net after-tax income sufficient to offset accumulated losses.
2. Companies whose directors have failed to meet the required shareholding percentages for three consecutive months or more in the most recent year shall disclose individual director remuneration. Similarly, companies whose supervisors have not met the required shareholding percentages for the same period shall disclose individual supervisor remuneration.
3. If the average pledge ratio of directors and supervisors exceeds 50% in any three months during the most recent year, companies shall disclose the individual remuneration of directors and supervisors whose pledge ratios exceeded 50% during those months.
4. If the total remuneration received by all directors and supervisors from all companies included in the financial reports exceeds 2% of the after-tax net profit, and individual directors or supervisors receive remuneration exceeding NT\$15 million, the remuneration of such individual directors or supervisors shall be disclosed.
5. TWSE/TPEX-listed companies that ranked in the bottom two tiers in the most recent CGE, or those that have been subject to altered trading methods, trading suspension, delisting or termination of OTC trading, or other circumstances deemed ineligible for evaluation by the Corporate Governance Evaluation Committee during the most recent year and up to the publication date of the annual report.
6. TWSE/TPEX-listed companies where the average annual salary of full-time employees not serving in managerial positions is less than NT\$500,000 in the most recent year.
7. TWSE/TPEX-listed companies whose after-tax net profit increased by 10% or more in the most recent year, but the average annual salary of full-time employees not serving in managerial positions did not increase compared to the previous year.
8. TWSE/TPEX-listed companies that experienced a decline of 10% or more in after-tax profit or loss exceeding NT\$5 million, while the average remuneration per director (excluding compensation for concurrent employment) increased by 10% or more and exceeded NT\$100,000 in the most recent year.

3. Strengthen the autonomy of independent directors and board functions

To enhance the autonomy of independent directors and the functioning of the Board of Directors, the FSC has continued to advance related measures. Since 2017, where independent directors served three consecutive terms, the company was required to explain the reasons to shareholders at the shareholders' meeting election. Beginning in 2022, the indicators Whether more than half of the company's independent directors do not exceed three consecutive terms and Whether the number of independent director seats in the company reaches at least one-third of the total number of director seats were incorporated into Taiwan's Corporate Governance Evaluation. During the transition period before full mandatory regulation in 2027, in coordination with the transformation into the first ESG Evaluation in 2026, the indicator has been adjusted to G-14 Whether the number of independent director seats in the company reaches at least one-third of the total number of director seats.

In accordance with the promotion of the Corporate Governance 3.0 - Sustainable Development Roadmap and the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies (2023), the TWSE and TPEX finalized the key points for the establishment and exercise of powers of the board of directors of TWSE/TPEX-listed companies in 2023. By 2026, TWSE/TPEX-listed companies in the financial and insurance industry with a capital of NT\$10 billion or more are required to have independent directors who make up at least one-third of the total number of directors. Starting from 2027, more than half of all independent directors must not serve for more than three consecutive terms after completing their third term.

C. Refining Sustainable Information Disclosure

1. Expanding the Scope of Sustainable Information Disclosure and Improving the Quality of Sustainable Information

To continue strengthening the disclosure of non-financial information, on May 5, 2025, the TWSE and TPEX announced the amendment to the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX-Listed Companies (hereinafter the Rules), specifying that all TWSE/TPEX-listed companies must file a sustainability report, and requiring domestic TWSE/TPEX-listed companies to enhance disclosure of salary information for full-time non-managerial employees, in order to enhance sustainability information transparency.

With the inclusion of TWSE/TPEX-listed companies with paid-in capital of less than NT\$2 billion in the scope of those required to prepare sustainability reports, the milestone was reached in 2025 of having all TWSE/TPEX-listed companies prepare and file sustainability reports. Stakeholders have also been paying increasing attention to sustainability information disclosure. Therefore, since 2023, the TWSE and TPEX have conducted reviews of TWSE/TPEX-listed companies' sustainability report disclosures and accounting firms' assurance working papers, examining whether the listed companies prepared their sustainability reports in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX-Listed Companies, and whether accounting firms have provided sustainability indicator assurance services in accordance with the assurance standards. In 2025, GHG assurance work was further added to the review.

In 2025, the TWSE and TPEx reviewed the 2024 sustainability reports of 373 listed companies, representing approximately 20% of listed companies required to prepare them. The review covered 35 industry sectors, including financial and insurance, chemical, computer and equipment manufacturing, semiconductor, optoelectronics, and steel industries. Among the reviewed cases, approximately 10% had capital exceeding NT\$10 billion; 6% had capital between NT\$5 billion and NT\$10 billion; 11% had capital between NT\$2 billion and NT\$5 billion; and 73% had capital less than NT\$2 billion.

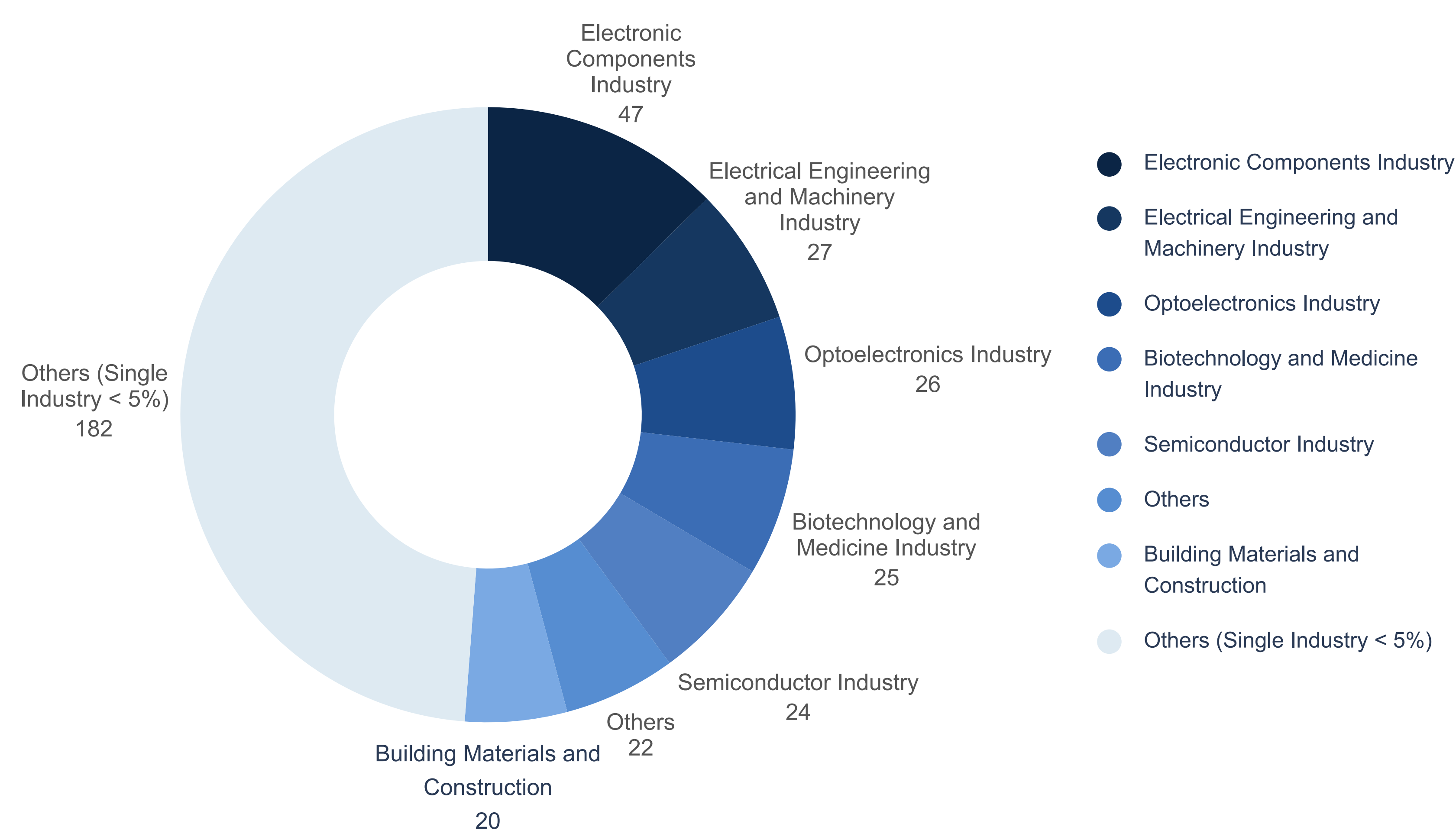


Figure 10: Industry Distribution of Listed Companies Under Review for Sustainability Reports

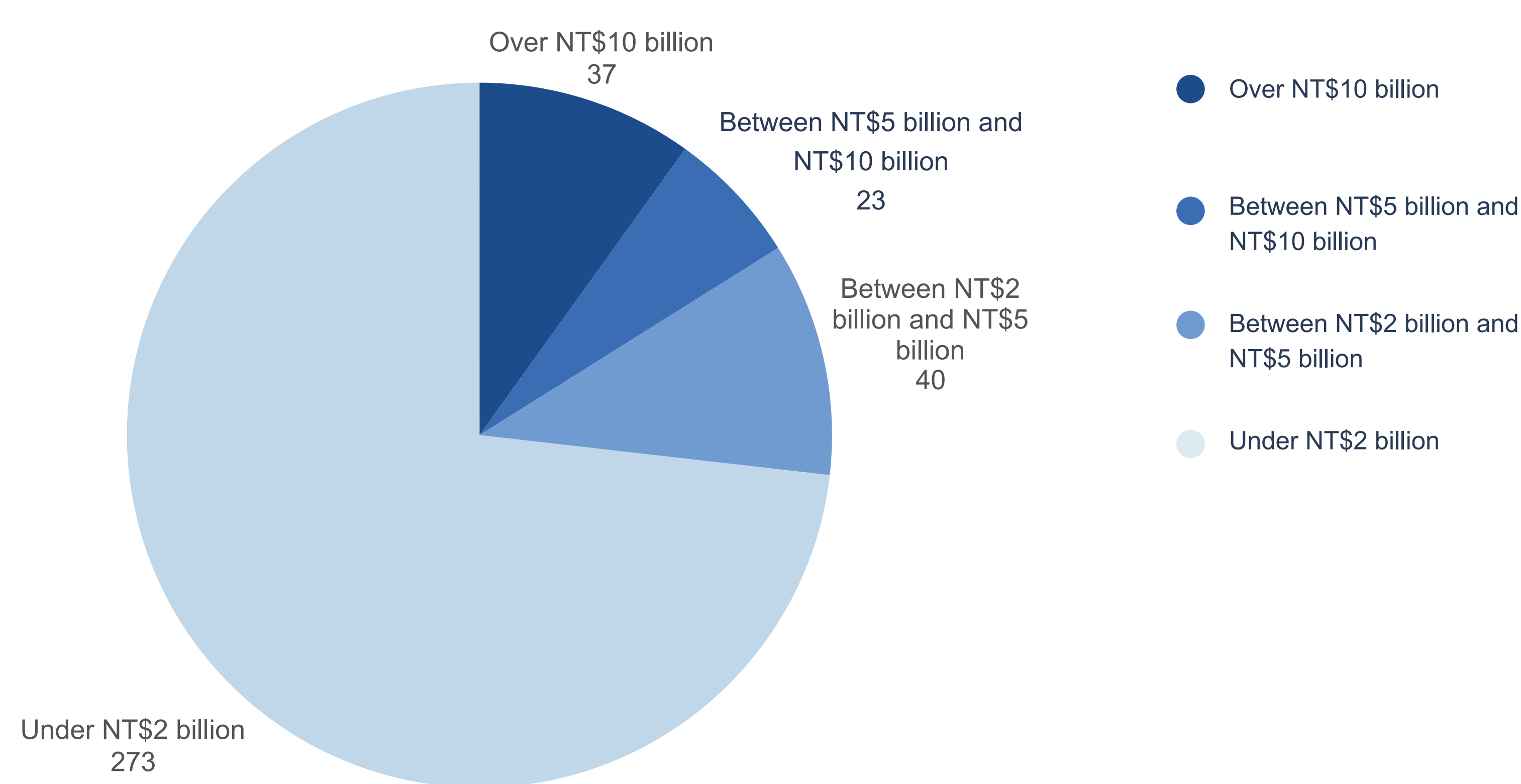


Figure 11: Capital Distribution of Listed Companies Under Review for Sustainability Reports

The main review items include compliance with GRI Standards, identification of material topics, climate and greenhouse gas-related information. For companies that need to strengthen disclosure of industry sustainability indicators (i.e., companies in the 14 industries specified in Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEx-Listed Companies), their industry sustainability indicators are also included within the scope of the review. For listed companies that experienced major ESG events in 2024, the TWSE and TPEx also strengthened their review of GRI Standards disclosures corresponding to these ESG events.

The review of sustainability reports identified a total of 304 cases with deficiencies or recommended improvements, mainly including: failure to disclose significant fluctuations in the number of employees; failure to disclose the role of the governance body in sustainability reporting; failure to disclose the linkage between the compensation of the governance body and senior executives, together with sustainability performance; failure to disclose salary distribution as required by the GRI Standards; failure to disclose information on sanctions during the reporting period; and certain material topics in sustainability reports not disclosed in accordance with the GRI Standards. The TWSE and TPEX formally requested listed companies to submit corrections along with supplementary information for their sustainability reports, subsequently conducting reviews of these revisions and supplements.

In the future, the TWSE and TPEX will continue to conduct spot checks on sustainability reports along with assurance working papers. The review results and recommended disclosure content will be de-identified before being published on the Corporate Governance Center (<https://cgc.twse.com.tw/stewardshipInfo/listCh>), serving as a reference for companies compiling sustainability information and for verification institutions conducting assurance work.

2. Promoting TWSE/TPEX-listed companies to disclose sustainability-related financial information prepared under the IFRS Sustainability Disclosure Standards in a dedicated chapter of the annual report

To increase the comparability of sustainability-related financial information, enhance investor confidence, channel sustainable funding, and accelerate Taiwanese enterprises' sustainability transformation and net-zero commitments, the FSC released the Roadmap for Taiwan Listed Companies to Align with IFRS Sustainability Disclosure Standards on August 17, 2023. On November 7, 2025, related provisions of the Regulations Governing Information to be Published in Annual Reports of Public Companies were amended and a directive was issued, specifying that TWSE/TPEX-listed companies shall apply the IFRS Sustainability Disclosure Standards in three phases by paid-in capital beginning with the 2026 fiscal year, disclosing sustainability-related financial information approved by the Board of Directors in a dedicated chapter of the annual report.

Considering TWSE/TPEX-listed companies' preparation status for disclosing Scope 3 Greenhouse Gas Emissions Information, the timetable for the revision of the GHG Protocol, and with reference to the planning of other countries, the FSC issued a directive on November 12, 2025 providing that companies may elect not to disclose Scope 3 Greenhouse Gas Emissions Information during the first three fiscal years of applying the Sustainability Disclosure Standards. Taking the first phase of TWSE/TPEX-listed companies aligning in 2026 as an example, Scope 3 Greenhouse Emissions Information for fiscal year 2029 may be disclosed by 2030 at the latest.

To assist enterprises in smoothly transitioning to the IFRS Sustainability Disclosure Standards, the FSC has established a task force to provide enterprises with a range of resources, including translations of the IFRS Sustainability Disclosure Standards and related guidelines, the IFRS Sustainability Disclosure Standards Q&A, the TIG Q&A, IFRS S2 climate-related disclosure examples and practical guidance, the Scope 3 GHG Inventory Guidelines and FAQs, and reference examples for phased corporate implementation plans. The FSC has also held Scope 3 inventory workshops, sustainability information management internal control implementation outreach sessions, and IFRS Sustainability Disclosure Standards outreach sessions and workshops. The related resources have been posted on the IFRS Sustainability Disclosure Standards Convergence Zone. In addition, the TWSE and TPEX have formed the IFRS Sustainability Service Team to provide enterprises with timely assistance and guidance.

D. Strengthening Stakeholder Communication

1. Optimizing the Investor Relations Platform

In line with the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies (2023), the Taiwan Depository and Clearing Corporation (the TDCC) has promoted various innovative services. These include enhancements to the Investor Relations Platform to support institutional investors in digitally preparing stewardship reports, as well as research into relevant IOSCO regulations and the publication of compliance statements from ESG rating agencies that disclose information on the Investor Relations Platform (ESG IR Platform).

a. Provide institutional investors with information needed for digital stewardship reports

Beginning in January 2025, the TDCC successively visited Taiwan's major institutional investors to introduce the stewardship support services for institutional investors that it provides, and engaged in exchanges concerning the methodology, service mechanisms, and practical needs of financed carbon emissions calculation for investment portfolios. The TDCC then compiled the feedback from these institutions and established value-added information services such as online analysis report generation and data working paper downloads. The TDCC subsequently convened multiple internal and external meetings to complete the system functional design, back-end establishment, and testing, then officially launched its digitized stewardship services in July 2025, covering functions including digitized stewardship reports, the case-by-case voting disclosure inquiry system, and financed carbon emissions calculation for sustainability performance.

To promote the services, the TDCC has also successively held briefings and launch events to publicize them to institutional investors. Since the end of 2025, there were approximately 25 institutions that have utilized the voting disclosure service and 20 institutions have utilized the financed carbon emissions calculation service for sustainability performance.

b. Regulations for ESG Rating Agencies

In December 2023, the TDCC issued the Taiwan Depository & Clearing Corporation Code of Conduct for ESG Rating Agencies, requiring all ESG rating agencies collaborating with the TDCC to adhere to its standards.

In July 2025, the TDCC collected international case studies from the EU, the UK, Japan, Singapore, and Hong Kong, and consolidated the feedback of international organizations along with four domestic and international sustainability rating agencies. Taking into consideration factors such as the alignment of Taiwan's sustainable governance with international standards, the reduction of operating costs for stakeholders, and the enhancement of the quality of market sustainability ratings, it has been recommended that the second version of the Code of Conduct for ESG Rating Providers adopt international standards to facilitate international alignment. The FSC approved the TDCC's planning content in December 2025, and the amendment of the TDCC Code of Conduct for ESG Rating Providers is expected to be completed in 2026.

2. Guiding Institutional Investors to Implement Stewardship

- **Expanding the Stewardship Industrial Chain**

Link with stakeholders and continuously promote engagement mechanisms for listed companies

- a. To help signatories of the Stewardship Principles for Institutional Investors fully understand the planning of the 2025 Better Information Disclosure List evaluation work and the key amendments to the evaluation standards, in July 2025 the TWSE held the Briefing on the Evaluation Work for the Better Information Disclosure List for Stewardship of Institutional Investors, sharing the revised standards of the evaluation work and meritorious cases of stewardship information disclosure, to advance Taiwan's institutional investors' continuous enhancement of the quality of stewardship. Representatives of the Taiwan Index Plus Corporation (TIP) and the TDCC were also invited to the briefing to introduce, respectively, the IR Engagement Platform and the Case-by-Case Voting Disclosure Service, helping the market utilize these tools to strengthen engagement practices.
- b. In October 2025, the TWSE held the Taiwan Weeks IR & Engagement New Trends Forum, inviting representatives of S&P Global, the Singapore Exchange, Yuanta Investment Trust, Fubon Asset Management, Chunghwa Post, and listed company spokespersons to jointly share international trends, practical applications, and digital tool adoption experiences in investor relations and ESG engagement. Through diverse perspectives and interactive exchanges, enterprises were guided to strengthen two-way communication with investors, partnering to build a more resilient and sustainable competitive capital market.
- c. The TWSE, in collaboration with Taiwan Index Plus Corporation, shared the newly planned IR engagement service platform. It features three core services, including investor conference services, ESG information value-added services, and IR engagement matching services. The design of the platform is tailored to users' needs, aiming to address the pain points in engagement between companies and institutional investors. The platform provides all information in both Chinese and English languages, allowing users (such as foreign investors) to quickly access and understand relevant information. By the end of 2025, registered members included 867 listed companies together with 243 institutional investors, with 209 completed investor conference session bookings for listed companies.

- **Guiding Institutional Investors to Implement Stewardship**

- a. Promoting the Evaluation of List of Companies with Better Institutional Investor Stewardship Disclosure**

The purpose of Institutional Investor Stewardship is to guide institutional investors to fulfill their responsibilities and consider the ESG risks plus performance of investee companies in the investment process. Furthermore, the goal is to promote the sustainable development of investee companies through continuous attention, attending shareholders' meetings, exercising voting rights, and engaging in constructive dialogue, thereby enhancing long-term value for both parties. This also enables institutional investors to exert their influence on corporate governance to create the greatest long-term value for society, the economy and environment. As of the end of December 2025, there were 148 institutional investors who signed the Stewardship Principles for Institutional Investors, including 36 securities investment trust companies, 39 insurance companies, 34 banks, 27 securities firms, 4 government funds, plus 8 others.

To continuously enhance institutional investors' stewardship practices and the quality of related information disclosure, while strengthening institutional investors' influence on the corporate governance of investee companies, the TWSE planned to establish the Stewardship Principles Consultation Committee, which will introduce a public rating mechanism and annually conduct Stewardship Disclosure Transparency Ranking.

The 2025 Stewardship Evaluation Criteria was structured around two dimensions: Policy and Compliance Statement (first dimension) together with Practice and Disclosure (second dimension), comprising a total of 30 indicators. The first dimension included disclosures of stewardship policies, conflict of interest policies, plus voting policies. The second dimension focused on areas such as stewardship report elements, implementation and disclosure of engagement cases, voting disclosure, plus information published on websites. Additionally, to enhance the differentiation as well as the impact of Stewardship Evaluation Criteria, a weighting mechanism was introduced in 2024. Given that most institutional investors have shown considerable maturity in Policy and Compliance Statement dimensions in recent years in addition to recognizing the international emphasis on engagement implementation and voting disclosure, weights of 0.8 and 1.2 were assigned to the first and second dimensions, respectively. This approach aims to further align Taiwan's stewardship practices with global standards. The Corporate Governance Center of the TWSE/TPEX released the 2025 List of Best Institutional Investors in Stewardship Information Disclosure on December 31, 2025. <https://cgc.twse.com.tw/stewardshipInfo/listCh>

The FSC and the Corporate Governance Center of the TWSE/TPEX encourage institutional investors to continue implementing stewardship practices and evaluate their information disclosure after signing the Stewardship Principles. Through the Stewardship Evaluation, it is expected that healthy competition among institutional investors will be fostered. Moreover, the benchmarking function will be strengthened. Those featured on the Stewardship Disclosure Transparency Ranking can serve as the role model for others, further enhancing the overall stewardship quality in Taiwan.

b. Description on the Implementation of the Evaluation

According to the Corporate Governance 3.0-Sustainable Development Roadmap, a Stewardship Principles Consultation Committee was formed with representatives and experts from the Securities and Futures Bureau, Banking Bureau, and Insurance Bureau of FSC, the TWSE, TPEX, the Taiwan Depository & Clearing Corporation, Taiwan Financial Services Roundtable, and SITCA to conduct annual evaluations for the List of Best Institutional Investors in Stewardship Information Disclosure. The targets of the Stewardship Evaluation are institutional investors who have signed the Stewardship Principles, covering banking, insurance, securities, investment trust industries and other investment institutions. The key points of the 2025 evaluation process were as follows:

- i. Institutional investors under evaluation shall disclose their annual stewardship activities on their websites by the end of September 2025 and submit related information on the TWSE's website.
- ii. The Corporate Governance Center reviews the information submitted by evaluated institutional investors on TWSE's website and their publicly disclosed stewardship implementation on their websites and conducts evaluations according to the assessment criteria.
- iii. After the Stewardship Evaluation results were approved by the Consultation Committee, the Corporate Governance Center released a press release announcing the best practice list on December 31, 2025 (for details on the average scores of each evaluation criterion, the list of best practice in information disclosure, and examples of best disclosures, please refer to Appendices 2 to 4).

c. Scores of the Evaluation Results

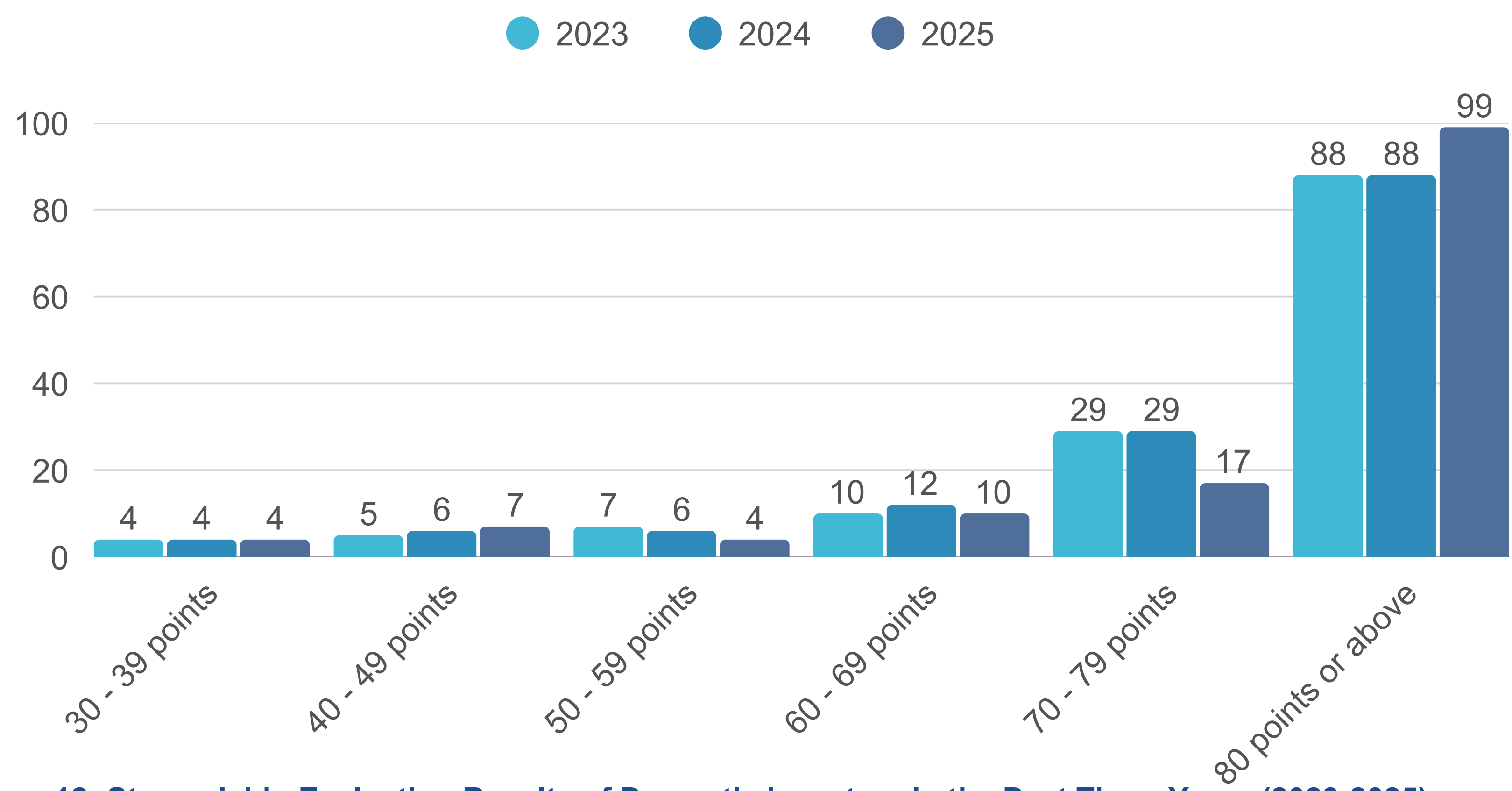


Figure 12: Stewardship Evaluation Results of Domestic Investors in the Past Three Years (2023-2025):

Compared to the Stewardship Evaluation results in 2023 and 2024, multiple evaluation criteria showed continued improvement in 2025. In the observation of the evaluation standards, most institutional investors have gradually established sound stewardship-related policies. This year, the disclosure of ESG-related risks and opportunities with financial materiality was added to encourage institutional investors to more clearly describe in their stewardship reports how they identify, assess, and incorporate material sustainability issues that affect investment decisions and risk management. At the same time, to advance alignment with international investors, the English-language stewardship compliance statement has also been incorporated into this year's evaluation. The TWSE objective is that institutional investors will continue to deepen their stewardship practices, particularly continuing to improve in such areas as the completeness of engagement execution and disclosure content, voting disclosure, and explanation of voting reasons, in order to enhance information disclosure transparency and further strengthen the sound development of Taiwan's capital market.

Overall, the number of institutional investors with a total score of 70 or above has risen to 116, accounting for more than 80% of all evaluated institutions. This indicates that, with the impetus of the assessment, institutional investors are actively improving the disclosure of relevant information and further implementing stewardship practices.

ii. Analysis of the 2025 evaluation performance: (Please see Appendix 2 for the evaluation indicators)

Items that performed better mostly belong to the stewardship policy question category, including 1. Institutional investors consider their role in the investment chain, 2. Content items for implementing stewardship actions, 5. Description of the disclosure methods and frequency of fulfilling stewardship obligations, and 6. Description of the content and purpose of the conflict-of-interest management policy. The evaluation standards in this category all received high scores, indicating that institutional investors currently have a better disclosure quality in their stewardship policies, including the nature of their business, their role in the investment chain, the disclosure methods of stewardship situations, and the description of the conflict-of-interest management policy. In addition, 8. Description of the conflict-of-interest management method and 9. Voting policy describing the principles of attendance (including in-person attendance, video attendance, and exercising voting rights by electronic means) or proxy attendance at shareholders' meetings have also been comprehensively disclosed by a substantial number of institutional investors, indicating that question types related to policy and compliance statements have reached a highly mature level in recent years.

Items still requiring improvement belong to the question categories with major adjustments in 2025: ESG-related risks and opportunities with financial materiality, engagement case execution and disclosure, and voting disclosure. The key evaluation observations are explained as follows:

- ia. Newly amended in the 2025 stewardship policy: 4. Describe how the investee companies are assessed for risk, including ESG-related risks and opportunities with financial materiality, and explain the assessment methods. Although most institutional investors have incorporated ESG assessment into their investment processes, some institutional investors have not yet further explained how they determine materiality and the assessment methods, resulting in relatively weaker overall performance.
- ib. Original questions on engagement case execution and disclosure, such as 19. Describe how the need for interaction and engagement with investee companies is assessed, and describe whether the implementation of engagement complies with the stewardship policy; 21. Describe the issues, reasons, scope, and other interactions and engagement content with investee companies; and 22. Describe the impact on investee companies and their stakeholders after the interaction and engagement, have, since 2024, been further strengthened to require the provision of supporting evidence (such as specific quantitative targets), description of the impact on each stakeholder, and the addition of cross-asset-class disclosure and follow-up action planning requirements. Given the increased completeness of the disclosure requirements, and as some institutional investors are still in the adaptation phase, the overall scores were slightly lower.
- ic. In voting disclosure, item 28. Describe the reasons for voting for, against, or abstaining on material proposals, and the follow-up planning where the proposal results are unsatisfactory: as some institutional investors have not yet provided detailed descriptions of the proposal assessment process and follow-up planning, the average score is slightly lower. However, the average scores for items 19, 21, 22, and 28 all show an improving trend compared to last year.

d. Institutional Investors' Stewardship Enhancement Measures and Future Outlook

i. 2025 Stewardship Evaluation Conclusions and Future Direction for Evaluation Criteria Revisions

Based on Stewardship Evaluation observations, institutional investors generally score higher in the first dimension Policy and Compliance Statement than in the second dimension Practice and Disclosure. While most institutional investors have established and disclosed stewardship-related policies, there remains room for improvement in the disclosure of engagement case practices. Future Stewardship Evaluation criteria revisions will consider overall scoring rates and differentiation, aiming to distinguish institutional investors' performance in various Stewardship Evaluation areas. Additionally, it will further encourage institutional investors to improve policy implementation and voting disclosure in areas such as cross-asset classes, collaborative engagement, as well as explanation of voting reasons.

ii. Industry Associations' Guidance to Help Members Improve Stewardship Information Disclosure

To offer stakeholders a convenient one-stop platform for accessing stewardship information, industry associations have created dedicated stewardship sections that disclose their members' stewardship-related information. The associations' dedicated sections (which can be accessed via hyperlinks) are listed as follows:

Name
Securities Investment Trust & Consulting Association of the R.O.C.
Taiwan Securities Association
The Life Insurance Association of the Republic of China
The Non-Life Insurance Association of the Republic of China
The Bankers Association of the Republic of China

iii. Continuing to Enhance Stewardship Evaluation

Promoting Stewardship Evaluation has greatly enhanced the quality of institutional investors' stewardship information disclosure. To further encourage stewardship implementation, the TWSE will review and revise evaluation criteria based on domestic and international stewardship practices. Additionally, the TWSE will organize promotional activities such as information sessions, seminars, and forums to improve the implementation and disclosure of stewardship by domestic institutional investors, with the goal of achieving international alignment.

3. Discuss the Establishment of Proxy Advisory Framework

To advance investors' implementation of shareholder activism and to develop a localized proxy advisor that meets the practical needs of Taiwan's market, the Securities and Futures Institute (the SFI) and the TDCC jointly formed a research team in 2025 to progressively study and conduct a proxy advisor research pilot. They have collected materials such as Taiwan's current laws and regulations, self-regulatory rules of trading markets, domestic and international market guidelines or best practices, and with reference to the report-writing methods of proxy advisors in various countries, enhanced the professional level of report-writing capabilities, in order to achieve the subsequent goal of establishing a localized proxy advisor in Taiwan, shaping voting recommendation reports with localized perspectives reflective of Taiwan.

4. eMeeting (Virtual Shareholders' Meeting)

To provide shareholders with more diverse attendance channels and to fulfill shareholder activism, Taiwan has allowed issuers to hold shareholders' meetings via video conference. In 2025, a total of 120 issuers utilized video-assisted shareholders' meetings (i.e., providing video attendance in addition to the in-person shareholders' meeting). This mechanism allows shareholders to attend from anywhere using a mobile device without the need for travel, even achieving the convenience of attending multiple shareholders' meetings in a single day. According to statistics, in 2025, the total number of registered participants attending shareholders' meetings via video reached over 2,500. In addition to general individuals, many institutional legal persons also actively attended in this manner, indicating that the digital participation in shareholders' meetings has become an important market trend.

In the process of advancing this digital infrastructure, in addition to providing a stable and convenient video platform, during the shareholders' meeting period the TDCC also specifically set up a Video Conference War Room, deploying a professional technical team to monitor in real time the video signals, system load, and network status of each issuer to ensure a safe environment for shareholder participation. Through robust technical operation and monitoring mechanisms, the efficiency of communication in the capital market has been strengthened, while helping issuers achieve their goals of digital transformation and ESG sustainable development.

E. Promoting ESG and Digitization

Under the gradual policy guidance of the competent authority, Taiwan's capital market has achieved phased results in ESG information disclosure. However, given the multitude of ESG-related standards and frameworks, and as enterprises have disclosed their sustainability performance in various places (such as the company's official website and sustainability report), investors and the public have been unable to effectively compare the sustainability performance of companies or even of different industries. For this reason, with the goal of digitizing ESG information, the TWSE has launched the ESG Digital Platform and the ESG InfoHub. These two platforms aim to integrate the market's diverse information, to help TWSE/TPEX-listed companies efficiently disclose ESG-related information and data in a uniform format through a more user-friendly filing interface, and to present this information visually.

To continue building a resilient and upgraded capital market ESG ecosystem, the TWSE, in line with the national sustainable development and net-zero transition policies, has continuously refined and optimized the ESG InfoHub, aiming to provide more useful value-added services to capital market participants and stakeholders. The short-term refinement directions of the ESG Digital Platform and ESG InfoHub are summarized as follows:

1. ESG Digital Platform

The ESG Digital Platform established by the TWSE in 2024 covers four major disclosure items for all TWSE/TPEX-listed companies: ESG Information Disclosure, Sustainability Report, GHG Emissions and Reduction Information, and Sustainable Economic Activities. In 2025, functions such as Assistance with the Production of Sustainability Reports, Filing of the IFRS Sustainability Disclosure Standards Implementation Plan, and SASB Indicators were launched. In addition to helping TWSE/TPEX-listed companies achieve their goal of having all sustainability reports disclosed for the first time, the platform also continues to help enterprises implement the IFRS Sustainability Disclosure Standards and align with international standards.

In line with the Green and Transition Finance Action Plan issued by the FSC, encouraging enterprises to move toward green transformation, the TWSE and TPEX have jointly promoted the Green Stock Designation System, helping TWSE/TPEX-listed companies disclose the effectiveness of their green economic activities as an important indicator for financial institutions' investment and financing decisions.

To reduce the burden on TWSE/TPEX-listed companies and minimize duplicative filings, the TWSE plans to incorporate AI technology into the ESG Digital Platform to assist TWSE/TPEX-listed companies in filing ESG information. In addition to such assistance, the TWSE also uses AI technology to assist in the review of annual reports and sustainability reports, further enhancing supervisory efficiency.

Given that corporate ESG information disclosure is an important foundation for sustainable development, enterprises can use the data and information to identify issues together with understanding risks, and the important information for investment decision-making details to market participants such as financial institutions and the investing public. Going forward, the TWSE will continue to align with FSC policies, incorporating the sustainability indicators of the ESG Digital Platform into the government open data platform's High-Value Application Theme Datasets, achieving daily synchronized updates through digital platform system integration, and providing users with API integration and CSV bulk data downloads, thereby enhancing the application value of Taiwan's ESG data.

2. Optimization of the ESG InfoHub Website

Since its launch in 2023, the ESG InfoHub has served as a platform integrating ESG information of TWSE/TPEX-listed companies, continuing to help investors, enterprises, and stakeholders from all sectors more efficiently understand and utilize ESG information. With the requirement beginning in 2025 that all TWSE/TPEX-listed companies must comprehensively file sustainability reports, Taiwan has formally entered a new phase of sustainability disclosure. The ESG InfoHub has also continued its functional optimization and content refinement in line with institutional development alongside practical needs, strengthening the openness, accessibility, and application value of ESG information.

To help enterprises adapt to the new requirement of comprehensive sustainability report filing, the TWSE extensively upgraded the ESG InfoHub platform in 2025, launching the Sustainability Report Sample Page and simultaneously expanding multiple indicators on the ESG dashboard. Through clearer information architecture and visual presentation, the TWSE has built a more user-friendly and instructive ESG public data platform. New features added in 2025 include:

i. Launch of the Sustainability Report Sample Page

Given that the preparation of sustainability reports involves architectural planning, identification of material topics, and the application of multiple standards, posing certain challenges for enterprises that are preparing such reports for the first time or are still in the familiarization phase, the ESG InfoHub has added the Sustainability Report Sample Page, categorized as well as organized by such structures as the report's information, sustainable operations, stakeholders and material topics, plus the governance, environmental, and social dimensions. Through clear labeling combined with layout design, the page helps enterprises quickly grasp the preparation logic and key content.

In addition, the Sustainability Report Sample Page also integrates promotional videos and explanations of concepts, emphasizing that the sustainability report is not merely a tool for information disclosure but also an important channel for society, stakeholders, and the public at large. Through case-based learning, it advances investors', employees', students', and the general public's understanding of and participation in sustainability issues.

ii. Expansion and Enhanced Visualization of ESG Dashboard Data

The ESG InfoHub continues to strengthen the visual application of ESG data, with this round adding multiple ESG indicators covering the three dimensions of environment, social, and governance, including GHG emission intensity per NT\$1 million of operating revenue, the number of fire incidents, and the attendance rate of the Remuneration Committee. Through the dashboard function, users can conduct cross-company and cross-industry comparative analyses and observe year-over-year changes, thereby enhancing the readability of ESG information and its decision-making reference value.

The ESG Digital Platform and ESG InfoHub together form the digital twin engines supporting sustainability disclosure. The former focuses on simplifying the filing process, while the latter strengthens data openness and application. Together, they advance the enhancement of ESG information quality and transparency. Through the dual upgrade of the ESG InfoHub and the ESG Digital Platform, Taiwan's ESG ecosystem is demonstrating greater maturity and transparency. The TWSE invites enterprises and all stakeholders to walk hand in hand toward a new chapter in sustainability disclosure.

3. Compiling ESG-related Indexes

In response to Taiwan's goal of net-zero carbon emissions by 2050, the government has promoted sustainability policies. Recognizing the forward-looking ESG database characteristics of S&P Dow Jones Indices in sustainability performance indicators, the Taiwan Index Plus Corporation (TIP), combined with its rich experience in Taiwan stock index investing, partnered internationally in October 2024 to jointly compile the S&P TIP Taiwan Net Zero Transition ESG 50 Index, and licensed Fubon Asset Management to issue the Fubon Taiwan Net Zero Transition ESG 50 ETF (009809) in October 2025, enriching investors' ESG investment options.

As of the end of 2025, the TWSE Group has cumulatively compiled and released 29 ESG-themed indices, with 9 ESG funds approved (8 ETFs and one index fund), and government pension funds using such indices as performance tracking benchmarks for outsourced management. The asset scale of ESG-related product issuance and investment applications is approximately NT\$251.4 billion, demonstrating significant results in promoting ESG investing.

4. IR Engagement Service Platform

In line with the Financial Supervisory Commission's initiative to promote Taiwan as an Asian Asset Management Center and enhance capital market value, Taiwan Index Plus Corporation has established the IR Engagement Service Platform (IR Engage), which was launched in November 2024. Designed with users in mind, the platform helps enterprises increase their visibility and showcase their value, while supporting engagement efforts, promoting ESG policies, and advancing sustainable development. In 2025, the IR Engagement Service Platform offered four main features, including earnings conference services, IR engagement services, ESG engagement information services, and engagement matching services. All information is available in both Chinese and English, allowing domestic combined with foreign users to quickly understand relevant information.

i. Earnings Conference Services

Integrating the resources of the TWSE, TPEX, and securities firms, the platform provides enterprises with more free venues and services to help them reduce the burden of IR work. In 2025, the online investor conference function was newly added, providing enterprises with diverse options for holding investor conferences, increasing the frequency of investor conferences, and enhancing corporate visibility and deepening investor relations.

ii. IR Engagement Services

To facilitate communication and engagement between institutional investors and TWSE/TPEX-listed companies, in 2025 the platform established the IR Zone, creating dedicated pages for each TWSE/TPEX-listed company, covering the company's business, financial, and ESG information, helping institutional investors timely and comprehensively grasp company information thereby increasing the company's visibility.

iii. ESG Value-Added Information

The platform provides multi-tiered value-added information from TIP's Taiwan Sustainability Evaluation, helping institutional investors integrate this into their investment processes and engage in responsible investment. The ESG data analysis can also support investors' engagement with enterprises, implementing sustainable finance, responsible investment, and stewardship.

At the end of 2025, a feedback system for TIP's Taiwan Sustainability Evaluation was established for TWSE/TPEX-listed companies, allowing them to provide feedback on the evaluation results through the platform. This two-way communication mechanism helps strengthen companies' focus on sustainability governance while enhancing the quality of the evaluation process.

iv. Engagement Matching Services

The platform electronically matches institutional investors with TWSE/TPEX-listed companies to hold engagement meetings, automatically generating online meeting links and providing meeting minutes and audio-visual recordings. TIP further assists communication between both parties; if either party needs the platform's assistance in making contact, TIP can help remind the other party. This increases the opportunities for two-way communication between TWSE/TPEX-listed companies and institutional investors and reduces the burden of meetings, helping to focus on strengthening the company's ESG actions and the institutional investors' implementation of stewardship.

As of the end of 2025, the registered members of the IR Engagement Service Platform included 667 TWSE-listed companies, 200 TPEX-listed companies, and 243 institutional investor members, with total membership exceeding 1,200. In 2025, a total of 209 online reservations were completed for TWSE/TPEX-listed companies to use venues such as those of the TWSE for investor conferences. The platform also successfully matched 12 engagement meetings, with 12 TWSE/TPEX-listed companies and 7 financial institutions participating, respectively.

In 2026, the IR Engagement Service Platform will continue to collect user feedback on the IR Engagement Services, ESG Value-Added Information, and Engagement Matching Services, enhancing the service content and strengthening the functions to enhance company visibility, advance engagement communication, and provide an enhanced user experience for TWSE/TPEX-listed companies and institutional investors.



03

III.

Important Regulatory
Amendments

A.	Adding a Dedicated Chapter on Sustainability Information in the Annual Report	37
B.	Amendment of the Regulations Governing Information to be Published in Annual Reports of Public Companies, the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, and the Reference Sample of the Rules of Procedure for the Shareholders' Meeting of O O Company, Ltd.	38
C.	Amendment of Sustainability-Related Regulations, including the Rules Governing the Preparation and Filing of Sustainability Reports and the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies	38

A. Adding a Dedicated Chapter on Sustainability Information in the Annual Report

In line with the Roadmap for Aligning with the IFRS Sustainability Disclosure Standards, the FSC amended the Regulations Governing Information to be Published in Annual Reports of Public Companies on November 7, 2025 and issued FSC Securities Audit Order No. 11403851756 on November 12 of the same year. The key amendments are as follows:

- 1. Specifying the subjects, timetable, and methods of alignment:** TWSE/TPEX-listed companies shall apply the IFRS Sustainability Disclosure Standards in three phases as measured by paid-in capital beginning with the 2026 fiscal year, disclosing sustainability-related financial information approved by the Board of Directors in a dedicated chapter of the annual report, to be disclosed simultaneously with the financial report.
- 2. Transitional provisions for first-time application and materiality principle:** For the first reporting year, only climate-related information may be disclosed without the need to disclose comparative period information. The proportionality principle may also be applied, adopting quantitative or qualitative disclosure approaches in accordance with the enterprise's existing technical capabilities.
- 3. Specifying the assurance requirements for GHG emissions information:** Companies shall obtain independent third-party assurance opinions for Scope 1 and Scope 2 GHG emissions of the consolidated entity. Where the assurance opinion is not yet obtained at the time of annual report filing, this shall be noted in the annual report and the assured GHG emissions information shall be disclosed and the assurance report uploaded by the end of October of the same year. Where there are differences between the assured GHG emissions information and the original annual report filing information, the filing information shall be corrected and the reasons for the differences explained. Where there are material differences, the matter shall be re-submitted to the Board of Directors for approval.
- 4. Specifying the timetable for Scope 3 disclosure:** TWSE/TPEX-listed companies shall apply the provisions of the Sustainability Disclosure Standards concerning Scope 3 GHG emissions information beginning with the fourth fiscal year following the initial application of the Sustainability Disclosure Standards.

Through the foregoing regulatory amendments, the transparency, quality, and comparability of Taiwan's corporate sustainability information have been enhanced, strengthening the capital market's trust in sustainability information.

B. Amendment of the Regulations Governing Information to be Published in Annual Reports of Public Companies, the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, and the Reference Sample of the Rules of Procedure for the Shareholders' Meeting of O O Company, Ltd.

To enable investors to learn earlier of the shareholders' annual report meeting information and proposal content of TWSE/TPEX-listed companies, to encourage shareholders to participate in and exercise their rights at shareholders' meetings, and in line with the specific implementation measures of the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies, on December 19, 2025 the FSC issued an amendment to Article 23 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, expanding the scope of the requirement to file annual reports 14 days before the general shareholders' meeting to all TWSE/TPEX-listed companies. The amendment specifies that all TWSE/TPEX-listed companies shall transmit the electronic file of the annual report to the information filing website designated by the FSC at least 14 days before the date of the shareholders' meeting. The amendment of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies was also issued at the same time.

In line with the foregoing amendments, on March 5, 2026 the TWSE announced the amendment to Article 3 of the Reference Sample of the Rules of Procedure for the Shareholders' Meeting of O O Company, Ltd. Furthermore, with reference to international regulations on vote-monitoring personnel, where the shareholders' meeting has a director election proposal in which the number of candidates exceeds the number of seats to be elected, a director dismissal proposal, or proposals under Article 185 or 316 of the Company Act, Articles 18, 27, 29, or 35 of the Business Mergers and Acquisitions Act, or Article 24, Paragraph 2, Subparagraph 1 or Article 26, Paragraph 2, Subparagraph 1 of the Financial Holding Company Act, the Chair should designate an attorney, CPA, or notary public who meets the relevant autonomy requirements to serve as the vote-monitoring person. The foregoing has been added in Article 13, Paragraphs 8 through 11 of the Reference Sample of the Rules of Procedure for the Shareholders' Meeting. The TWSE and TPEx encourage TWSE/TPEx-listed companies to refer to the amended Reference Sample of the Rules of Procedure for the Shareholders' Meeting in amending their respective rules of procedure for the 2026 shareholders' meeting.

C.Amendment of Sustainability-Related Regulations, including the Rules Governing the Preparation and Filing of Sustainability Reports and the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies

To position with international sustainability development trends and to enhance information transparency, in May 2025 the TWSE and TPEx amended the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEx Listed Companies, not only expressly requiring all TWSE/TPEx-listed companies to prepare and file a sustainability report annually but also requiring TWSE/TPEx-listed companies to disclose the average and median salaries of full-time non-managerial employees then compare these with the figures of the prior year, in order to demonstrate compensation fairness and deepen social dimension information disclosure.

Furthermore, to lead enterprises in deepening sustainable governance, on September 2, 2025 the TWSE amended the Sustainable Development Best-Practice Principles for TWSE/TPEx-Listed Companies, recommending that enterprises enhance their conservation awareness of marine or terrestrial biodiversity and ecosystems, as well as through the sustainable use of resources and the fair combined with the reasonable distribution of benefits, treat environmental protection as part of their business strategy, reflecting the high level of international emphasis on the stability of natural ecology. At the same time, the amendments also encourage TWSE/TPEx-listed companies to actively establish industry-academia cooperation programs, jointly cultivating with academic institutions professional talents with sustainability thinking, in order to address the talent gap during corporate ESG transformation and strengthen enterprises' long-term competitiveness.



04

IV.

Strategies for Future Development

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A. Promoting the Value-Up Plan to Help TWSE/TPEX-Listed Companies Meet International Competition and Strengthen Taiwan's Capital Market

In recent years, Asian capital markets have successively advanced institutional reforms with corporate value enhancement at the core. For example, Japan and South Korea, in March 2023 and May 2024 respectively, have promoted policies such as Action to Implement Management that is Conscious of Cost of Capital and Stock Price and the Corporate Value-up Program, encouraging TWSE/TPEX-listed companies to review their capital efficiency and strengthen investor communication.

To align with the Asian capital market, on August 23, 2024 the Taiwan Stock Exchange added a provision under Article 13-3 of the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies, expressly requiring TWSE/TPEX-listed companies to formulate and disclose operating strategies and business plans, articulating the specific measures for enhancing corporate value, and recommending that these be reported to the Board of Directors and actively communicated to shareholders.

As of December 31, 2025, a total of 487 TWSE-listed companies and 274 TPEX-listed companies responded by publicly announcing relevant plans, demonstrating that advancing corporate governance through corporate value enhancement has become an important issue in Taiwan's capital market. The TWSE and TPEX also encourage TWSE/TPEX-listed companies to continue participating and to further enhance disclosure quality and communication effectiveness.

To help TWSE/TPEX-listed companies refine the content of their plans, on December 31, 2025 the TWSE announced on the Corporate Governance Center website the amendment of the Disclosure Guidelines for the Value-Up Plan. This amendment was based mainly on Taiwan's capital market conditions (including the current state of corporate disclosure and key investor concerns), the practices of major Asian markets in advancing corporate value enhancement (such as capital efficiency targets and shareholder return mechanisms), together with capital market expert interview recommendations. The original Reference Examples for the Value-Up Plan were revised into the Disclosure Guidelines for the Value-Up Plan, and three scenario examples are provided to strengthen the systematic nature and practicality of the disclosure content. Key amendments are briefly described as follows:

1. **Current-state analysis:** Companies are recommended to present specific data and cross-year trend analysis of past Total Shareholder Return (TSR), Weighted Average Cost of Capital (WACC), profitability indicators (such as ROIC and ROE), or market valuation indicators (such as PBR and PER), and to compare with industry peers alongside the market average. Where the company operates a diversified business, it should be reviewed by business segment to reflect different risk and return characteristics.
2. **Policy and plan setting:** Companies are encouraged to put forward specific policies, short-, medium-, and long-term goals in addition to planning timelines for items where performance requires improvement and for key development matters, so as to plan actionable implementation measures across such aspects as lowering the cost of capital, enhancing profitability, improving market valuation, and strengthening corporate governance.
3. **Communication and tracking:** Companies are encouraged to actively communicate information on corporate value enhancement with investors, and to use visual methods such as presentations along with charts to improve readability and understanding. It is also recommended that the implementation status be reviewed at least once a year, with rolling adjustments to policies and measures, being certain that the disclosed information be updated accordingly.

Looking ahead to 2026, to further encourage corporate response and deepen the content, the First ESG Evaluation to be held in 2026 will design a dual-scoring mechanism for the Value-Up Plan. In addition to the general indicator G-7 requiring companies to formulate specific measures for corporate value enhancement, report them to the Board of Directors, and disclose them in the dedicated zone, an additional Better Practice Company bonus item is added for enterprises with well-structured disclosure, encouraging TWSE/TPEX-listed companies to make good use of the evaluation incentives and to refer to the new Disclosure Guidelines for the Value-Up Plan to enhance the quality of their plans, advancing disclosure from form to substantive strategic communication. The TWSE will also continue to optimize the Value-Up Plan Section on the Market Observation Post System and provide more resources to strengthen the development of corporate-investor communication, further enhancing Taiwan's capital market's international competitiveness and sustainability resilience.

B.Encouraging the Convener of the Audit Committee to Strengthen Communication and Engagement with Shareholders and Other Stakeholders

The authority of the Audit Committee covers the establishment and amendment of the company's important regulations and systems, related-party transactions of directors, and the review of the company's material financial and business conduct — matters that are mostly of key concern to shareholders and other stakeholders. In addition, with reference to international rules concerning the lead independent director, whose authority includes serving as a channel of communication between shareholders and the company, related provisions are being planned to be added to the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies, recommending that the Board of Directors establish relevant mechanisms to encourage the Convener of the Audit Committee to actively participate in communication and engagement with shareholders as well as other stakeholders on key issues such as governance, strategy, and sustainable development. Going forward, the TWSE and TPEX will assess the feasibility of incorporating this into the ESG Evaluation indicators for TWSE/TPEX-listed companies, or release related examples for the reference of TWSE/TPEX-listed companies.



C. Corporate Governance Evaluation transforms into the ESG Evaluation

1. Corporate Governance Policy Implementation and Progress

Effective corporate governance forms a vital foundation for a sound capital market. Since 2013, the FSC has continuously promoted corporate governance through a series of roadmaps, from the Corporate Governance Enhancement Roadmap and New Corporate Governance Roadmap to Corporate Governance 3.0 - Sustainable Development Roadmap. These initiatives actively encourage listed companies to recognize the value of corporate governance, voluntarily adopt practices that go beyond legal requirements, while strengthening capital market competitiveness, to enhance Taiwan's international standing and visibility in corporate governance.

Evaluation has consistently played a key role in policy evolution and implementation. To effectively promote the adoption of key initiatives from the aforementioned series of roadmaps by listed companies, the FSC first incorporates them into CGE indicators to encourage listed companies to voluntarily establish corporate governance best practices that exceed regulatory requirements. After a period of execution, the adoption and effectiveness by listed companies are then used as a basis for gradually transitioning these practices into mandatory regulatory requirements.

For example, to facilitate shareholder voting and implement shareholder activism, electronic voting at shareholders' meetings was included as an indicator in the first Evaluation (2014). The scoring rate increased from 13.50% in the first Evaluation to 71.41% in the fourth Evaluation (2017). Over these four years, the adoption rate among listed companies increased more than fourfold, showing significant progress. This served as a key driver in advancing electronic voting at shareholders' meetings across all listed companies and successfully supported the FSC revision of regulations to mandate electronic voting for all listed companies from 2018. Accordingly, the electronic voting-related indicators were removed from the fifth Evaluation (2018), having fulfilled its purpose.

Other key corporate governance initiatives, such as the establishment of independent directors, Audit Committees and corporate governance officers; the promotion of a candidate nomination system for director elections; the requirement for at least one director of a different gender on the board; and the limitation that no more than half of independent directors serve more than three consecutive terms, have also yielded strong implementation results to date. These results have been gradually incorporated into mandatory regulations for all listed companies. In the future, the CGE system will continue to align with the authority's policy implementation timeline by incorporating key policy initiatives into CGE indicators. Building upon mandatory regulatory requirements, it will be revised to further enhance corporate governance quality. This aims to drive listed companies to pursue corporate governance best practices as their goal, voluntarily strengthen their corporate governance foundation, and shape a corporate culture that proactively improves corporate governance.

2. Promotion and Expansion of Sustainable Development

In the past, corporate governance efforts primarily focused on strengthening internal control and governance mechanisms within enterprises, with little attention given to environmental and social issues. However, as the impact of global climate change becomes increasingly urgent, the international community has shifted its attention toward corporate sustainable development, with sustainability gradually emerging as a core global value. Therefore, after launching a series of Corporate Governance Roadmaps, the FSC further released the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies in 2022 to help listed companies address the impacts of climate change and establish their carbon reduction targets early. In 2023, the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies was released, featuring four main pillars: governance, transparency, digitalization, and innovation, along with five key aspects: (1) leading enterprises to achieve net zero; (2) deepening corporate sustainable governance culture; (3) refining sustainable information disclosure; (4) strengthening stakeholder communication; and (5) promoting ESG evaluation and digitalization. This initiative continues to promote active corporate sustainable development and enhance international competitiveness.

Among these, promoting ESG evaluation as one of the five key aspects of the aforementioned action plan represents an important direction in the FSC's efforts to build a sustainable value culture in the capital market. In response to evolving international sustainability trends, since its first Evaluation (2014), the CGE guided TWSE/TPEX-listed companies in implementing sustainable development. The Stakeholder Interests Protection and Corporate Social Responsibility dimension (Corporate Social Responsibility now renamed as Sustainable Development Promotion) has already included numerous ESG-related indicators. These cover the establishment of dedicated (or concurrent) units for promoting sustainable development or ethical management, disclosure of greenhouse gas emissions and formulation of related reduction policies, employee welfare measures, retirement systems, together with the disclosure of workplace and employee safety protection measures. Subsequently, by actively considering international sustainable development practices and aligning with the FSC's series of Corporate Governance Roadmaps and Sustainable Development Action Plans, among other concrete sustainability initiatives, ESG related evaluation indicators have been continuously expanded. This encourages TWSE/TPEX-listed companies to proactively adopt ESG measures beyond regulatory requirements, fostering a culture of sustainable operations. At the same time, it aims to raise public awareness of sustainability issues and build a shared commitment to sustainability within the capital market.

According to statistics on the number of indicators and scoring weights across the four dimensions throughout the CGEs (as shown in Figures 13 and 14), from the first Evaluation in 2014 to the tenth Evaluation in 2023, the dimension with the highest number of indicators and scoring weight has consistently been Enhancing Board Structure and Operation. This result reflects the central role of the board of directors as the foundation for company operations and development. The CGE has consistently aligned with the FSC's Corporate Governance Roadmap combined with other policies to strengthen the foundations of TWSE/TPEX-listed companies, enhance board functions alongside accountability, cultivating robust corporate governance from the ground up. Furthermore, through the figures below, another significant development trend can be observed: the number of indicators and scoring weights in the Promoting Sustainable Development dimension has continuously grown over the past decade. Starting from the eleventh Evaluation in 2024, it has become the dimension with the highest number of indicators and scoring weight. In the current latest twelfth Evaluation in 2024, both the proportion of indicators and weight have reached 49%. This demonstrates how the CGE continues to align with international trends and policy directions, actively guiding TWSE/TPEX-listed companies through indicators and scoring weights to keep pace with domestic and international sustainable development.

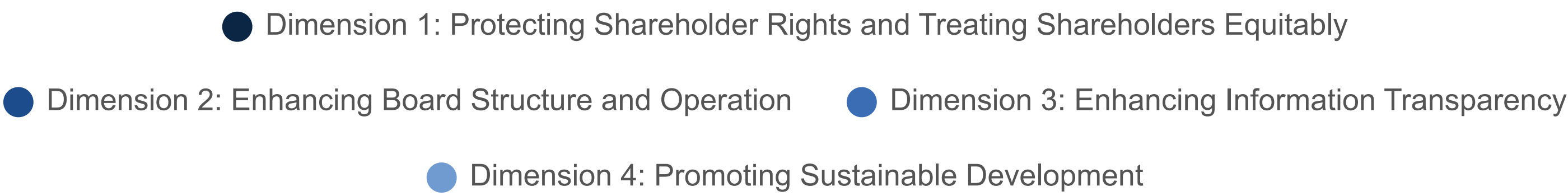


Figure 13: Number of Indicators Across Four Dimensions of CGEs

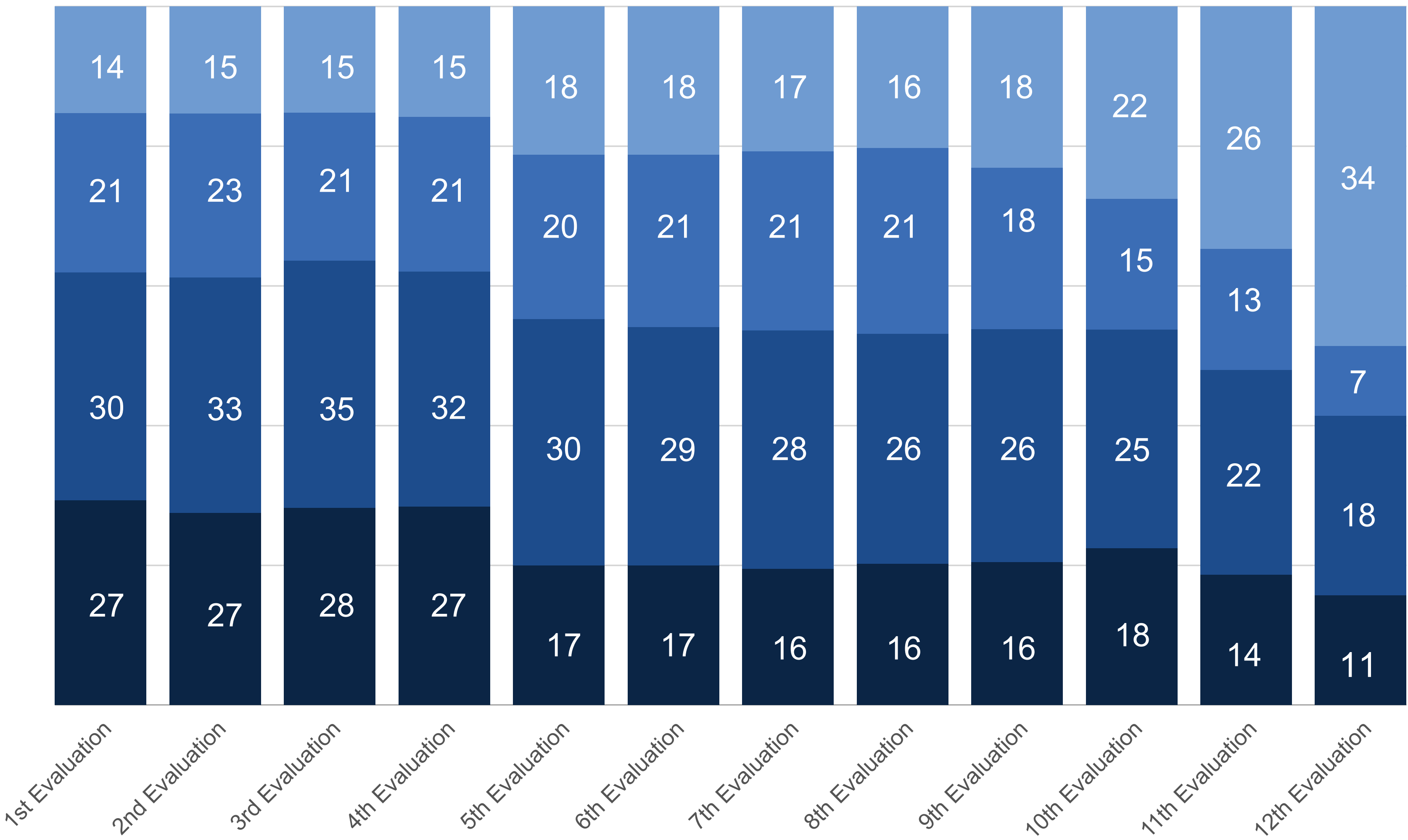
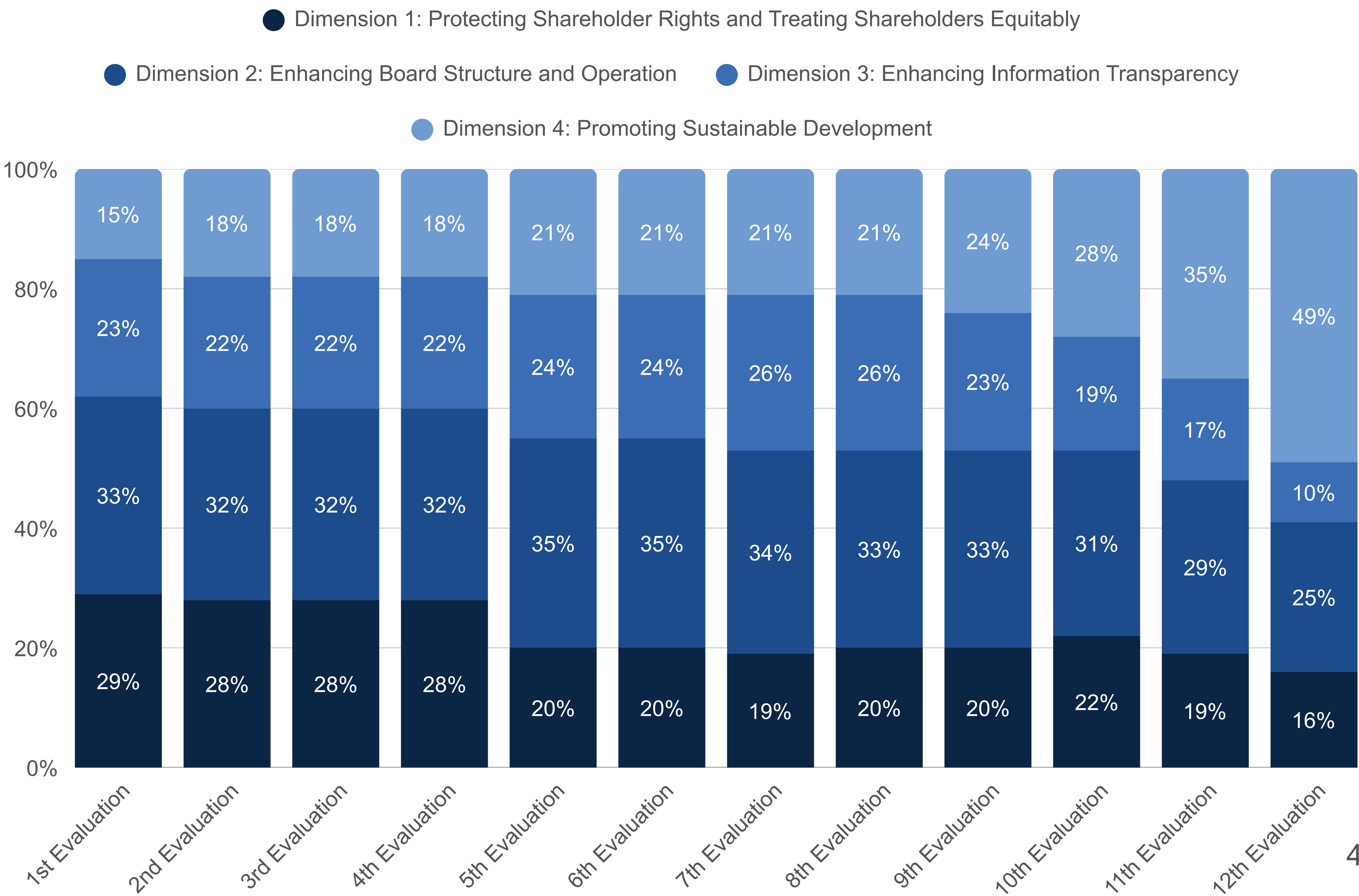


Figure 14: Scoring Weight Distribution Across Four Dimensions Throughout CGEs



3. Assessment and Planning for ESG Evaluation Transformation

An analysis of the indicators included in the Promoting Sustainable Development dimension of the CGE revealed that, over the years, many critical issues related to Environmental (E), Social (S), and Governance (G) aspects have been added in accordance with international sustainable development trends and domestic policy implementation. However, the overall evaluation still maintains a higher proportion of G indicators, leaving room for expansion in E and S indicator evaluation sections.

Therefore, to realize the FSC's vision of promoting the ESG Evaluation under the Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies, and to further assess listed companies' performance in various ESG aspects, listed companies have been guided to strengthen their ESG disclosure and sustainable transformation, plus meet global investors' responsible investment needs, supporting sustainable investment decisions. In recent years, plans are continually underway to build upon the current CGE framework. Taking into account international trends in promoting environmental and social dimensions, related indicators for environmental (E) and social (S) aspects will be gradually added year by year, while governance (G) indicators will be reviewed, consolidated, or removed as appropriate. Through the gradual adjustment of the number and weight of indicators across all three ESG dimensions, by 2026, the CGE, which is currently structured around four dimensions - Protecting Shareholder Rights and Treating Shareholders Equally, Enhancing Board Structure and Operation, Enhancing Information Transparency, and Promoting Sustainable Development - will be restructured and renamed the ESG Evaluation structured around the three main dimensions: E, S, and G.

Based on the additions and revisions to the evaluation indicators in the past two Evaluations (the 11th and 12th), there has been a steady enhancement of environmental and social indicators, guiding companies in establishing comprehensive environmental and social policies through data and information disclosure. To encourage companies to focus on climate change while strengthening greenhouse gas disclosures, the original indicator was split into two separate indicators: Disclosure of Annual Greenhouse Gas Emissions for the Past Two Years and Establishment of Greenhouse Gas Reduction Management Policy. Additional indicators were introduced, including: Disclosure of Scope 3 Categories and Annual Emissions for the Past Year, Establishment of Environmental Management System, Development of Energy Management Plan, together with Implementation of Internal Carbon Pricing. Furthermore, Disclosure of 2030 Carbon Reduction Targets, Strategies, and Action Plans was listed as an advanced bonus requirement. To promote employee career development alongside communication, indicators such as Establishment of Employee Training and Development Plans for Career Enhancement and Regular Implementation of Employee Satisfaction Surveys were added. In addition, to encourage prioritization of consumer rights protection, indicators Establishment of Personal Data Protection Policy and Establishment of Consumer/Customer Rights Protection Policy and Complaint Procedures were included.

Subsequently, in formally transforming into the first ESG Evaluation (for 2026), additional indicators have been added with respect to the strengthening and practice of various environmental and social practices, in order to advance companies' enhanced management functions and effective implementation, including:

On the environmental dimension, to encourage companies to adopt corresponding management practices on various environmental issues, enhance energy use efficiency, and attach importance to such issues as biodiversity and ecological conservation, in addition to separating Disclosure of Total Waste Weight and Supplier Management Policy Requirements on Environmental Issues from the original indicators, new indicators have been added: Formulation of Policies to Promote the Circular Economy or Waste Management, Disclosure of Energy Use Status, Formulation of Biodiversity Policies or Commitments, and Formulation of Strategies and Measures to Advance Natural Carbon Sinks.

On the social dimension, to deepen companies' emphasis on the protection of human rights and employee benefits, strengthen their active communication with investors, and advance their support for innovative startups, new indicators have been added: Formulation of Human Rights Due Diligence, Provision of Friendly Marriage and Childcare or Family Care Measures, Disclosure of Employee Turnover Rates and Reasons for Changes by Gender and Age, Disclosure of Investor Engagement Status, and Disclosure of Investments in Domestic Innovative Startups. The Status of Employer Contributions to the Labor Pension New System Above Statutory Requirements has been listed as an advanced bonus requirement.

After indicator adjustments over the recent three evaluations, in terms of the proportion of the three ESG dimensions (see Figure 15 below), the proportion of environmental and social dimension indicators has increased from 7% and 9% in the 10th evaluation to 21% and 31%, respectively, while the governance dimension has decreased from 84% to 48%. This demonstrates that the proportion of indicators across the three ESG dimensions has gradually become balanced.

Figure 15: Weight Distribution of ESG Three Dimensions in the Recent Three CGEs

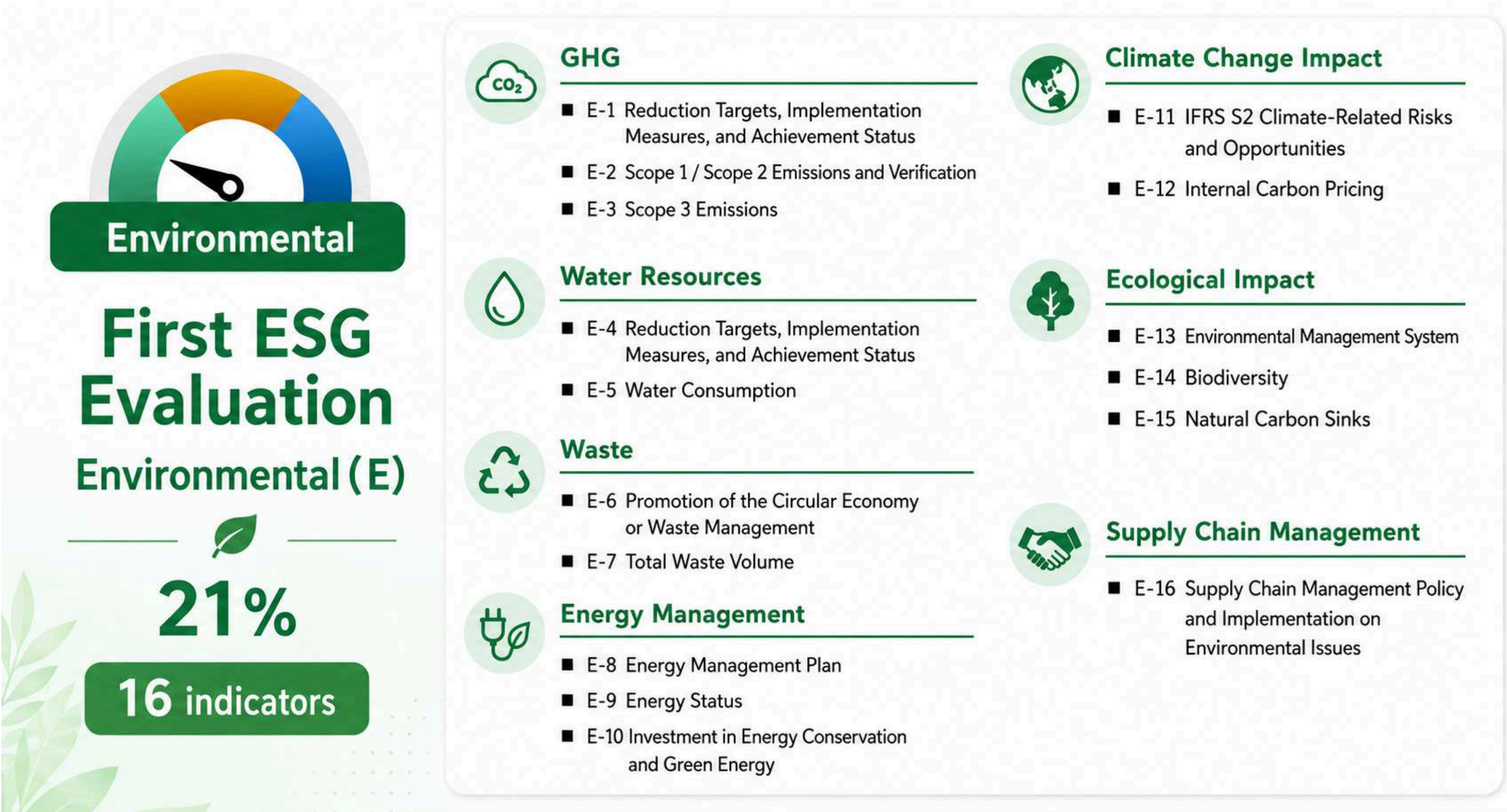
Corporate Governance Evaluation				ESG Evaluation
Year/Dimension	10th Evaluation 2023	11th Evaluation 2024	12th Evaluation 2025	1st Evaluation 2026
Environmental (E)	7%	11%	14%	21%
Social (S)	9%	13%	23%	31%
Governance (G)	84%	76%	63%	48%
Total Weighting	100%	100%	100%	100%

4. Status and Outlook of the Transformed ESG Evaluation

The structure and indicator content of the transformed ESG Evaluation are categorized and summarized as follows:

a. Environmental (E) Indicators

The Environmental (E) indicators mainly cover the topics of GHG, water resources, waste, energy management, climate change impacts, ecological impacts, and supply chain environmental management (see the figure below). In addition to focusing on the establishment of an overall environmental sustainability system, they also emphasize the disclosure and application of environmental-related data, while encouraging contributions to sustainable development. This aims to guide TWSE/TPEX-listed companies to attach importance to environmental issues, in order to reduce the impact on the natural environment, biological organisms, and humanity, in order to achieve the goals of net zero and environmental sustainability.



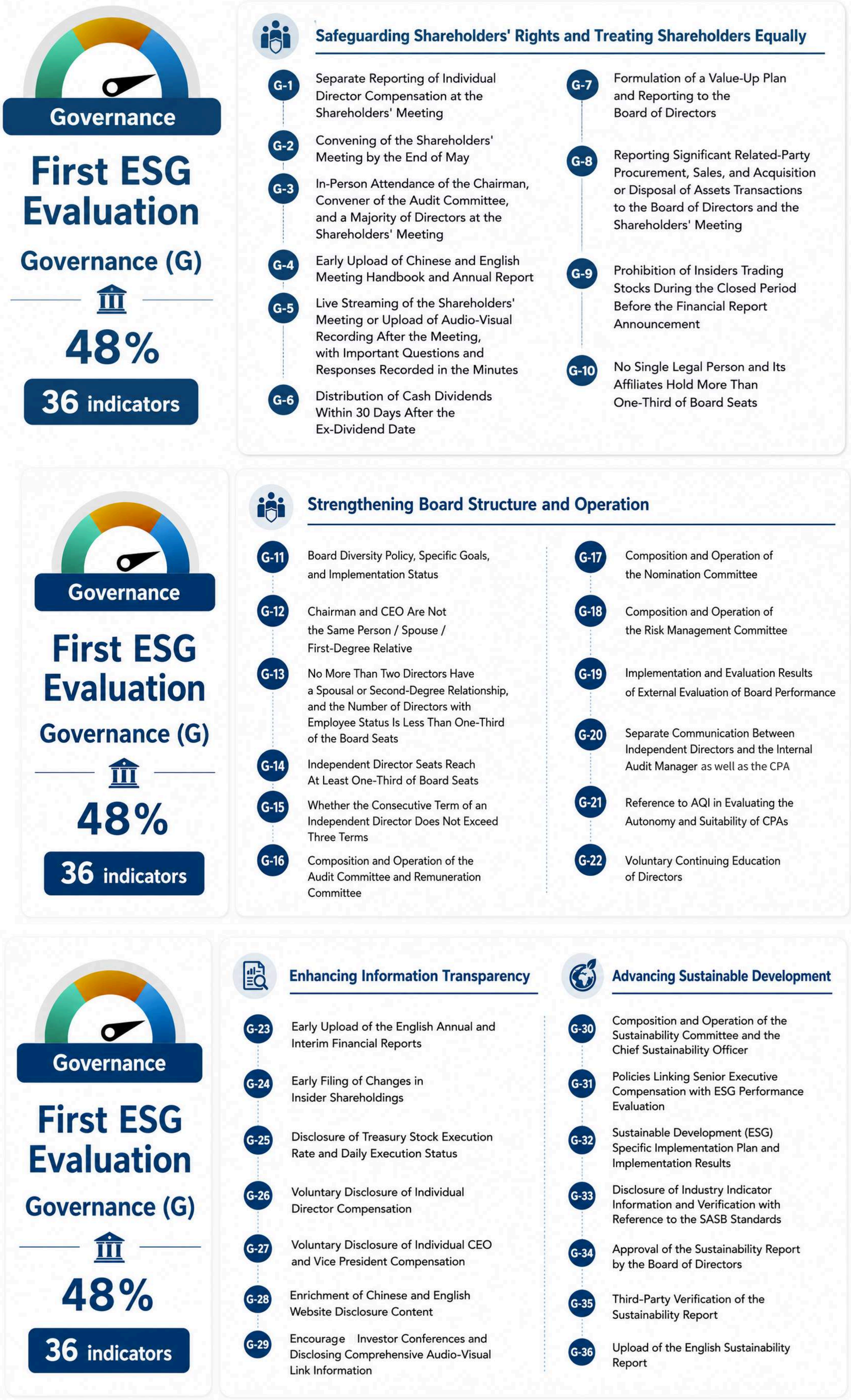
b. Social (S) Indicators

The Social (S) indicators mainly cover the topics of human rights and community relations, stakeholder communication, business ethics and regulatory compliance, business model resilience, information security and customer privacy, customer rights, social supply chain management, labor benefits and welfare, employee health and safety, and employee loyalty, diversity, and inclusion (see the figure below). In addition to focusing on the establishment and implementation of measures to protect stakeholders' rights and to promote communication and interaction, they also guide companies to attach importance to operational integrity and resilience. Furthermore, they more actively strengthen companies' protection and implementation of employee rights, aiming to guide TWSE/TPEX-listed companies to attach importance to social issues, fulfilling corporate social responsibility, and achieving the goals of sustainable development such as the protection of human rights and labor rights.



c. Governance (G) Indicators

The Governance (G) indicators mainly cover the topics of safeguarding shareholders' rights and treating shareholders equally, strengthening Board structure and operation, enhancing information transparency, and advancing sustainable development (see the figure below). The goal is to guide TWSE/TPEX-listed companies to attach importance to the practice of governance structures and mechanisms, firmly establishing the cornerstone of sustainable operations, and achieving the goal of shaping a corporate culture of proactive enhancement of sustainable governance.



Looking ahead, the ESG Evaluation will continue to closely monitor international sustainable development directions, and will continue to incorporate major domestic policy goals as appropriate into the scope of evaluation indicator studies. Through the adjustment and design of indicators, the evaluation will guide and advance TWSE/TPEX-listed companies in actively enhancing corporate governance and sustainable development, working to drive enterprises toward the goal of sustainable operations and actively transitioning to sustainability and aligning with international standards.

5. Conclusion

As corporate governance and sustainable development have evolved domestically and internationally, the evaluation indicators have continuously been adjusted and refined over the past decade. From the initial focus on strengthening Board structure, establishing functional committees, and enhancing information transparency, the focus has now shifted to placing greater emphasis on the evaluation of sustainable development aspects such as interactions with shareholders and stakeholders, responses to environmental changes, and the assumption of social responsibility. The evaluation indicators have continued to keep pace with the times. In transforming from the Corporate Governance Evaluation to the ESG Evaluation, the related Governance (G) standards and requirements have gradually been upgraded, and the related Environmental (E) and Social (S) indicators have continued to be added, working to drive enterprises toward the goal of sustainable operations.

The 2026 Corporate Governance Evaluation will formally transform into the ESG Evaluation. Through continuous indicator optimization and policy guidance, this not only helps enterprises comprehensively review their implementation results and gaps across the environmental, social, and governance dimensions, guiding enterprises to adjust their business strategies, strengthen sustainable governance capabilities, and advance sustainability transformation, but also provides investors with an important basis for identifying enterprises with long-term value and sustainability potential. The aim is to forge market and societal consensus on sustainable development, build a sound ESG ecosystem, and promote a positive cycle in the capital market that supports enterprises' sustainability transformation, thereby enhancing overall competitiveness.



APPENDIX

05

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Score Distribution of the Corporate Governance Evaluation Indicators in 2025

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Company	%	Number of Company	%	Number of Company	%	Number of Company	%
1.1	Does the company report the remuneration received by directors at the shareholders' meeting, including remuneration policy, individual remuneration content and amount?	A	425	23.48%	1,385	76.52%	0	0%	0	0%
1.2	Does the company formulate written regulations for financial and business operations related to related party transactions, including management procedures for sales and purchases, acquisition or disposal of assets, and other transactions, plus require significant transactions to be approved by the Board of Directors and agreed upon or reported to the shareholders' meeting?	A	1,003	55.41%	807	44.59%	0	0%	0	0%
1.3	Does the company ensure that more than half of its directors and the convener of the Audit Committee personally attend the shareholders' meeting, and disclose the attendance list in the meeting minutes?	A	1,416	78.23%	394	21.77%	0	0%	0	0%
1.5	Does the company formulate specific measures for enhancing corporate value, report them to the Board of Directors, and disclose the related information in the Value-Up Plan Section of the Market Observation Post System?	A	742	40.99%	1,068	59.01%	0	0%	0	0%
1.6	Does the company hold a shareholders' meeting before the end of May?	A	793	43.81%	1,017	56.19%	0	0%	0	0%
1.7	Does the company upload the Chinese and English versions of the shareholders' meeting handbook and supplementary information 30 days prior to the shareholders' meeting? Does the company upload the Chinese and English versions of the annual report 18 days before the shareholders' meeting?	A	1,400	77.35%	410	22.65%	0	0%	0	0%
1.13	Does the company pay all cash dividends within 30 days after the ex-dividend date when it distributes cash dividends during the year under review?	B	1,420	99.37%	9	0.63%	381	21%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
1.15	Does the company formulate and disclose on its website the internal regulations prohibiting directors or employees and other insiders from using undisclosed information in the market to buy and sell securities, including (but not limited to) directors not being allowed to trade their stocks during the thirty-day closed period before the announcement of the annual financial report and the fifteen-day closed period before the announcement of the quarterly financial report, and explain the implementation status?	A	1,177	65.03%	633	34.97%	0	0%	0	0%
1.17	Does the company not have a government agency or a single legal entity and its subsidiaries occupying more than one-third of the Board of Directors? [If the company does not have directors who are the government, legal persons, or their representatives, an additional point will be added to the total score.]	A+	1,505	83.15%	305	16.85%	0	0%	302	16.69%
1.18	Does the company record important contents of shareholders' questions and the company's responses in the minutes of the shareholders' meeting?	A	1,708	94.36%	102	5.64%	0	0%	0	0%
1.19	Does the company's shareholders' meeting adopt live streaming or upload uninterrupted audio and video recordings of the entire meeting after the shareholders' meeting?	A	1,315	72.65%	495	27.35%	0	0%	0	0%
2.2	Does the company establish a policy on diversity of board members and disclose the specific management objectives and implementation of the diversity policy on the company's website and annual report?	A	1,610	88.95%	200	11.05%	0	0%	0	0%
2.3	Does the company have separate individuals serving as chairman of the Board of Directors and president (or an equivalent managerial officer), and are they spouses or relatives of one another?	A	1,152	63.65%	658	36.35%	0	0%	0	0%
2.4	Does the company have no more than two directors who are spouses of, or related within the second degree of kinship to, one another?	A	1,564	86.41%	246	13.59%	0	0%	0	0%
2.5	Does the company have fewer than one-third of its directors concurrently serving as employees of the company, its parent company, subsidiaries, or affiliates?	A	1,456	80.44%	354	19.56%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
2.6	Does the company's Board of Directors include at least one female director? [If each gender of the company's directors reaches one-third or more of the board seats, an additional point will be added to the total score.]	A+	1,690	93.37%	120	6.63%	0	0%	353	19.50%
2.7	Does the number of independent directors reach one-third or more of the board seats? [If the number of independent directors reaches one-half or more of the board seats, an additional point will be added to the total score.]	A+	1,669	92.21%	141	7.79%	0	0%	414	22.87%
2.8	Does the company have more than half of the independent directors serving no more than three consecutive terms?	A	1,773	97.96%	37	2.04%	0	0%	0	0%
2.9	Does the company have a succession plan for board members and key management personnel and disclose its operation on the company's website or in its annual report?	A	1,151	63.59%	659	36.41%	0	0%	0	0%
2.10	Does the company disclose the professional qualifications and experience of the Audit Committee members, the key work items for the year, and the operation status?	A	1,599	88.34%	211	11.66%	0	0%	0	0%
2.11	Does the company have all interim financial reports reviewed and approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	A	1,741	96.19%	69	3.81%	0	0%	0	0%
2.14	Does the company establish functional committees other than statutory ones, such as a nomination committee, risk management committee, or sustainable development committee, with no less than three members, more than half of the members being independent directors, and at least one member having the professional ability required by the committee, and disclose their composition, responsibilities, and operation?	A	246	13.59%	1,564	86.41%	0	0%	0	0%
2.15	Does the company disclose on the company's website the individual communications between the independent directors and internal chief auditor and CPAs (e.g., the manner, matters and results of communications regarding the company's financial statements and financial operations)?	A	1,481	81.82%	329	18.18%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
2.17	Does the Board of Directors regularly (at least once a year) evaluate the autonomy and suitability of the CPAs with reference to the audit quality indicators (AQIs) and disclose the evaluation procedures in detail in the annual report?	A	1,536	84.86%	274	15.14%	0	0%	0	0%
2.22	Does the company have risk management supervised by the Audit Committee or another board-level functional committee (such as a Risk Management Committee), approve risk management policies and procedures through the Board of Directors, disclose its risk management organizational structure, procedures, and implementation status, and report risk management matters to the Board of Directors at least once a year?	AA	717	39.61%	1,093	60.39%	0	0%	717	39.61%
2.23	Does the company's board performance evaluation regulations, which are approved by the Board of Directors, clearly state that an external evaluation should be conducted at least once every three years, and has an evaluation been conducted in the evaluated year or the past two years, with the implementation status and evaluation results disclosed on the company's website or annual report?	AA	605	33.43%	1,205	66.57%	0	0%	605	33.43%
2.24	Does the company establish an information security risk management framework, formulate information security policies, specific management plans, and invest resources in information security management, and disclose them on the company's website or annual report? [If the company introduces information security management system standards such as ISO 27001 or CNS 27001, or other systems or standards with equivalent or higher effects, and obtains third-party verification, an additional point will be added to the total score.]	A+	1,544	85.30%	266	14.70%	0	0%	538	29.72%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
2.25	Does the company ensure that all independent directors fulfill the continuing education requirements set forth in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE- and TPEX- Listed Companies? [If all directors complete the required training, an additional point will be added to the total score.]	A+	1,598	88.29%	212	11.71%	0	0%	1,444	79.78%
2.27	Does the company have an intellectual property management plan that is linked to its operational objectives, disclose its implementation status on the company's website or annual report, and report to the Board of Directors at least once a year? [If the company introduces intellectual property management system standards such as Taiwan Intellectual Property Management System (TIPS) or ISO 56005, and is verified by a third party, an additional point will be added to the total score.]	A+	911	50.33%	899	49.67%	0	0%	140	7.73%
3.5	Does the company upload its annual financial statements in English at least 18 days before the shareholders' meeting? Does the company disclose the interim financial statements in English within two months after the deadline for filing the interim financial statements in Chinese?	A+	1,474	81.44%	336	18.56%	0	0%	811	44.81%
3.9	Does the company upload the changes in the shareholdings of insiders in the previous month to the Market Observation Post System by the 10th (inclusive) of each month?	A	1,763	97.40%	47	2.60%	0	0%	0	0%
3.13	Does the annual report voluntarily disclose the individual remuneration of directors ?	AA	312	17.24%	1,498	82.76%	0	0%	312	17.24%
3.14	Does the annual report disclose the link between the performance evaluation results of directors' and managers' and their remuneration?	A	1,076	59.45%	734	40.55%	0	0%	0	0%
3.16	Does the company's website disclose financial, business and corporate governance information?	A	1,046	57.79%	764	42.21%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
3.20	Does the company participate in or organize at least two institutional investor conferences during the year under review, with at least three months between the first and last conference? [If the company holds at least one investor conference every quarter or holds an investor conference for each quarter's operating status, an additional point will be added to the total score.]	A+	836	46.19%	974	53.81%	0	0%	369	20.39%
3.21	Does the company's annual report voluntarily disclose the individual remuneration of the president and vice presidents?	A	354	19.56%	1,456	80.44%	0	0%	0	0%
4.1	Does the company establish a dedicated (or part-time) unit to promote sustainable development, conduct risk assessments on environmental, social, or corporate governance issues related to the company's operations based on the materiality principle, formulate relevant risk management policies or strategies, and has the Board of Directors supervised the promotion of sustainable development, and disclose it on the company's website and annual report?	A	1,099	60.72%	711	39.28%	0	0%	0	0%
4.2	Does the company establish a dedicated (or ad hoc) unit for promoting ethical management that is responsible for formulating and overseeing the implementation of ethical management policies and preventive programs, disclose the unit's operations and implementation status on its website and in its annual report, and report to the Board of Directors at least once a year?	A	1,073	59.28%	737	40.72%	0	0%	0	0%
4.3	Does the company regularly disclose specific implementation plans and results of corporate sustainable development (ESG) on the company's website, annual report, or sustainability report?	A	1,399	77.29%	411	22.71%	0	0%	0	0%
4.4	Does the company's sustainability report disclose relevant ESG information with reference to the SASB Standards?	A	1,330	73.48%	480	26.52%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
4.5	Does the company's sustainability report obtain third-party verification?	A	790	43.65%	1,020	56.35%	0	0%	0	0%
4.6	Does the company formulate policies to protect human rights and specific management plans with reference to international human rights conventions, and disclose relevant policies and implementation status on the company's website or annual report?	A	1,373	75.86%	437	24.14%	0	0%	0	0%
4.7	Does the company upload the English version of the sustainability report to the Market Observation Post System and the company's website?	A	915	50.55%	895	49.45%	0	0%	0	0%
4.8	Does the company establish a policy for appropriately linking employee compensation to operational performance or business results and disclose the policy on its website or in its annual report?	A	1,410	77.90%	400	22.10%	0	0%	0	0%
4.9	Does the company's website and annual report disclose various employee benefit measures, retirement systems and their implementation?	A	1,526	84.31%	284	15.69%	0	0%	0	0%
4.10	Does the company's website and annual report disclose employee safety and workplace protection measures and their implementation?	A	1,530	84.53%	280	15.47%	0	0%	0	0%
4.11	Does the company disclose its water consumption and total weight of waste for the past two years? [If the water consumption, or total weight of waste in the past two years is externally verified, an additional point will be added to the total score.]	A+	1,449	80.06%	361	19.94%	0	0%	381	21.05%
4.12	Does the company formulate policies for water use reduction, or other waste management, including reduction targets, promotion measures, and achievement status?	A	1,022	56.46%	788	43.54%	0	0%	0	0%
4.13	Does the company formulate environmental policies, and disclose on the company's website its annual report and sustainability report? [If the company introduces intellectual property management system standards such as ISO 14001, ISO 50001 or similar environmental or energy management system certification, and is verified by a third party, an additional point will be added to the total score.]	A+	1,458	80.55%	352	19.45%	0	0%	913	50.44%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
4.14	Does the company's website or annual report disclose the identity of identified stakeholders, their concerns, communication channels and response methods? [If the communication with each stakeholder is regularly reported to the Board of Directors, an additional point will be added to the total score.]	A+	1,579	87.24%	231	12.76%	0	0%	1,042	57.57%
4.15	Does the company's website or annual report disclose the ethical management policy approved by the Board of Directors, specifying the specific practices and plans to prevent unethical acts, and explaining the implementation status?	A	1,535	84.81%	275	15.19%	0	0%	0	0%
4.16	Does the company have a detailed whistleblowing system for illegal (including corrupt) and unethical behavior of internal and external personnel, which is disclosed on the company's website?	A	1,534	84.75%	276	15.25%	0	0%	0	0%
4.17	Does the company's website, annual report, or sustainability report disclose the supplier management policy formulated, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and explain the implementation status?	A	1,425	78.73%	385	21.27%	0	0%	0	0%
4.18	Does the company disclose information related to the governance, strategy, risk management, indicators, and goals of the company's climate-related risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework?	A	1,196	66.08%	614	33.92%	0	0%	0	0%
4.19	Does the company invest in energy-saving or green energy related environmental protection and sustainable machinery and equipment, or invest in Taiwan's green energy industry (such as renewable energy power plants), or issue or invest in sustainable development financial products with substantial benefits and their use of funds in green or social impact investment plans, and disclose their investment status and specific benefits?	A	693	38.29%	1,117	61.71%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
4.20	Does the company formulate a workplace diversity or gender equality promotion policy and disclose its implementation status?	A	1,625	89.78%	185	10.22%	0	0%	0	0%
4.21	Does the company assess the risks or opportunities to the community and adopt corresponding measures, and disclose its specific implementation measures and results on the company's website, annual report, or sustainability report?	A	1,252	69.17%	558	30.83%	0	0%	0	0%
4.22	Does the company invest resources to support domestic cultural development and disclose the support methods and results on the company's website, annual report, or sustainability report?	A	199	10.99%	1,611	89.01%	0	0%	0	0%
4.23	Does the company disclose policies linking senior executive compensation to ESG-related performance evaluations?	A	533	29.45%	1,277	70.55%	0	0%	0	0%
4.24	Does the company submit its sustainability report to the Board of Directors for review and approval?	A	1,625	89.78%	185	10.22%	0	0%	0	0%
4.25	Does the company disclose its Scope 1 and Scope 2 greenhouse gas emissions for the past two years? [If the Scope 1 and Scope 2 greenhouse gas emissions in the past two years are externally verified, an additional point will be added to the total score.]	A+	1,508	83.31%	302	16.69%	0	0%	742	40.99%
4.26	Does the company formulate policies for greenhouse gas reduction including reduction targets, promotion measures, and achievement status? [If the company discloses its carbon reduction goal, strategy, and action plan for 2030, an additional point will be added to the total score.]	A+	1,241	68.56%	569	31.44%	0	0%	744	41.10%
4.27	Does the company disclose its Scope 3 greenhouse gas emission for the previous year?	A	921	50.88%	889	49.12%	0	0%	0	0%

Question No.	Question	Question Type	Score distribution within the dimension						Total Score	
			1 Point		0 Point		Not Applicable		Add 1 Point	
			Number of Companies	%	Number of Companies	%	Number of Companies	%	Number of Companies	%
4.28	Does the company formulate energy management plans and disclose on the company's website, annual report, or sustainability report? [If the company introduces intellectual property management system standards such as ISO 50001 or equivalent energy management standards, and is verified by a third party, an additional point will be added to the total score.]	A+	1,343	74.20%	467	25.80%	0	0%	353	19.50%
4.29	Does the company conduct Implementation of Internal Carbon Pricing and estimate the impact of climate change on its financial status?	A	280	15.47%	1,530	84.53%	0	0%	0	0%
4.30	Does the company formulate employee training and development plans for career enhancement and disclose its implementation status?	A	1,720	95.03%	90	4.97%	0	0%	0	0%
4.31	Does the company conduct Regular Implementation of Employee Satisfaction Surveys and disclose its implementation status?	A	764	42.21%	1,046	57.79%	0	0%	0	0%
4.32	Does the company formulate a personal data protection policy and disclose its implementation status?	A	1,035	57.18%	775	42.82%	0	0%	0	0%
4.33	Does the company establish relevant policies and complaint procedures to protect customer rights in relation to customer health and safety, marketing, and product labeling of its products and services?	A	1,441	79.61%	369	20.39%	0	0%	0	0%
4.34	Does the company establish a board-level Sustainability Committee with at least three members, whose qualifications should include professional knowledge and capabilities in corporate sustainability, with at least one director participating in supervision, and disclosed their composition, responsibilities, and operational status?	A	920	50.83%	890	49.17%	0	0%	0	0%

APPENDIX 02

Average Scores for 30 Evaluation Indicators in 2025

This report details the average scores of all domestic institutional investors across seven major evaluation categories and 30 evaluation criteria in 2025, assessing the disclosure status for each evaluation criterion. The average scores are as follows:

Serial No.	Evaluation Standard	Average Score
1	The stewardship policy states that institutional investors have considered their role in the investment chain, the nature of their business, and how to preserve the rights and interests of clients and beneficiaries.	2.99
2	The substance of performing stewardship actions, such as the frequency and technique of paying attention to the investee company, interacting with the management, participating in shareholders' meetings and votings.	2.98
3	Whether ESG evaluations are integrated into the investment process, and the extent to which ESG-related indicators are adopted.	2.85
4	Explain how to conduct risk assessment of the investee company, including financial and ESG-related risks and opportunities, as well as the strategy used.	2.52
5	The stewardship policy defines the method and frequency of disclosure of the stewardship performance.	2.9
6	Explain the content and purpose of the conflict of interest management policy.	2.92
7	Explain in full the types of conflicts of interest, including but not limited to conflicts of interest between the company and clients, the company and employees, employees and clients, the company and other investee companies, and the company and related companies.	2.62
8	Explain the method for managing instances of conflict of interest, including the implementation of education and training, awareness campaigns, information control, firewall design, division of powers and responsibilities, detection, supervision and control mechanism, reasonable remuneration system plus remedial measures, and more. If the institutional investor experiences an instance of major conflict of interest, they should also summarize and explain the cause of the event and how it was handled	2.87
9	The voting policy explains the principles of attendance (including physical attendance, video conference attendance, and exercising the right to vote through electronic voting) or voting by proxy at the shareholders' meeting, or the threshold for exercising voting rights after considering cost-effectiveness, such as only those holding a certain percentage or amount of shares is allowed to vote.	2.87
10	The voting policy explains that the institutional investor evaluates every motion of the shareholders' meeting before exercising their voting rights, and if necessary, meets and communicates with management before the shareholders' meeting.	2.69
11	The voting policy states that the institutional investor does not absolutely support the proposals put forward by the management, and the motivation and criteria for opposing proposals.	2.65
12	The voting policy states that the institutional investor does not unconditionally support every motion proposed by the management, as well as the motives and standards for opposing the motions.	2.81
13	The stewardship report states the status of the institutional investor investing internal resources to implement stewardship during the reporting period (such as the fiscal year).	2.71
14	The stewardship report provides a channel for contacting stakeholders such as clients, beneficiaries, investee companies or other institutional investors.	2.81
15*	Evaluate the sustainable performance of investee companies in the investment portfolio with appropriate methods or indicators, and disclose the rating status of the investment portfolio. For the engagement activities mentioned above, the disclosed asset classes include, but are not limited to, stocks, bonds, real estate, and private equity funds.	3.07

Serial No.	Evaluation Standard	Average Score
16	The stewardship report provides a statement of compliance with the stewardship principles and an explanation of being unable to comply with some of the principles, evaluates the effectiveness of the stewardship activities, and discloses the level of approval of the stewardship report.	2.64
17*	Regularly report on engagement activities and relevant summary data, and focus on disclosing the engagement data on ESG issues and classifying them based on ESG dimensions.	3.16
18	The stewardship report explains the communication levels between both parties during engagement.	2.6
19	The stewardship report explains how the need for interaction and engagement with investee companies is assessed and further clarifies whether the engagement activities comply with its stewardship policy. For the engagement activities mentioned above, the disclosed asset classes include, but are not limited to, stocks, bonds, real estate, and private equity funds. For the engagement activities mentioned above, the disclosed asset classes include, but are not limited to, stocks, bonds, real estate, and private equity funds.	2.55
20*	The stewardship report should explain the progress of engagement with investee companies and establish milestones for each stage	2.82
21	The stewardship report should explain the content of the engagement with the investee company, such as the issues, reasons, and scope of the interaction. Engagement topics should be supported by evidence, such as specific quantitative targets or peer examples from investee companies, and the disclosed asset classes include but are not limited to stocks, bonds, real estate, and private equity funds.	2.45
22	The stewardship report explains the examples of impact on the investee company and each stakeholder after engagement and interaction. For the engagement activities mentioned above, the disclosed asset classes include, but are not limited to, stocks, bonds, real estate, and private equity funds.	2.18
23*	The stewardship report explains the expected tracking of the follow-up behaviors, and the impact on future investment decisions after the interaction and engagement with the investee company. For the engagement activities mentioned above, the disclosed asset classes include, but are not limited to, stocks, bonds, real estate, and private equity funds.	2.86
24*	Stewardship reports should clearly outline the collaboration policies and cases with other institutional investors, as well as participation in relevant ESG-related advocacy organizations. It should include specific cases demonstrating how such collaboration helps amplify the influence of institutional investors. The report should also explain whether the engagement efforts have achieved their intended objectives, describe any subsequent monitoring or action plans, and assess the impact of these efforts on future investment decisions.	2.65
25*	Status of attending or being entrusted to attend the shareholders' meeting of the investee company.	2.72
26	The information in the stewardship report is presented in a reader-friendly way, such as disclosing information by different ESG issues, or using graphs to disclose the voting records.	2.77
27	Explain if and how proxy research and proxy voting services are used, and the circumstances and records of such uses.	2.77
28	List major proposals and explain the reasons for supporting, opposing, or abstaining, as well as subsequent action plans if dissatisfied with the proposal results.	2.32
29*	Disclose voting situations on a company-by-company and case-by-case basis, explain whether the voting aligns with the enhancement of the company's long-term value, and provide reasons for opposing proposals.	2.77
30*	The compliance statement of stewardship principles, stewardship report, and voting records of each annual shareholders' meetings are available on the same website in both English and Chinese. There are links related to stewardship on the homepage of the institutional investor website, and visitors can easily and quickly find pages related to stewardship.	3.37

Additional points are awarded for criteria marked with an asterisk (*), and evaluated companies receive one additional point for receiving an A grade.

APPENDIX 03

Stewardship Disclosure Transparency Ranking for the Domestic Institutional Investors

(sorted by type and stroke sequence)

Securities Investment Trust

UOB Asset Management Ltd., Taiwan Branch

CTBC Investments Co., Ltd.

Yuanta Securities Investment Trust Co., Ltd.

SinoPac Securities Investment Trust Co., Ltd.

First Securities Investment Trust Company Limited

Uni-President Assets Management Corp.

FIL Securities Investment Trust Co. (Taiwan) Limited

Fubon Asset Management Co., Ltd.

Union Securities Investment Trust Co., Ltd.

Eastspring Investments Services Pte Ltd.

Banking

Yuanta Commercial Bank Co., Ltd.

Taipei Fubon Commercial Bank Co., Ltd.

Bank SinoPac Co., Ltd.

Mega International Commercial Bank Co., Ltd.

Taiwan Cooperative Bank

Cathay United Bank Co., Ltd.

First Commercial Bank Co., Ltd.

Hua Nan Commercial Bank, Ltd.

Chang Hwa Commercial Bank, Ltd.

Insurance

Taiwan Life Insurance Co., Ltd.

Cathay Life Insurance Company, Ltd.

Cathay Century Insurance Co., Ltd.

Fubon Life Insurance Co., Ltd.

Fubon Insurance Co., Ltd.

Shin Kong Life Insurance Co., Ltd.

Securities

Yuanta Securities Co., Ltd.

MasterLink Securities Co., Ltd.

SinoPac Securities Corporation

Mega Securities Co., Ltd.

E.SUN Securities Co., Ltd.

Oriental Securities Co.,Ltd.

Cathay Securities Corporation

First Securities Incorporation

KGI Securities Co., Ltd.

Fubon Securities Co., Ltd.

Better Disclosure Examples of Stewardship Report

1. Serial No. 4: Explain how to conduct risk assessment of the investee company, including financial and ESG-related risks and opportunities, as well as the evaluation strategy used.

Bank OO uses the third-party ESG scoring agency Bloomberg (querying ESG scoring indicators such as MSCI, Sustainalytics, and S&P Global) to determine whether an investment target meets the score standards set by the bank, and to evaluate its sustainability status. With reference to the IFRS Sustainability Disclosure Standards and TCFD materiality assessment, the bank identifies and discloses the specific impact of sustainability issues on corporate finance, and integrates ESG-related risks and opportunities with the financial and operational risks of the investee company to evaluate overall risk.

To assess whether an investment target has ESG-related risks and opportunities with financial materiality, Bank OO has set climate risk indicators and thresholds, and, through regular review and reporting on the indicator status, monitors fluctuations in climate risk values to reduce the volatility of overall portfolio returns under the impact of climate change, thereby reducing investment risk.

2. Serial No. 19: Describing how the need for interaction and engagement with investee companies is assessed, and describing whether the implementation of engagement complies with the stewardship policy

Securities Firm OO conducts interactions and engagement with investee companies in accordance with Principle 4 of the Stewardship Principles for Institutional Investors, communicating with the management of investee companies through means such as conference calls, in-person meetings, attendance at investor conferences, or sending personnel to attend shareholders' meetings, to understand the risks they face and their sustainable development strategies. If the assessment finds that there are ESG-related material abnormalities or special circumstances, engagement actions shall be initiated to exert influence on the company to determine the subsequent investment strategy. The company also uses the results of its ESG sustainability issue questionnaire, taking items showing higher non-implementation ratios as reference issues for subsequent engagement with investee companies, and from time to time queries the management of investee companies on the status of their handling, in order to enhance investee companies' stewardship awareness. The company uses items in the ESG sustainability issue survey questionnaire showing higher non-implementation ratios as reference topics for engagement with investee companies.

3. Serial No. 21 and 22: Stewardship Report Describing the Issues, Reasons, Scope, and Other Interaction and Engagement Content with Investee Companies, and Case Examples of the Impact on Investee Companies and Their Stakeholders After Engagement

Life Insurer OO fully discloses its engagement policy and case examples, clearly disclosing the issues, reasons, scope, and other interaction and engagement content with investee companies, and describing case examples of the impact on investee companies and their stakeholders after engagement:

Engagement policy and case examples	Due to Taiwan's rainfall characteristics and inherent geographical constraints, water resources are relatively scarce, posing significant challenges for water resource management in enterprises. Since Company T is in the chemicals industry, its product manufacturing process is heavily dependent on water use, and the stability of water quality and quantity is critically important for companies in this industry. Therefore, optimizing water resource utilization is an important issue relating to its core competitiveness. Given that the operational risks posed by climate change and water resource scarcity to this industry will affect investors' returns, after internal evaluation, Company T was selected as one of the engagement target companies for Life Insurer OO's CDP Non-Disclosure Campaign starting in 2018. Initially, Company T was encouraged to disclose climate change-related information, and the first communication resulted in Company T responding to the climate change questionnaire in that year. Subsequently, as Company T had not yet responded to the CDP water questionnaire and there was still room for improvement on the water resource issue in its ESG rating, in 2022 the company was incorporated as an engagement target for the water questionnaire. Beginning in 2024, in addition to tracking Company T's climate progress and water resource issues, engagement has also been conducted on the topic of clean technology opportunities under the environmental dimension.
Type	Stock
Engagement levels of both parties	Head and team members of Life Insurer OO's Responsible Investment team; head of Company T's IR and other teams
Main engagement targets	1.Respond to the CDP water questionnaire; 2.Enhance the scores in water resource management and clean technology opportunities in the MSCI ESG rating; 3.In accordance with SBTi's financial industry guidance, encourage the company to set SBTi targets.
Engagement progress and results	The CDP water questionnaire was responded to in 2024 (engagement progress: successful).
Subsequent tracking actions or action planning	Engagement meetings have been arranged in 2025 to continue tracking and understanding the progress of the company's water resource management, clean technology opportunities, carbon reduction, and other issues.
Impact on the company and stakeholders after engagement	1.On the company: This has advanced Company T's water resource management information disclosure and enhanced its scores in MSCI water resource management and clean technology opportunities, improving the company's ESG performance. 2.On stakeholders: This enables other investors to better grasp Company T's water resource management response measures. As the company continues to refine its climate change management, this reduces the water risk in investors' portfolios, and also helps society overall to mitigate the impact of water resource scarcity.
Possible follow-up actions after engagement	Company T has achieved some of the goals set by TWSE, and the Company T has also been developing positively. Accordingly, Company T continues to be listed on our Buy list.

4. Serial No. 28: Listing material proposals and describing the reasons for supporting or opposing them

Life Insurer OO fully describes the assessment factors for material proposals, listing material proposals and describing the reasons for supporting or opposing them, and providing detailed accounts of the follow-up planning where the proposal results are unsatisfactory:

Life Insurer OO's evaluation of material proposal content:

To protect customer rights and to seek the overall interests of shareholders, the content of proposals shall be carefully evaluated as to whether they involve the following two situations:

- 1. Whether the proposals at the shareholders' meeting and other related meetings have a material impact on the rights of the company's customers or shareholders;
- 2. Whether they involve material ESG-related proposals connected to the company's responsible investment policy. Materiality based on the foregoing impacts shall serve as the measurement standard, and where necessary, prior to the meeting, the company shall engage in understanding and communication with the management of the investee company, and prepare an evaluation and analysis of the exercise of voting rights.

Voting position	Proposal content	Explanation of reasons	Follow-up action plans for votes against proposals
Votes against proposals (provides relatively lower protection of shareholder rights; not supported)	Proposal to apply for the cancellation of public company status	The company terminated its public offering due to its operations falling short of expectations, in order to facilitate internal operational and organizational adjustments. The management plans to reapply for public offering and file for listing after operations improve. Resolution: The shareholders present voting in favor of this proposal represented more than two-thirds of the issued shares of the company. Accordingly, the proposal was resolved as approved.	Since the public-offering stock has no liquidity, the investment unit will continue to track the operating conditions of the investee company, and will, when appropriate, adjust its position when the company subsequently lists or is willing to assist in a sale.





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