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## Introduction

This report, compiled by the Securities and Futures Institute (hereafter referred to as the "Institute" or "SFI"), aligns with government policies and global trends. The Institute remains steadfast in its commitment to advancing environmental sustainability, social responsibility, and corporate governance as guiding principles for organizational development. With a continuous advocating for the securities and futures industry, the Institute offers recommendations and nurtures talent within the sector. Annually, SFI proactively compiles the Sustainability Report, aiming to present management guidelines and disclose significant environmental, social, and governance themes identified by the Institute in 2023. Moreover, the Institute is dedicated to providing comprehensive information and upholding sustainable operations.

#### Disclosure Period, Parameters, and Scope

This Report spans from January 1<sup>st</sup>, 2023, to December 31<sup>st</sup>, 2023, and offers a comprehensive overview of major issues, management guidelines, and the Institute's performance in sustainable financial development. It addresses stakeholder concerns, outlining the strategic measures undertaken by the Institute. The scope of disclosure in this Report remains aligned with the previous edition, which includes the Institute's Nanhai and Ximen offices. During the reporting period, no significant changes that may affect this Report, such as changes of ownership, took place.

#### **Reporting Basis**

This report adheres to the 2021 version of the GRI Sustainability Reporting Standards (core option) published by the Global Reporting Initiative (GRI).

#### Information Gathering and Sources

The information disclosed in this Report was entirely provided by departments within the Institute. All information is provided with honesty, integrity, and transparency, although not verified or guaranteed by the third-party. Neither integrity violations nor criminal incidents took place. The Institute has published the Sustainability Report annually since 2021 and has published English versions of the Report since 2022. The previous Sustainability Reports can be downloaded from the Institute's website at https://www.sfi.org.tw/ESG

#### **Publication Cycle**

Publication Cycle

The reports are issued annually.

Details for the Chinese version of the Sustainability Report are as follows:

The current version was released in June 2024, with the next edition scheduled for June 2025.

Regarding the English version of the Sustainability Report:

The current edition was released in July 2024, and the subsequent version is anticipated for July 2025.

#### Feedback

Should you have any inquiries or recommendations concerning this report, we invite you to contact the Institute through:

Address: 9F., No.3, Nanhai Rd., Zhongzheng Dist., Taipei City 10066, Taiwan (R.O.C.) Tel: 886-2-2397-1222

## Message from the Chairman

# Deepening Financial Development to Promote Sustainable Governance

In 2023, amidst the receding COVID-19 pandemic, the capital market exhibited gradual recovery. Since 2013, our country has been actively advocating for the transformation of corporate



governance within publicly issued and listed companies. In February 2023, the Climate Change Response Act incorporated the goal of achieving net zero emissions by 2050, underscoring green finance and a just transition as key strategies for Taiwan's net zero transformation. Traditionally, corporate governance has emphasized on shareholder primacy, with shareholder interests as the fundamental basis of corporate operation. However, contemporary approaches to sustainable governance adopt a stakeholder-oriented perspective, placing emphasis on stakeholder interests and inclusive growth. As a leading think tank in the securities and futures sector, the institute is committed to advancing various research topics. These include establishing development indicators for capital markets in Taiwan, with a focus on enhancing market liquidity, fostering financial technology innovation, and promoting sustainable finance to bolster market resilience. Additionally, the Institute conducts evaluations on corporate governance and sustainable finance. Moreover, SFI aims to offer forward-looking guidance to competent authorities and industry professionals, promoting corporates to value ESG and enhance cybersecurity measures.

#### Promoting Financial Education in Alignment with Policies

In addition to organizing significant domestic financial examinations and training courses, the institute continued its efforts to nurture asset management talents and advance industry development plans throughout 2023. SFI invited industry experts to deliver lectures, sharing their experiences and case studies to provide participants with a comprehensive understanding of the latest asset management market environment and operational practices. Aligned with the "Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies (2023)", the institute conducted pre-employment training for financial professionals and engaged in educational outreach activities. These initiatives included courses on sustainable governance, internal control, and internal auditing. Furthermore, in line with the "FinTech Development Roadmap 2.0" released in August 2023, SFI initiated the planning of topics focusing on

financial technology capabilities and sustainable asset management. This encompassed the launch of digital courses covering practical applications of cloud technology, big data, and algorithms within the financial industry.

# Assisting Vulnerable Families to Enhance Financial Industry Competitiveness

Between 2018 to 2023, foreign investment in Taiwan's capital market has increased to nearly 40%. Notably, there has been a noticeable shift in market's investor demographics, with individuals aged 20 to 30 comprising roughly 30%, and those aged 30 to 40 constituting approximately 20%. This trend highlights a presence of younger investors in the market. Continuing its commitment, the institute has sustained the Financial Literacy for Youth (FLY) Program for College Students for nine consecutive years. This program is tailored to provide economically disadvantaged college students, on the brick of graduation, with specialized financial expertise, thereby enhancing their family's economic well-being. Additionally, it serves as a platform to cultivate a new generation of financial leaders for the country.

# Keeping Pace with the Times, SFI Commitment to Sustainable Development

This report maintains its commitment to disclosing greenhouse gas emissions and assessing climate change-related risks and opportunities, advancing towards the goal of achieving net-zero carbon emissions. It is the institute's hope that through the compilation of this Report, stakeholders will gain a comprehensive understanding of the various services provided by SFI. In addition to deepening our alignment with industry and international standards, the institute aims to foster the flourishing development of the domestic capital market.

Chairman of the Securities and Futures Institute

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# 01

# Sustainable Operation

- 1.1 About the SFI
- 1.2 Communication with Key Stakeholders and Management of Major Issues
- 1.3 Pursuing International Initiatives and the SDGs



#### 1.1 About the SFI

#### 1.1.1 Overview of the SFI

Established on May 29, 1984, the Securities & Futures Institute (SFI) operates in accordance with national economic growth policies to provide guidance for investment activities, promote academic and practical research in the domains of securities and futures, and facilitate the sound development of securities and futures markets. The ten main responsibilities of the Institute are shown below, along with an overview of the major events of 2023:



Main Responsibilities of the Institute



Business Operations of the Institute	Description	Major events of 2023
Research and Development	Formulating policies and supporting measures for critical development in Taiwan's capital market	<ul> <li>10 research projects and 3 market studies</li> <li>"Updates in the International Securities and Futures Markets" is published monthly</li> <li>15 thematic research projects and 9 market commentary articles</li> </ul>
Sustainable Finance	Conducting the Corporate Governance Evaluation; establishing the Candidate Database for Independent Directors, thereby enhancing the professional competence and independence of independent directors; offering courses on sustainable development, conducting research on sustainability, and planning for the Sustainable Finance Evaluation.	Organized the 10 <sup>th</sup> Corporate Governance Evaluation The planning of the "Sustainable Financial Evaluation" was jointly conducted with the Taiwan Academy of Banking and Finance (TABF) and the Taiwan Insurance Institute (TII) A total of 1,858 professionals registered to the Candidate Database for Independent Director
Talent Cultivation	Organizing a comprehensive capital market training course and a variety of talent cultivation projects.	•A total of 916 events, with 32,701 participants •Organized the Financial Literacy for Youth (FLY) Program, with a total of 170 hours of training •Hosting 5 ESG-related conferences
Certification Examination	Organizing exams and international certification of securities and futures professionals.	•A total of 81,495 examinees registered, and 316 people took the international certification exams
Investor Education	Launching awareness education campaigns on securities, futures, and financial literacy.	•A total of 261 events, with 20,559 participants
Awards and Recognition Programs	Every other year organizing the Golden Goblet Award, which recognizes the excellence of professionals in the securities and futures markets, and the Best S&F Paper Award, which encourages research and development in relevant fields, alternately.	•Organized the 17 <sup>th</sup> Golden Golbet Award
Publication and Information Service	Publishing Review of Securities and Futures Markets and professional books relevant to corporate governance.	•Compiled test preparation books for securities and futures certification and "Sustainability Development Regulations and Practices", as well as "Introduction to Enterprise Internal Control (Third Edition)"
Asset Management Professionals Training and Industry Development Fund	Established a fund management committee to utilize and manage income and expenditure of the fund; hosted promotional campaign events for talent cultivation of asset management professionals, investment professionals, and industry development.	<ul> <li>Completed 3 industry research and development projects</li> <li>Organized 14 talent cultivation programs for asset management professionals</li> <li>Managed 5 investor education projects</li> </ul>
Futures Industry Development Fund	Established a fund management committee to supervise the operation of the fund; hosted promotional campaign events for talent cultivation of the futures industry, futures trading professionals, and industry development.	<ul> <li>Hosted 3 promotional campaign events for futures trading professionals</li> <li>Hosted 2 promotional campaign events for sound policies and systems</li> <li>Hosted 1 promotional campaign events for industry development</li> </ul>
International Development for Securities and Futures Markets Fund	Established a fund management committee to supervise the operation of the fund; hosted activities keeping in steps with the international securities and futures markets.	•Hosted 5 events, including the "2023 U.S. Commodity Futures Trading Commission (CFTC) seminar on The New Trend Supervisions of Derivatives Market"

#### 1.1.2 Values and Vision of the SFI

As the capital market grows, In alignment with the developmental requirements of the securities and futures industry. the Institute positions itself as a research think tank, a talent cultivation hub, a professional certification platform, and a facilitator of awareness and promotional campaigns, responding to the needs of the securities and futures industry. The Institute aspires to build a comprehensive service platform for the capital market.



To build a sound organization and push for development in the industry, the Institute has shaped an organizational culture of service, forward-looking, innovation, and globalization, which is also the Institute's core competency.



The Institute proposed the following operational strategies to achieve the policy objectives of the FSC, which are improving financial resilience, encouraging financial innovation, achieving financial inclusion, and working towards sustainable finance:



#### 1.1.3 Membership of Relevant Organizations

The Institute actively participates in organizations relevant to securities, futures, the financial market, and corporate governance. Along with these organizations, the Institute is moving towards a sound financial market. The Institute's membership status for 2023 is as follows:

Name of the domestic / international organization	Membership status of the Institute
Taiwan Financial Services Roundtable Group member	Group member
Securities Analysts Association, Chinese Taipei	Group member
Taiwan Corporate Governance Association	Group member
The Chinese Association of Business and Intangible Assets Valuation(CABIAV)	Group member(permanet member)

#### 1.1.4 Sustainable Investment Policies

Given the influence of the global socioeconomic environment and climate change on technology, the concept of sustainable investing has gained prominence internationally. Therefore, the Institute has introduced sustainability principles into its investment strategy. The Institute constructs portfolios following the principles below:

- Exclusion: The Institute will gradually exclude companies whose governance philosophy or business conduct is not aligned with sustainability principles and companies that are not constituents of any sustainability-related indices from the investment universe.
- Engagement: The Institute will prefer companies with better ESG performance or fundamentals and gradually increase ETF holdings that track sustainability-related indices.



# 1.2 Communication with Key Stakeholders and Management of Major Issues

#### 1.2.1 Communication with Key Stakeholders

#### Identifying key stakeholders

The Institute adheres to principles stated in the Stakeholder Engagement Standard (AA1000SES). According to the standards outlined above and the SFI operation of 2023, the Institute identified six categories of key stakeholders, including the competent authorities, securities and futures agencies, target audiences, customers, employees, and non-profit organizations.









#### Communication channels with key stakeholders and frequency of communication

To maintain proper communication with SFI stakeholders, the Institute has built a variety of communication channels, ensuring engagement with all stakeholders and understanding their needs:

Key Stakeholders	Significance to the Institute	Communication Channels	Frequency of Communication
	The Institute continuously cooperates	Official documents	Ad hoc
Competent Authorities	with policies set out by the competent authorities to facilitate the development	Phone calls and emails	Ad hoc
	of the securities and futures markets.	Phone calls and emails	Ad hoc
Securities	Agencies are the closest partners	Official documents	Ad hoc
and Futures	of the Institute in facilitating the development of the securities and	Phone calls and emails Ad hoc	Ad hoc
Agencies	futures markets.	Meetings	Ad hoc
Target Audiences	The general public, financial practitioners, investors, trading professionals, faculty, students, and military personnel are the key target audiences of the Institute when launching awareness campaigns on laws, regulations, and financial literacy.	Various business service hotlines	Ad hoc
	The Institute is relentlessly pushing for progress to better serve industry	Courses and programs hotline	Ad hoc
Customers	professionals, students, and examinees participating in courses, and examinations.	Satisfaction survey	Ad hoc
		Labor-management meeting	Quarterly
	Employees are the most valuable assets of the Institute. The Institute	Birthday parties	Quarterly
Employees	aspires to prosper and grow together with all employees.	Year-end banquets, company trips, environmental protection and social welfare activities	Annually
Non-profit Organizations	Promotional campaigns and competitions on campus are means to deepen financial literacy.	Satisfaction survey	Ad hoc

#### 1.2.2Management of Major Topics

#### Identifying sustainability issues

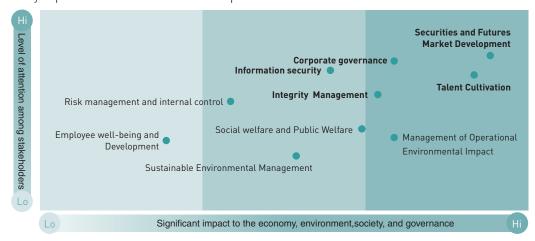
In accordance with the United Nations Sustainable Development Goals (SDGs), GRI Standards, and other sustainability issues raised by stakeholders, the Institute has identified 10 sustainability issues that may come to be of concern to key stakeholders. These issues involve economic and ESG topics, which are environmental (E), social (S), and governance (G).

Considering no significant changes in the 2023 Operations Meeting, the major topics for 2023 remained the same as those in the 2022 report. These 10 sustainable topics include: "Securities and Futures Market Development", "Social Engagement and Public Welfare", "Sustainable

Environmental Management", "Integrity Management", "Management of Operational Environmental Impact", "Employee Well-being and Development", "Risk Management and Internal Control", "Talent Cultivation", "Corporate Governance", and "Information Security". These 10 sustainable topics will continue to be identified and screened based on operational circumstances.

#### Identifying Major Issues

SFI actively engages in discussions with stakeholders to evaluate their interest in the 10 sustainability issues. Through careful consideration of the economic, environmental, and social impact of each, the institute identifies its primary concerns. Notable among the Institute's major issues for 2023 are the development of the securities and futures markets, corporate governance, cybersecurity, professional talent development, and business integrity. The matrix below outlines these five key topics and their relevant descriptions:



Matrix of Major Topics 2023

#### Impact parameters of the major issues

The impact parameters of the Institute's five major issues both within and outside the organization, are as follows:

Major Issues	Within the organization	Outside the organization				
	employees	Competent Autorities	Securities and Futures Agencies	Customers	Target Audiences	Non-profit Organizations
Development of the securities and futures markets	~	~	~	~	~	~
Corporate Governance	<b>~</b>	<b>~</b>				
Information Security	<b>V</b>	<b>V</b>	<b>V</b>	<b>V</b>	<b>V</b>	<b>V</b>
Development of Professional Talent			~	<b>~</b>	<b>~</b>	~
Business Integrity	<b>V</b>	<b>V</b>				

#### Guidelines for the management of major issues

The major issues, their significance to the Institute, and the corresponding chapter in this Report are as follows:

Major Issues	Significance to the Institute	Corresponding chapter in this Report
Development of the securities and futures markets	The Institute's mission is to promote the sound development of the securities and futures markets, which involves Corporate Governance Evaluation, Sustainable Finance Evaluation, academic research and excellence recognition, talent cultivation, and certification for financial professionals.	3.2 Development of
Corporate Governance	Boards of directors and supervisors of the Institute consist of experts and scholars with extensive experience in the industry and academia and practical knowledge. The Institute also has established internal control systems that improve the efficiency and sustainability of the operations.	<ul><li>2.1 Governance Team</li><li>2.2 Risk Management and</li></ul>
Information Security	Cyber security is of utmost importance for the Institute while organizing training programs and examinations, audience research, and promotional campaigns, ensuring the security of information concerning all stakeholders, from customers, campaign audiences to employees, to effectively minimize cyber security risks.	
Development of Professional Talent	Offering a diverse range of professional training programs tiered to align with international standards in the capital market, the courses provide excellent pathways for further education. They offer high-quality opportunities for continuous learning, thereby enhancing the competitiveness of both individuals and industries.	
Business Integrity	Establishing rules for business integrity and an employee code of ethics to deepen the organizational culture of business integrity. Additionally, conducting regular reviews for improvement, ensuring a business environment of sustainable development, honesty, transparency, and responsibility.	2.1.2 Business Integrity



## 1.3 Pursuing International Initiatives and the SDGs

#### 1.3.1 The United Nations' 17 Sustainable Development Goals (SDGs)

The United Nations passed the 2030 Agenda for Sustainable Development in September 2015, a roadmap for sustainable development from 2015 to 2030. The Agenda contains 17 Sustainable Development Goals (SDGs) and 169 targets, calling all developed and developing countries to take collective actions. The Agenda also recognizes that, while seeking to reduce poverty and resource scarcity, governments must take actions to mitigate the impact of climate change and protect the environment. Strategies that seek economic prosperity must proceed along with strategies that improve the public's health and education and reduce inequalities.

# SFI Sustainability Report

#### 1.3.2 United Nations SDGs that the Institute Pursues

The Institute supports and pursues the Sustainable Development Goals (SDGs) proposed by the United Nations, based on the following: Goal 3: Good health and Well-being; Goal 4: Quality Education; Goal 8: Decent Work and Economic Growth); Goal 10: Reduced Inequalities; and Goal 13: Climate Action). The Institute aims to exert influence in these areas, with details stated below:

#### **United Nations SDGs**

#### SFI measures in pursuit of the SDGs



Ensure healthy lives and promote well-being for all at all ages

- Offering subsidy for employee health examinations and partnering with medical facilities in four counseling assistance programs in offering on-site medical consultation services
- Offering medical, occupational hazard, and accident insurance coverages for employees
- Holding lectures on health, exercise, and well-being to safeguard the employees' health
- Hosting blood-donation events and encouraging SFI colleagues to participate
- Organizing beach cleanups and environmental education activities as a part of its commitment to Earth protection.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Building a comprehensive training system, providing quality professional training programs, from further education for boards of directors and supervisors and corporate governance executives, corporate internal control and audit, programs for securities, futures, and investment professionals, to fin-tech, and promoting lifelong learning of individuals and the overall industry
- Publishing Review of Securities and Futures Markets to facilitate Taiwan's academic research in theories of securities, futures, options, and domestic and international regulations and systems
- Publishing professional books and reference books on securities, futures, investment trust and consulting, and investment analysis for professional examinations and certifications
- Organizing the Best S&F Paper Award to encourage innovative research on market systems and practices and the Golden Goblet Award to recognize the excellence of professionals in the securities and futures markets



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

- Hosting the Financial Literacy for Youth (FLY) Program, allowing underprivileged college students access to professional classes in finance. The program aims to help these students be employed as financial professionals by strengthening their competency in finance
- Organizing exams and certification of securities, futures, investment trust, and consulting professionals to cultivate talent in these industries
- Organizing recruitment exams for securities-related agencies on commission, helping companies to recruit industry professionals and contribute to economic growth



Reduce inequality within and among countries

- Organizing fin-tech conferences and awareness campaigns on financial literacy in remote and rural areas and on campuses to achieve the policy objective of the FSC, achieving financial inclusion. Target audiences include the general public, elderly, indigenous peoples, women, and people with disabilities
- Organizing qualification exams for foreign securities, futures, and investment analysts in Taiwan
- Offering computer-based exam services across campuses in Taiwan, allowing equal access to tests and exams in all areas
- Offering assistance measures for examinees with physical and visual impairment; as well
  as offering registration fee discounts for low-income families, the unemployed, people with
  disabilities, and indigenous peoples



Take urgent action to combat climate change and its impacts

- Organizing conferences and awareness campaigns on green finance and hosting the Golden Goblet Award and the Best S&F Paper Award.
- Constantly improving indicators, the efficacy of the Corporate Governance Evaluation and conducting academic research on sustainable products following the FSC's Corporate Governance 3.0 Sustainable Development Roadmap
- Conducting the 1st Sustainable Finance Evaluation, recognizing the top 20% of banks, insurance companies, and securities firms.
- Adopting energy-efficient equipment and promoting paperless operations including, electronic official documents, e-DMs, and procurement of green-labeled office appliances

# Corporate Go 2.1 Governance Team 2.1.1 Governance Structure

# Corporate Governance



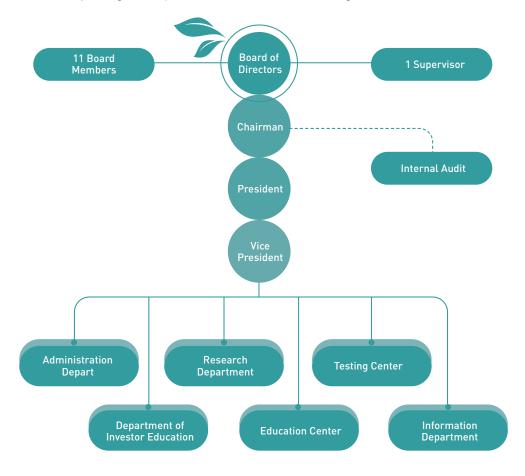


### 2.1Governance Team

#### 2.1.1 Governance Structure

#### Organizational chart

The highest decision-making body of the Institute is the Board of Directors, consisting of 11 directors and 1 supervisor, with the Chairman of the board as its representative. The Institute assigns 1 president and 1 vice president to oversee business affairs and additionally established six separate departments: Education Center, Testing Center, Research Department, Department of Investor Education, Information Department, and Administration Department. There is also an internal audit unit reporting directly to the chairman to enhance governance.

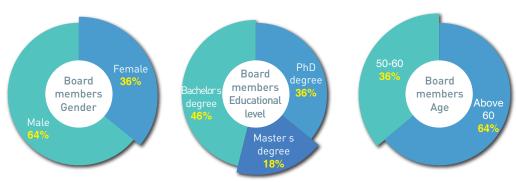


#### Composition of the Board of Directors

The Institute is a foundation supervised by the FSC. The composition of its board of directors and the appointment and duties of its supervisor adhere to the Institute's donations regulations and legal norms. The Institute also follows relevant regulations of the Foundation Act, electing board members from the donors' meetings while the supervisor is an expert scholar approved by the competent authority. The term of these positions is three years. At least one-fifth of the

board members must have relevant expertise or work experience corresponding to the Institute's main responsibilities. The appointment of the board and the supervisor must be submitted to the competent authority for approval.

The 15th board of directors and the supervisors (11 board of directors and 1 supervisor) went into office in March 2021. The members include representatives from donor institutions, experts, and scholars with extensive industry and academic experience. In particular, female directors account for 36% of the board. The current term started from March 10, 2021 and ends on March 9, 2024. In 2023, five board meetings took place, with an average attendance rate of 100% for the directors and the supervisor (including proxy attendance). (In 2022, a total of four board meetings were convened, with an average attendance rate of 100%.)

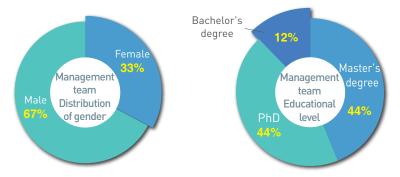


Distribution of gender, education, and age of the board of directors

#### Management team

The Chairman acts as the representative, appointing one president and one vice president to oversee the affairs of the board, and each appoints a department head for the six departments, whose areas of expertise range from finance, accounting, business management, and IT engineering.

To facilitate interdepartmental issues, regular meetings are convened by senior-executives to gather operational updates, exchange updates in domestic and overseas financial markets, and changes to securities regulations. In 2023, the Institute held 46 briefing meetings, keeping the business operations in check. Distributions of gender and educational level of the Institute's management team are as follows:



Distribution of gender, education, and age of management team

#### 2.1.2 Business Integrity

#### **Business Integrity and Code of Ethics**

In accordance with regulations stipulated by the Foundation Act, the 'Code of Conduct and Business Ethics' is established, covering board members, supervisors, president, and other executives, as well as employees and appointees. The code is designed to ensure compliance with laws and adhere to the principles of integrity, transparency, and accountability. Additionally, the Act establishes an appropriate risk management mechanism to ensure sustainable development.

#### **Employee Code of Ethics**

To promote the employee's honesty, fairness, and compliance at work, the Institute formulated the Employee Code of Ethics, which stipulates that all employees uphold business integrity, respect their colleagues and customers, and avoid potential conflicts of interests.

#### Code of Conduct for Investment Staff

To effectively manage the risk associated with fund utilization and to prevent potential conflicts of interest between investment staff and the Institute, a "Code of Conduct for Investment Staff" is established. This code regulates individual involvement in investment activities, requiring their compliance with the "Employee Code of Ethics," the "Business Integrity and Code of Ethics," and this code. They are also required to adhere to the principles of loyalty and integrity to ensure that no actions occur that could adversely affect the interests of the Institute or its stakeholders.



## 2.2 Risk Management and Response

#### 2.2.1 Cyber Security Risk Management

The Institute has been committed to building a secure information platform for capital market education, awareness campaigns, and professional assessment. Personal data protection and information security are regarded as top priority concerns. Through various security mechanisms, customer interests are ensured, and both personal information and information communication security are protected. Furthermore, the Institute has implemented multiple secure and reliable information management systems and personal data protection systems to provide the highest level of information security for investors.

#### Cyber security management

Following the Cyber Security Management Act, the Institute formulated relevant policies on cyber security, personal data protection, incident reporting, and response mechanisms and reported on implementing the cyber security maintenance project. The project includes procedures for cyber security incidents, such as reporting, responding to, and sharing relevant intelligence of such incidents and submitting the investigation results, due process, and improvement reports to competent authorities during on-site audits.

The Institute formulated the cyber security policy, the standard for cyber security measures. The Institute also established the following measures to ensure cyber security:

#### I. Quantitative Objectives

- 1. The Cyber Security Policy shall be reviewed at least once per year.
- 2. The Cyber Security Policy shall be promoted at least 12 times a year.
- 3. The Management review meeting shall be held at least once a year.
- 4. The inventory of cyber asset shall be conducted at least once a year.
- 5. The accuracy of reviewing system access permissions (audits) shall be higher than 99% (correct number of audits / total number of annual audits).
- 6. The compliance rate of adhering to access-control regulations to data centers shall be greater than 99% (Number of data center access control compliance / total annual inspections).
- 7. The rate of normal operation of surveillance equipment shall be greater than 99% (Number of surveillance equipment operating normally / total annual inspections).
- 8. The number of unresolved high-risk vulnerabilities in the core systems shall be 0 (annually).
- 9. The availability rate of basic network services shall be greater than 99% (average monthly availability rate of network services / total annual inspections).
- 10. System disruptions caused by cybersecurity incidents did not exceed 24 hours

#### II. Qualitative objectives:

- Conduct internal and external audits annually to maintain the validity of the Institute's CNS27001 certification and adjust the content of cyber security maintenance in response to changes in laws and technologies to prevent unauthorized access, use, control, disclosure, destruction, tampering, or other forms of infringement on information systems to ensure their confidentiality, integrity and availability.
- 2. Achieved the requirements of classified levels of the cyber security and reduced the risks associated with cybersecurity.
- 3. Conduct annual personnel education and training to ensure all personnel receive the required training hours in accordance with relevant regulations, and enhance personnel awareness of cyber security, effective detection and prevention of external attacks, etc.

#### Passing the ISO 27001 Certification for Information Security Management

The Institute had passed the ISO 27001:2013 (information security management) certification and has been followed up annually by verification agencies and reviewed every 3 years. The certificate remains valid to this day. The Institute also organizes an annual cyber security management review meeting, chaired by the president, to regularly review the implementation of cyber security management measures and ensure the appropriateness and effectiveness of these measures.

Furthermore, the Institute will introduce CNS27001:2022 in 2025, aiming to facilitate compliance with international standards for the lawful processing of personal data across diverse legal frameworks.

#### **Employee training**

According to the 'Regulations on Classification of Cyber Security Responsibility Levels,' the Institute is classified as a Level-C non-governmental agency. Per regulations, department heads and employees are required to undergo annual information security training, conduct periodic social engineering drills, and participate in random email tests. Additionally, batches of information and audit personnel are enrolled in the latest version of the ISO/IEC 27001:2022 cyber security certification course. The SFI information security personnel have obtained the qualifications of 'Intermediate Training Course for Information Security Engineers' and attended a network security packet analysis certification course in 2023."

There are currently 96 general users and executives in the Institution (including new employees starting from May 2023). In the previous year (2023), the cybersecurity training was conducted in two sessions on April 26<sup>th</sup> and May 11<sup>th</sup>. The course outline included "sharing of cybersecurity attack trends, internet fraud and social engineering, cybersecurity protection and safety promotion, personal data protection management, sharing of personal data incidents and protection." With a 100% attendance rate (including new employees after May 2023 who watched the course videos and completed the test within one week of their arrival), the average score on the test was 98 points.

#### Business Continuity Management and Response of Cyber Security Incidents Reporting

Regular ongoing training schedules are set for all information systems, with each system required to complete system restoration drills annually. In 2021, a remote backup data center was established at the Ximen office, with annual arrangements for ongoing operations at the Ximen office to conduct backup drills. In the event of a connection abnormality in the future, a takeover can be completed at the fastest speed and in the shortest time possible.

In collaboration with competent authorities, the SFI conducts drills for reporting information security incidents, reinforcing adherence with relevant regulations on incident reporting and response procedures. This facilitates swift completion of damage control or recovery operations,

thereby mitigating the impact of information security incidents on organizational operations.

#### Personal data protection

Following the Personal Data Protection Act, the Institute formulated relevant rules on personal data protection, enforcement rules of the Personal Data Protection Act, Plan of Security Measures for Personal Information Files, Personal Data Consent Form, cyber security, and personal data protection awareness brochure, and Disclosure Regarding Use of Personal Data, which serve as the governing rules and basis for the collection, handling, and use of personal data for all employees.

To fortify the personal data protection mechanism and its implementation, the Institute set up a Personal Data Protection Task Force. Led by the president, this task force comprises personal data representatives from each department and annually convenes to review and enhance personal data protection measures and relevant business practices through both external and internal audits.

#### 2.2.2 Internal Control and Management

#### Internal control system

SFI has 1 lead auditor and 3 members on the auditing team. The chairman selects the lead auditor from qualified candidates who reports directly to the chairman. Members of the auditing team are assigned by department heads and approved by the chairman.

At the beginning of each year, the lead auditor examines the audit status and formulates the year's auditing plan. The plan is implemented once approved by the board of directors. For the internal audit each quarter, the internal audit report is sent to the Institute's supervisor for review after approval by the chairman. The result is presented at the first quarterly board meeting of the coming year.

To ensure self-monitoring and timely adaptation to environmental changes, the Institute is constantly modifying the internal control system.

At the end of each fiscal year, each department conducts a self-assessment on the execution of internal control within operational level and the five main elements of internal control. The lead auditor summarizes and presents the self-evaluation report on internal control, determining whether the organization's internal control system is adequate or contains significant deficiencies. During the 2022 self-evaluation, the lead auditor determined that the SFI internal control system was effective. In 2023, the internal control system plan was adjusted to align with the actual business operation, which included revisions to operational procedures and control focus points, such as research project operations, Best S&F Paper Award operations, written examinations, extensive question bank compilation, and advocacy activities.

#### Supplier management

The suppliers range from office appliances and equipment, information/telecommunication services, construction, printing, equipment, gifts, lease to other categories, most of whom are local. The 'Procurement Guidelines' was formulated to procure supplies for business operations fairly and transparently, improve procurement efficiency and effectiveness, ensure procurement quality, and enhance internal control. Each department's application, purchase, confirmation, and payment during the procurement process must comply with the Guidelines. The specific procedures required, which differ depending on the nature and demands of the procurement, are stated in the Procurement Procedures Manual.

The Institute views suppliers as indispensable partners. Besides promoting sustainable development within the organization, the Institute aspires to exert influence, encouraging suppliers to contribute to environmental protection and sustainability. Additionally, to build a virtuous partnership between the suppliers and the Institute, SFI requires all tenderers to sign a Tenderer Statement that commits to a fair and transparent procurement relationship built upon mutual trust, avoiding favoritism and conflict of interests.





# Securities and Futures Services 3.1 Research Development, and Excellence Recognition 3.2 Development of Professional Talent 3.3 Financial Market Qualification Examinations





## 3.1 Research, development, and Excellence RecognitionResearch, development, and Excellence Recognition

Upholding its mandate of facilitating academic research on securities and futures and promoting the sound development of the securities and futures markets, the Institute aspires to bridge the industry, academia, and government and serve as a policy think tank. For years, the Institute has been committed to researching securities and futures, drafting opinions and recommendations on regulations, responding to international trends and market needs, and ensuring the sound development of the capital market.

#### 3.1.1 Corporate Governance in Taiwan

#### Corporate governance evaluation

In 2014, the Institute was entrusted by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange (TPEx) to conduct Corporate Governance Evaluations. Ten annual evaluations took place from 2014 to 2023. The results are published every April on the SFI website, with companies listed in seven tiers: top 5%, 6% to 20%, 21% to 35%, 36% to 50%, 51% to 65%, 66% to 80%, and 81% to 100%, ranked by their evaluation scores.

Releasing evaluation results facilitates virtual competition among the companies. It encourages them to integrate corporate governance into their organizational culture and thus continues to enhance the overall corporate governance in Taiwan. The results are incorporated into the selection of TWSE Corporate Governance 100 Index and TPEx Corporate Governance Index constituents. Companies and investors hold the evaluation results in high regard.

#### The Corporate Governance Evaluation Process

	Overview of the Corporate Governance Evaluation	
References for the evaluation indicators	<ul> <li>Relevant regulations in Taiwan, including the Securities and Exchange Act, Company Act, TWSE and TPEx regulations, and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</li> <li>OECD Principles of Corporate Governance</li> <li>International corporate governance benchmarks</li> </ul>	
Categories of indicators	<ul> <li>Protecting shareholder rights and interests and treating shareholders equitably</li> <li>Enhancing board composition and operations</li> <li>Increasing information transparency</li> <li>Putting corporate social responsibility into practice</li> </ul>	
Indicator evaluation categories	General, weighted scoring, graded scoring, extra credit, and point deduction	
Basis of evaluation	Company annual reports, websites, the Market Observation Post System, Sustainability Reports, and Self-evaluation of the companies	

## Securities and Futures Services

#### SFI valuation

- 1.Self-evaluation of the companies
- Questionnaire survey for internal lead auditors and audit partners

Comparison and analysis on the differences between SFI evaluation and company selfevaluation

Company inquiry into the evaluation differences and application for review Publication of the evaluation

#### Achievements of the 10th Corporate Governance Evaluation (2023)

Key Items	Achievements	Description
The number of companies evaluated	2.6%growth	952 TWSE-listed companies and 754 TPEx-listed companies were evaluated, which totaled 1,706 companies
Increased the weighting of putting sustainable development into practice	Increased from 28% to <b>35%</b>	The intention is to encourage companies to move toward sustainable development
Referring to domestic and international trends on the development of corporate governance as well as	A total of <b>4</b> new indicators were added	Disclosure of policies linking remuneration to ESG-related performance evaluation for senior management, along with the company's compilation of sustainability reports submitted for approval by the board of directors.
policies of competent authorities to continuously optimize the evaluation indicators	<b>7</b> indicators were modified	Split the indicators 'Disclosure of greenhouse gas emissions for the past two years' and 'Establishment of policies to reduce greenhouse gas emissions' into two distinct indicators.

#### Performance to Date

Item	Description
Taiwan ranked 3 <sup>th</sup> among Asian countries in 2023 by the Asian Corporate Governance Association (ACGA), a historical record	Over the past decade, Taiwan has released multiple versions of blueprints, including a sustainability-related blueprint issued in 2022. Clear policy guidance from competent authorities stands as a key factor distinguishing Taiwan from other markets.
Number of TWSE and TPEx-listed companies that compile Sustainability Report grew by 31% compared to 2022	Companies that compile Sustainability Report grew from 685 companies by the end of 2022 to 895 companies by 2023.
The number of English agendas provided by TWSE and TPEx-listed companies increased by <b>58</b> % compared to 2022	As of December 2023, the number of English agendas provided in shareholders' meetings increased from 942 at the end of 2022 to 1,490 by the end of 2023.

#### Updates and publications on corporate governance

Key Items	Achievements	Description
Updates on International Development of Corporate Governance (bimonthly)	<b>35</b> updates collected	Aggregate major development updates from the Americas, Asia, Europe, and our country to provide a comprehensive insight into international trends
Key Updates on Corporate Governance in Taiwan (Quarterly)	20 updates collected	The quarterly publication covers key corporate governance updates from competent authorities and relevant securities agencies in Taiwan, allowing the public to understand the key changes in Taiwan's corporate governance policies.

#### The Candidate Database for Independent Directors

In March 2023, the Financial Supervisory Commission (FSC) released the 'Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies', with the objective of promoting gender diversity among directors and enhancing the professional competence and independence of independent directors. Starting from 2024, TWSE and TPEx-listed companies are mandated to appoint at least one director of a different gender during board renewal, while the tenure of independent directors should not exceed three consecutive terms. Additionally, for TWSE and TPEx-listed companies with a capitalization exceeding 10 billion NT dollars and financial and insurance companies, the ratio of independent directors shall not fall below one-third

Since 2002, the Institute has established 'The Candidate Database for Independent Directors', offering profiles of individuals meeting the qualifications of domestic independent directors, inclusive of their educational and professional backgrounds. This resource is freely accessible by TWSE and TPEx-listed companies for reference when appointing independent directors. Key features of this database include: voluntary registration by experts, accessibility for TWSE and TPEx-listed companies via stock codes or corporate governance evaluation accounts, and provision as a complimentary public service. As of the end of 2023, the total number of registered users has reached 1,858.

#### 3.1.2 Academic Research

#### Research on securities and futures

To keep up to date with current events and international trends, the Institute proactively submits research initiative on key subjects to competent authorities, serving as references for policymakers. The Institute further engages in research commissioned by pertinent financial agencies maintaining a professional, objective, and impartial stance. In 2023, the Institute completed 10 research projects and compiled 2 summaries of policy information, covering topics including sustainable finance, asset management, trading markets, institutional policies, and industry development. The specific research areas are listed below:

#### Securities and Futures Services

Asset Management

- Examining the transition of Taiwan from corporate governance evaluations to sustainability evaluations, aligning with international ESG evaluations.
- Conducting research on the Legal Frameworks and Wealth Management Development of Family Offices in select Asia-Pacific Countries.

Sustainable Finance

- Researching the effects of Climate Change on Asset Management Business worldwide
- Exploring the Role of Taiwan Depository & Clearing Corporation (TDCC) in Promoting Sustainable Finance within Taiwan

Trading Markets

- Researching Constructing Development Indicators for Taiwan's Capital Market
- Researching the Adjustment of Securities Transaction Tax for Day Trading

Systems and Policies

- A Study on the Capital Market Resilience Focusing on Market Liquidity, Financial Technology and Innovation, and Sustainable Finance
- The World's Major Securities Markets
- A Summary of the World's Major Futures Exchange Clearing Mechanisms

Industry Development

- Feasibility Study on Establishing a Voting Advisory Institution in Taiwan
- Practical Operation and Future Development Trends of International Consensus Engagements
- Financial Guidelines White Paper for 2023



Vice Chairperson Jean Chiu of the Financial Supervisory Commission (FSC) Leads a Delegation to Meet with Mr. Devanesan Evanson, CEO of MSWG, and His Team



Leader of the Securities and Futures Bureau Leads a Delegation to Meet with Mr. Wira Ismitz Matthew De Alwis, Vice Chairman of IIC, and His Team

#### Thematic research and market commentary

To enhance research capabilities and strengthen our role as a think tank, researchers at the Institute are encouraged to regularly submit their research findings to external publications and provide commentary on current market trends, thereby offering their professional insights. The results of thematic research and market commentary are published and available on the Institute's website. In 2023, a total of 15 thematic research articles were published, covering topics including virtual assets, industry development, sustainable finance, and derivative products. These articles appeared in Securities and Futures Monthly, Securities Services Bimonthly, and Taiwan Futures.

#### 3.1.3 Review of Securities and Futures Markets

To facilitate academic research of Taiwan's securities market, the Institute Started publishing the Review of Securities and Futures Markets in 1989. For the past 35 years, new issue quarterly publications are released every March, June, September, and December. Review of Securities and Futures Markets publishes academic papers on the empirical research and application of theories on securities, futures, options,





The journal maintains its inclusion in the "Taiwan Social Sciences Core Index [TSSCI]" as a core journal, thereby ensuring its continued acknowledgement within the academic community.

and domestic and international regulations and systems. The chief editor is Professor Hui-Min Chung of National Yang Ming Chiao Tung University, and the deputy editor is Professor An-Zhi Wang from National Taiwan University. The guarterly has a total of 34 editors in Taiwan and overseas.

The Review of Securities and Futures Markets was listed in the Taiwan Social Sciences Citation Index, TSSCI, in 1999, showing that the quarterly is regarded as a significant academic journal within the country. The quarterly also received multiple recognitions, including being listed as one of the Excellent Journals by the National Science Council and the Ministry of Education and as one of the most influential humanities and social sciences periodicals by the National Central Library (NCL) at Taiwan's Academic Impact Awards hosted by the NCL. The quarterly has become one of Taiwan's most influential academic journals, researching the capital market, securities investment, derivative instruments, corporate wealth management, and corporate governance.

In 2023, the Institute published issues 137 to 140 of the "Review of Securities and Futures Markets", which included 16 high-quality academic essays. The "Review of Securities and Futures Markets" is regarded as one of the premier journals within its category and remains committed to expanding its submissions. Considering increasing attention to sustainability concerns in capital markets in recent years, the theme of 'ESG, Corporate Sustainable Development, and the Securities Market' was carefully selected. SFI extends a broad invitation to outstanding research spanning from various fields of sustainable development.

After rigorous review, the special issue was published in December 2023, aiming to provide forward-looking perspectives on sustainability issues to the public. Moving forward, SFI will continue its commitment to editing and publishing the "Review of Securities and Futures Markets". SFI plans to produce themed special issues that integrate both academic and practical topics, with the aim of fostering the continual dissemination of scholarly insights into securities market dynamic. The Institute aims to give readers a more comprehensive understanding of securities and contribute to Taiwan's academia.

#### 3.1.4 The Highest Honor in Securities and Futures - the Golden Goblet Award

The Institute launched the Golden Goblet Award for Securities and Futures in Taiwan (hereafter the Golden Goblet Award) in 1996 to honor talents, companies, and organizations in the securities and futures markets. Regarded as the most prestigious accolade in the field of securities and futures, the award ceremony is held every two years, with the 17th Golden Goblet Awards scheduled for the end of 2023. To date, 231 professionals from the securities, futures, investment trust, and consulting industries, along with 87 outstanding organizations, have been awarded. With each iteration, the Golden Goblet Award swiftly adapts to the latest developments in the capital market.

For the 17<sup>th</sup> Golden Goblet Award in 2023, the Institute celebrated organizations that demonstrated excellence in financial innovation, ESG and sustainability, and green finance, thereby aligning with Taiwan's government policies and the latest industry advancements. These efforts have garnered recognition and appreciation from competent authorities. Notably, a record-breaking 83 applications participated in the selection process for the 17<sup>th</sup> Golden Goblet Award. Following a meticulous document review, preliminary screenings, secondary evaluations, and final selections, a distinguished group of 13 individuals and 25 exceptional organizations were honored. The award serves as a catalyst for securities and futures professionals to innovate and share their expertise, contributing to the economic development of the country.

The 17<sup>th</sup> Golden Goblet Award ceremony was held at the CSDI Convention Hall of Howard Civil Service International House on November 8<sup>th</sup>, 2023. Dr. Tien-Mu Huang, Chairperson of the FSC, Hou-Ming Huang, Deputy Director-General of the SFB, as well as Sherman Lin, chair of the selection committee, and Jan-Yau Hsu, chair of the judging committee, graced the occasion and delivered remarks. Heads of relevant securities and futures agencies were also present, contributing to the grand and dignified atmosphere of the event.



Dr. Tien-Mu Huang, Former Chairperson delivered a speech at the ceremony.



Former Chairperson Huang and the winners of the Outstanding Green Finance



Hou-Ming Huang,
Deputy DirectorGeneral of the
SFB and winner
companies of
Outstanding ESG and
Sustainability Award



Winners and special guests of the 17<sup>th</sup> Golden Goblet Award



#### 3.2 Development of Professional Talent

The SFI provides a professional knowledge integration service platform for Taiwan's capital and financial markets. The various professional courses offered in the SFI's comprehensive training system are designed with a systematic and hierarchical approach in mind, consistent with international standards. The target audience comprises executives and professionals within the financial services industry, directors, supervisors, managers, finance directors, and audit professionals of publicly listed companies, among others. This initiative serves to enhance both individual and industry competitiveness. Furthermore, the Education Center welcomes commissions from public sectors, securities and futures agencies, and the financial services sector to deliver tailor-made professional training services. The target audience encompasses individuals as depicted in the diagram below.

#### Financial Services

## Publicly Listed Companies

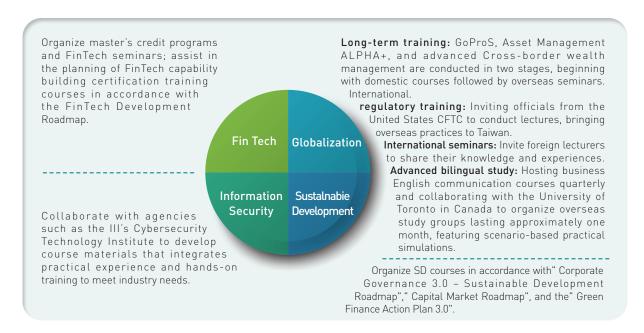
#### Public sectors, securities and futures agencies

- Pre-employment training for securities & futures
- · Regulatory compliance
- · AML/CFT
- · Sustainable Finance
- Directors, supervisors,& spokespersons
- · Corporate governance officers
- Internal control and audit
- Finance directors and stock affairs
- In accordance with competent authorities to promote important policies
- Commissions by relative organizations
- · Trustee funds

In accordance with the 'TWSE's amendment of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies,' the Institute underwent a review in 2022 and became the first institution accredited to organize continuing education courses for directors and supervisors.



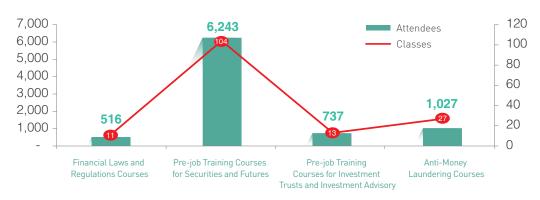
In 2023, in alignment with policies, SFI cultivated talents in various fields including internationalization, financial technology, cybersecurity, and sustainable development, as illustrated in the diagram below



#### 3.2.1 Professional Courses for Financial Institutions

The SFI is a designated institution for pre-job and on-the-job training in more than 20 fields that include securities, futures, securities investment trust and consulting, regulatory compliance, and anti-money laundering and combating the financing of terrorism (AML/CFT). In order to cultivate comprehensive financial talent, the SFI offers various training courses spanning more than 10 specialty fields, such as financial innovation, basic and advanced financial products, wealth management and trusts, financial engineering and risk management, financial technology and information security, and international communication. The SFI is also commissioned by financial institutions to develop varied customized training programs.

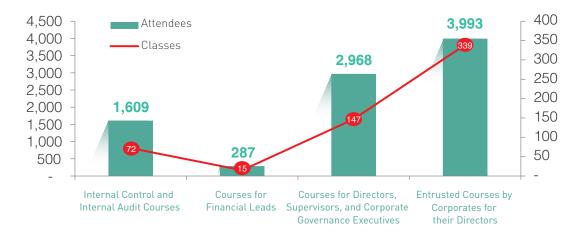
Detailed information on key financial institution courses held in 2023 are illustrated below:



#### 3.2.2 Public offering company

The SFI is a designated institution for pre-job and on-the-job training for internal auditors of publicly issued and listed companies, as well as a designated institution for on-the-job training of finance directors. Cooperating with the competent authorities to promote corporate governance, the SFI is the first institution recognized to provide continuing education courses for directors and supervisors, and also a designated training organization that provides regular continuous education training channels for directors and supervisors, and holds pertinent training courses for first-time and incumbent directors and supervisors, as well as corporate governance personnel.

Detailed information on key public offering company courses held in 2023 are illustrated below:



#### 3.2.3 Professional Courses for Major Projects

#### Government policy & commissioned courses

The SFI periodically organizes special courses in keeping with government policies, and has routinely held the Securities and Futures Markets Regulations and Case Studies Seminars to assist prosecuting judicial personnel in better understanding crimes within the securities and futures markets and the application of laws and regulations, in turn preventing economic crime and thus stabilizing the capital market.

The SFI has also been commissioned by securities-related organizations such as the Taiwan Stock Exchange Corporation (TSWE), Taiwan Futures Exchange (TAIFEX), Taiwan Depository & Clearing Corporation (TDCC), and Taipei Exchange (TPEX) to conduct various courses and advocacy sessions from time to time. Training audiences include directors, supervisors, and corporate governance officials from public offering companies; internal auditors; securities and futures practitioners; students; new graduates; to people currently between jobs. Course topics included legal compliance, futures specialists, and financial innovation, to further cultivate

### Securities and Futures Services

diverse talent in the securities and futures markets. Trainings held for major projects in 2023 are detailed below:

Major Project	Professional Courses	Courses in 2023
Projects in accordance with key government policies	<ul> <li>The 14<sup>th</sup> TAICGOF</li> <li>Securities Industry Legal Compliance Promotional Conference</li> <li>Training Program for Key Industry and Securities Underwriters</li> </ul>	Total of <b>1972</b> attendees
Securities and Futures Markets Regulations and Case Studies Seminars for Prosecuting Judicial Personnel	• 4 sessions (the 101 <sup>st</sup> to 104 <sup>th</sup> session) for judges, clerks, affairs officers, law clerks, and prosecutors	Total of <b>431</b> attendees
Commissioned by Securities-Related Organizations	<ul> <li>Insider Ownership Regulations for TWSE-Listed Companies and Unlisted Public Companies (4 sessions)</li> <li>Insider Trading Prevention Information Session (4 sessions)</li> <li>Sustainable Development Practice Seminar for Listed Companies (2 sessions)</li> <li>New rule on reporting of acquiring a large number of shares (Article 43-1 of Securities and Exchange Act) Information Session (1 session)</li> <li>Futures Specialist Training Program</li> <li>Futures Asset Management Personnel Training Program</li> <li>Seminar on Insight into Derivative Financial Markets for Listed Companies- Moving towards Business Sustainability</li> <li>Credit Courses of the Asia Regional Finance and Financial Innovation and Transaction (Taichung and Tainan classes)</li> </ul>	Total of <b>4,401</b> attendees



The 14<sup>th</sup> TAICGOF



Seminar on Insight into Derivative Financial Markets for Listed Companies-Moving towards Business Sustainability

#### Managed Fund Under Mandate

In order to promote the sound development of the capital market industry, the SFI has been entrusted with the management of the Global Development Fund, Asset Management Talent Cultivation and Industrial Development Fund, and Futures Industry Development Fund. Details regarding the various professional training and advocacy sessions organized by the SFI in 2023

# SFI Sustainability Report

for experts in the international finance, asset management, and futures sectors are listed below:

Major Project	Professional Courses	Courses in 2023
Global Development Fund	<ul> <li>2023 GoProS Training Program (Domestic courses and Financial and Industry Development Overseas Study Group to Germany and Switzerland)</li> <li>New Trends in CFTC Derivatives Regulation Seminar</li> <li>International Finance Issues Credit Course</li> <li>Advanced training courses for transnational wealth management talent (Domestic courses and Wealth Management Visit Group to Singapore)</li> </ul>	Total of <b>466</b> attendees
Asset Management Talent Cultivation and Industrial Development Fund	<ul> <li>ALPHA+ Training Program for Asset Management</li> <li>Overseas Workshop on Asset Management for Senior Executives</li> <li>Training Program for Green and Sustainable Finance</li> <li>Practical Training Course for Information Security in Securities and Futures</li> <li>Training Program for Enhanced English Communication in Securities and Futures</li> <li>Fin-Tech Capacity Development Training Program</li> <li>Asset Management New Knowledge and Legal Compliance Series Seminars (4 sessions)</li> <li>International Seminars of Asset Management (2 seminars)</li> <li>Training Courses of Sustainable Development of Asset Management Talent</li> <li>"Asset Management Market Practical Course" for Judiciary and Prosecuting personnel</li> <li>"Master's Credit Courses in Applied Big Data and Algorithms for Asset Management"</li> <li>Master's Credit Courses on "Interdisciplinary Financial Analysis"</li> <li>Master's Credit Courses on "Professional Intelligence in International Investment Analysis"</li> <li>Bachelor's Credit Courses on ESG and Investment Analysis</li> <li>Series Forums of the Future of Asset Management</li> </ul>	Total of <b>1,432</b> attendees
Futures Industry Development Fund	<ul> <li>Securities and Futures Industry (Including Introducing Brokers) Legal Compliance Promotional Conference 5 sessions</li> <li>Orientation courses on Understanding the Futures and Options Market Practices for Judiciary and Prosecuting personnel</li> <li>Orientation courses on Understanding Futures and Options Market Practices for judges and clerks</li> </ul>	Total of <b>558</b> attendees



2023 Asset Management ALPHA+ Training Program Closing Ceremony

# Securities and Futures Services



2023 Advanced training courses for transnational wealth management talent (Domestic courses and Wealth Management Visit Group to Singapore)



2023 International Seminars of Asset Management -Analysis on the investment trends of ESG , REITs and PE Fund



# 3.3 Financial Market Qualification Examinations

## 3.3.1 Testing Center Overview

The SFI established the Testing Center to oversee various qualification exams for both the domestic and international financial markets. The Center is also entrusted to handle recruitment tests. Details are as below:

#### Domestic qualification examinations

In keeping with securities and futures-related regulations, the SFI has been commissioned by the Taiwan Securities Association (TSA), Securities Investment Trust and Consulting Association of the R.O.C. (SITCA), Chinese National Futures Association (CNFA), and R.O.C. Bills Finance Association to conduct qualification examinations for professionals in the securities, securities investment trust and consulting, futures, and bills domains since 1999. The SFI set a precedent for the use of computerized qualification testing, and with more than twenty years' experience it is regarded as one of the most credible financial licensing agencies in Taiwan. Written examinations are held three times a year (April, August, and December), while computer-based tests are conducted weekly. Those who pass the exam are promptly issued their certification onsite to conserve manpower and increase qualification efficiency. The Center also accommodates occasional group testing requests by corporations and educational institutes.



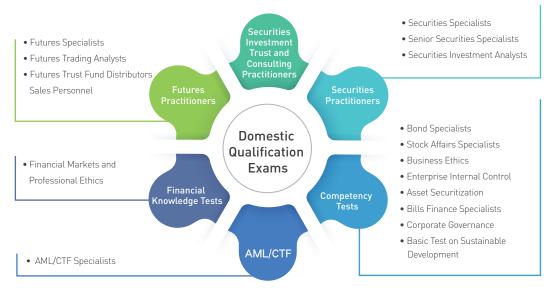
Written examination



Computer-based examination

# SFI Sustainability Report

Since 2006, the SFI has organized the "Financial Markets and Professional Ethics Exam" in conjunction with 5 test units, including the Taiwan Academy of Banking and Finance (TABF), Taiwan Insurance Institute (TII), the Non-Life Insurance Association of the Republic of China (NLIA), and the Life Insurance Association of the Republic of China (LIA-ROC). In addition, to develop personnel with professional knowledge and assist directors in exercising relevant regulatory compliances, the Institute has started conducting the "Corporate Governance Basic Competency Computer-Based Exams" since October 2019. The institute offers the following domestic qualification exams:



In order to help candidates prepare for securities and futures-related qualification exams, the SFI has compiled the Securities and Futures Practitioners Qualification Examination Question Bank to facilitate the learning of those interested in participating in relevant tests. The extensive question bank series includes study guides and answer explanations, and is revised and maintained yearly in accordance with the latest regulations and practical needs to meet industry standards.



# Securities and Futures Services

Furthermore, to serve the examiners from various financial institutions, colleges and universities, the SFI's Testing Center continues to conduct group registration for companies and on-campus exams. In 2023, a total of 40 sessions of computer-based group examinations were conducted for financial institutions, along with 40 on-campus computer-based examinations for university and college-level students. On-campus Financial Markets and Professional Ethics Exams were held in 21 higher education institutions around the nation, including in the Pingtung, Yilan, and Hualien regions.

Additionally, with the objective to increase the understanding of financial certifications among higher education-level students, as well as encourage students to obtain certification while still at school, the SFI has been commissioned by various universities and colleges to promote qualification exams on campus. In the meanwhile, the SFI has proactively signed the MOU with universities and colleges. There were 3 universities and colleges signed the MOU with the SFI in 2023, including Takming University of Science and Technology, National Taipei University of Business, and China University of Technology. Besides, a total of 16 advocacy talks were held in 2023. At the same time, the SFI also produced a promotional video which is available online for the general public to view.



Conducting on-campus exams at university or college



Advocacy talks for financial certifications



Chuang-Chang Chang, the president of SFI, led the director and colleagues of SFI testing center visited China University of Technology, and signed the MOU with Cheng-Yuan Chen, the principal of China University of Technology. (September 27, 2023)

#### International qualification examinations

In compliance with the trend of internationalization, the SFI has organized securities specialist, futures specialist, and securities investment analyst license validation examinations for foreign examinees. It also signed an MOU with the Hong Kong Securities and Investment Institute (HKSI) in 2010 for the right to administer the Licensing Examination for Securities and Futures Intermediaries in Hong Kong within Taiwan after approval by the competent authority. To further encourage practitioners to actively pursue international certification, the SFI was commissioned in 2006 by the Association of Certified International Investment Analysts (ACIIA) and Securities Analysts Association, Chinese Taipei to import the Certified International Investment Analyst (CIIA) Final Level Exam in English, followed by the Foundation Level Exam in Chinese in 2018. These actions can boost the professionalism and expertise of domestic securities investment analysts, to achieve the SFI's goal to align native talent with international standards.

International Qualification Exam	Annual Testing Schedule	2023 Testing Results
Securities Specialist, Futures Specialist, or Securities Investment Analyst License Validation Exams for Foreign Examinees	March, May, August, November *Also includes occasional on-request testing	5 registered, 5 qualified
Licensing Examination for Securities and Futures Intermediaries in Hong Kong	April, September	78 registered, 39 qualified
Certified International Investment Analysts (CIIA)	March, September	233 registered, 67 qualified

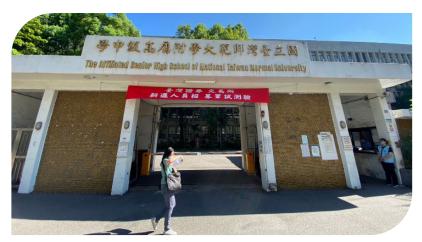


The SFI invited experts from industry, government, academia and qualified CIIA candidates to jointly discuss the theme "Elevating Finance Careers with Cuttig-Edge CIIA International Certification". This initiative aims to provide advice and share experiences on international certifiations for individuals aspiring to pursue careers in the financial Sector.(November 29, 2023)

#### Commissioned recruitment examinations

Since 2000, the SFI has been consecutively commissioned by institutions such as the Taiwan Stock Exchange Corporation (TWSE), Taiwan Features Exchange (TAIFEX), Taipei Exchange (TPEx), Taiwan Depository & Clearing Corporation (TDCC), Taiwan Business Bank (TBB), and Taiwan Cooperative Securities (TCS) to handle recruitment testing. In 2023, the SFI organized recraiment examination for five organizations across 8 sessions.

Since the Department of Labor of Taipei City Government requires private employment services institutions to obtain relevant certification, the SFI has continued to strengthen our qualifications. Currently, there are 6 employees with a Class B Technician Certification for Employment Services Professional Personnel, and the SFI has received 6 times A rating (a grade of over 90 points) since 2017 from the Department of Labor of Taipei City Government during its annual Private Employment Services Institution Evaluation.



Commissioned recruitment testing



Recived an A-level rating by the evalution of th Employment Service Institution of the Department of Labor of Taipei City Government.

# 3.3.2 Testing Results

### (1) Number of examination applicants

The graph below displays the number of registrations for written and computer-based exams in the past 5 years. Since 2019, the total number of applicants has increased. Computer-based candidates have increased from 34,834 in 2019 to 50,176 in 2023 (an increase of 44.04%). This rise shows a growing annual demand among candidates to obtain the certification on-site.



# Number of Registrations for Written & Computer-Based Examsin for the Past 5 Years (Including the Financial Markets and Professional Ethics Exam)



Note: The above statistics include applicants for AML/CTF Exam—3,546 applicants in 2019; 2,510 applicants in 2020; 3,170 applicants in 2021; 2,324 applicants in 2022; and 1,610 applicants in 2023.

#### (2) Test innovation and Digitalization

In addition to promoting standardized workflow, the SFI's testing center also actively implements e-services and innovative testing approaches. Significant outcomes are outlined in recent years as follows:

2019

- · SMS, email notifications and online information are provided, and all test candidates are exempted from holding admission tickets.
- The registration information for the written exams is fully uploaded online, and candidates do not need to send paper copies of the relevant documents.
- · Test score report and receipts can be printed through online applications.

2020

· A new computer-based test-taking system has been introduced, eliminating the use of IC cards. Candidates will receive their scores immediately after completing the exam. They will also receive their answer records and test scores the next day via email, reducing the need for paper or printing.

2021

- The number of written tests has been reduced to three times per year (April, August, and December).
- $\cdot \text{ The Basic Competency Test is now available as a computer-based test to enhance the immediacy of the test.}\\$
- · Computer-based test centers have been established in Hsinchu and Tainan to better serve local candidates.
- The "Financial Markets and Professional Ethics" exam has been updated to include topics such as Financial Technology, Inclusive Financing, Financial Fraud, ESG, etc.

2022

- · New topics, such as Financial Technology and new trends in ESG, have been included into the questions database of books and exams of current qualification tests
- · In cooperation with Airti Inc, the SFI plans to publish e-books on "Securities, Futures, Bonds and Stock Publications" for online rental, to enhance the immediacy of the exam preparation.
- 2023
- The change in computer-based test sessions now allows candidates to apply online without the need to call, aiming to enhance service efficiency and better serve candidates.
- To better support individuals with disabilities during examinations, regulations titled "Provisions for Protecting th Examination Rights of Individuals with Disabilities have been established. This regulations aim to safeguard their examination rights and provide more comprehensive assistance measures during the examination process.

# & Society 4.1 Employee Welfare 4.2 Social Welfare 4.3 Environmental Sus

# **Sustainable Environment**

- 4.3 Environmental Sustainability





# 4.1 Employee Welfare

# 4.1.1 Employee Care & Retirement Security

#### Staff composition

As of the end of 2023, the total number of employees is 96, with women accounting for 54% and men account for 46%. The average age of the employees is 41.6 and 50% of the employees has master degree.

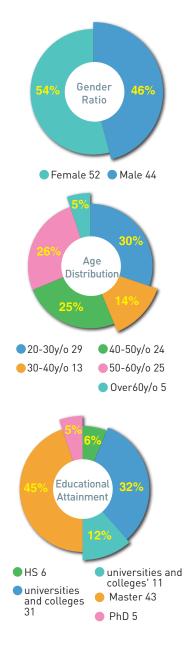
#### Recruitment & turnover

During 2023, 16 employees left (11 of which were full-time) and 17 were hired (12 of which are full-time). Compared to recent years, the turnover rate was slightly higher, mainly due to the retirement of some employees and the resignation of business assistants. In order to enhance the ability of new employees to adapt to the new job and environment, the Institute will strengthen education and trainings, provide guidance from supervisors and enrich teamwork to help new recruits adapt.

### Team Building and Employee benefits

The year-end parties and Lunar New Year Greetings are held every year to bring employees closer together. Besides, the birthday celebrations are held quarterly, in the meanwhile, the awards ceremonies would be held to praise the outstanding employees and award-wining employees during the celebration. There were 4 birthday celebrations had held in 2023.

Employees are insured each year for health and accident insurance to ensure take proper care of them. Besides, birthday cash incentives are distributed during birthday season. Furthermore, to promote the physical and mental health of its employees and enhance work efficiency, the SFI organized an annual employee trip. In 2023, the



Institute arranged a one-day trip to Heping Island for coastal clean-up activity. Combined with environmental education, colleagues experienced the environment protected activity and learned about the ecological environment in the Keelung suburbs. In addition, SFI's trip to Alishan was also held in 2023. Moreover, employee uniforms or casual sportwear are made each year so that staff can appear neat and tidy at important events, subsequently increasing the SFI's professional image.

Besides, the Institute is committed to promoting sports activities that contribute to physical and mental health. In 2023, the SFI formed teams to participate in the 36<sup>th</sup> Securities Table Tennis Championship and won the fourth place for the mixed doubles categories.

# Sustainable Environment & Society

#### Retirement security

In order to provide retirement security of employees, the SFI has set aside the labor pension individual account monthly according to the regulation as well as the trust account of separation pay for employees. To protect the retirement rights and interests of employees who were hired before June 30, 2005, the SFI has set aside Labor Retirement Reserve Funds in accordance with the Labor Standards Act. At the end of each year, calculations are made to ensure that the amount is enough within the Retirement Reserve Fund account; if funds are insufficient, the SFI will deposit the difference into the account before the end of March in the following year, while also notifying the company's Labor Retirement Reserve Fund Supervision Committee of the situation and submitting it for review. Additionally, the SFI will periodically allocate additional reserves into the Retirement Reserve Fund when the company makes a profit, to guarantee the retirement rights and interests of employees.



Lunar New Year Greetings held via video call (2023)



Year-end party (2023)



Birthday celebration (Q2 2023)



Birthday celebration and awards ceremony to praise the outstanding employees (Q3 2023)



The coastal clean-up activity on Heping Island (2023)



The environmental education of coastal clean-up activity on Heping Island (2023)





The photo of 1st batch of employees on SFI's trip

The photo of 2<sup>nd</sup> batch of employees on SFI's trip

#### Labor-management relations

The SFI convenes a labor-management meeting every three months, attended by three representatives from both the labor and management sides. Both sides will take turns presiding over the meeting to foster communication and cooperation between the employer and employees. Discussion topics may include changes in working conditions and employee rights and interests in regards to labor benefits.

#### Workplace equality

To prevent and handle workplace sexual harassment incidents, provide a working environment free from sexual harassment, and protect the rights and privacy of involved parties, the SFI has established the Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Measures as well as Guidelines for Sexual Harassment Prevention Complaints and Investigations.

# 4.1.2 Employee Health

To implement labor health protection and health management, as well as matters related to handle health management, occupational disease prevention, and health promotion, the Institute has contracted medical personnel to provide on-site health services at SFI offices (exceeding criteria outlined in relevant occupational safety regulations) for employee health consultation. From January to December, two doctor rounds of on-site physician service, 24 rounds of nursing clinical services, and two on-site visits, resulting in 35 health consultations and 43 health examinations and physical assessments. The following are the four major labor health protection programs that the Institute promoted and implemented in 2023:

To provide safe and healthy working environment to employees as well as be in consist with occupational safety and health regulations, the SFI monitors workplace environment every half year (in May and November respectively), including carbon dioxide concentrations and illuminance. All entrusted monitoring results in 2023 were complied with occupational safety-related regulations.

To ensure that each employee is familiar with occupational safety and health regulations and safety

# Sustainable Environment & Society

Project Name	Implementation Progress
Workplace Maternal Health Protection	Statistics on the effectiveness of maternal health protection (This year, 1 colleague was pregnant and gave birth. A special consultation arrangement was made with for doctor appointments during pregnancy).
Prevention of Diseases due to excessive workload	Survey analysis of the annual workload (with a 100% questionnaire response rate) and arrange health consultations for employees with higher workloads.
Prevention of wrongful acts infringing job duties	Post the "Written Statement Prohibition Workplace Violence" and comply with the contents of the to the "Stalking and Harassment Prevention Act" amendment
Prevention of Occupational Hazards due to Human factors	Analysis of the annual Nordic Musculoskeletal Questionnaire (NMQ) with a 100% questionnaire response rate and arrange health consultations for colleagues at suspected of being at risk.

and health management mechanisms, regular employees undergo occupational health and safety related training courses for a minimum of 3 hours every 3 years (the previous training conducted on 2021). New recruits are required to watch video courses and the assessment within one week of their onboarding date. In 2023, 17 new recruits completed training. In addition, the SFI arranges two fire safety education-training courses annually and conduct fire drills, to ensure all employees understand how to respond and evacuate in the event of a fire.





The office environmental monitoring (carbon dioxide concentration and illumination) was entrusted to conduct in 2023





Fire Safety Education Training - Confirmation of Fire Notification 119 and Initial Firefighting Drills

#### Health checkups Subsidy and Group Insurance

To promote employee health management and prevent the occurrence of diseases, the SFI provides employees with the option to apply for health checkup annually or once every two years. In 2023, 39 employees applied for the subsidy. Furthermore, the Institute has provided employees with occupational accident insurance, accident insurance and medical insurance to protect employees' lives and promote labor harmony.

# 4.1.3 Employee Training & Development

#### Human resource development policy

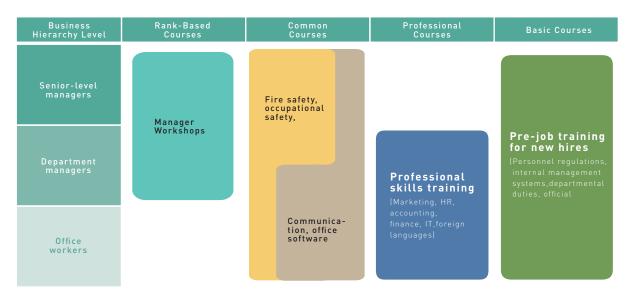
Aiming to achieve best balance between "people" and "work," in turn spurring employee potential so that they can maximize their effectiveness and make them suitable for the right place, in order to achieve the goals and missions set by the Institute, and thus effectively enhance business performance. The SFI's human resource development objectives are listed below:

Plan a comprehensive training framework	Develop a comprehensive framework that includes various internal and external training programs
Encourage lifelong learning	Employees must attend a minimum of 20 hours of training annually
Cultivate international talent	Periodically select employees to participate in international courses or seminars
Strengthen professional skills	Reward employees for obtaining professional licenses related to their work responsibilities
Increase job experience	Organize job rotations each year to increase employees' job experience, improve work efficiency, and meet career planning needs
Performance appraisal and promotion system	Encourage outstanding employees through a fair and impartial performance appraisal and promotion system
Regular communication	Regularly communicate with employees and establish a business improvement procedure

To maintain an operating training quality management system, the SFI compiled the Talent Quality Management Handbook following the spirit of the Talent Quality Management System (TTQS), based on the SFI's business development needs, to act as the SFI's highest guiding principle in regards to staff training. In 2022, the Workforce Development Agency of the Ministry of Labor awarded a bronze rating to the its management (valid until November 13, 2024).

The SFI's training program is categorized into four broad groupings—rank-based courses, common courses, professional courses, and basic courses (as shown below):

### Employee training statistics and Satisfaction



SFI's training program

The SFI invested NT\$386,000 in employee training for the year 2023, organizing a total of 37 courses spanning 409 hours, of which 68 hours were internal training while 338 hours were external training.

For internal training courses (excluding personnel who have taken the test), satisfaction surveys are conducted among the participating colleagues, and the feedback is considered as a reference for future courses. In 2023, the average response rate was about 67%, with an average satisfaction score of around 4.5 out of 5 (with 1 being very dissatisfied and 5 being extremely satisfied).

Managerial staff (including senior-level and department managers) spent a total of 408

hours in training (not limited to training organized by the SFI), while non-managerial (full-time) employees spent a total of 1,677 hours.



"Special Training Class for Master of Ceremonies-Creating your own stage". The tutor shared her experiences of being the master of ceremony with Q&A session and interacting with the SFI employees. Moreover, the class enhancing hosting skill by the real on-stage practice.



"Essential Office Skill- The Real-Time Applications of Microsoft Excel". Leaning Excel functions and graphs by understanding and practicing a plenty of the examples. The SFI employees can master the essence and practice of the Excel by applying variety of aggregations and calculations of report statistics.

ltem	Manageria	Managerial employees		anagerial loyees	Total	
	Male	Female	Male	Female		
Hours of training	181	227	836	841	2,085	
No. of employees	8	6	31	42	87	
Average training duration per employee	22.6	37.8	27	20	24	

**Employee Training Statistics in 2023** 



# 4.2 Social Welfare

# 4.2.1 Dissemination of Financial Literacy

Following the guidance of the FSC's Financial Literacy Project, the SFI has independently plans or accepted external commissions to carry out various types of welfare projects for investor education and advocacy. This to aid the general public in understanding investment and wealth management practices, the related risks, being aware of common financial investment frauds, and how to protect their rights as investors.

#### Social awareness and advocacy

The SFI engaged with people spanning all ages, backgrounds, and ethnicities throughout Taiwan, cooperating with community colleges in different counties and cities, and local social welfare groups (including groups for people with disabilities) to organize an assortment of awareness campaigns. Those held in 2023 are listed below:

# Sustainable Environment & Society

Awareness Campaign	Target Audience	Events Held in 2023
Investment and financial management sessions	General public, seniors, indigenous peoples, new residents, women's groups, disability groups, government employees (military/civil servants), etc.	<ul> <li>Investing in the Future lecture series</li> <li>Financial Knowledge at Your Door lecture(remote areas and Veterans Affairs Council Program)</li> <li>New Investing Trends lecture series</li> <li>Futures and Options Advocacy lectures</li> <li>Financial Management Concepts for Military Personnel lectures.</li> </ul>

Awareness campaigns were held in more remote areas throughout the northern, central, southern, and eastern regions of Taiwan, as well as on the outlying islands of Penghu and Kinmen County, and Lienchiang County. These include locations such as

Hualien City and Shoufeng Township in Hualien County; Taitung City and Chishang Township in Taitung County; Suao Township and Dongshan Township in Yilan County; Shuangxi District, Shimen District, Jinshan District, Yingge District, and Wulai District in New Taipei City; Pingzhen District in Taoyuan City; Xinfeng Township and Guanxi Township in Hsinchu County, Yuanli Township in Miaoli County, Tanzi District in Taichung City, Lugang Township and Xihu Township in Changhua County, Zhushan Township in Nantou County, Douliu City in Yunlin County, Puzi City and Budai Township in Chiayi County, Qigu District, Madou District, Baihe District, Jiali District, Dainei District, Liuying District, Nanhua District, and Shanshang District in Tainan City, Alian District in Kaohsiung City, Fangliao Township and Hengchun Township in Pingtung County, Magong City in Penghu County, Jinhu Township in Kinmen County, and Nangan Township in Lienchiang County etc.

A total of 198 physical events were held, attended by a total of 14,595 people.



Financial Knowledge at Your Door Lectures — Wuling Farm



New Investing Trends Lecture Series - New Taipei City



Investing in the Future Lecture Series-Taoyuan Community College



Financial Management Concepts for Military Personnel Lecture — Airborne Training Center of Aviation and Special Forces Command

# SFI Sustainability Report

#### Taking root in campuses

The SFI has collaborated with several universities and colleges to conduct a range of financial literacy awareness campaigns and competitions on school grounds. On-campus activities held in 2023 are listed below:

Awareness Campaign	Target Audience	Events Held in 2023
Events Held	Students, teachers	<ul> <li>Student Financial Literacy lectures</li> <li>Undergraduate Finance General Education lecture series</li> <li>National Teacher's Securities Knowledge Online Seminar</li> <li>University and College Financial Education Campus Seminar</li> </ul>
Campus competitions	Students	<ul> <li>Knowledge is King 20<sup>th</sup> Campus Securities Investment Competition—University and College Level</li> <li>University and College Securities Elite Online Camp</li> </ul>

The SFI held lectures in universities and colleges across Taiwan, including 18 institutions in the Northern and Taoyuan-Hsinchu-Miaoli regions, 11 in the Middle region, 13 in the Southern region, 3 in the Eastern region.

A total of **63** physical events and **2** campus competitive events were held, attended by a total of **11.716** people.



Student Financial Literacy Lecture — National Chung Cheng University



University and College Securities Elite Camp



Knowledge is King: 20th Campus Securities Investment Competition—University and College Level

# Sustainable Environment & Society

#### Multimedia advocacy

The SFI has continued to evolve alongside the popularization of the Internet and has sought to reach more people through the organization of online promotional activities, such as using the SFI official website, social media, digital video, games, and electronic comics. Multimedia promotions used in 2023 are listed below:

Awareness Campaign	Target Audience	Events Held in 2022
Multimedia advocacy	General public, young people	<ul> <li>"Master of Unlocking the Financial Knowledge" — Financial knowledge online game with rewards</li> <li>"Mutual Fund Investor Leaning Roadmap" Online Dissemination</li> <li>"Interactive Filter Promotion for Mutual Fund Financial Management" Event</li> <li>"Financial Independence" and "What's the matter with me" Online Program</li> <li>Future Knowledge online game with rewards</li> <li>" Lord and Brave Ltd." – Comic Advocacy Material</li> <li>2023 World Investor Week – Online Advocacy Event</li> </ul>

Promotion was achieved through the use of online games, as well as through such multimedia methods like short and lively videos, online presentations, or digital comics. A total of 809,000 people participated in the online games, and videos and internet promotional area had a total view count of 553,000



Master of Unlocking the Financial Knowledge
Online Game with Rewards



Mutual Fund Investor Leaning Roadmap" Online Dissemination Area



Interactive Filter Promotion for Mutual Fund Financial Management



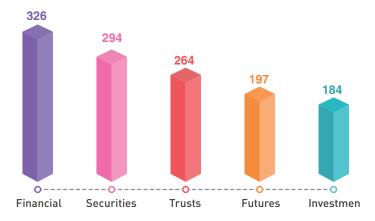
" Lord and Brave Ltd." – Comic Advocacy Material

# 4.2.2 Financial Literacy for Youth (FLY) Program

In response to the FSC's endorsement of financial industry professionals engaging in social welfare, the Taiwan Depository & Clearing Corporation commissioned the SFI to establish the Financial Literacy for Youth Program (hereafter FLY). From 2015 on, FLY was founded with the aim to provide university and college-level students from disadvantaged backgrounds with the relevant knowledge and skills for employment in the financial sector, in turn giving them the means to improve their family's financial situation. The program received great response from the industry. Furthermore, in response to the enthusiastic student registration, the program was expanded to cover a wider area including Taipei, Central, Southern and Eastern regions. This expansion allowed financial institutions to convey their goodwill and resources to potential talent across the island.

The FLY Program Class of 2023 (9<sup>th</sup> Annual Program) began classes on September 16, 2023. The first semester concluded on December 24, 2023, with a duration of 136 hours. The second semester started on March 2, 2024, and concluded on March 24, 2024, with a duration of 34 hours. The total duration of the program was 170 hours. Nine classes were offered across different regions of the country, with 500 students admitted, 458 students enrolled and there were 326 students enrolled.

Curriculum for the FLY Program includes classes by experts from the financial industry, government officials, and academia; guidance on obtaining financial licenses; lectures on financial practices and career experience; as well as talks by corporate experts and the sharing of job search and interview techniques. Students are also offered employment consultation and provided with matchmaking services to aid them in a smooth transition into the job market. In 2023, the program assisted participants in obtaining 1,265 financial professional licenses in areas such as financial knowledge, trusts, securities, futures, and investment trust consulting. Among them, 267 students obtained three or more licenses, accounting for 81.90% of the total number of participants.



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The 9<sup>th</sup> Edition of the Financial Literacy for Youth (FLY) The 9<sup>th</sup> Edition of the Financial Literacy for Youth (FLY) Program – Information Session for Tutors and Teaching Program – Attending "The World Investors Week" Event



The 9<sup>th</sup> Edition of the Financial Literacy for Youth (FLY) Program - Opening Ceremony

# 4.2.3 Charity events

The SFI organized the following events in 2023 to supporting charity and public welfare:

 Blood donation activities: Two blood donation campaigns were organized this year. The first one took place on June 1 at Nanhai Blood Donation Center with total of 75 individuals donated, resulting in 109 bags of blood. The second event was held on September 26 in collaboration with the Export-Import Bank of the Republic of China and Central Deposit Insurance Corporation. In total, 111 individuals



Donating rice to the Xing Young Foundation's "Food Love Bank"

donated, resulting in 173 bags of blood. The total number of blood donations throughout the year was 186, contributing to 282 bags.

• Purchasing of ESG-compliant gift boxes during the Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival. Besides, rice and handcrafted soap bars in animal shapes by the Eden Foundation, a charitable organization, were purchased as the gift for the blood donation campaign. Showing the caring for local agriculture and vulnerable groups.

# SFI Sustainability Report

- Donating rice to the Xing Young Foundation's "Food Love Bank" to assist marginalized families.
- Book donations: Held twice, with the SFI employees participating to donate a total of 154 books. Book sales were donated to the Sunshine Foundation.
- Donating basketballs to Waker Charity Action Association for using in the services in remote areas.
- An Eden Foundation donation box was placed to encourage invoices donation in the SFI.





The one-day blood donation event was held by the SFI on September 26 at Nanhai Blood Donation Center in collaboration with the Export-Import Bank of the Republic of China and Central Deposit Insurance Corporation

# 4.3 Environmental Sustainability

# 4.3.1 Green Management

#### Greenhouse gas management

The main services provided by the SFI include training, testing, research, and advocacy. Energy consumption is mainly limited to business office energy use (including public electricity consumption) and company vehicle fuel consumption.

Unit: metric tons of CO2e

	2021	2022	2023
Scope 1 (Note 1)	2.77	2.98	3.04
Scope 2 (Note 2)	107.91	104.70	89.23
Total Emissions	110.68	107.68	92.27
Emission Intensity	1.26 (metric tons of CO2e per capita)	1.15 (metric tons of CO2e per capita)	0.96 (metric tons of CO2e per capita)

Note1: The SFI's GHG emissions categorized under Scope 1 mainly stem from the fuel consumption of company vehicles (estimated using the list price), while Scope 2 emissions are chiefly from purchased electricity (For consistency in the benchmark, the calculation only included the 5<sup>th</sup> and 9<sup>th</sup> floors of the Nanhai Office).

Note2: GHG emissions were calculated based on the GHG Emission Factor Table (v. 6.0.4) published by the Environmental Protection Administration. Electricity emissions were calculated based on the 2021 Electricity Emissions Factor Table announced by the Bureau of Energy.

Note3: Emission intensity was calculated based on the number of employees at the end of 2023 [96 people] and 2022 [94 people].

#### **Energy conservation**

The SFI is committed to saving energy. Concrete measures include installing LED lighting, smart energy-saving appliances, and switching to refrigerators, air conditioners, water dispensers, and other electrical appliances with environmental certification. When purchasing information equipment such as laptops, the Institute also tries to purchase products with green labels.

Furthermore, the SFI has continued to remind employees to turn off various equipment once they are finished using classrooms, conference rooms, or seminar rooms. Staff are asked to turn off any office equipment (PCs, monitors, desk lights, etc.) if they plan on leaving their desk for longer periods of time. The office lights should be turned off for one hour during lunch break everyday. Colleagues are tasked with patrolling public areas every day after work to ensure all unnecessary electrical appliances, such as photocopiers, digital signs, or lights in the break room, photocopy room, or restrooms, have been switched off.

### Reducing paper consumption

The SFI actively promotes the reduction of paper waste and implements relevant environmental protection strategies. Specific steps include:

- Introduced a paperless conference system to eliminate the need for paper-based agenda attachments (replacing them with electronic files). Meeting material is displayed using the paperless meeting system during meetings, significantly reducing paper usage.
- Displaying promotional material on the official website, e-newsletter, and on digital signs, which greatly reduced the volume of printed material.
- Digitization of all meeting and internal training documentation, plus continuously improving audiovisual equipment in conference rooms and classrooms to enhance video conferencing and distance learning.
- Actively promoting the reduction of paper waste by actions such as printing multiple pages on one sheet of paper or double-sided printing for the handouts.
- Committing to achieving a paperless office; in 2021 the SFI officially launched an electronic official document management system, which greatly reduced the amount of printed paper used for official documents. According to statistics, approximately 56% of official documents were processed online in 2023.



In 2023, the SFI paper usage increased by **8.4**%. This is because the printing of handouts were slightly increased due to the significant increase in in-person classes after the COVID-19.

Note:Carbon reduction amounts were calculated based on the Environmental Protection Administration's (Taiwan EPA) Carbon Footprint Information Platform (using Paper Star photocopy paper with a carbon footprint of 3.4 kg CO2e per package of 500 sheets of 70g A4 paper).

Unit:TWD

	2021	2022	2023
Printing Fee for Handouts	\$5,293	\$5,517	\$6,025
Paper Fee (for internal use)	\$273	\$276	\$252
Total Fee	\$5,566	\$5,793	\$6,277
Total Paper Usage	\$5,566x1,000x2 =11,132,000	\$5,793x1,000x1.85 =10,717,050 ( **Calculation based on an 8% increase in paper prices in 2022 compared to 2021.)	\$6,277x1,000x1.85 =11,612,450
Reduction of Paper	(11,132,000-12,620,000) =-1,488,000/12,620,000 =-11.8%	(10,717,050-11,132,000) =-414,950/11,132,000 =-3.7%	( 11,612,450-10,717,050 ) =895,400/10,717,050 =8.4%

### 4.3.2 Disseminating Green Finance

To respond the "Green Finance Action Plan 2.0" and "Green Finance Action Plan 3.0", the SFI positively disseminating green finance on every business developments, including planning and implementing Sustainable Finance Evaluation, launching the "Basic Capabilities Test of Sustainable Development", conducting several workshop events of sustainability as well as disseminating green sustainability concept, green energy development and green finance knowledge.

#### **Conduct Sustainability Finance Evaluations**

The 1<sup>st</sup> Sustainable Finance Evaluation was conducted in 2023. The Evaluation evaluated the ESG promoting performance of every financial institution by the evaluation system. There were 57 evaluated institutions, including 34 domestic banks, 9 listed and non-group affiliated securities firms with share capital exceeding NT\$5 billion, 8 property and casualty insurance companies with top five asset size, 5 life insurance companies with asset size exceeding NT\$1 trillion, and 1 domestic reinsurance company. The evaluated items includes "Sustainable Development Comprehensive Indicator" and three pillars indicators of "Environment (E), Social (S) and Corporate Governance (G). There are a total of 112 common indicators and 58 sector-specific indicators. These indicators were disclosed by the evaluated organizations in 2022 to measure the organizations performance in sustainable development, climate risks, and the ESG issues. The list of financial institutions ranking in the top 20% were announced at the end of 2023, including 7 banks, 2 securities firms, and 3 insurance companies. This is to encourage institutions to perform benchmarking effectiveness to accelerate the building of domestic sustainable finance ecosystem.

#### Promoting Sustainable Financial License

The SFI is responsible for planning the "sustainable financial license". By forming a working group with Taiwan Academy of Banking and Finance and Taiwan Insurance Institution, we will officially

launch the localized license in 2024. The license is divided into basic and advanced competencies. The basic competencies will be assessed through an examination, with the first session scheduled to take place on April 14, 2024. Sustainable finance talent is a key element for the financial industry and businesses to achieve sustainability goals. The SFI hopes that initiatives such as sustainable finance-related licenses can accelerate Taiwan's net zero transformation.

#### **Enhance Sustainable Courses**

In 2023, several seminars on sustainable topics were held, including "ESG Strategic Thinking", "Finance Drives Sustainable Transformation", "Global Sustainability and Climate Disclosure Standards and Practices", "Practical Discussions on Sustainable Development", "Insight into Derivative Financial Markets for Listed Companies to Move towards Corporate Sustainability", and "New Insights into the ESG, REITs, and PE Fund Investment Trends". All seminars are highly populated.

Besides, courses on sustainability were offered to directors, supervisors, and corporate governance executives of listed companies. The topics included "Trends in Sustainable Finance and ESG Investment", "2030/2050 Green Industrial Revolution", "International Carbon Border Adjustment Mechanism and Domestic Carbon Pricing Risk Response", "Impact and Response to the EU Carbon Border Adjustment Mechanism (Carbon Tariff) on Industry Supply Chains", "Challenges and Opportunities on the Sustainable Development



"Green and Sustainable Finance Talent Training Program" in 2023 Mr. Chang Tzi-Chin, the minister without portfolio of Executive Yuan, discussed Taiwan's plans and prospects for addressing climate change



"ESG Transformation Strategic Thinking" Seminar in 2023

Path and Introduction to Greenhouse Gas Inventory", "Enhancing the Credibility of Corporate Sustainability Reports", "Climate Change and TCFD", "Sustainable Development Blueprint of Corporate Governance", "Benefits and Business Models of Circular Economy", "Global Trends and Opportunities in Low-Carbon Economy and Low-Carbon Innovation", and "Challenges and Responsibilities of the Board of Directors under Corporate Governance Evaluation Indicators and Sustainable Action Plans". All courses received positive feedbacks.

#### Disseminating Green Finance

The SFI actively disseminates green and sustainable concepts, green energy development, and green finance knowledge to investors. These include integrating relevant themes into the "Investing in the Future" lecture series, organizing advocacy events on "The ESG Investing and Green Finance", and integrating topics such as green finance and the ESG sustainable investment into the "Master of Unlocking the Financial Knowledge", a financial knowledge online game with rewards, to disseminate green finance and the ESG sustainable investment.







The Institute has voluntarily compiled sustainability reports for the fourth consecutive year, with the aim of providing a comprehensive overview of its various activities and operations. This initiative enables all stakeholders to gain insights into the Institute's work objectives and research directions, in line with regulatory policies. Looking ahead to 2024, there is a gradual shift in global financial transaction settlements from "T+2" to "T+1" and even "T+0", driven by increased attention from foreign financial supervisory agencies and exchanges towards "asset tokenization" and "decentralized finance". Going forward, the Institute will continue to serve as a think tank for the securities and futures industry, upholding its social responsibility through the provision of research insights, educational training, and promotional activities that align with international trends. This effort will empower the securities and futures industry to strengthen investor protection and capital market resilience under policies that promote sustainable financial governance and equitable transformation.





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