

2021

Corporate Social Responsibility Report



SFI



財團法人中華民國
證券暨期貨市場發展基金會
SECURITIES & FUTURES INSTITUTE

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Introduction

About This Report

This Report is the second sustainability report of the Securities and Futures Institute (SFI, hereafter the "Institute"). The Institute has long been committed to fulfilling corporate social responsibility and achieving success for the environment, society, and economy. Responding to international trends, the Institute has taken the initiative to compile the Sustainability Report. Through this Report, the Institute aims to present major environmental, social, and governance themes and management guidelines that the Institute identified, promoting transparency in sustainability and ensuring the sustainable operation and competitiveness of the Institute.

Disclosure Period, Parameters, and Scope

This Report discloses, from January 1st, 2021, to December 31st, 2021, the major issues, management guidelines, and the Institute's performance in sustainable development. The scope of the disclosure for this Report resembles that of the first sustainability report, which covers 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 follows the GRI Sustainability Reporting Standards (core option) published by the Global Reporting Initiatives (GRI).

Information Gathering and Sources

The information disclosed in this Report was entirely provided by departments within the Institute. All information is provided with integrity, honesty, and transparency, although not verified/ guaranteed by the third-party. Neither integrity violations nor criminal incidents took place.

Publication Cycle

The Institute has published the Sustainability Report annually since 2021 and has published English versions of the Report since 2022. The previous Sustainability Reports are available for download on the Institute's website. Publication details of the Chinese version of the Sustainability Report are as follows:

The publish date of the latest sustainability report: July 2022

The publish date of the previous sustainability report: August 2021


Link to download the Sustainability Report:


<https://www.sfi.org.tw/introduction/introduction13/esg>


Feedback

This Report is released on the Institute's website : <https://www.sfi.org.tw/>. If you have any questions or suggestions for this Report, please contact the Institute with the following information :



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 If you have any questions or suggestions, please go to : <https://www.sfi.org.tw/misc/contact>.



Message from the Chairman



Chairman of the Securities and Futures Institute

Bing-Huei Lin

Promoting Sound Development of the Securities and Futures Markets

In 2021, the COVID-19 pandemic worsened and significantly affected our lives. Pandemic prevention became the focus of everyone, raising people's awareness of health and safety, environmental changes, and the common good in society. The Securities and Futures Institute (SFI), as a significant policy driver of Taiwan's capital market, held steady in a time of change. Swiftly responding to trends and changes in the macro-environment, including the unprecedented impact of the pandemic, global market turbulence caused by the Russian invasion of Ukraine, the rapid advancement of digital technology, and increasing threats to cyber security, the SFI serves as the hub of talent training, knowledge-sharing, professional certification, and research think tank for the securities and futures market. The SFI continues to promote the sound development of the securities and futures market, contributing to the development of securities and futures and corporate governance in Taiwan.

Currently, the training efforts of the SFI are concentrated in northern Taiwan. Considering the needs in central and southern Taiwan, the SFI plans to set up a central office in Taichung to provide training resources in the region. Also, to effectively accumulate research capabilities, the SFI intends to establish a capital market research center. The SFI aims to establish development indicators for Taiwan's capital market so that others could better understand progress in the capital market and allow investors and regulators to capture market changes promptly. The capital market research center will also focus on proxy advisory, referencing practices of international proxy advisory institutions to formulate guidelines for proxy voting policy in Taiwan. Such efforts aim to improve Taiwan's capital market and propel constant and steady growth.

Leading Sustainable Development and Keeping in Steps with International Standards

The Financial Supervisory Commission (FSC) launched the *Roadmap for the Sustainable Development of Listed Companies* to respond to climate change and the international community's emphasis on sustainability. The Roadmap requires all TWSE and TPEX listed companies to take an inventory of greenhouse gasses by 2027 and complete the verification of greenhouse gasses by 2029. The Taiwan Stock Exchange and Taipei Exchange also amended the *Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies* to expand the scope of companies required to prepare and file sustainability reports. To support the competent authority and facilitate sustainable development of Taiwan's securities and futures market, the SFI took the initiative to compile sustainability reports voluntarily in 2021. This was a crucial first step in supporting government policy on sustainable development. This year, the SFI also prepared an English version of the sustainability report to keep in steps with the international community.

Continuous Dedication to Sustainable Development, Timely Adjustment, and Innovation

The Institute follows the FSC's greenhouse gas inventory and disclosure policies and the amended regulations requiring the disclosure of climate-related risks and opportunities. Therefore, the Institute disclosed greenhouse gas emissions for 2020 and 2021 and included the Institute's assessment of climate-related risks and opportunities in the latest sustainability report. The Institute aims to advance toward carbon reduction with the greenhouse gas emission inventory and relevant assessments. Also, the Institute spared no effort in promoting all aspects of sustainable development in 2021, from actively participating in charitable events, formulating sustainable investment policies, strengthening cyber security and management, to organizing green finance conferences. Responding to the pandemic, the Institute adopted various safety measures to ensure the health and safety of students, examinees, and relevant stakeholders.

Since the publication of the first Chinese version of the Sustainability Report in 2021, the Institute has launched into a new era of sustainable development. In the future, the Institute will be committed to sustainability in talent cultivation, professional exams, research, development, and investor education. By compiling and publishing the Sustainability Report, stakeholders could fully understand the Institute's efforts to improve the environment, society, and governance. No matter how rapidly the world changes, the Institute will drive the securities and futures markets forward and facilitate timely adjustments and innovations. The Institute will remain committed to the overall capital market, welcoming all comments and suggestions to achieve a brighter future.

1 Sustainable Operation

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 2021:



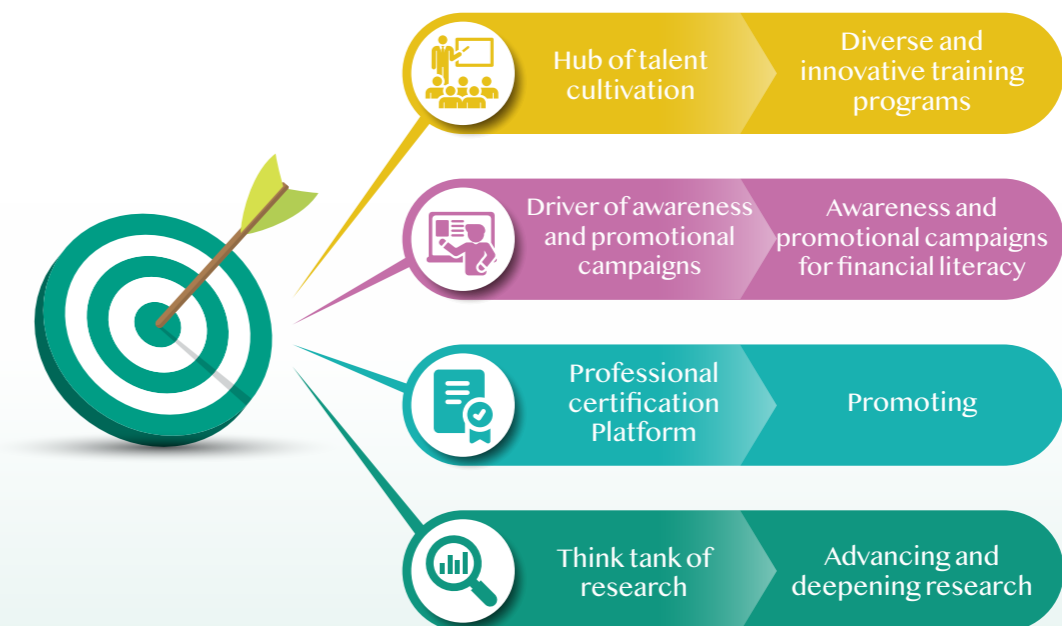
Main responsibilities of the Institute	Description	Major events of 2021
Research and Development	Formulating policies and supporting measures for critical development in Taiwan's capital market	<ul style="list-style-type: none"> • 8 research projects and 3 market studies in total • Publishing monthly <i>Updates in the International Securities and Futures Markets</i> • 5 thematic research projects and 12 market commentary articles
Sustainable Finance	Organizing the Corporate Governance Evaluation; establishing the Candidate Database for Independent Directors, which strengthens the professional competence and independence of independent directors in Taiwan; offering courses on sustainable development and conducting research on sustainability	<ul style="list-style-type: none"> • Organized the 8th Corporate Governance Evaluation • A total of 1,423 professionals registered to the Candidate Database for Independent Director • Organized the Financial Literacy for Youth (FLY) Program, with a total of 170 hours of training • Hosting 8 ESG-related conferences
Talent Cultivation	Organizing a comprehensive capital market training course and a variety of talent cultivation programs	<ul style="list-style-type: none"> • A total of 827 events, with 32,149 participants
Professional Exams	Organizing exams and international certification of securities and futures professionals	<ul style="list-style-type: none"> • A total of 79,377 examinees registered, and 241 people took the international certification exams
Investor Education	Launching awareness education campaigns on securities, futures, and financial literacy; hosting a variety of promotional campaign events	<ul style="list-style-type: none"> • A total of 235 events, with 16,987 participants
Awards and Recognition Programs	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	<ul style="list-style-type: none"> • Organized the 16th Golden Goblet Award
Publications	Publishing <i>Review of Securities and Futures Markets</i> and professional books relevant to corporate governance	<ul style="list-style-type: none"> • Compiled test preparation books for securities and futures certification and the 2021 version of <i>Theories and Practices of Corporate Governance</i>
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 style="list-style-type: none"> • Completed 6 industry research and development projects • Organized 17 talent cultivation programs for asset management professionals • Managed 4 investor education projects

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 style="list-style-type: none"> • Hosted 4 promotional campaign events for futures trading professionals • Hosted 4 promotional campaign events for sound policies and systems • Hosted 2 promotional campaign events for industry development
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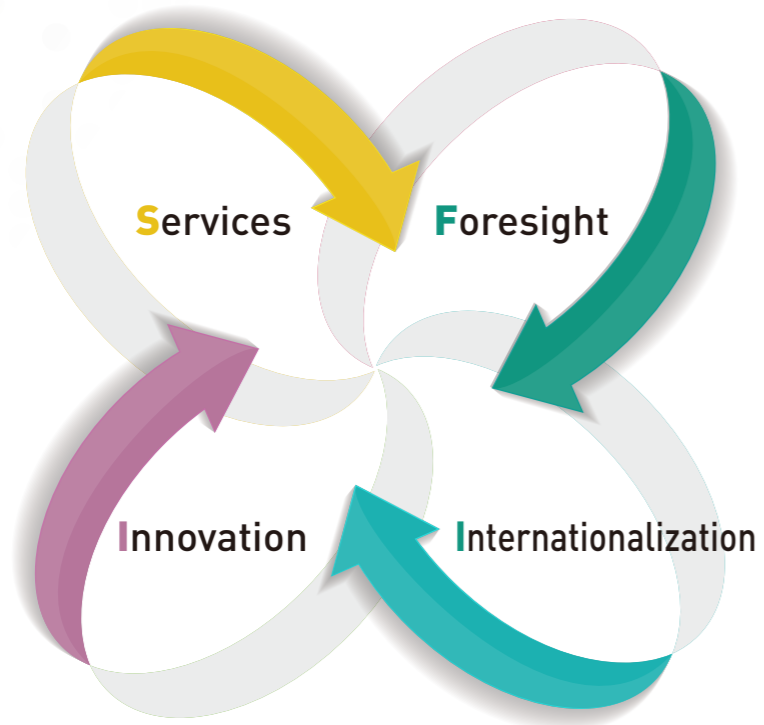
International Development for Securities and Futures Markets Fund	Established a fund management committee to supervise the operation of the fund; hosted activities keeping in steps with the international securities and futures markets	<ul style="list-style-type: none"> • Hosted 5 events, including the 2021 International Conference on New Trends of Financial Supervision
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1.1.2 Values and Vision of the SFI

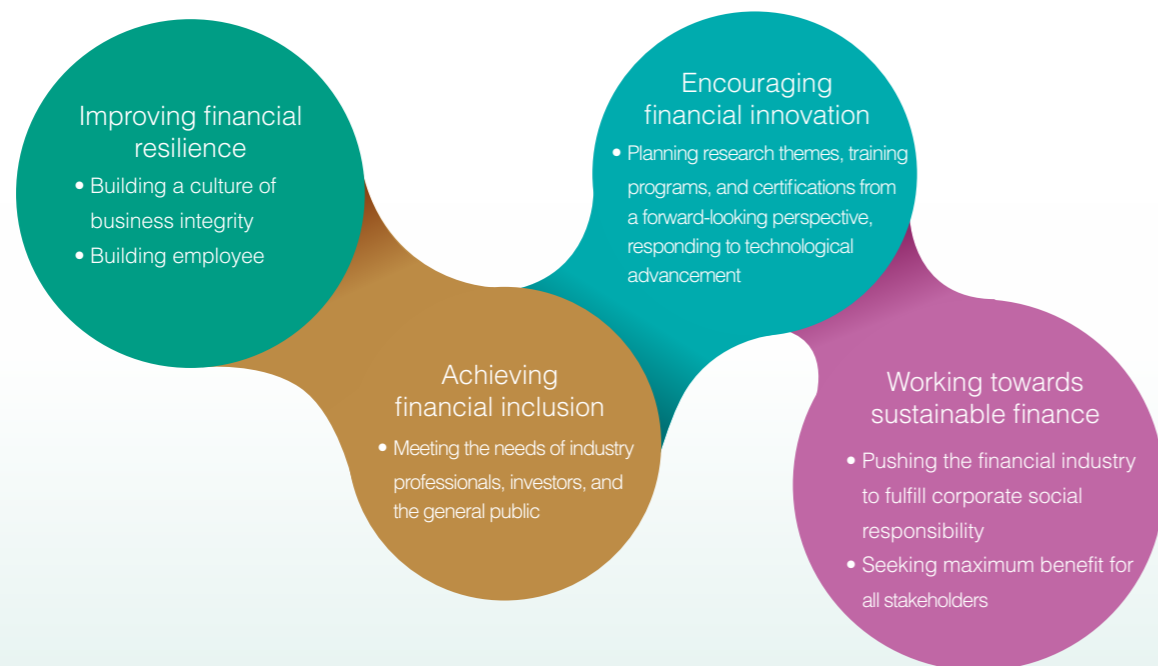
As the capital market grows, the Institute positions itself as a hub of talent cultivation, a driver of awareness and promotional campaigns, a professional certification platform, and a think tank of research, responding to the needs of the securities and futures industry. The Institute aspires to build 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 2021 is as follows:

Name of the domestic/international organization	Membership status of the Institute
Taiwan Financial Services Roundtable	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 (permanent member)

1.1.4 Sustainable Investment Policies

The impact of climate change and technology on the global society and economy is rising, and sustainable investment has become an emerging trend in the international financial market. 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). After consulting with SFI department heads, the Institute has identified six categories of key stakeholders, including the competent authorities, securities and futures agencies, target audiences, customers, employees, and non-profit organizations.



Competent Authorities



Target Audiences



Employees



Securities and Futures Agencies









Customers



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

1.2.2 Management of Major Issues

Identifying sustainability issues

The Institute refers to the United Nations Sustainable Development Goals (SDGs), GRI Standards, and sustainability issues raised by relevant securities and futures agencies when identifying major issues. After consulting with SFI departments and stakeholders, the Institute has identified ten sustainability issues that may come to the key stakeholders' attention. These issues involve economic and ESG topics, which are environmental (E), social (S), and governance (G).

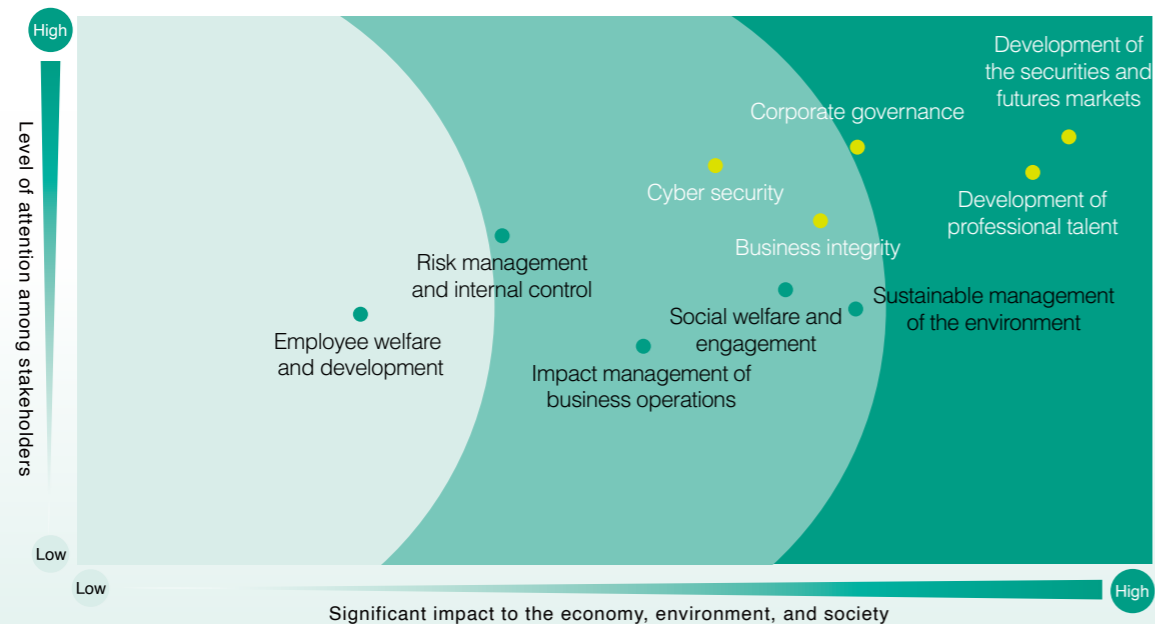
Compared to the previous version, five sustainability issues were added to the latest 2021 Sustainability Report, including the development of the securities and futures markets, charity and social engagement, sustainable management of the environment, business integrity, and management of the business activities impact on the environment. The Institute then selects the major issues from these five areas.

Identifying major issues

The Institute conducted a survey on SFI stakeholders for the 2021 Sustainability Report, understanding the major issues that the stakeholders pay attention to. The survey investigated the level of attention that the stakeholders have on ten sustainability issues and identified the major issues for the Institute according to the impact each issue has on the economy, environment, and society.

The Institute's major issues for 2021 include the development of the securities and futures markets, corporate governance, cyber security, development of professional talent, and business integrity. The matrix for the five major issues and relevant descriptions are as follows:

Matrix of Major Issues 2021



Impact parameters of the major issues

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

Major Issues	Within the organization		Outside the organization			
	employees	Competent Authorities	Securities and Futures Agencies	Customers	Target Audiences	Non-profit Organizations
Development of the securities and futures markets	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓				
Cyber Security	✓	✓	✓	✓	✓	✓
Development of Professional Talent			✓	✓	✓	✓
Business Integrity	✓	✓				

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, academic research and excellence recognition, talent cultivation, and certification for financial professionals.	3.1 Research, Development, and Excellence Recognition 3.2 Development of Professional Talent 3.3 Certification for Financial Professionals
Corporate Governance	The Institute's boards of directors and supervisors 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.	2.1 Governance Team 2.2 Risk Management and Response
Cyber Security	Cyber security is of utmost importance for the Institute while organizing training programs and examinations, audience research, and promotional campaigns. The Institute ensures the security of information concerning all stakeholders, from customers, campaign audiences to employees, to effectively minimize cyber security risks.	2.2.1 Cyber Security Risk Management

Development of Professional Talent

The Institute offers a variety of professional training programs for participants in the capital market. The programs are systematic, multi-level, and remain in steps with the international community. The Institute aims to improve the competitiveness of individuals and the industry by offering easy access to training and quality services.

3.2 Development of Professional Talent

Business Integrity

The Institute has established rules for business integrity and an employee code of ethics to deepen the organizational culture of business integrity. Additionally, the Institute is constantly conducting 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.

1.3.2 United Nations SDGs that the Institute Pursues

The Institute supports and pursues Sustainable Development Goals proposed by the United Nations, especially SDGs 3 (good health and well-being), 4 (quality education), 8 (decent work and economic growth), 10 (reduced inequalities), and 13 (climate action). The Institute aims to exert influence in these areas, with details stated below:

United Nations SDGs



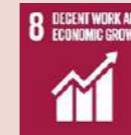
SDG3 : Good health and well-being

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



SDG4 : Quality education

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



SDG8 : Decent work and economic growth

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



SDG10 : Reduced inequalities

Reduce inequality within and among countries



SDG13 : Climate action

Take urgent action to combat climate change and its impacts

SFI measures in pursuit of the SDGs

- 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

- 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 research and development and the Golden Goblet Award to celebrate the excellence of professionals in the securities and futures markets

- Organizing 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 building 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

- 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 exams across Taiwan and on campuses, allowing equal access to tests and exams in all areas
- Offering assistance measures for examinees with physical and visual impairment; offering registration fee discounts for low-income families, the unemployed, people with disabilities, and indigenous peoples

- Organizing conferences and awareness campaigns on green finance and hosting the Golden Goblet Award and the Best S&F Paper Award to promote green finance
- 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
- Adopting energy-efficient equipment and promoting paperless operations such as electronic official documents, e-DMs, and procurement of green-labeled office appliances

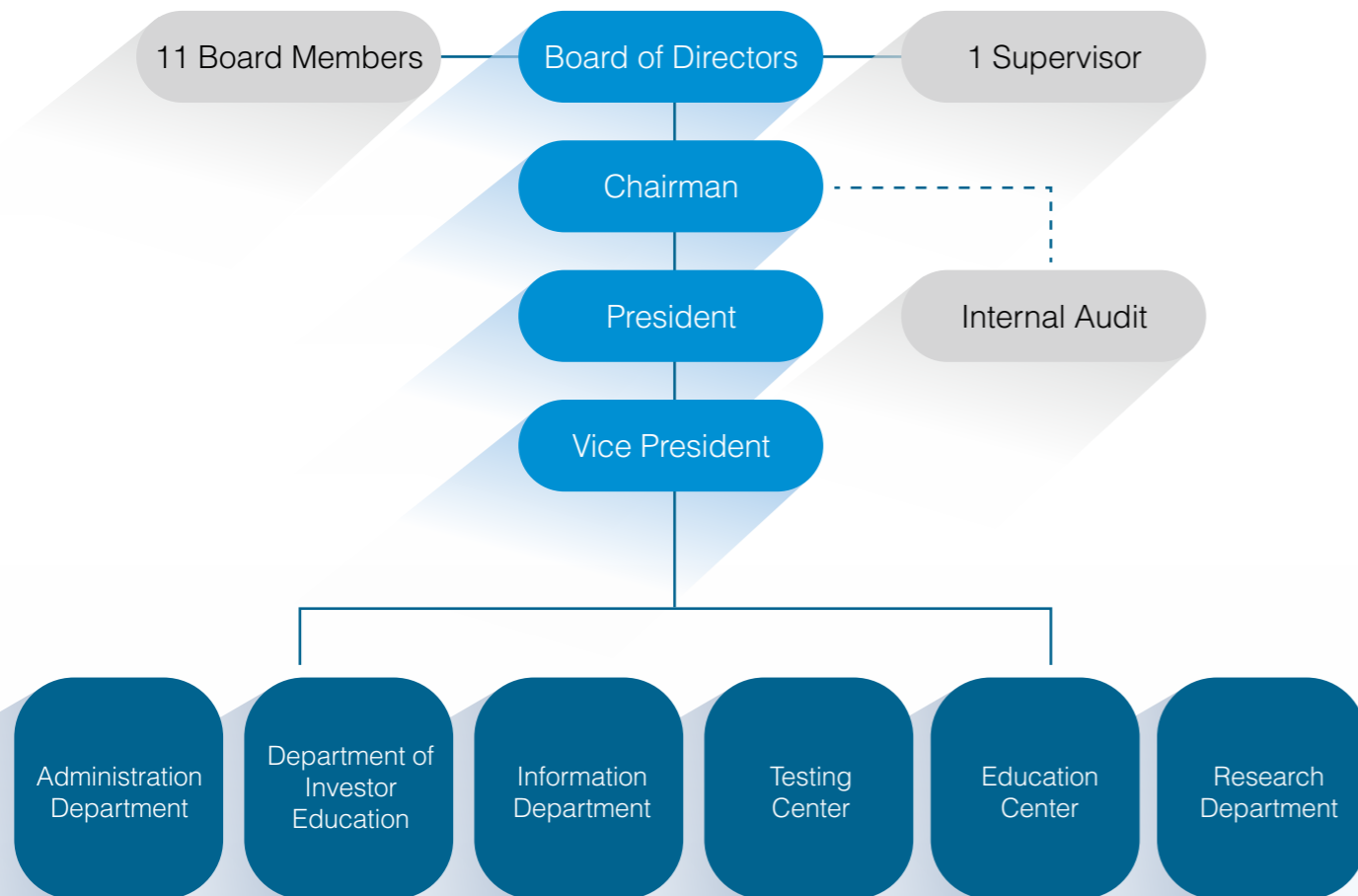
2 Corporate Governance

2.1 Governance Team

2.1.1 Governance Structure

Organizational chart

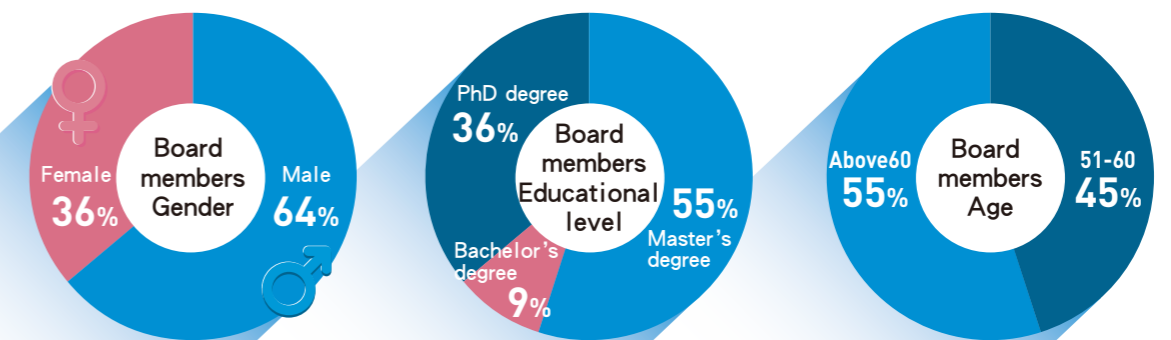
The highest decision-making body of the Institute is the board of directors, consisting of 11 directors and 1 supervisor, with the chairman of the board as its representative. The Institute assigns 1 president and 1 vice president to oversee business affairs and established six separate departments: Education Center, Testing Center, Research Department, Information Department, Department of Investor Education, 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 organization bylaws. The Institute also follows the *Foundations 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.

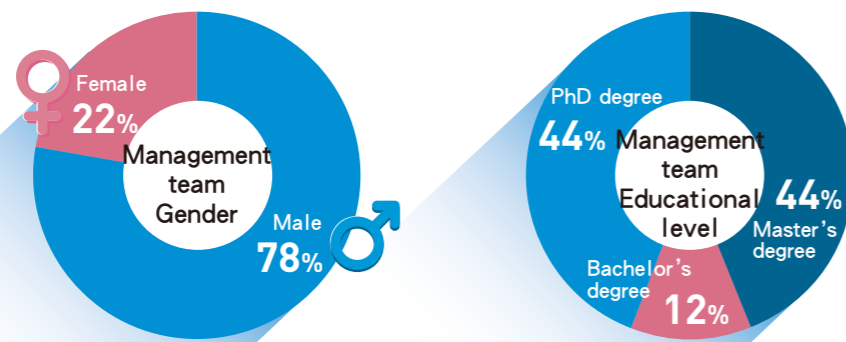
The 15th board of directors and the supervisors (11 board of directors and 1 supervisor) went into office in March 2021. The members include representatives from donor institutions, experts, and scholars with extensive industry and academic experience. In particular, female directors account for 36% of the board. The current term starts from March 10th, 2021, and ends on March 9th, 2024. In 2021, five board meetings took place, with an average attendance for the directors and the supervisor was 98%.



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

Management team

The representative of the Institute is the chairman. The Institute assigns 1 president and 1 vice president to oversee business affairs, and each appoints a department head for the six departments, whose areas of expertise range from finance, accounting, business management, and IT engineering. Each department may, when necessary, join forces with other departments in dealing with inter-departmental issues. Each week, the president (or chairman) holds a regular briefing with the department heads to discuss business status, exchange updates in domestic and overseas financial markets, and changes to securities regulations. In 2021, the Institute held 50 briefing meetings, keeping the business operations in check. Distributions of gender and educational level of the Institute's management team are as follows:



2.1.2 Business Integrity

Business Integrity and Code of Ethics

To build a culture of business integrity and enhance the organization's operation, the Institute formulated the *Business Integrity Regulations* according to the *Foundations Act*, requiring compliance to laws and regulations among the Institute's board members, supervisor, president, and other executives of equivalent ranks, employees, and appointees. The Institute formulated integrity policies to ensure honesty, transparency, and responsibility. It also established 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. The goal is to maintain the Institute's reputation and honesty, ensuring sustainable operation and development.

2.2 Risk Management and Response

2.2.1 Cyber Security Risk Management

Given the rapid advancement in information technology, all services and activities nowadays depend on information systems to function properly. Hence, ensuring cyber security has become one of the most critical tasks. The Institute has been committed to building a safe information platform that offers training for capital market professionals, awareness campaigns, and professional exams. Therefore, the protection of personal data and cyber security is a priority. The Institute ensures that customer interests, personal data, and telecommunication are secured by establishing various protection mechanisms. The Institute also built multiple safe and reliable information management systems and personal data protection systems to safeguard the capital market and provide safer services. Such efforts aim to protect the cyber security of the general public.

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:

Measures to maintain cyber security

Cyber security policy review	At least 1 per year
Cyber security policy awareness campaign	At least 12 per year
Management review meeting	At least 1 per year
Cyber assets inventory	At least 1 per year
Renewing the CNS27001 certification to ensure its validity	Conducting internal and external audits and adjusting the content of the maintenance project according to changes in regulations and technology
Classification of cyber security responsibility levels	Classifying cyber security responsibilities to lower the risk of cyber security threats
Employee education and training	Ensuring that all personnel receive appropriate hours of cyber security training, compliant with legal requirements, and raise their awareness on cyber security, timely detection, and prevention of external attacks

Maintaining the annual targets of cyber security

Reviewing the accuracy of system access rights (Note 1)	>99%
Inspecting the compliance with entry-control regulations for the machine rooms (Note 2)	>99%
Inspecting the functionality of surveillance equipment (Note 3)	>99%
Availability of basic internet services (Note 4)	>99%
Number of unresolved high-risk vulnerabilities in the core systems	Must be 0
System disruption that lasts more than 24 hours caused by cyber security incidents	Less than 2 per year

Note 1: Number of correct results during account inventory inspections / Number of accounts checked in spot inspections per year

Note 2: Number of entry controls compliant with relevant regulations / Number of spot inspections per year

Note 3: Number of functional surveillance equipment / Number of spot inspections per year

Note 4: Monthly average of internet services available / Number of spot inspections per year

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.

Employee training

According to the Regulations on Classification of Cyber Security Responsibility Levels, the Institute is classified as a level-C non-government agency, which requires that the Institute's cyber security personnel receive at least 12 hours of professional courses or competence training on cyber security annually. Other IT personnel must receive at least 3 hours of professional classes or competence training on cyber security every two years and at least 3 hours of general training on cyber security annually. General users and executives must receive at least 3 hours of general training on cyber security annually.

Therefore, the Institute often organizes professional training sessions on cyber security to increase all employees' cyber security awareness and professional competence. Targeting the employees and department heads, the Institute conducts annual cyber security training, random social engineering drills, and email testing. Meanwhile, SFI cyber security personnel qualified as ISO 27001: 2013 Information Security Management System Lead Auditors and will attend the EC-Council ECIH Certified Incident Handler Program for cyber security in 2022.

96 people attended the 2021 cyber security training, which totaled 3 hours, with 100% attendance (including new employees) and an average score of 90 in post-training exams. No attendees scored below 60. The Institute's training theme for the first half of 2022 is cyber security and personal data awareness.

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, the Task Force consists of personal data representatives from each department, convening once a year to review and improve personal data protection measures with external and internal audits. The Institute comprehensively examines personal data protection

and management measures within the organization, actively adjusts procedures and regulations, and ensures that colleagues from all departments attend relevant raining sessions to enhance professional competence.

2.2.2 Internal Control and Management

Internal control system

The Institute assigns appropriate auditors based on the organization's size and operation status. Currently, 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, the Institute initiates a self-evaluation, in which each department examines the internal control on the 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 2021 self-evaluation, the lead auditor determined that the SFI internal control system was effective. In 2022, the Institute's internal control system will amend the operation procedures regarding information assets, cyber risks, and the corresponding internal control measures according to the CNS27001 certification

Supplier management

The Institute's suppliers range from office appliances and equipment, information/telecommunication services, construction, printing, equipment, and lease to other categories, most of whom are local. The Institute has formulated the *Procurement Guidelines* 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.

COVID-19 Pandemic response

In 2021, as the COVID-19 pandemic heightened in Taiwan. The Institute followed the government's policies and formed a COVID-19 Emergency Response Task Force; led by the president; the Task Force oversaw the planning and implementation of pandemic prevention measures to ensure proper operations and the health of SFI colleagues, students, examinees, and business visitors. Summary of the pandemic response measures are as follows:



Pandemic prevention measures of the Institute

Main responsibilities of the Institute

Education and training programs	<ul style="list-style-type: none"> • Diverting students to different locations and attending classes remotely; inviting lecturers overseas to teach remotely via video conferences; offering remote options for on-site physical classes • The Institute installed barriers between seats for physical classes, spaced out the students, and required attending students to wear masks.
Tests and examinations	<ul style="list-style-type: none"> • Capacity limits and social distancing (spaced out seats) for on-campus or computer-based tests and examinations • When the pandemic eases, the Institute will host additional computer-based exam sessions, especially in Hsinchu and Tainan, to prevent the examinees from traveling while reducing the number of people within a single location. Such measures aim to meet the needs of both the commissioning companies and the job seekers.
Financial research	<ul style="list-style-type: none"> • Switching to video conferences for all consultation meetings and interviews necessary during a research project
Awareness campaigns	<ul style="list-style-type: none"> • Timely switching the physical awareness campaign events to online broadcasts, video materials, and online competitions
Employee welfare	
Working from home / alternative work hours	<ul style="list-style-type: none"> • Working from home: The Institute initiated working-from-home from May to August 2021. In principle, half of each department's personnel worked from home, alternating weekly. Each department's percentage of employees working from home was adjusted according to the nature of responsibilities and the progression of the pandemic. • Alternative work hours: The Institute also expanded the flexibility of working hours. Flextime protects the employees from contracting the coronavirus while ensuring the SFI operations remain undisrupted.
Office sanitation and safety	<ul style="list-style-type: none"> • Cleaning and disinfecting the facilities: Enhancing the cleaning and disinfecting procedures of the offices and public areas • Pandemic prevention access control: The employees, students, examinees, and visitors entering the Institute must have their temperatures measured and hands sanitized. Any visitor detected having a fever would be denied access, recommended to receive medical attention immediately, and reported to the Administration Department.
Supplies and equipment	<ul style="list-style-type: none"> • Pandemic supplies: The Institute's supplies include forehead thermometers, medical masks, alcohol, and bleach (for daily office cleaning). • Equipment safety management: Employees using laptops issued by the Institute to work remotely are responsible for safekeeping. The employees must fill out the equipment loan form while borrowing and returning any portable devices, restore the operating system to its original state, and ensure that anti-virus software is up to date.

3

Securities and Futures Services

3.1 Research, development, and Excellence Recognition

The Institute upholds its mandate of *facilitating academic research on securities and futures and promoting the sound development of the securities and futures markets*, aspiring 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

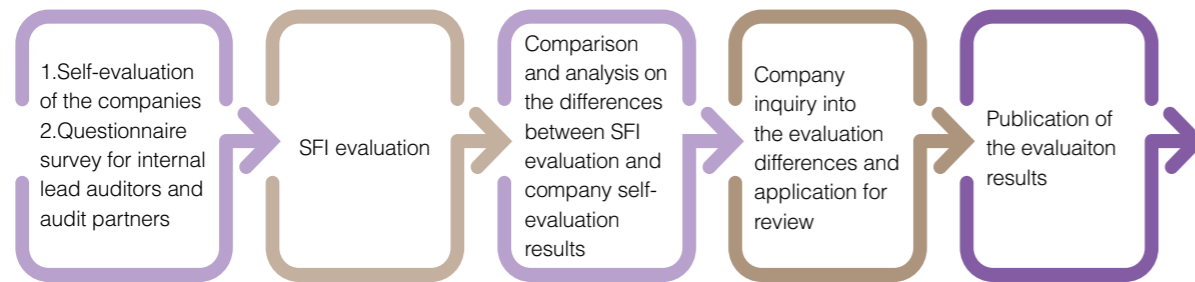
In 2014, the Institute was entrusted by the Taiwan Stock Exchange Corporation and Taipei Exchange to conduct Corporate Governance Evaluations. Eight annual evaluations took place from 2014 to 2021. The results are published every April on the SFI website, with companies listed in seven tiers: top 5%, 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 of the Corporate Governance Evaluation 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.

Overview of the Corporate Governance Evaluation

References for the evaluation indicators	<ul style="list-style-type: none"> Relevant regulations in Taiwan, including the <i>Securities and Exchange Act</i>, <i>Company Act</i>, TWSE and TPEX regulations, and <i>Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</i> <i>OECD Principles of Corporate Governance</i> International corporate governance benchmarks
Categories of indicators	<ul style="list-style-type: none"> Protecting shareholder rights and interests and treating shareholders equitably Enhancing board composition and operation Increasing information transparency Putting corporate social responsibility into practice
Indicator evaluation categories	<ul style="list-style-type: none"> General, weighted, graded, extra credit, and point deduction
Basis of evaluation	<ul style="list-style-type: none"> Company annual reports, websites, the Market Observation Post System, and Sustainability Reports

The Corporate Governance Evaluation Process



Achievements of the 8th Corporate Governance Evaluation (2021)

Key Items	Achievements	Description
The number of companies evaluated	8% growth	913 TWSE-listed companies and 726 TPEX-listed companies were evaluated, which totaled 1,639 companies
Increased the weighting of <i>putting corporate social responsibility into practice</i>	Increased from 21% to 24%	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 policies of competent authorities to continuously optimize the evaluation indicators	5 indicators were added	The Institute aims to enhance board compensation disclosure, audit committee functionalities, performance evaluation of functional committees, and encourage companies to publish English versions of the Sustainability Report and comply with TCFD recommendations in disclosing climate-related risks and opportunities
	17 indicators were modified	The Institute aims to encourage companies to release the annual reports to shareholders earlier, establish functional committees besides the committees mandated by law, introduce the standard for cyber security management systems to the Evaluation, and listed as an extra credit

Performance to Date

Item	Description
Taiwan ranked 4 th among Asian countries in 2020 by the Asian Corporate Governance Association (ACGA), a historical record	ACGA also stated in <i>CG Watch 2020</i> that Taiwan's Corporate Governance Evaluation is effective as the mechanism by which business leaders come to want to embrace sound Corporate Governance practices.
Number of TWSE and TPEX-listed companies that compile Corporate Social Responsibility Reports grew by 13% compared to 2020	Companies that compile Corporate Social Responsibility Reports grew from 518 companies by the end of 2020 to 586 companies by 2021.
The number of TWSE and TPEX-listed companies that established Audit Committees grew by 16% compared to 2020	By December 2021, the number of companies that established Audit Committees grew from 1,355 companies by the end of 2020 to 1,576 companies in 2021.

The FSC announced in January 2022 that, responding to the market's growing needs for ESG disclosure, it would start pushing for an ESG Evaluation system for TWSE and TPEX-listed companies. The FSC also included a preliminary plan for sustainable finance evaluation in its *Green Finance Action Plan 2.0*. The Institute will offer the experience of organizing the Corporate Governance Evaluation for competent authorities' reference in developing sustainable finance and ESG evaluations.

Updates and publications on corporate governance

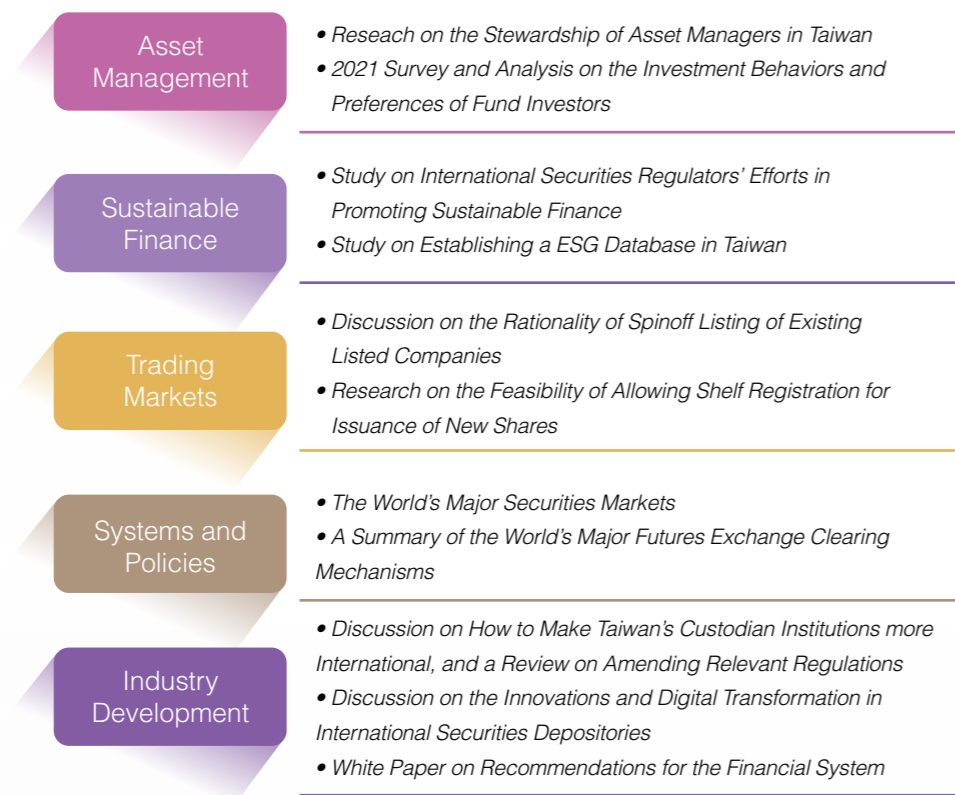
Key Items	Achievements	Description
<i>Updates on International Development of Corporate Governance</i> (bimonthly)	27 updates collected	The bi-monthly publication covers major development updates on corporate governance across the Americas, Asia, Europe, and the country. Published on the Institute's website, the updates offer insights into corporate governance trends in the international community.
<i>Key Updates on Corporate Governance in Taiwan</i> (Quarterly)	32 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.
<i>Published Theories and Practices of Corporate Governance</i> (2021 version)	The amended version was published in June 2021	The professional publication informs the readers of the latest regulations and government policies on corporate governance and serves as a reference book for the corporate governance competency exams.

3.1.2 Academic Research

Research on securities and futures

To keep in steps with current events and international trends, the Institute has taken the initiative to submit research projects on key issues to competent authorities, serving as references for policymakers. The Institute also conducts research entrusted by relevant financial agencies from a professional, objective, and impartial perspective.

In 2021, the Institute completed 11 research projects, including the *Study on International Securities Regulators' Efforts in Promoting Sustainable Finance*, covering sustainable finance, asset management, trading markets, systems and policies, and industry development. The research areas are stated below:



The Institute follows the lead of competent authorities, initiating a *Roadmap of Sustainable Development for TWSE and TPEX-Listed Companies*. In the future, the Institute will continue its focus on relevant research themes and areas, deep-diving into sustainable finance, such as researching the design of Taiwan's carbon trade.

Thematic research and market commentary

To accumulate research capabilities and strengthen the Institute's function as a think tank, since 2021, researchers of the Institute began sporadically submitting research results to external publications and commenting on the latest topics in the market, offering their professional perspectives. The thematic research results and market commentary are published on the Institute's website and available for viewing. Such efforts aim to improve the research and professional capabilities of the securities and futures markets.

The Institute published five thematic research articles in 2021, covering corporate governance, systems and policies, sustainable finance, and trading markets. Such articles are published in *Securities & Futures Monthly* and *TDCC Bimonthly*.

Thematic research



The Institute published 12 market commentary articles in 2021, covering sustainable finance, systems and policies, trading markets, asset management, international market, and awareness campaigns. Such articles are published across all media.

| Market commentary



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 32 years, the quarterly publication has released a new issue 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, 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 Yan-Zhi Wang from National Taiwan University. The quarterly has a total of 31 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 2021, the Institute published issues 129 to 132 of the *Review of Securities and Futures Markets*, collecting 16 quality essays.

The National Central Library held the 2021 Academic Impact Awards, which recognizes degree dissertations and periodicals, on April 26th, 2021. The Institute's *Review of Securities and Futures Markets* is awarded No. 5 of the Knowledge Impact Award for economics journals. The award tallies the sum of citations by journals, dissertations, books, and book chapters for nearly three decades and ranks each publication within the same discipline. *Review of Securities and Futures Markets* ranks high among journals in the same field. In the future, the Institute will continue editing and publishing the *Review of Securities and Futures Markets* to promote academic research in the securities market, aspiring to build the quarterly into a publication of theoretical and practical knowledge. The Institute aims to give readers a more comprehensive understanding of securities and contribute to Taiwan's academia.



Review of Securities and Futures Markets awarded the Knowledge Impact Award, and the chief editor, Professor Hui-Min Chung (first from the right), received the award on behalf of SFI

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 celebrate talents, companies, and organizations in the securities and futures markets. This is the highest honor in securities and futures, taking place every two years, with the 16th Golden Goblet Awards being held at the end of 2021. Currently, 218 professionals from the securities, futures, investment trust, and consulting industries and 62 outstanding organizations have been awarded. Each session, the Golden Goblet Award swiftly responds to the latest developments in the capital market.

For the 16th Golden Goblet Award in 2021, the Institute celebrated organizations excelling at financial innovation, ESG and Sustainability, and green finance, which respond to Taiwan's government policy and the latest development in the industry. Such efforts have earned the recognition and appreciation of the competent authorities. 79 applications participated in the selection of the 16th Golden Goblet Award, which is a historical record. After the fair and rigorous document review, preliminary, secondary, and final selections, 11 outstanding individuals and 17 outstanding organizations were awarded the honor. The award motivates securities and futures professionals to innovate and pass on their experience, contributing to the country's economic development.

The 16th Golden Goblet Award ceremony was held at the Joyful Room of Sheraton Grand Taipei Hotel on November 12th, 2021, following all pandemic prevention protocols. Chairperson of the FSC, Dr. Tien-Mu Huang, chair of the selection committee, Chang-Yao Hsu and chair of the judging committee, Rong-I Wu, attended the ceremony and said a few words. Heads of relevant securities and futures agencies also participated in the ceremony, and the atmosphere was harmonious and respectful.



Chairperson of the Financial Supervisory Commission, Dr. Tien-Mu Huang, speaking



Chairperson Huang and winner companies of Outstanding ESG and Sustainability Award



Director-General of the Securities and Futures Bureau, Chen-Shan Chang, and winner companies of the Outstanding Green Finance Award



Winners and special guests of the 16th 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. With the aim to promote continuous education and increase both individual and industrial competitiveness, course content includes specialty courses designed for financial institutions or public companies, as well as talent training in accordance with policies promoted by the government.

Financial Institutions

- Pre-job training for securities, futures, and securities investment trust and consulting professionals
- Regulatory compliance
- AML/CFT

Public Companies

- Directors, supervisors, & spokespersons
- Corporate governance officers
- Internal control and audit
- Finance directors and stock affairs

Major Projects

- Projects in accordance with key government policies
- Commissions by securities-related organizations
- Trustee funds

Following the TWSE's amendment of the *Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies* in November 2021, the SFI applied for certification as a continuing education institution in January 2022. After passing the review, the SFI became the first institution certified to provide continuing education training for directors and supervisors.

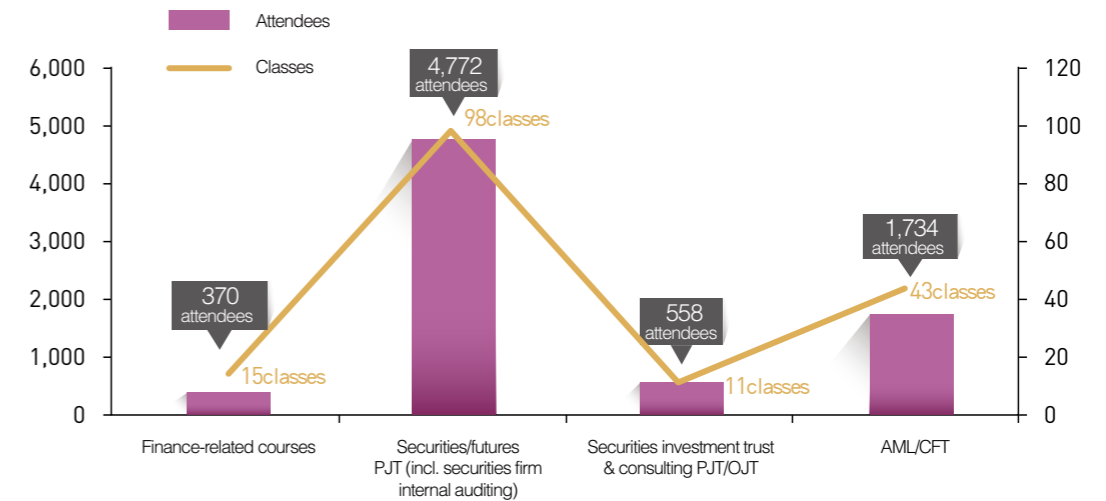
Additionally, the SFI trains various professional talent in accordance with government policy, mainly focusing on the globalization, FinTech, InfoSec, and sustainable development spheres.



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.

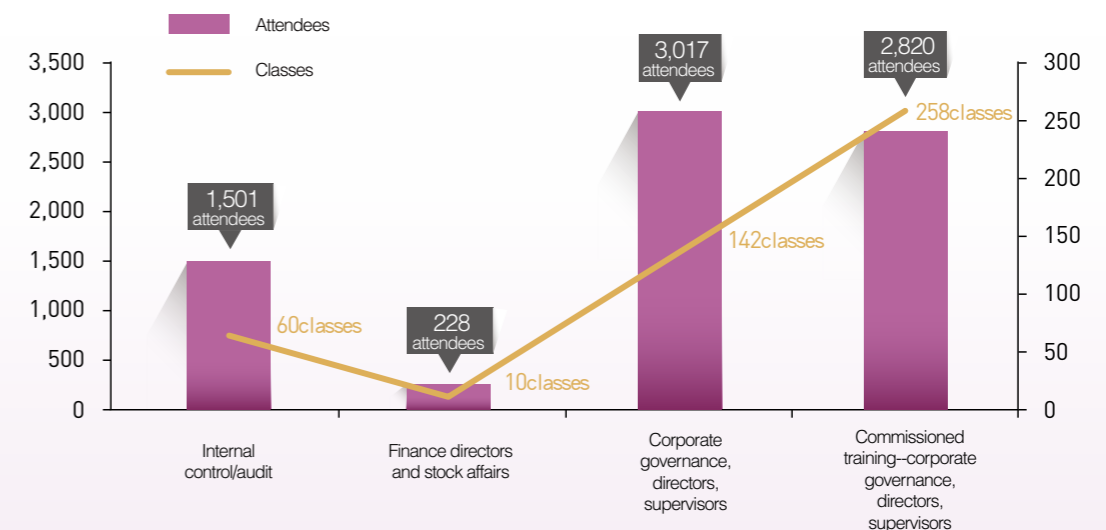
Detailed information on key financial institution courses held in 2021 are illustrated below:



3.2.2 Professional Courses for Public Offering Companies

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 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 2021 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 Securities and Futures Investors Protection Center (SFIPC) 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 diverse talent in the securities and futures markets. Training held for major projects in 2021 are detailed below:

Major Project	Professional Courses	Courses in 2021
Projects in accordance with key government policies	<ul style="list-style-type: none"> Securities Industry Legal Compliance Promotional Conference 2021 Green Finance International Conference Training Program for Key Industry and Securities Underwriters 	Total of 518 attendees
Securities and Futures Markets Regulations and Case Studies Seminars for Prosecuting Judicial Personnel	<ul style="list-style-type: none"> 4 sessions for prosecutors, judges, clerks, affairs officers, law clerks, and trainee prosecutors 	Total of 390 attendees
Commissioned by Securities-Related Organizations	<ul style="list-style-type: none"> Insider Ownership Regulations for TWSE-Listed Companies and Unlisted Public Companies (6 sessions) Insider Trading Prevention Information Session (5 sessions) Futures Hedging and Corporate Sustainability Seminar for Listed Companies Credit Courses of the Asia Regional Finance and Financial Innovation and Transaction (Taichung and Tainan classes) Futures Specialist Training Program Futures Asset Management Personnel Training Program 	Total of 2,775 attendees



Left : Futures Hedging and Corporate Sustainability Seminar for Listed Companies

Right : Securities Industry Legal Compliance Promotional Conference

Trustee funds

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 2021 for experts in the international finance, asset management, and futures sectors are listed below:

Major Project	Professional Courses	Courses in 2021
Global Development Fund	<ul style="list-style-type: none"> 2021 New Trends in CFTC Derivatives Regulation Seminar Silver Economy and Smart Healthcare Industries Seminar International Finance Issues Credit Course GoProS Training Program Advanced training courses for wealth management talent 	Total of 407 attendees
Asset Management Talent Cultivation and Industrial Development Fund	<ul style="list-style-type: none"> ALPHA+ Training Program for Asset Management Asset Management New Knowledge and Legal Compliance Series Seminars (4 sessions) Post-COVID-19 ESG Investing and Risk Management Seminar Global Asset Management Course Global Fintech Development and Asset Management Application and Practices Seminar (2 sessions) Training Program for Enhanced English Communication in Securities and Futures Training Course for Information Security Personnel in Securities and Futures Training Program for Green and Sustainable Finance 	Total of 1,422 attendees
Futures Industry Development Fund	<ul style="list-style-type: none"> Securities and Futures Industry (Including Introducing Brokers) Legal Compliance Promotional Conference Workshops for Understanding Futures and Options Market Practices for prosecutors/investigators and judicial officers Symposium on the Prevention and Control of Underground Finance and Securities and Futures Crime 	Total of 1,600 attendees



Closing Ceremony of the 2021 ALPHA+ Training Program for Asset Management

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.

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), and Chinese National Futures Association (CNFA) to conduct qualification examinations for professionals in the securities, investment, 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, 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.

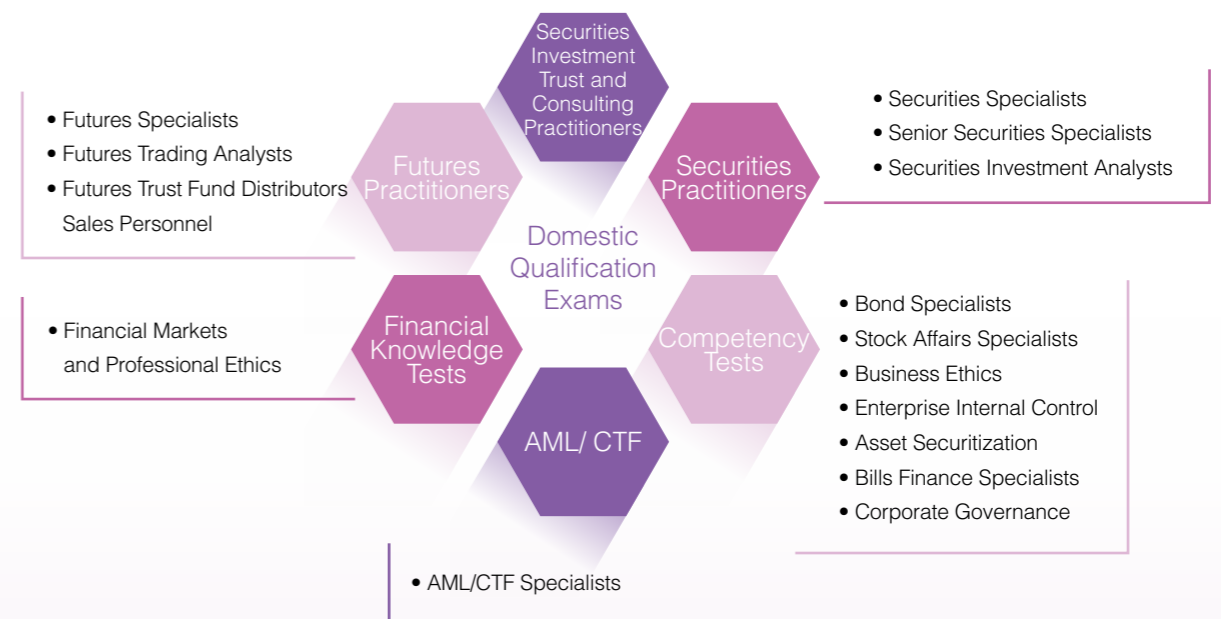


Written examination



Computer-based examination

Beginning in 2006, the SFI has organized the Financial Markets and Professional Ethics Exam in conjunction with the Taiwan Academy of Banking and Finance (TABF), Taiwan Insurance Institute (TII), and the Non-Life Insurance Association of the Republic of China (NLIA). The SFI, alongside the TABF, TII, and the Institute of Financial Law and Crime Prevention (IFLCP), have taken turns hosting the Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialists from 2018 onwards, in addition to conducting Corporate Governance Basic Competency Computer-Based Exams beginning in October 2019. All domestic qualification exams are as follows:



In order to help candidates prepare for securities and futures-related qualification exams, the SFI has compiled the National 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.



Additionally, as a service to student examinees and participants of the Testing Center's Financial Literacy for Youth Program, the SFI's Testing Center continues to hold on-campus examinations yearly. In 2021, a total of 39 written and computer-based examinations were conducted for university and college-level students. On-campus Financial Markets and Professional Ethics Exams were held in 17 higher education institutions around the nation, including in the Pingtung, Yilan, and Hualien regions.

Furthermore, with the objective to increase the understanding of financial certifications among higher education-level students, encourage students to obtain certification while still at school, boost professional knowledge and abilities, and improve employment competitiveness, the SFI has been commissioned by various universities and colleges to promote qualification exams on campus. A total of 13 advocacy talks were held in 2021. At the same time, the SFI also produced a promotional video which is available online for the general public to view.

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,

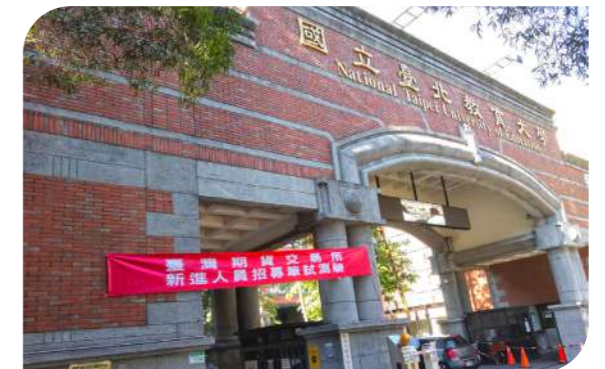
Chinese Taipei to import the Certified International Investment Analyst (CIIA) Final Level Exam in English, followed by the Foundation Level Exam in Chinese in 2018. These actions can boost the professionalism and expertise of domestic securities investment analysts, to achieve the SFI's goal to align native talent with international standards.

International Qualification Exam	Annual Testing Schedule	2021 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	14 registered, 13 qualified
Licensing Examination for Securities and Futures Intermediaries in Hong Kong	April, September	118 registered, 74 qualified
Certified International Investment Analysts (CIIA)	March, September	108 registered, 23 qualified

Commissioned recruitment examinations

Since 2000, the SFI has been consecutively commissioned by institutions such as the Taiwan Stock Exchange Corporation (TWSE), Taiwan Futures Exchange (TAIFEX), Taipei Exchange (TPEX), Taiwan Depository & Clearing Corporation (TDCC), Taiwan Business Bank (TBB), and Taiwan Cooperative Securities (TCS) to handle recruitment testing. In 2020, the SFI organized employment testing for four organizations.

Since the Taipei City Department of Labor requires private employment services institutions to obtain relevant certification, the SFI has continued to strengthen our qualifications. Currently, there are 8 employees with a Class B Technician Certification for Employment Services Professional Personnel, and the SFI has received an A rating (a grade of over 90 points) for three consecutive years since 2017 from the Taipei City Department of Labor during its annual Private Employment Services Institution Evaluation.



Commissioned recruitment testing



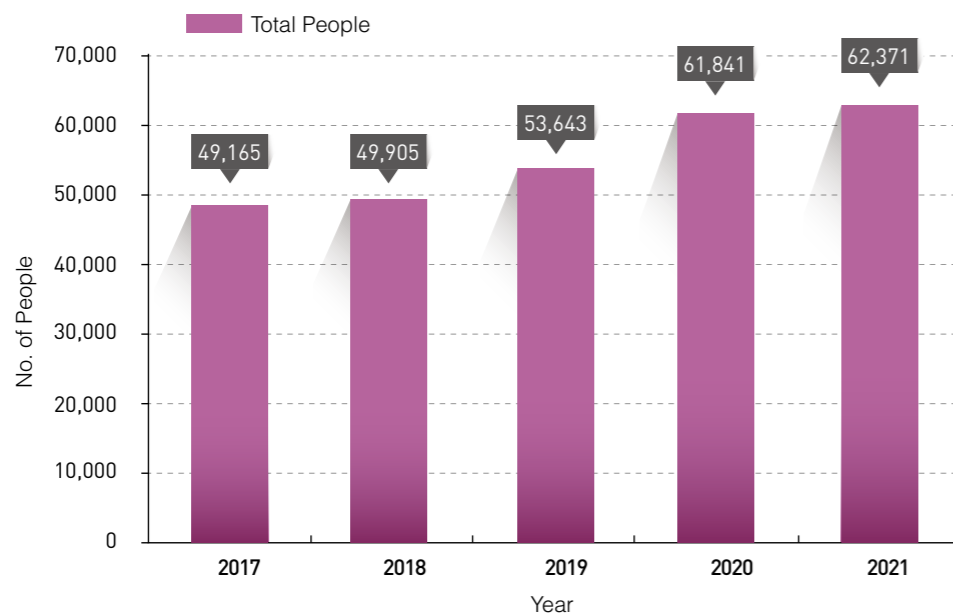
Financial licensing advocacy talk

3.3.2 Testing Results

Number of examination applicants

The graph below displays the number of applicants for both the written and computer-based exams over the past five years. The number of applicants has continued to increase over the span of four years since 2017, with a significant increase of 15.28% in 2020.

Number of Applicants for Written & Computer-Based Exams in the Past Five Years (Excluding the Financial Markets and Professional Ethics Exam)



Computer-based Exam Applicants	28,374	30,760	34,834	41,601	40,179
Written Exam Applicants	20,791	19,145	18,809	20,240	22,192
Total Applicants	49,165	49,905	53,643	61,841	62,371
% Change	-	+1.5%	+7.49%	+15.28%	+0.85%
Financial Markets Exam Applicants	13,426	12,408	11,664	14,494	17,049

Note: The above statistics do not include applicants for AML/CTF Exam—3,546 applicants in 2019; 2,510 applicants in 2020; and 3,169 applicants in 2021.

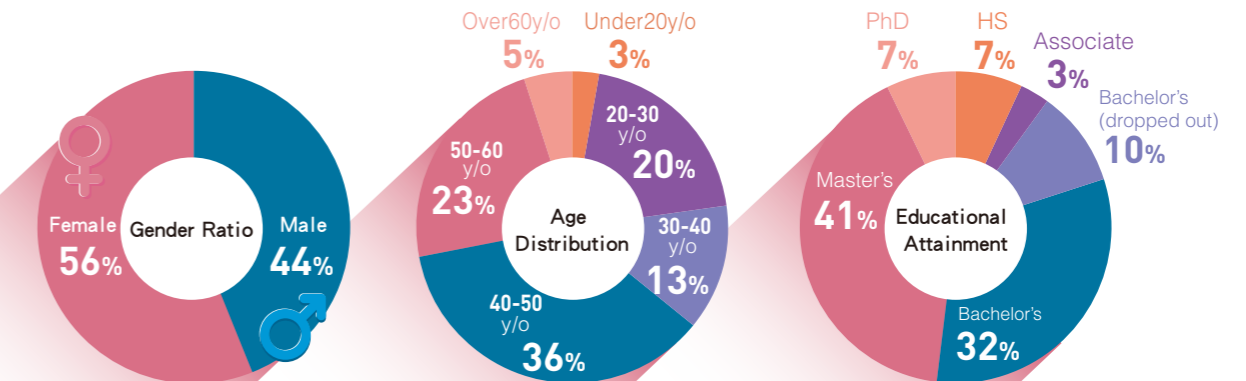
4 A Co-prosperous Environment & Society

4.1 Employee Welfare

4.1.1 Employee Care & Retirement Security

Staff composition

As of the end of 2021, the SFI workforce was composed of 88 people, 56% female and 44% male. The average age of staff was 42.3 years, and 45% held a master's degree or higher.



Recruitment & turnover

During 2021, 12 employees left (6 of which were full-time) and 16 were hired (11 of which are full-time). Low staff turnover rates and relatively stable work responsibilities are conducive for the continuous transmission of expertise.

Employee benefits

Employees are insured each year for health and accident insurance to ensure coverage in case of sickness or accidental injury. Cash gifts are handed out at quarterly birthday celebrations, and year-end parties are held every year to bring employees closer together (due to the COVID-19 pandemic in 2021, this was changed to offering subsidies for year-end party as well as an online prize lottery during the Lunar New Year celebration). Moreover, employee uniforms are made each year so that staff can appear neat and tidy at important events, subsequently increasing the SFI's professional image.

Group events & activities

In order to foster strong bonds between coworkers and a harmonious corporate atmosphere, in turn enhancing team spirit within the organization, the SFI generally holds birthday celebrations every quarter and awards outstanding employees for their dedication. Furthermore, a two-days-and-one-night company trip is scheduled yearly to boost staff physical and mental health as well as work efficiency. As a result of the COVID-19 epidemic, only one birthday celebration was organized in 2021, whereas the company trip was modified to individual travel stipends, to motivate employees to take vacations while avoiding group gatherings. The SFI is also committed to promoting sports activities beneficial to physical and mental health. Over the years, the SFI has consistently participated in the Table Tennis Securities Bowl, with the exception of 2021 in which the competition was suspended due to the epidemic. If the event resumes in the future, the SFI will continue to actively take part in the competition.



2021 Lunar New Year celebration being conducted through video conference 2021 Q3 birthday celebration

Retirement benefits & security

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 there is enough within the Retirement Reserve Fund account to pay for the estimated number of workers who meet the criteria for retirement in the following year; 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. The Reserve Fund amount at the end of 2020 was deemed sufficient to cover the retirement funds of potential retirees in 2021; evaluation results have already been submitted to and approved by the Labor Retirement Reserve Fund Supervision Committee. 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.

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*. No sexual harassment complaints were filed in 2021.

4.1.2 Employee Health

Health checkup subsidies & group insurance

With the intent to encourage staff to pay attention to their physical health and prevent sickness, employees can choose to apply for a health check subsidy for every one or two years. Employees are also insured for occupational disasters, accident, and medical coverage to protect their well-being and assure good labor-management relations.

Health lectures

The SFI arranges for presentations on health, sports, and leisure to be held during birthday celebrations or on occasion. Lectures held in 2021 to inspire healthy living among staff include "Sports in Daily Life" and "Soreness and Sports Injury Prevention and Healthy Lifestyle Techniques."



Wen-Jen Chien, physical therapist from Cathay General Hospital, shares how to include sports in daily life to boost wellbeing



Assistant Professor De-Qun Liao of the Jenteh Junior College of Medicine, Nursing and Management shares soreness and sports injury prevention and healthy lifestyle techniques

Workplace safety

To ensure the safety of our staff and their property, fire education and training courses are held twice a year. Fire drills are conducted to make sure all employees have a clear understanding of how to respond and escape in the event of a fire. During 2021, the SFI increased the disinfection frequency of public areas in response to COVID-19. People visiting office areas were required to have their temperature checked and asked to complete contact tracing before entering.

In order to provide a safe working environment and comply with relevant occupational safety and health regulations, the SFI has commissioned the Tatung Environmental Research Center to monitor the office environment, which includes testing for CO2 concentrations, illuminance levels, and making suggestions on how to improve surroundings based on monitoring results. All CO2 and illuminance test results for the year 2021 were in accordance with laws and regulations.

With the intention of reinforcing staff health care and management, the SFI has organized events and activities that provide health management, occupational disease prevention, and health promotion services. Beginning in May 2021, medical personnel have been contracted to provide on-site health services in SFI offices (exceeding criteria set forth in relevant occupational safety regulations). The SFI has also made plans focusing on the promotion of four major topics: human-induced hazards, abnormal workloads, physical and psychological violations, and maternal health protection in the workplace.



Fire safety education and training: initial fire response and first aid drills

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, the SFI’s human resource development objectives are listed below:

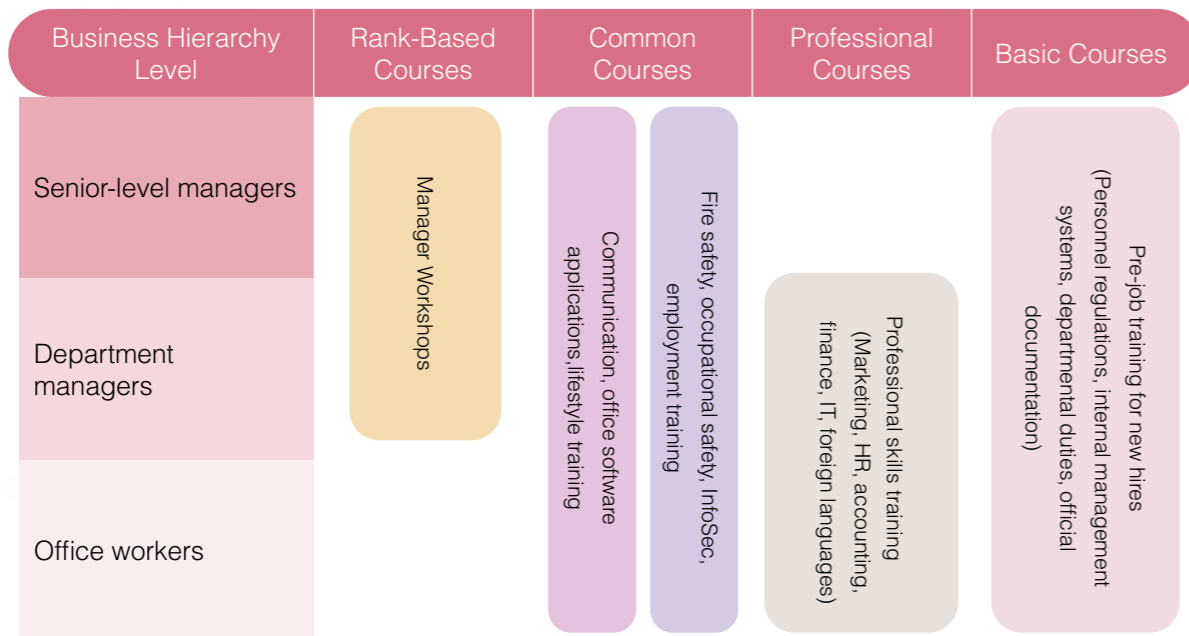
Plan a comprehensive training framework	Develop a comprehensive framework that includes various internal and external training programs
Encourage lifelong learning	Employees must attend a minimum of 20 hours of training annually
Cultivate international talent	Periodically select employees to participate 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

Training program

To maintain an operating training quality management system, the SFI compiled the *Training Quality Management Handbook* following in the spirit of the Talent Quality Management System (TTQS) to act as the SFI’s highest guiding principle in regards to staff training. The SFI’s own management system was awarded a bronze medal in 2020 by the Ministry of Labor’s Workforce Development Agency.

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

SFI's training program



Employee training statistics

The SFI invested NT\$457,000 in employee training for the year 2021, organizing a total of 30 courses spanning 460 hours, of which 95 hours were internal training while 365 hours were external training. Managerial staff (including senior-level and department managers) spent a total of 572 hours in training (not limited to training organized by the SFI), while non-managerial (full-time) employees spent a total of 2,260 hours.

Employee Training Statistics in 2021

Item	Managerial employees		Non-managerial employees		Total
	Male	Female	Male	Female	
Hours of training	250	322	962	1,298	2,832
No. of employees	8	5	26	33	72
Average training duration per employee	31.3	64.4	37.0	39.3	39.3

4.2 Social Welfare

4.2.1 Dissemination of Financial Literacy

Following the guidance of the FSC's *Financial Literacy Project*, the SFI has organized a series of investor education courses to aid the general public in understanding investment and wealth management practices, the related risks, 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, working together with local social welfare groups (including groups for people with disabilities) to organize an assortment of awareness campaigns. Those held in 2021 are listed below:

Awareness Campaign	Target Audience	Events Held in 2021
Investment and financial management sessions	General public, seniors, indigenous peoples, new residents, women's groups, disability groups, government employees (military/civil servants), etc.	<ul style="list-style-type: none"> Investing in the Future lecture series Financial Knowledge at Your Door: Veterans Affairs Council Program New Investing Trends lecture series Futures and Options Advocacy lectures Financial Management Concepts for Government Employees lectures
Financial Management Camp	Parents and children	<ul style="list-style-type: none"> Parent-child Financial Management Summer Camp

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, Kinmen, and Dongyin. Locations included Tai'an Township in Miaoli County; Heping District in Taichung City; Ren'ai Township in Nantou County; Beimen, Jiali, and Guanmiao Districts in Tainan City; Liugui District in Kaohsiung City; Dongshan, Wujie, and Yuanshan Townships in Yilan County; Yuli Township in Hualien County; and Chishang Township in Taitung County.

A total of **178** physical events were held, attended by a total of **12,260** people, which was a 11.6% increase from 2020.



Investing in the Future Lecture — Tai'an Township, Miaoli County



Financial Knowledge at Your Door — Taoyuan County Veterans Service Office



New Investing Trends Lecture



Financial Management Concepts for Military Personnel Lecture



Parent-Child Financial Management Summer Camp—Dongshan Elementary School, Changhua County

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 2021 are listed below:

Awareness Campaign	Target Audience	Events Held in 2021
Financial literacy advocacy lectures	Students, teachers	<ul style="list-style-type: none"> • Student Financial Literacy lectures • Undergraduate Finance General Education lecture series • Futures Masters Simulated Trading Competition Campus Tour • National Teaching Professionals Securities Online Workshop
Campus competitions	Students	<ul style="list-style-type: none"> • 2021 Knowledge is King 18th Campus Securities Investment Competition—University and College Level • University and College Securities Elite Online Camp

The SFI held lectures in universities and colleges across Taiwan, including 14 institutions in the Northern and Taoyuan-Hsinchu-Miaoli regions, 9 in the Middle region, 14 in the Southern region, 3 in the Eastern region, and 1 in the outlying island regions.

A total of **65** physical events and **2** campus competitive events were held, attended by a total of **12,288** people, which was a 0.8% increase from 2020.



Student Financial Literacy Lecture — Asia University



University and College Securities Elite Camp



2021 Knowledge is King: 18th Campus Securities Investment Competition—University and College Level

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 2021 are listed below:

Advocacy Type	Target Audience	Promotions Used in 2021
Multimedia advocacy	General public, young people	<ul style="list-style-type: none"> • Mutual Funds Carnival: online games about mutual funds, with prizes • Mutual Fund Investment Strategies for Rookies: advocacy video for mutual fund investment • Futures Knowledge Quiz: online game about futures, with prizes • Watch and Win LINE Points: Futures Trading Risk Management Awareness event • Youth Investment Risk Awareness Program • Stock-investing Aliens Skipped Over the Risks comic-style advocacy materials • 2021 World Investor Week online promotional event

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 **577,000** people participated in the online games, and videos had a total view count of **514,000**.



Mutual Funds Carnival online game with prizes



Youth Investment Risk Awareness website



Digital comic promotional 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 has been received with great acclaim by the industry; currently running in Taipei and Middle, Southern, and Eastern areas of Taiwan, it allows for financial institutions to channel their goodwill and resources to potential talent across the island.

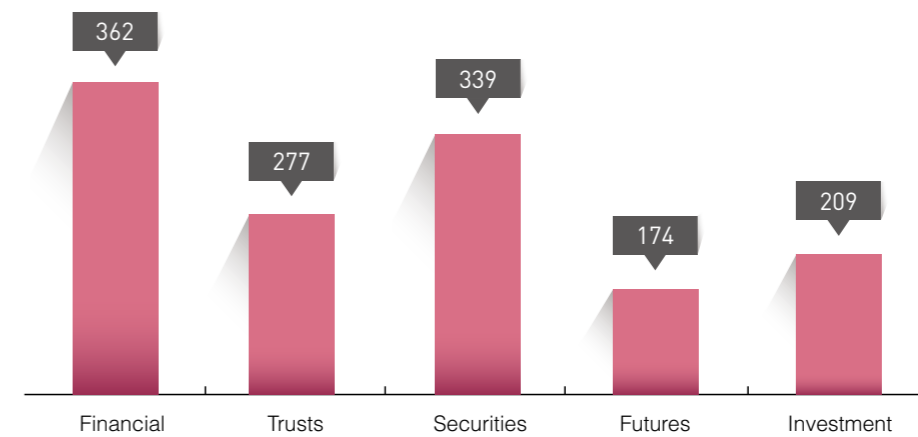


Opening ceremony for the 7th Annual FLY Program, National Formosa University

The FLY Program Class of 2021 (7th Annual Program) began classes on September 25, 2021 and concluded on March 27, 2022, spending a total of 170 hours in class. Nine classes were simultaneously opened nationwide; out of the 526 enrolled students, 508 completed registration, and **363** successfully completed the program and obtained their certificates.

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 2021, FLY students were successfully mentored to obtain a total of **1,361** professional licenses in financial knowledge, trusts, securities, futures, and investment trust and consulting. **278** students had obtained three or more certificates, amounting to **76.58%** of the entire class.

Financial Licenses Obtained by the FLY Program Class of 2021



In 2021, FLY students were successfully mentored to obtain a total of **1,361** professional licenses in financial knowledge, trusts, securities, futures, and investment trust and consulting. **278** students had obtained three or more certificates, amounting to **76.58%** of the entire class.

4.2.3 Charity Events

The SFI, by taking into account the practices of other organizations and in keeping with the SFI's traits, organized the following charity events in 2021:

- Participated in the blood donation organized by office neighbor Export-Import Bank of the Republic of China.
- Placed Eden Social Welfare Foundation receipt donation boxes at the SFI's counters and in student rest areas.
- Purchasing Taitung atemoya to share with all SFI employees in response to the government's call to support Taiwanese agricultural products.
- Held a one-day blood donation event at the Nanhai Blood Donation Center in December, with a total of 85 employees participating; students training in November to December were also encouraged to donate blood.



SFI's Chairman leading colleagues to participate in the one-day blood donation event at Nanhai Blood Donation Center on December 7



Staff donating blood

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.

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. 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. 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.

Unit: metric tons of CO₂e

	2020	2021
Greenhouse gas management		
Scope 1	2.98	2.77
Scope 2	100.15	107.91
Total Emissions	103.12	110.68
Emission Intensity	1.23 (metric tons of CO ₂ e per capita)	1.26 (metric tons of Co ₂ e per capita)

Note 1 :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. The SFI built additional classrooms in 2021, leading to an increase in electricity consumption in comparison to 2020. Corresponding GHG emissions have also increased compared to levels in 2020.

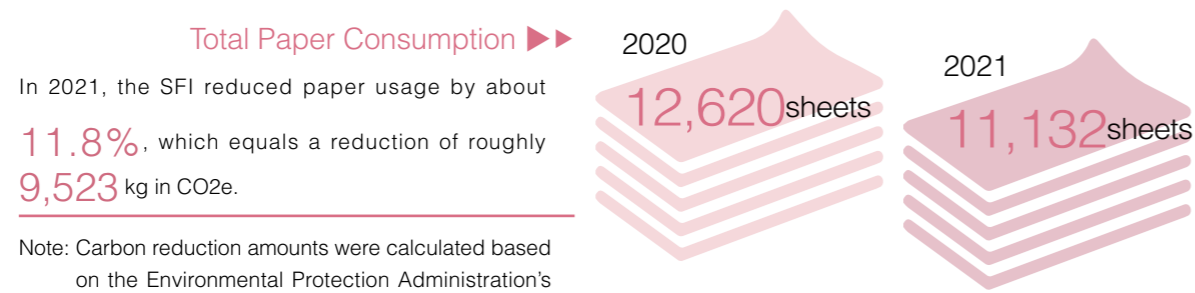
Note 2 :GHG emissions were calculated based on the GHG Emission Factor Table (v. 6.0.4) published by the Environmental Protection Administration. Electricity emissions were calculated based on the 2020 Electricity Emissions Factor Table announced by the Bureau of Energy.

Note 3 :Emission intensity was calculated based on the number of employees at the end of 2021 (88 people) and 2020 (84 people).

Reducing paper consumption

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

- 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 introducing the use of tablets in meetings to reduce paper usage.
- Actively promoting the reduction of paper waste by actions such as printing multiple pages on one sheet of paper or double-sided printing.
- 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.



Note: Carbon reduction amounts were calculated based on the Environmental Protection Administration's Carbon Footprint Calculation Platform (each 500ct package of A4 size paper has a 3.2kg CO₂e).

Climate risk and opportunity assessment

In response to the growing international awareness of the impact of climate change on corporate enterprises, Taiwan's governing authorities have enacted several measures in recent years to foster corporate response to climate change-related risks and opportunities. This has included making amendments to the *Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies* and *Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies*, and publishing the *Sustainable Development Roadmap*—steps to encourage companies to take inventory and verify greenhouse gas emissions, thus helping them to establish carbon reduction goals as soon as possible. Following government policy, the SFI referred

to the Task Force on Climate-related Financial Disclosures' (TCFD) framework to aid in the assessment of risks and opportunities related to climate change and their potential financial impacts, resulting in the formation of the SFI's response measures.

Referring to the disclosures and examples provided by the TCFD, the SFI identified three climate-related risks and three climate-related opportunities, which are described below:

Climate-Related Risks

Type	Risk Category	Climate-Related Risks	Potential Financial Impacts	Response
Transition Risks	Policy and Regulation	1.Enhanced emissions-reporting obligations	Due to the FSC's promotion of their <i>Sustainable Development Roadmap</i> policy advocating for corporations to take inventory of and disclose greenhouse gas emissions, it will be necessary to take action to do so in the future. This may increase operating costs.	Beginning with this edition's Sustainability Report, the SFI will assess and disclose its emissions-related information.
	Policy and Regulation	2.Possible mandates on and regulation of corporate emissions	Following the government's announcement to make future amendments to the <i>Greenhouse Gas Reduction and Management Act</i> plus carbon reduction trends worldwide, legislation may be passed limiting corporate emissions at a later date. This may increase operating costs.	In addition to beginning to investigate and disclose emissions data, the SFI will also adhere to government policies regulating carbon reduction measures in the future.
Physical Risks	Acute	3.Extreme weather events affecting business or services	If extreme weather events (such as severe weather, typhoons, or earthquakes) result in the suspension or interruption of training courses, qualification examinations, or provision of other services by the SFI, this may increase operating costs.	An emergency response plan and response measures (e.g., online learning or working from home) have already been established.

| Climate-Related Opportunities

Type	Climate-Related Opportunities	Potential Financial Impacts	Response
Products and Services	1. Significant increase in demand for related courses due to popularization of climate adaptation	Increased revenue	Take a proactive stance on gaining familiarity with the government's policies and trends regarding climate adaptation, and develop relevant advanced training courses and seminars for directors and supervisors.
Products and Services	2. Increase in research project commissions on topics such as carbon rights, ESG databases, and sustainable finance	Increased revenue	Continue to collect and study global climate change-related trends and regulations, and submit research proposals on important topics as early as possible.
Resource Efficiency	3. Use of electronic official document management system to reduce paper usage	Reduced operating costs	Continue to promote electronic management systems for official documents, certificates, and other paper documentation to reduce paper waste, as well as save costs and conserve energy.

4.3.2 Promoting Green Finance

The FSC launched the *Green Finance Action Plan 2.0* in August 2020 with the intention to foster a positive cycle by utilizing financial mechanisms to boost ESG awareness among businesses and investors, in turn encouraging financial businesses and investors to pursue sustainable development. In response to government policies, the SFI has actively promoted green finance-related services, in the hopes to bolster the successful implementation of green finance within Taiwan and expansion of sustainability throughout the financial sector.

Organizing seminars & various workshops: Circular Economy for Financial Sustainability in Taiwan, 2021 Green Finance International Conference

On February 25, 2021, the SFI held the Circular Economy for Financial Sustainability in Taiwan Seminar, with topics such as *Taiwan's Shift Towards a New Circular Economy Era* and *Cross-domain Applications and Matchmaking of Recycled Materials*. A comprehensive discussion was held on the topic of *Using Asset Management Innovations to Improve Taiwan's Circular Economy*; representatives from domestic think tanks, domestic and foreign asset management institutions, and MSCI rating agencies were invited to share their varied perspectives to give industry professionals a better understanding of the circular economy concept and its future business opportunity potential. A total of 55 participants attended the event.

On May 21, 2021, the SFI organized the 2021 Green Finance International Conference. Topics included the *Green Finance Action Plan 2.0*, *ESG Investment Trends and Prospects in Asia*, *The Global Development of Sustainability Bonds*, and *ESG Product Development and Investment*, which were delivered by experts from domestic and foreign government agencies as well as industry professionals. Because of the nationwide Level 3 epidemic alert, this seminar was conducted both in person and online, attended by a total of 107 participants.



Circular Economy for Financial Sustainability in Taiwan Seminar

2021 Green Finance International Conference

Additionally, other seminars and workshops also held in 2021 included the 13th Taipei Corporate Governance Forum, Post-COVID-19 ESG Investing and Risk Management Seminar, Training Program for Green and Sustainable Finance (for middle and senior managers), and 2021 Global Asset Management Course—Thematic and ESG Investing in the Post-Pandemic Era.

The SFI also held a series of courses for directors, supervisors, and corporate governance officials of TWSE/TPEX listed (including public offering) companies. Themes included *ESG/CSR and Sustainable Governance in 2021*, *Risks and Opportunities of Climate Change and Net Zero Emissions Policies on Business Operations*, *Risks and Opportunities of Climate and Energy Policy Trends on Business Operations*, *Increasing Sustainable Competitiveness through Climate Change Mitigation and Adaptation*, *New Green Energy Investment Trends—Taiwan's Renewable Energy Market and Trends*, *Corporate Governance Evaluation: Analyzing Corporate Social Responsibility (CSR, ESG) Best Practices*, *Discussing Corporate Tax Governance and Tax Technology Solutions from the Perspective of ESG Trends and the Pandemic Environment*, *The Key to Becoming a Sustainable Business: ESG Specific Practices*, and *Latest Development Trends and Responses to International Carbon Border Tax*.

Strengthening ESG reporting & promoting Sustainable Financial Development Forum

The Strengthening ESG Reporting and Promoting Sustainable Financial Development Forum was held on September 30, 2021. Topics consisted of *Strengthening ESG Reporting and Implementing Socially Responsible Investments*, *Integrating International Sustainability Goals to Promote Sustainable Standards*, and *Using Diversified ESG Information Platforms to Assist in the Sustainable Transformation of Capital Markets*. Industry, government, and academic experts were invited to discuss the importance of ESG disclosures from the perspective of Taiwanese policy promotion, international ESG developments, and the establishment of IR platforms, in order to elevate the value of the nation's asset management and the international competitiveness of domestic businesses. A total of 135 participants attended, coming from competent authorities, relevant departments, investment trust and consulting entities, plus securities, financial, and insurance firms.

Incorporating green finance into advocacy themes

The SFI has made every effort to promote to the public the concepts of green sustainability, green energy development, and green finance; activities included the inclusion of related topics into the 2021 Investing in the Future lecture series, promoting ESG investments and green finance, and the inclusion of green finance and ESG investment topics into the Mutual Funds Carnival online game.

The 16th Golden Goblet Award: Newly-Established Outstanding Green Finance Award

While hosting the 16th Golden Goblet Award, the SFI established a special group award—the Outstanding Green Finance Award—to commend companies with outstanding achievements in green finance. The award is separated into two categories, the Securities Industry and Investment Trust and Consulting Industries; three companies in the Securities category and one in the Investment Trust and Consulting category were awarded for their efforts.

Plans to include green finance practices & sustainable financial products in the 13th Best S&F Paper Award

The SFI made plans in 2021 to add a new contest category into the 2022 13th Best S&F Paper Award. In line with government policies, the new Award for Visionary Innovations will encompass InfoSec, green finance practices (ESG and SRIs), and sustainable financial products, with judging set to begin in 2022.

5 Future Prospects

Countries around the globe have committed to net-zero carbon emissions with the conclusion of the UN Climate Change Conference (COP26) in November 2021. The National Development Council has also announced a roadmap for Taiwan to achieve net-zero emissions by 2050, which outlines the development of zero-carbon energy sources to aid in the transition towards the nation's 2050 net-zero emissions goal. Keeping with international carbon reduction trends and national targets, the FSC officially launched the *Sustainable Development Roadmap* in March 2022, calling for listed companies to conduct GHG inventory and verify greenhouse gas emissions as a means to mitigate the ramifications of climate change and hopefully fulfill future carbon reduction goals. In cooperation with government policy, the SFI has voluntarily taken a preliminary inventory of its greenhouse gas emissions and made an assessment of its climate-related risks and opportunities. The SFI hopes to lead by example, influencing developments in the securities and futures markets through its position of high esteem.

The SFI began publication of an annual sustainability report beginning in 2021, and compiled the first English version of the report from 2022 onwards. Through the publication of the Chinese and English sustainability reports, the SFI hopes to achieve better communication with its stakeholders, as well as continue to improve on its sustainability performance while staying consistent with global trends and national policies. Under the *2050 Net-Zero Carbon Emissions Roadmap*, the government, industry, and corporate sectors will all have to undergo a critical transformation in the future. The SFI will stand steadfast in its dedication to compiling and understanding the newest regulations and trends in carbon reduction, assessing the risks and opportunities related to climate change, and making timely adjustments to strategies and business services to stay relevant and continue to bolster its competitiveness.

Appendix: GRI Standards Content Index

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102-4 Location of operations	Introduction About This Report	4
102-5 Ownership and legal form	1.1 About the SFI 2.1 Governance Team	9 ∙ 20
102-6 Markets served	1.1 About the SFI	9
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102-8 Information on employees and other workers	4.1 Employee Welfare	47
102-9 Supply chain	2.2 Risk Management and Response	23
102-10 Significant changes to the organization and its supply chain	No significant change	--
102-11 Precautionary principles or approach	2.2 Risk Management and Response	23
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102-42 Identifying and selecting stakeholders	1.2 Communication with Key Stakeholders and Management of Major Issues	14
102-43 Approach to stakeholder engagement	1.2 Communication with Key Stakeholders and Management of Major Issues	14
102-44 Key topics and concerns raised	1.2 Communication with Key Stakeholders and Management of Major Issues	14

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102-46 Defining report content and topic boundaries	Introduction About This Report	4
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102-48 Restatements of information	No restatements of information	--
102-49 Changes in reporting	No reporting changes	--
102-50 Reporting period	Introduction About This Report	4
102-51 Date of most recent report	Introduction About This Report	4
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GRI 102: General Disclosures 2016		
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2021

SECURITIES & FUTURES INSTITUTE

Corporate Social Responsibility Report



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