

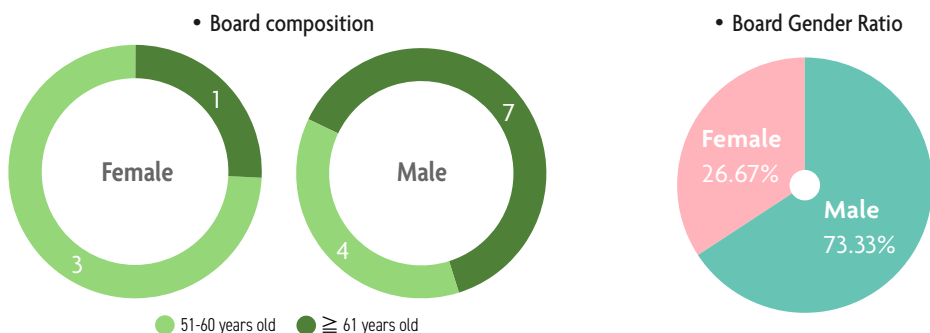
5. INTEGRITY GOVERNANCE

5.1 Corporate governance

Board composition, nomination, and selection

The Board of Directors is the highest governing body of the TWSE. There are currently 15 directors and 3 supervisors. According to the "Securities and Exchange Act," at least one-third are experts appointed by the competent authority, the remaining board directors are elected by the shareholders' meeting. All directors are experts from industry and academia, specializing in different fields including finance, accounting, and law. A term is three years, and the composition of the Board follows the principle of diversity, with four female directors, accounting for 26.67% of the total. In addition to regular monthly meetings, the Board of Directors also holds ad hoc meetings. In 2024, there were 14 board meetings held, with an average attendance rate of 84.29%.

The TWSE Chairman is selected from among the directors, and everyone fulfills their duties stipulated in the "Integrity Governance Principles for Directors and Supervisors" to strictly avoid conflict of interest. Should there be any such cases in the monthly board meeting so that a director must recuse themselves, the TWSE would require that said director explain to the board the essential contents of such a personal interest, according to Paragraph 2, Article 206 of the "Company Act."



Board of Directors

Chairman	Sherman Lin	Government appointed
Director	Bank of Taiwan	Representative: Chia-Hsiao Wu
Director	Land Bank of Taiwan	Representative: Ying-Ming He
Director	Taiwan Power Company	Representative: Jenn-Yeong Wang
Director	First Commercial Bank	Representative: Monica Chiou
Director	Fubon Securities Co., Ltd.	Representative: Ming-Chien Cheng
Director	Mega International Commercial Bank	Representative: Hung-Wen Chien
Director	Taiwan Cement Co., Ltd.	Representative: Nelson Chang
Director	Yuanta Securities Co., Ltd.	Representative: Wei-Chen Ma
Director	YFY Inc.	Representative: David Lo
Director	Edith Lee	Government appointed
Director	Yung-Cheng Chuang	Government appointed
Director	Hsin-Ti Chang	Government appointed
Director	Ching-Ping Shao	Government appointed
Director	Woan-Yuh Jang	Government appointed
Resident Supervisor	Fu-Hau Hsu	Government appointed
Supervisor	Chang Hwa Commercial Bank Ltd.	Representative: Kuang-Hua Hu
Supervisor	Taiwan Sugar Corporation	Representative: Chi-Yuan Hsiao

Note: The latest board members as of March 31, 2025.



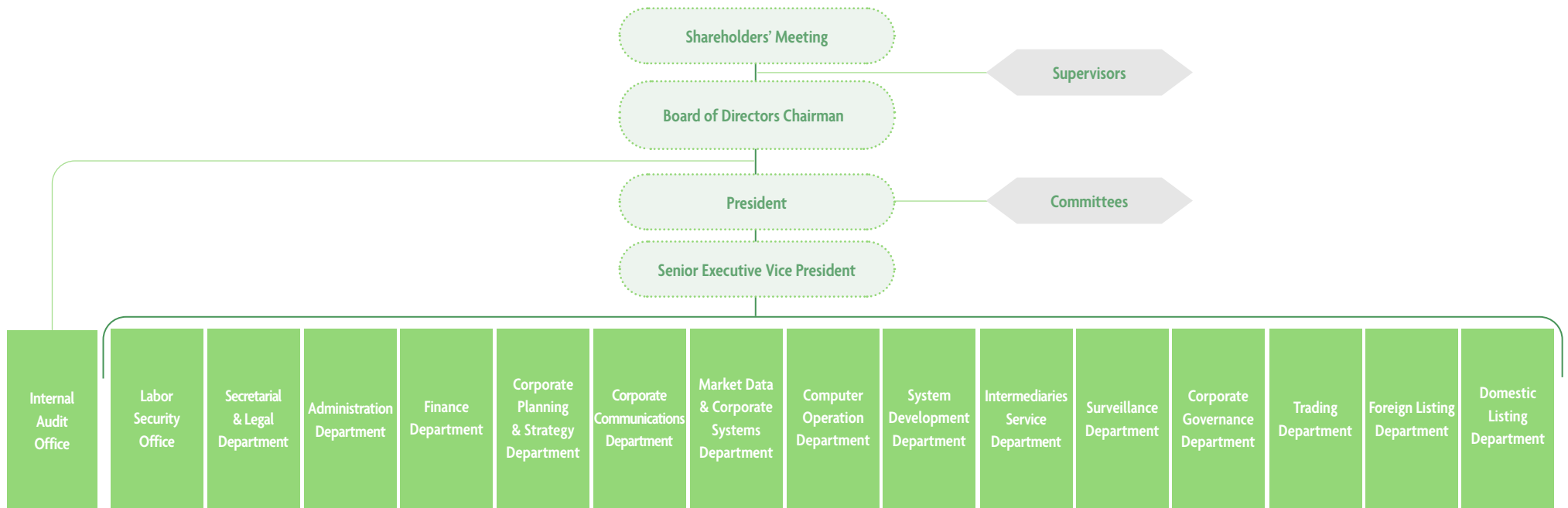
The salaries of the Chairperson and President of the TWSE are handled in accordance with the FSC's regulations regarding the compensation standards for FSC appointed or nominated chairs and presidents of businesses and foundations or their investment businesses.

Each year, the TWSE Chairperson and President must fill out a performance evaluation form, required for FSC-nominated responsible persons of foundations or businesses, in accordance with regulations. The form requires performance self-assessment, and has to be submitted to the FSC.

All TWSE employees must set work objectives according to the annual business plan (including ESG performance) and track their progress on a quarterly basis. The company's yearly performance assessment and outstanding achievements are reported to the FSC to assess the TWSE's performance.

Governance framework

The TWSE mission is to encourage investment, boost economic growth, assist business development, and protect investors' rights and interests. The President is responsible for carrying out of the resolutions of the board; the senior executive vice presidents assist the President in conducting operations through subordinate departments. In addition, the Internal Audit Office is established independently from other departments, and answers directly to the board. The TWSE organizational framework is as below:



5.2 Business integrity

The TWSE is responsible for the operation of Taiwan’s securities market, and thus holds itself to the highest standard of business integrity as a role model for all listed companies. To uphold our principles, the TWSE established the “Integrity Governance Principles for Directors and Supervisors,” which was approved by the Board of Directors. To ensure compliance with anti-corruption related standards and regulations, all TWSE employees have signed the “Employee Statement.” Departments within the TWSE conduct their own compliance risk assessments. To prevent incidents of fraud or bribery by TWSE employees, as well as to maintain fair and impartial business operations, the TWSE has established regulations regarding employee property declaration and employee integrity plus ethical guidelines. In 2024, no incidents of bribery or corruption were found, nor have there been any behaviors that could potentially affect the order of the capital market, such as fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, or related misconduct.

Integrity governance and ethical operations are deeply rooted in our company culture, and the TWSE promotes above principles to all employees through regular education and training courses.

- Educational training on anti-corruption and integrity in business operations in 2024

Course	Sessions	Target audience	Number of trainees	Total training hours
Internal control design, auditing skills, writing effective audit reports, and promotion of internal whistleblowing systems to fulfill the TWSE’s social responsibility and ESG.	1	All personnel	29	174
Financial ethics and anti-money laundering	5	All personnel	607	1214

Conduct Watch

The TWSE’s “Conduct Watch” was commissioned to an impartial third party so that it may process grievances in a fair and unbiased manner. When the TWSE or any of its employees are suspected of a crime, corruption, fraud, or violation of the law, a whistleblower can file a complaint on “Conduct Watch” through the website, or via email, fax, or letter. Reported cases are processed by an impartial third party to protect the whistleblower’s identity and enhance their trust and privacy protection. The TWSE will not terminate the employment, relieve the position, demote, reduce the salary, or damage any rights of the whistleblowers that are provided by the law, contract, or customs, or impose other penalties for filing a complaint. The identity and working rights of the whistleblowers are protected. In 2024, one case was reported through “Conduct Watch,” which was handled in accordance with regulations.



5.3 Risk management

The TWSE has established a comprehensive risk management structure, with rigorous risk control systems and processes that enable us to immediately identify and properly manage material risks.

- Risk management methods

Type	Method
Financial risks	To control financial risks, the Finance Department regularly and intermittently assesses financial instruments, transaction processes, and counterparties in accordance with relevant laws and regulations, as well as policies approved by the Board of Directors. The Finance Department then proposes improvement reports and is responsible for implementation.
Market risks	Taking into account external environmental impacts and market fluctuations, the TWSE has set up rigorous review, transaction, and regulatory mechanisms, established risk management, market supervision, and early warning methods, plus effectively controls market risks.
Other emerging risks or potential material risks	Other emerging risks or potential material risks are reported to the Board of Directors for evaluation and handled once they are identified. Improvement procedures in progress are tracked to effectively minimize the effect of different risks.

ISO 22301 Business Continuity Management System (BCMS) Certification

In 2020, the TWSE became certified for ISO 22301 BCMS to more effectively respond to regional disasters or other significant incidents; the validity of the ISO 22301 certificate was extended and applied to the Third Data Center in 2021. In the same year, the offsite backup sites of the Third Data Center also acquired ISO 22301 certification.

In 2024, the TWSE continued to conduct business impact analysis and risk assessment, carry out training courses and evacuation drills, and test the operations of off-site backup systems. In addition, a document review of our Business Continuity Management Systems (BCMS) is regularly conducted, and the TWSE was re-certified by BSI at the end of 2024 for ISO 22301 BCMS. No interruption to business continuity was found in 2024, and the TWSE will continue to enhance business continuity related procedures.

Internal controls

The TWSE is fully compliant with legal and regulatory requirements, and has established an internal control system and an Internal Audit Office under the Board of Directors. The internal control system responds to changes in the environment and improves the quality of self-supervision through self-assessment. The TWSE established the Internal Audit Office to ensure the effective implementation of its internal control system, through periodic audits, supervision, and reviews. In addition, each year the TWSE prepares a report on internal controls regarding their design and implementation effectiveness to respond to changes in the environment and augment the quality of the self-supervision mechanism. In 2024, the Internal Audit Office conducted 204 audits (including special audits) of TWSE departments and subsidiaries; no significant deficiencies of the internal control system were found. In addition to carrying out regular audits, the Internal Audit Office periodically conducts special audits or specific item audits as required by business needs or at the behest of the supervisory authority. As TWSE operations become more digital and systematic, the Internal Audit Office completed and launched the automated management system for internal audit on June 26, 2023, effectively advancing the efficiency of audit operations. The plans, processes, and reports of internal audit operations are developed in a systematic framework, achieving the initial goal of digital transformation of auditing and laying the foundation for future automation of internal audit operations throughout the entire company. In addition, a system for automatically uploading electronic signatures on tablet computers was introduced, so as to implement digital auditing and achieve the goal of sustainable operation.

Strengthening fire prevention and response mechanisms

The TWSE recognizes the importance of fire protection measures and actively implements relevant safety management. No fire accidents occurred in 2024. In addition to formulating fire prevention plans, the TWSE has also established its own self-defense firefighting organization and protection squad; the company regularly conducts fire education and training plus fire evacuation drills, and undergoes fire department inspections in order to make improvements at their direction to improve fire safety management. In the event of a fire, employees respond according to the fire prevention plan. This includes: (1) confirming the source of the fire, (2) notifying the central control center, (3) self-defense firefighting organization, and fire department, (4) evacuating personnel, and (5) assisting the injured in receiving further medical care. According to the TWSEs "Key Points for Emergency Response to Critical Facilities," the key response actions are as follows:



Fire alarm and response	<ul style="list-style-type: none"> In case of fire, those who witness the fire should activate the alarm or call out for help. Put out the fire with a fire extinguisher if possible, and notify the Administration Department. When the fire alarm is automatically triggered at the detection of a fire, security personnel should confirm the source of the fire and notify the Administration Department. If the fire cannot be controlled, security personnel should immediately call 110 or 119 to report the incident to the police and fire department, and notify the Administration Department.
Incident reporting and response	<ul style="list-style-type: none"> The head of the Administration Department should immediately inform the incident commander; the Administration Department and Labor Security Office should establish a disaster coordination center.
Evacuation mechanism	<ul style="list-style-type: none"> If the fire cannot be controlled, the head of the Administration Department should immediately notify the incident commander to initiate the evacuation of personnel, with the guidance and support of the members of the self-defense firefighting organization.
Response during non-working hours	<ul style="list-style-type: none"> If a fire occurs outside working hours, personnel should be sent to the scene and report to the head of the Administration Department. If it is determined that the office is affected and employees are unable to go to work, a meeting of the crisis response team shall be convened in accordance with the TWSE business continuity plan to determine whether the continuity plan should be activated.
Post-fire incident management	<ul style="list-style-type: none"> After the fire, steps should be taken to confirm that the site is safe, survey and record the extent of the disaster, summarize the extent of the disaster, and provide updates on the extent of the disaster and other related information in a timely manner. The Administration Department shall then submit a written loss assessment report to the crisis response team meeting and be responsible for post-disaster operations.

5.4 Information security

The TWSE is a critical infrastructure for Taiwan's capital market. One of its core functions is to serve as a primary platform for securities firms and listed companies to disclose material information and promote information transparency. To safeguard the confidentiality, integrity, and availability of trading information, the TWSE continued to maintain valid certification for ISO 27001 Information Security Management System in 2024 and provide information security education and training. No major information security incident occurred in 2024.

ISO 27001 Information Security Management System (ISMS) Certification

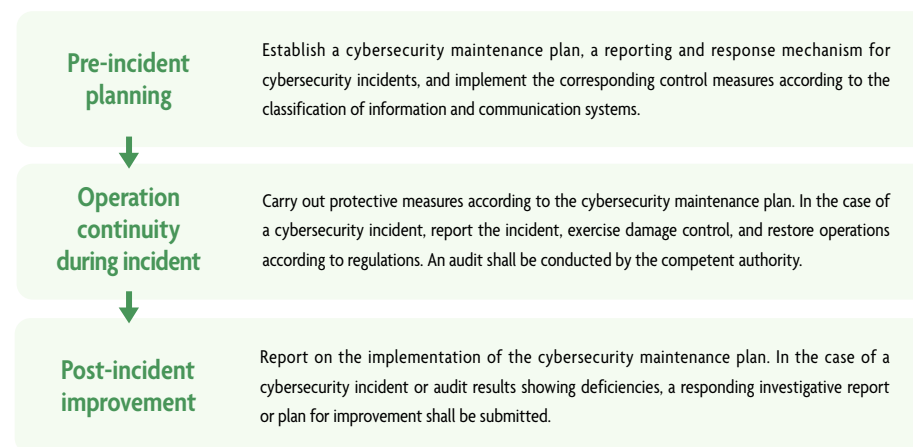
The TWSE received certification of ISO 27001/BS7799 ISMS in 2004, and expanded ISO 27001 certification to cover all TWSE departments in 2023. In 2024, the TWSE was certified for the new standard ISO 27001:2022, and will continue to maintain its validity in the future.

BS 10012 Personal Information Management System (PIMS) Certification

To strengthen personal data protection, the TWSE convenes personal data management review meetings every six months. The certification BS 10012 is commissioned to be reviewed by BSI twice a year (last reviewed in May 2024) and renewed every three years (last renewed in November 2024). There were no breaches of customer privacy or loss of customer data within the TWSE in 2024. In addition, the TWSE sent 45 newsletters highlighting awareness of personal data risks to all employees via email in 2024.

Information security measures

The TWSE established ISMS in accordance with the "Cyber Security Management Act," and has also carefully considered cybersecurity risks through pre-incident, during the incident, and post-incident analysis. Relevant protection measures, anomaly detection mechanisms, plus a response and reporting procedure for cybersecurity incidents have been put into place to mitigate the impact of malicious attacks.



The TWSE participated in financial cybersecurity drills to enhance our capability to respond to information security incidents. White-hat hackers were invited to test the effectiveness of the company's cybersecurity monitoring and protection mechanisms. In compliance with national cybersecurity policies, the TWSE introduced the zero-trust financial network to strengthen information security in five core aspects: identity, equipment, network, applications, and data.

Information security training

The TWSE holds regular cybersecurity education, training, and courses within the company on ISO standards and certification, regulatory compliance, plus professional cybersecurity courses on an as-needed basis. A total of 993 attendees participated in ten education and training courses related to cybersecurity in 2024 with 4,359 total training hours.

To measure the effectiveness of personal data training, the TWSE established a target that 100% of employees should participate in at least two hours of personal data protection training each year. In 2024, a total of six sessions of personal data protection training was conducted, with a total of 18 hours and 616 participants, achieving a completion rate of 100%.

5.5 Supply chain management

TWSE suppliers mainly fall into eight categories: (1) OA equipment, (2) ICT, (3) construction, (4) printing and publicity media, (5) security, (6) gifts, (7) lease, and (8) others. In 2024, there were no significant changes in the scale, structure, or ownership of the supply chain. To build cooperative relationships with suppliers on a foundation of mutual trust, the TWSE has established relevant regulations regarding procurement management, procurement procedures for major products, and procurement procedures for software and hardware. In addition, the TWSE revises regulations on an annual basis regarding supplier selection and procurement, establishes a template for bidding instructions on TWSE cases, reviews and adds clauses to prohibit commission rebates, and fully implements corporate social responsibility. We clearly advocate and communicate that suppliers must avoid bribery and maintain fair trade and competition among suppliers, thereby ensuring that the TWSE's procurement operations are sustainable. Starting in October 2019, the TWSE requested all suppliers sign the "Supplier's Integrity Governance Commitment Letter for Procurement." Starting on November 21, 2023, all the TWSE suppliers are requested to sign the "Supplier's Sustainable Development Commitment Letter for Procurement." The TWSE continues to encourage suppliers to disclose climate and ESG-related information and strengthen due diligence to address supply chain risks (cybersecurity risks, environmental risks, and sustainability risks).

• 2024 Achievements in supply chain management

● In 2024, local suppliers accounted for 99.9% of the TWSE's procurement expenditure. Our company supports local manufacturers and aims to reduce the carbon emissions produced during the procurement process.



● In 2024, there were 100% of suppliers who completed the signing of standard contracts with the TWSE and complied with the clause to prohibit commission rebates.



● Excluding peripheral units of the securities and futures industry, investment holding companies, subsidiaries, and approved projects, there were 100% of suppliers engaging in procurements amounting to TWD1 million or above signed the "Supplier's Integrity Governance Commitment Letter for Procurement."

