MESSAGE FROM THE CHAIRMAN

As global capital markets increasingly highlight the importance of sustainable development in recent years, standards have been raised for corporate sustainability disclosure. In July 2024, the European Union passed the Corporate Sustainability Due Diligence Directive (CSDDD), requiring corporate giants to check their global value chains for human rights along with environmental risks and harms, setting a higher bar for responsible corporate behavior. In view of international practices and in line with Taiwan's commitment to achieving net zero emissions by 2050, the TWSE not only works tirelessly to reach its own sustainability and net zero goals, but also actively engages and encourages companies to adopt sustainable operations. By innovating our systems and introducing emerging technologies, we continue to strengthen the practice of environmental, social, and governance (ESG) principles among listed companies, thereby leading market development toward a sustainable future. Our highlights in sustainable development as well as our outlook are as follows:

Support innovation and sustainable momentum to provide comprehensive services

The TWSE supports companies in sustainable industries to enter the capital market and create clusters of innovative startups. In 2023, "Green Energy and Environmental Services" was added as a new industrial category for listed companies. In 2024, we conducted two activities to promote the industry, inviting government, industry, and academia representatives to share the latest trends in net zero initiatives as well as the benefits of listing on the capital market. Working with the public sector and partners in the startup ecosystem, we actively seek to provide networking opportunities within the industry. TWSE listing service teams and TWSE subsidiaries, including TIP and its IR ENGAGE platform, plus the TCX's carbon credit trading platform, provide comprehensive services through multiple channels to support companies of all sizes on their journey to sustainability.

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Sherman Lin

Chairman and Chair of the Sustainability Development Committee



Augment listing mechanisms to promote corporate sustainability

Promoting the sustainable development of enterprises is an important TWSE mission. In response to the amended "Securities and Exchange Act" and to ensure the reasonable compensation of grassroots employees, the TWSE requires companies applying for listing to disclose the average monthly salary of its grassroots employees; if this amount does not reach 1.3 times the basic monthly salary required by law, the applying company should disclose the reasons and offer specific improvement measures to the TWSE. In addition, companies applying to list should, in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," explain their sustainability actions plus disclose their climate change risks and opportunities, response measures, and GHG Inventory Report with assurance for the most recent two years. These measures serve not only to improve applying companies' treatment of grassroots employees, but also to provide investors with more transparent information and a greater awareness of the company's sustainability performance.

Enhance quality of sustainable disclosure to lower risk of greenwashing

To assist listed companies in their ability to independently prepare sustainability reports and enhance the quality of disclosure, the TWSE published sample templates, FAQs, and other reference documents in 2024, and launched the "Sustainability Report Assistance Function" in February 2025 on the ESG Digital Platform, a reference framework that incorporates GRI standards and disclosure practices to help companies improve their compliance while lowering costs. In addition, the TWSE released the disclosure examples and self-assessment templates for IFRS Sustainability Disclosure Standard S2 – Climate-related Disclosures to help companies understand and align with disclosure standards. The TWSE has continued to organize sustainability-related seminars, training courses, and workshops so that listed companies can establish and thoroughly implement their sustainable governance culture.

Furthermore, all TWSE and TPEx listed companies should incorporate the management of sustainability information into their internal control systems, and include it as a mandatory audit item in their annual audit plans. Through internal controls, external third party assurance, and a review mechanism for sustainability reports, the TWSE aims to effectively augment the quality of sustainability disclosure and lower the risk of greenwashing.

Promote carbon market development and align with international carbon reduction standards

In accordance with the FSC's "Sustainable Development Guidemap for TWSE and TPEx Listed Companies" and "Sustainable Development Action Plans for TWSE and TPEx Listed Companies," the TWSE has announced that listed companies must conduct GHG Inventory Reports and establish carbon reduction targets. In 2024, phase-one companies completed their GHG Inventory Report and assurance. In 2025, phase-one companies shall disclose GHG inventory and carbon reduction goals for the full scope of their consolidated financial statements, and phase-two companies shall complete their GHG inventory. By 2027, all listed companies shall disclose their Scope 1 and Scope 2 GHG inventory and carbon reduction targets, and acquire third party assurance by 2029. During this period, the TWSE will continue to publish reference documents and FAQs, as well as conduct GHG inventory workshops and promotional events, to strengthen companies' GHG inventory capabilities and set and achieve carbon reduction targets.

To promote the development of the carbon market, the TWSE and TCX actively collaborate with various stakeholders to enhance public awareness and understanding on carbon trading. The TCX has signed a MOU with BSI to introduce a series of ISO certificate courses covering greenhouse gas inventory, carbon footprint, and carbon neutrality. This assists companies in understanding carbon management, regulations, and market trends, allowing them to better respond to carbon pricing and align their practices with global standards.

Introduce emerging technologies to advance operational efficiency

In response to the global trend of digitalization and the surge of Generative AI, the TWSE embraces the use of innovative technology and digital transformation, with plans to integrate intelligent solutions to advance operation and oversight efficiency. Generative AI will be introduced to assist in the review mechanism for listed companies' annual reports, greatly expanding operational productivity, capacity, and quality. As the TWSE is establishing a digital system for transmitting broker audit reports which allows for an online audit and approval process, we will adopt AI and emerging technologies in the smart supervision of securities firms, effectively addressing new types of misconduct or violations and protecting investor rights. In 2025, the TWSE will continue to collect, analyze, and use data in four major areas, namely market supervision, internal applications, information disclosure, and operational resilience, to enhance the breadth and depth of data application.

Create a diverse and inclusive workplace to enhance TWSE competitiveness

The TWSE is unwavering in its commitment to gender equality, empowering women, and creating a diverse and inclusive workplace. In 2025, the TWSE will continue to participate in the WFE's "Ring the Bell for Gender Equality" initiative for the fifth consecutive year. The WFE also honored TWSE President Edith Lee as one of the top women leaders of 2025, a recognition among global capital markets of the TWSE's efforts in promoting a gender-equal workplace culture. Looking to the future, we will continue to work with the global market to promote gender equal opportunity and corporate governance, jointly moving towards a more diverse, fair, and sustainable financial ecosystem, to enhance our international competitiveness and visibility.

The TWSE remains dedicated to sustainable development and upholds the spirit of innovation and sustainability, working hand in hand with stakeholders to achieve an inclusive and prosperous relationship between society and the environment. By embracing high-quality governance and taking specific actions in our commitment to ESG principles, we are doing our part to create a more sustainable future for our Earth.