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 five female directors, accounting for 33.33% of the total. In addition to regular monthly meetings, the Board of Directors also holds ad hoc meetings. In 2025, there were 16 board meetings held, with an average attendance rate of 87.91%.

The TWSE Chair 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 meeting the essential contents of such a personal interest, according to Paragraph 2, Article 206 of the Company Act.

•Board composition

Gender	51-60 years old	≧ 61 years old
Female	4	1
Male	3	7

•Board gender ratio

Gender	Ratio
Female	33.33%
Male	66.67%

Note: Since the supervisor is an observer, they are not included in the calculation of the board's composition and gender ratio.

• Board of Directors

Title	Name		Gender
Chair	Sherman Lin	Government appointed	Male
Director	Bank of Taiwan	Chia-Hsiao Wu	Male
Director	Land Bank of Taiwan	Ying-Ming He	Male
Director	Taiwan Sugar Corporation	Chi-Yuan Hsiao	Male
Director	Hua Nan Commercial Bank, Ltd.	Fen-Len Chen	Female
Director	Mega International Commercial Bank	Dawn Ray-beam	Male
Director	YFY Inc.	David Lo	Male
Director	Taiwan Cement Co., Ltd.	Nelson Chang	Male
Director	Yuanta Securities Co., Ltd.	Wei-Cherng Hwang	Male
Director	Fubon Securities Co., Ltd.	Ming-Chien Cheng	Male
Director/TWSE President	Edith Lee	Government appointed	Female
Director	Hsin-Ti Chang	Government appointed	Female
Director	Ching-Ping Shao	Government appointed	Male
Director	Woan-Yuh Jang	Government appointed	Female
Director	Te-Fang Chu	Government appointed	Female
Resident Supervisor	Fu-Hau Hsu	Government appointed	Male
Supervisor	First Commercial Bank	Monica Chiou	Female
Supervisor	CPC Corporation, Taiwan	Representative: To be assigned[1]	

Note 1: CPC Corporation, Taiwan, designates a representative to participate in each meeting of the Board of Directors and Supervisors.
Note 2: A term is three years; the current term is from July 1, 2025, to June 30, 2028.
Note 3: The latest board members as of January 8, 2026.

Remuneration policy

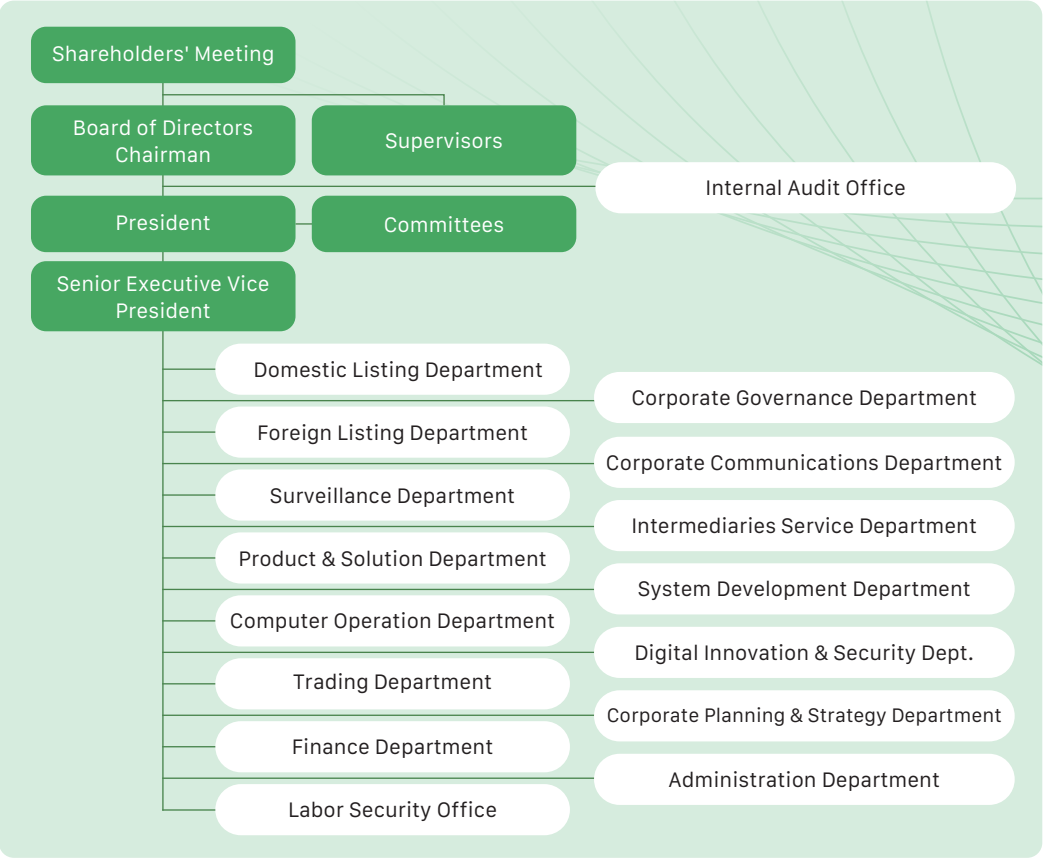
The salaries of the Chair and President of the TWSE are handled in accordance with the FSC's regulations regarding the compensation standards for FSC appointed or nominated chairs and presidents of businesses and foundations or their investment businesses.

Each year, the TWSE Chair 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. Amid the accelerating demand for product innovation in addition to diversification, AI technology, and digital transformation, the TWSE undertook organizational restructuring in 2025, which was officially launched on January 19, 2026. The addition of the Product & Solution Department, renaming and launch of the Digital Innovation & Security Department, plus consolidation of internal operations have served to enhance the TWSE's business innovation and digital resilience. The President is responsible for carrying out of the resolutions of the board, the highest governing body; 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 shown on the right:



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 has been approved by the Board of Directors. To ensure compliance with anti-corruption related standards and regulations, all TWSE employees have signed the Employee Statement. 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 as well as employee integrity plus ethical guidelines. In 2025, 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.

• TWSE Policy Commitment to Integrity Governance and Responsible Business

Policy	Scope	Policy Description
Integrity Governance Principles for Directors and Supervisors	TWSE Board of Directors and Supervisors	To ensure the integrity and governance of the TWSE's Board of Directors, the Integrity Governance Principles are established to regulate the conduct of directors and supervisors, avoid conflicts of interest, and prevent unethical internal conduct. The Integrity Governance Principles, having been approved by the Board of Directors and the FSC, shall be followed by the directors and supervisors during their term of office.
Guidelines for Ethical Conduct of Employees	All personnel	The Guidelines stipulate that employees must be impartial when performing their duties, avoid conflict of interest, and prevent influence peddling in accepting unsolicited gifts, invitations plus entertainment. The Guidelines, approved by the TWSE President, shall be implemented through regular announcements and training, so as to strengthen adherence to ethical conduct in addition to integrity.
Operation Directions for Employee Property Declaration	① Chair, President, Senior Executive Vice Presidents ② Department heads, section heads ③ Deputy department heads and deputy section heads of the Domestic Listing Department, Foreign Listing Department, and the Surveillance Department ④ Other personnel who are required to declare their assets as determined by the FSC or as stipulated by the TWSE.	These Operation Directions, as approved by the Chair, are established to foster a positive work environment and establish ethical conduct among TWSE employees. They will be distributed to the applicable personnel upon their initial appointment then annually thereafter, and employees will be notified to submit their reports to the Internal Audit Department within a specified timeframe.
Regulations Governing the Acquisition or Disposal of Publicly Offered Stock and Trading of Listed Securities by TWSE Employees	All personnel	These Regulations, as approved by the Board of Directors, have been established to restrict employees from acquiring or disposing of publicly traded stock, ensure ethical business practices to prevent insider trading. The TWSE makes regular announcements and conducts training to ensure that all employees fully understand and strictly comply with the relevant trading restrictions as well as reporting requirements.

Note: The above policy commitments have been published on the TWSE's internal network for the reference of all employees.

Integrity governance and ethical operations are deeply rooted in our company culture; the TWSE promotes these principles to all employees through regular education and training. In 2025, the Integrity Governance Principles for Directors and Supervisors were disseminated to all directors and supervisors, and all employees received training on integrity in business operations.

• Educational training on integrity in business operations in 2025

Course	Legal liability and internal control practices for employee fraud	Financial ethics and prevention of fintech fraud
Sessions	1	2
Target audience	All personnel	All personnel
Number of trainees	34	613
Total training hours	204	1,226

Feedback channels

To ensure the protection of stakeholders' rights, the TWSE established multiple complaint and feedback mechanisms, serving as an important bridge for gathering outside opinions alongside troubleshooting. Through the investor service hotline, feedback mailbox, and physical suggestion box, the TWSE ensures that all inquiries, suggestions, as well as complaints regarding business operations, integrity governance, or rights protection are handled promptly.

Channel	Subject matter	Contact
Feedback Mailbox	General business suggestions, service inquiries, and complaints plus feedback related to personal data leaks.	https://suggestionbox.twse.com.tw
Report False Rumors	Specialize in the handling of reports of false information or rumors that affect the order of the financial market or involve securities transactions.	(02)8101-3693
Conduct Watch for Unlawful Activities	Illegal or improper activities by listed companies or securities firms.	https://reportingbox.twse.com.tw/POP30/WriteMail/CheckMail
Investor service hotline	Mediation services for transaction disputes or controversies between investors and securities firms.	(02)2792-8188 (02)8101-3873

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 in tandem with privacy protection. Where the whistleblower is a TWSE employee, the TWSE will not terminate the employment, relieve the position, demote, reduce the salary, or damage any rights of the whistleblower that are provided by the law, contract, or customs, or impose other penalties for filing a complaint. The identity and working rights of the whistleblower are protected. In 2025, one case was reported through Conduct Watch; follow-up investigation shows that no violations occurred.

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, surveillance, as well as 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

The TWSE established an Operating Continuity Policy and published the Business Continuity Management Manual. Each year, relevant measures are implemented based on the operating continuity objectives approved at management review meetings, which then regularly track and follow up their progress. 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 2025, the TWSE continued to conduct business impact analysis and risk assessment, carry out training courses plus evacuation drills, and test the operations of off-site backup systems. In addition, a document review of our BCMS and optimization processes are regularly conducted. The TWSE was re-certified by BSI at the end of 2025 for ISO 22301 BCMS. No interruption to business continuity was found in 2025, and the TWSE will continue to enhance business continuity related procedures to safeguard the security and stability of capital market transactions.

Internal controls

The TWSE is fully compliant with legal and regulatory requirements, 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 Internal Audit Office was created to ensure the effective implementation of the TWSE's internal control system, through periodic audits, supervision, and reviews. Each year, the TWSE prepares a report on internal controls regarding their design as well as implementation effectiveness to respond to changes in the environment and augment the quality of the self-supervision mechanism. In 2025, the Internal Audit Office conducted 205 audits (including special audits) of TWSE departments together with its subsidiaries; no significant deficiencies of the internal control system were found. In addition to carrying out regular audits, the Internal Audit Office conducts special audits or specific item audits as required by business needs or at the behest of the FSC.

To digitize the TWSE's corporate governance and internal audit framework, an online system for internal TWSE department self-assessment was launched on August 25, 2025, fully replacing paper-based documentation and seamlessly integrating with the existing official document exchange system. Since its rollout, the entire procedure for department self-assessment has gone fully online, including auto-save of working papers along with automatic complication of assessment reports. This lowers risk of data leaks, enhances information security, reduces paper consumption, plus reduces work hours spent on cross-departmental paperwork, thereby raising overall operational efficiency. Furthermore, the system features version control, permission management, and audit tracking mechanisms to ensure data accuracy plus security. This reduces the risk of human error and repetitive work, strengthens the consistency and compliance of internal audit reports, also promote cross-departmental collaboration combined with knowledge transfer.

In addition, the automated platform for internal control regulations — the TWSE's own internal control systems plus governing regulations — has been partially integrated with the official document exchange system, as well as optimized and launched. Internal departments are able to input their own internal control modifications on the automated platform to facilitate subsequent tracking and management.

5.4 Information security

The TWSE's core functions is to serve as a primary platform for securities firms and listed companies to disclose material information alongside the promotion of promote information transparency. To safeguard the confidentiality, integrity, and availability of trading information, the TWSE established its information security policy, as well as a Personal Data Management Policy Statement. 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 continues to promote ISO 27001 verification and related measures such as cybersecurity education and training. No major information security incident occurred in 2025. Furthermore, to strengthen personal data protection, the TWSE convenes personal data management review meetings every six months. The certification BS 10012 PIMS is commissioned to be reviewed by BSI twice a year (last reviewed in November 2025) 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 2025, nor were there any related complaints. In addition, the TWSE sent forty newsletters highlighting awareness of personal data risks to all employees via email in 2025.

Information security measures

The TWSE established ISMS in accordance with the Cyber Security Management Act, and has also carefully considered cybersecurity risks through three major dimensions: pre-incident, during the incident, and post-incident. 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.

Pre-incident planning

Establish a cybersecurity maintenance plan, a reporting and response mechanism for cybersecurity incidents, and implement the corresponding control measures according to the classification of information and communication systems.

Operation continuity during incident

Carry out protective measures according to the cybersecurity maintenance plan. In the case of a cybersecurity incident, report the incident, exercise damage control, and restore operations according to regulations. An audit shall be conducted by the competent authority.

Post-incident improvement

Report on the implementation of the cybersecurity maintenance plan. In the case of a cybersecurity incident or audit results showing deficiencies, a responding investigative report or plan for improvement shall be submitted.

In addition, 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 960 attendees participated in 19 cybersecurity education and training courses delivered by external professionals in 2025 with 4,638 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 2025, personal data protection training was conducted through in-person classes, Webex classrooms, and via the E-learning platform, achieving a completion rate of 100%.

Responsible AI

To develop financial services that meet the public's needs, the TWSE harnesses technology effectively and employs trustworthy AI, with responsible innovation at its core. Aligning with the FSC's Guidelines for Artificial Intelligence (AI) Applications in the Financial Industry and the Artificial Intelligence Basic Act by the National Science and Technology Council, the TWSE formulated its own principles for the application of AI, explicitly stating that the use of AI systems should be determined by risk assessment, which would then serve as the basis of risk management measures and regular review mechanisms.

In response to the financial revolution brought about by generative AI, the TWSE undertook organizational restructuring in 2025, and the Digital Innovation & Security Department (formerly the Market Data & Corporate Systems Department) was officially renamed and launched on January 19, 2026. The organizational restructuring better reflected the department's focus on strengthening cybersecurity, driving digital transformation, and managing new technologies. With the AI and cybersecurity convergence, the capital market can be safeguarded with greater resilience during business optimization.

5.5 Supply chain management

The 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 2025, 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, plus fully implements corporate social responsibility. We clearly advocate and communicate that suppliers must avoid bribery and maintain fair trade along with competition among suppliers, thereby ensuring that the TWSE's procurement operations are sustainable.

Starting in 2019 and 2023 respectively, the TWSE requested all suppliers sign the Supplier's Integrity Governance Commitment Letter for Procurement and Supplier's Sustainable Development Commitment Letter for Procurement. Furthermore, the TWSE continues to encourage suppliers to disclose climate and ESG-related information and strengthen due diligence to address key supply chain risks such as cybersecurity, environmental issues, and sustainability. No supplier contracts were terminated or declined to be renewed due to dishonest conduct in 2025.

2025 Achievements in supply chain management



Local suppliers account 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.



Of suppliers who sign standard contracts with the TWSE, **100%** comply with the clause to prohibit commission rebates.

The percentage of suppliers who have signed the Supplier's Sustainable Development Commitment Letter for Procurement reached **100%**.

Excluding peripheral units of the securities and futures industry, investment holding companies, subsidiaries, and approved projects, **100%** of suppliers engaging in procurements amounting to TWD1.5 million or above signed the Supplier's Integrity Governance Commitment Letter for Procurement.



The green procurement rate reached **9.55%** in 2025. All green procurement items complied with the Ministry of Environment's definition of green procurement for the private sector, covering domestic certifications such as the Environmental Label, Type II Environmental Label, Energy Label, Water Conservation Label, Green Building Material Label, Carbon Reduction Label, and Taiwan Wood Label —as well as 34 types of international certification labels, including FSC, PEFC, and Energy Star.