



金融監督管理委員會  
Financial Supervisory Commission

# 「Corporate Governance 3.0 - Sustainable Development Roadmap」



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# **Contents**

I. Foreword.....	3
II. Current Status and Challenges .....	6
III. Five Major Action Plans for 「Corporate Governance 3.0- Sustainable Development Roadmap」 .....	11
Action Plan 1:Strengthening Board Duties and Functions and Enhancing Enterprise Sustainability.....	14
Action Plan 2:Enhancing Information Transparency and Promoting Sustainable Operations .....	31
Action Plan 3:Strengthening Communication with Stakeholders and Creating Open Dialogue .....	39
Action Plan 4:Advancing International Norms and Leading with Stewardship.....	48
Action Plan 5:Deepening Corporate's Sustainable Governance Culture and Providing Diversified Products.....	54

## 「Corporate Governance 3.0 - Sustainable Development Roadmap」

### **I. Foreword**

Since the "Corporate Governance Reform Task Force" was established by the Executive Yuan in 2013 to legislate corporate governance, companies have begun to value corporate governance and the protection of investors' rights and interests. In order to enable the corporate governance of listed companies to align with the latest trends and international standards, both government and private sectors have been striving to improve the corporate governance environment in Taiwan together. In 2013, the Financial Commission Supervisory ("FSC") announced a five-year "2013 Corporate Governance Roadmap in Taiwan", followed by a three-year "Corporate Governance Roadmap (2018-2020)".

Through the effort in the last decade, the FSC has put into place a number of measures, including holding the first yearly Corporate Governance Evaluation in April 2015, continuous updates to the qualitative evaluation indicators to enhance the effectiveness of corporate governance evaluation and promote healthy competition among enterprises, and launching corporate governance indices such as the "TWSE CG 100 index" (June 2015) by the Taiwan Stock Exchange Corporation ("TWSE"), "TPEX Corporate Governance Index" (June 2015) by the Taipei Exchange ("TPEX"), and "FTSE4Good TIP Taiwan ESG Index" (December 2017) to encourage listed companies to attend to corporate sustainable development through the market mechanism and voluntarily improve their corporate governance.

To strengthen the supervisory function of the board of directors,

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the "Securities and Exchange Act" was amended to introduce independent directors and an audit committee system in January 2006 in Taiwan. All listed companies had to appoint independent directors in 2017 and were required to have audit committees in place in 2020. Subject to terms of the board of directors, all emerging stock companies are required to elect independent directors beginning in 2020. In addition, in order to assist directors in exercising their duties, from 2019 onwards, listed companies and financial institutions meeting certain conditions are required to appoint a corporate governance officer by stages, and all listed companies are required to have the liability insurance for their directors and supervisors to mitigate any possible liability.

To promote shareholder activism and reinforce the quality of stewardship information disclosure, the "Stewardship Principles for Institutional Investors" was announced at the end of June 2016 which has been supported by continuously increasing signatories from financial institutions. Further, listed companies are required to adopt a candidate nomination system for elections of directors and supervisors from 2021 onwards to align with e-voting adopted by all the listed companies in 2018. Banks and insurance companies have been actively encouraged to attend shareholders' meetings to exert influence as institutional investors. Additionally, since 2020 the FSC has required listed companies to disclose information of shareholders holding 5% or more of shares on a quarterly basis and suggested to adopt voting by poll in shareholders' meetings to enhance the transparency of companies' equity information and shareholder meeting agendas.

In view of the importance of non-financial information, certain listed companies have been required to compile and disclose their corporate social responsibility reports ("CSR Report") since 2015, and companies subject to mandatory disclosure of CSR Reports

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for 2018 and subsequent years have to prepare the reports in accordance with the GRI Standards and would be subject to annual review to improve the quality of the reports. In addition, in order to facilitate the access to English information and create an international investment environment, listed companies meeting certain conditions are required to provide English versions of information such as "Shareholders' Meeting Agenda Handbook", "Annual Report", "Annual Financial Report" and "Material Information". The FSC also announced the "Law Enforcement Report on Securities and Futures Markets" and "Corporate Governance Report" annually since 2019 to reveal cases of precedent violations to achieve heightened awareness, to enhance the effectiveness of law enforcement, and to enable market participants to understand the latest corporate governance developments in Taiwan and the results of the promotion.

Corporate governance is an important bedrock for a sound capital market and the key to attracting investors. To advocate with the development of international corporate governance, Taiwan actively monitors the development trends of the world's major countries, designs a corporate governance system conforming to national conditions in Taiwan, and, as the market changes, continues to work closely with non-governmental organizations and communities to actively promote various corporate governance reforms in response to market pulses. With the mission of sustainable development of enterprises, Taiwan will closely observe international trends and developments, help companies enhance their competitiveness, create a friendly investment environment, and encourage investors to actively participate in corporate governance to enhance the global positioning of the capital market in Taiwan.

## II. Current Status and Challenges

Considering international trends, observations and feedback from domestic and foreign experts and institutions, the challenges of corporate governance in Taiwan are summarized as follows:

### 1. Board of directors operations and directors' duties and functions:

**(1) Listed companies are facing increasingly complex and diversified market environments:** Diversification of board members may strengthen sustainability of the companies, and the companies shall be required to disclose relevant information to investors. The corporate governance officer and functional committee mechanism should be able to effectively assist the board of directors in exercising its duties and functions. Therefore, the relevant mechanism should be further introduced to listed companies to assist the board of directors in exercising its functions effectively. When comparing with the neighboring Asian markets, while all listed companies in Taiwan have independent directors in place in 2017, the regulations in relation to the percentage of independent directors of the board and their terms of office can be improved to strengthen independency of the board of directors.

**(2) Insufficient awareness of roles and functions of independent directors and audit committees:** It has been over a decade since the regulatory framework for independent directors has been introduced in Taiwan. In order to strengthen the duties and functions of the board of directors of listed companies, the FSC has gradually expanded the application scope of establishing independent directors and audit committees. While independent directors bear duties and

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responsibilities under the "Company Act", "Securities and Exchange Act" and other related regulations, there is still lack of awareness in their roles and functions. Considering that listed companies are required to have audit committees in place to replace supervisors by the end of 2022, it is necessary to provide independent directors and audit committees with codes of conduct or reference samples in relation to exercise of their duties to further fulfill the supervisory responsibilities of the board of directors.

## **2. Information disclosure:**

**(1) Environmental, Social and Governance ("ESG") information needs to be further strengthened:** In light of the increasing attention to the ESG-related issues of international investors and industrial chain, there is a necessity to expand the application scope of listed companies to file CSR Reports, to continuously enhance ESG information disclosure, and to advocate companies to address the ESG related issues. Moreover, considering the increasing international attention paid to the Task Force on Climate-related Financial Disclosures ("TCFD"), listed companies will be further required to disclose relevant information to raise investors' awareness on the impact of climate change that the companies encounter, as well as to assess their potential risks in response. In addition, contents disclosed in the CSR Reports produced in accordance with the Global Reporting Initiative Standard are non-financial information related to ESG issues as their target audience are all stakeholders. However, with respect to corporate investors, more attention is paid to the ESG-related information that may affect the companies' finances or even their share price in the future. A further study should be conducted in relation to disclosure of financially significant ESG-related information useful for informed investment

decision making.

- (2) Financial window period:** Listed companies currently still announce their annual financial report three months after the end of the year, and the window period for lack of financial information is overly long which is unfavorable for investors to access information for investment decision-making. To ensure investors obtain timely and corrective information, it will be promoted that listed companies publish unaudited annual financial information and shorten the filing deadline for annual financial reports.

### **3. Shareholder participation:**

**(1) Concentration on meeting dates for shareholders' meetings:**

The current daily maximum limit for holding annual general shareholders' meetings by listed companies is 100 companies, while the percentage of annual general shareholders' meetings of listed companies held in June 2020 was 85.88% which indicates that dates for convening shareholders' meetings of listed companies were highly concentrated within a certain period of time so as to affect rights of shareholders to attend shareholders' meetings.

**(2) Disputes in relation to companies handling their own stock**

**affairs:** In view of management disputes occurring in recent years, there were occasional delays, refusals to giving ballots or deletion of shareholder voting information directly by issuing companies handling their own stock affairs for registration of attendance or ballot calculation at shareholders' meeting and thus affected shareholders' rights in participating in the meetings. The practical disputes may be further resolved through strengthening the fairness when companies handle their own stock affairs and studying and moving forward the timing for announcement of e-voting results to enable shareholders to be informed of the relevant information as earlier as possible.



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**(3) Participants in investor conferences are limited:**

Considering the main audiences invited to investor conferences of listed companies currently are institutional investors, it is planned to further encourage listed companies to hold investor conferences for general investors to expand investor participation.

**4. Institutional investors' implementation on stewardship:**

**(1) Stewardship Principles for institutional investors does not cover service providers:**

Under the scope of the stewardship code in the United Kingdom and Japan, not only asset providers or managers, but also service providers are included. Considering the gradual increase in the percentage of foreign investment in the Taiwan securities market, the influence of international proxy advisors on Taiwan's issuing companies has also increased. Stewardship code for service providers may be established by referring to relevant foreign standards and practices. Relevant measures can be taken to expand the industrial chain of stewardship in Taiwan and establish an engagement mechanism between international proxy advisors and listed companies.

**(2) Insufficient information disclosure in relation to current stewardship report of institutional investor:**

To strengthen shareholder activism and enhance the corporate governance of the overall market in Taiwan, it is planned to take some policy incentives to encourage institutional investors to disclose their stewardship activities such as attending shareholders' meetings, exercising their voting rights, and having appropriate dialogs and interactions with the management of investee companies.

**5. Voluntary implementation of corporate governance culture and sustainable development of companies needs to be further strengthened:**

In the past, the development of corporate governance has been emphasized on effective

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internal control and governance mechanisms where less attention was paid to ESG impact on corporate sustainability. With the impact of global climate changes and Covid-19 spreading across the world, many countries have begun to pay closer attention to corporate and economic sustainable development. The market mechanism guiding capital investment in sustainable development will be an important driver to urge companies to voluntarily attend to sustainable issues. In addition, some might think that Taiwan's corporates lack of corporate governance derived and internalized from companies' culture. Therefore, how to advance self-improvement of corporate governance quality through various kinds of advocacy, panels or seminars, and corporate governance evaluation to assist the companies to connect corporate governance with social responsibility and corporate culture are the direction in which the FSC, the TWSE and TPEx must move forward together.

### **III. Five Major Action Plans for 「 Corporate Governance 3.0- Sustainable Development Roadmap 」**

#### **1. Core Vision**

##### **● Corporate Governance Implementation and Enhancement of Sustainable Enterprises**

Sound corporate governance is the bedrock of corporate operation. The board of directors is the core organization of corporate operation and management which is also an important driver for implementation of corporate governance. Strengthening the organization and responsibility of the board of directors is the key to corporate governance development. While corporate sustainability is the core value of companies, one of the key strategies of sustainable development is to fulfill their social responsibility. In order to enhance the value of sustainable development of companies, companies shall improve the transparency of information, provide effective, useful and timely information, and enhance the communication with stakeholders as well as promote the improvement of companies under the positive interaction to facilitate the continuous innovation and growth of company operation.

##### **● Creation of a Sound ESG Ecosystem and Strengthening Global Capital Market Competitiveness**

ESG along with steady and sustainable operations of companies are closely related to the rights and interests of investors. Corporate sustainability and social responsibility are highly valued on a global basis. International investment institutions and industrial chains are increasingly attending to sustainability-related issues; corporate governance and responsible investment have been gradually becoming important drivers of major international capital markets. In response to international trends, the FSC has designed this

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version of the roadmap: "Corporate Governance 3.0 – Sustainable Development Roadmap" to promote the positive development and interaction of companies, investors and related stakeholders, to create a sound ESG ecosystem, and to strengthen the international competitiveness of the Taiwan capital markets.

## **2. Promotion Strategy**

- (1) Promoting units: To be jointly promoted by the FSC, TWSE, TPEX, Taiwan Depository & Clearing Corporation ("TDCC"), Taiwan Futures Exchange and related non-profit organizations such as the Securities and Futures Investors Protection Center, to jointly promote corporate governance and corporate social responsibility through the establishment of the promotion policy by the competent authority to combine the efforts of surrounding units and non-profit organizations.
- (2) Regular review and adjustment: Implementation of each item planned under the roadmap will be reviewed on a regular basis annually and adjusted on a rolling basis.

## **3. Roadmap Structure**

In response to the rapid changes in the capital market environment and to accelerate the internationalization of Taiwan corporate governance, the FSC upholds the spirit of striving for excellence to design this version of the roadmap: "Corporate Governance 3.0 - Sustainable Development Roadmap" for the next three years as a guideline for the promotion of corporate governance policies. The five major action plans are proposed as follows:

- **Strengthening Board Duties and Functions and Enhancing Enterprise Sustainability**
- **Enhancing Information Transparency and Promoting Sustainable Operations**

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- **Strengthening Communication with Stakeholders and Creating Open Dialogue**
- **Advancing International Norms and Leading with Stewardship**
- **Deepening Corporate's Sustainable Governance Culture and Providing Diversified Products**

## **Action Plan 1: Strengthening Board Duties and Functions and Enhancing Enterprise Sustainability**

**Specific promotion measures (fourteen items in total)**

- 1. Diversification of board members**
  - (1) Promoting the number of independent directors of listed companies to be no less than one-third of board seats**
  - (2) Promoting listed companies to establish nomination committees**
  - (3) Disclosing diversified information of the board of directors**
- 2. Strengthening board duties and functions**
  - (1) Promoting listed companies to introduce enterprise risk management mechanisms**
  - (2) Promoting listed companies to conduct a performance review on functional committees**
  - (3) Providing diversified director's training programs**
  - (4) Expanding the application scope of mandatory appointment of corporate governance officers and strengthening their duties and functions**
  - (5) Promoting emerging stock companies to acquire directors and supervisors liability insurance**
- 3. Strengthening duties, functions and independency of independent directors and audit committees**
  - (1) Promoting half or more of independent directors of a listed company not to serve more than three consecutive terms of office**
  - (2) Promulgating a template for exercising duties and power by independent directors and audit committees**
  - (3) Promoting each quarterly financial statements of listed companies to be subject to an audit committee's consent**
  - (4) Strengthening disclosure of independency of**

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**independent directors**

**4. Implementing accountability of the board of directors**

**(1) Promoting transparency and reasonableness of director's remuneration information**

**(2) Promoting reporting of related parties' transactions for non-business activities at shareholders' meetings**

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## **1. Diversification of board members**

### **(1) Promoting the number of independent directors of listed companies to be no less than one-third of board seats**

#### **Details of Promotion**

- **Due to a majority of listed companies in Taiwan are family owned, it is expected to further strengthen the supervisory function of the board of directors through encouraging the additions to independent directors to be no less than one-third of the board seats.**

#### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall amend the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to encourage the number of independent directors of listed companies to be no less than one-third of the board seats.</li><li>2. Including the number of independent directors elected by listed companies being no less than one-third of the board seats as one of the corporate governance evaluation indicators.</li></ol>
<b>2022</b>	Listed companies shall apply relevant corporate governance evaluation indicators.
<b>2023</b>	The TWSE and TPEX shall amend relevant rules and regulations to require companies applying for TWSE/TPEX listing for the first time, listed companies with paid-in capital of NTD10 billion or more and financial and insurance listed companies to appoint independent directors to be no less than



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	one-third of the board seats (applicable upon the expiration of their terms of office).
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## **(2) Promoting listed companies to establish nomination committees**

### **Details of Promotion**

- **Strengthening the election mechanism of directors (including independent directors) and constituting diversified and professional board members by promoting establishment of a nomination committee system in listed companies.**

### **Promotion Schedule**

<b>2021</b>	Including nomination committees established by listed companies as one of the corporate governance evaluation indicators.
<b>2022</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall arrange relevant advocacy courses, lectures or seminars, etc. to advocate for listed companies to have nomination committees in place.</li><li>2. Listed companies shall apply the relevant corporate governance evaluation indicators.</li></ol>
<b>2023</b>	The TWSE and TPEX shall study the feasibility for listed companies to have nomination committees in place (including the scope thereof and relevant operations).

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### **(3) Disclosing diversified information of the board of directors**

#### **Details of Promotion**

- **Through information disclosure, promoting listed companies to attend to profession and gender diversity of board members to align with the international trend of gender equality, and urging enterprises to put emphasis on succession planning through disclosure of age distribution of the board.**

#### **Promotion Schedule**

<b>2021</b>	The FSC shall amend the "Regulations Governing Information to be Published in Annual Reports of Public Companies" to specify the disclosure of distributions on matters such as gender, specialty and age of the board of directors as well as specific management objectives and implementation of the diversity policy of the board of directors.
<b>2022</b>	Listed companies shall disclose the diversity-related information of the board of directors in their annual reports.

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## **2. Strengthening board duties and functions**

### **(1) Promoting listed companies to introduce enterprise risk management mechanisms**

#### **Details of Promotion**

- **In view of the increasingly complex risks faced by corporate operations and in order to assist Taiwan enterprises in identifying potential upcoming challenges and responding appropriately, gradually assisting listed companies in introducing corporate risk management mechanisms under the supervision of functional committees of their board such as audit committees and risk management committees.**

#### **Promotion Schedule**

<b>2021</b>	Requesting the TWSE and TPEX to collect relevant international enterprise risk management regulations (e.g. COSO 2017 ERM, ISO 31000) and to study and promulgate risk management best practice codes or templates to guide and for listed companies to follow.
<b>2022</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall announce the risk management best practice codes or templates for listed companies, share excellent examples of risk management by domestic and foreign companies on the website of the Corporate Governance Center, and arrange relevant advocacy courses.</li><li>2. Including the introduction of the enterprise risk management mechanism by listed companies under the supervision of functional committees of their board such as audit committees and risk management committees as one of the corporate governance evaluation indicators.</li></ol>

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<b>2023</b>	Listed companies shall apply relevant corporate governance evaluation indicators.
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## **(2) Promoting listed companies to conduct a performance review on functional committees**

### **Details of Promotion**

- **Enhancing operations of functional committees by promoting a performance review by listed companies.**

### **Promotion Schedule**

<b>2021</b>	Including an internal performance review on the functional committees by listed companies as one of the corporate governance evaluation indicators.
<b>2022</b>	Listed companies shall apply relevant corporate governance evaluation indicators.
<b>2023</b>	The TWSE and TPEX shall amend relevant rules and regulations to stipulate that listed companies shall conduct an internal performance review on the functional committees.

## **(3) Providing diversified director's training programs**

### **Details of Promotion**

- **Considering the competencies of directors is key to promoting corporate operations and governance, the TWSE and TPEX will further strengthen the design of director training courses to diversify, and require the directors of listed companies to have at least three hours of training in the year of appointment. In addition, considering the large number and different professional**

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**backgrounds of the directors of listed companies, the training courses are not mandatory which may be attended based on their actual needs to maintain skills and knowledge required to effectively perform the director duties.**

### **Promotion Schedule**

<b>2021</b>	The TWSE and TPEX shall plan to provide diversified training courses and methods.
<b>2022</b>	The TWSE and TPEX shall amend relevant rules and regulations to require the directors of listed companies to have at least three hours of training in the year of appointment (applicable upon the expiration of their terms of office.)

#### **(4) Expanding the application scope of mandatory appointment of corporate governance officers and strengthening their duties and functions**

### **Details of Promotion**

- **Assisting directors in carrying out their business by appointing corporate governance officers and strengthening their duties and functions. Strengthening the effectiveness of operations of the board of directors and ensuring the compliance of laws and regulations by companies.**

### **Promotion Schedule**

<b>2021</b>	1. The TWSE and TPEX shall amend relevant rules and regulations to require non-financial listed companies with paid-in capital of less than NTD2 billion to appoint corporate governance officers by
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	<p>2023.</p> <p>2. The TWSE and TPEX shall study relevant measures and strengthen the duties and functions of the corporate governance officers through consultation with external feedback.</p>
<b>2022</b>	The TWSE and TPEX shall promulgate rules and regulations to strengthen the duties and functions of corporate governance officers based on the results of the consultation from external feedback in 2021.
<b>2023</b>	Non-financial listed companies with paid-in capital of less than NTD2 billion shall appoint corporate governance officers.

#### **(5) Promoting emerging stock companies to acquire directors and supervisors liability insurance**

##### **Details of Promotion**

- **By promoting emerging stock companies to acquire liability insurance for their directors and supervisors, enabling them to perform their duties and functions effectively and reach a balance between their rights and liabilities.**

##### **Promotion Schedule**

<b>2021</b>	The TPEX shall amend relevant rules and regulations to require companies applying to register with the emerging stock market and all the emerging stock companies to acquire directors and supervisors liability insurance commencing in 2022.
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<b>2022</b>	Companies applying to register with the emerging stock market and all the emerging stock companies shall apply the relevant rules and regulations.
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### **3. Strengthening duties, functions and independency of independent directors and audit committees**

#### **(1) Promoting half or more of independent directors of a listed company not to serve more than three consecutive terms of office**

##### **Details of Promotion**

- **In order to strengthen the independency of the board of directors of listed companies and to take into account the needs of practical operations, gradually promoting that half or more of independent directors of a listed company may not serve more than three consecutive terms of office.**

##### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. Amending the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to suggest independent directors of a listed company not serve more than three consecutive terms of office.</li><li>2. Including that half or more of independent directors of a listed company may not serve more than three consecutive terms of office as one of the corporate governance evaluation indicators.</li></ol>
<b>2022</b>	Listed companies shall apply the relevant corporate governance evaluation indicators.
<b>2023</b>	The TWSE and TPEX shall amend relevant rules and regulations to require half or more of independent directors of listed companies not to serve more than three consecutive terms of office (applicable upon the expiration of their terms of office.)



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## **(2) Promulgating a template for exercising duties and power by independent directors and audit committees**

### **Details of Promotion**

- **Given the importance of duties of independent directors and audit committees, in order to enhance the effectiveness of their functions, promulgating template guidelines by considering relevant laws and regulations in other jurisdictions and domestic operation practices as a reference for independent directors and audit committee members to exercise their duties and power.**

### **Promotion Schedule**

<b>2021</b>	The TWSE and TPEX shall collect rules and regulations and practice feedback from other jurisdictions and study and promulgate the template for exercising duties and power of independent directors and audit committees.
<b>2022</b>	The TWSE and TPEX shall promulgate the template for exercising duties and power of independent directors and audit committees based on the study results in 2021.

## **(3) Promoting each quarterly financial statements of listed companies to be subject to an audit committee's consent**

### **Details of Promotion**

- **In order to strengthen the audit committee's supervisory function of corporate finance, promoting the financial statements for each period to be subject to an audit committee's consent.**

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### Promotion Schedule

<b>2021</b>	Including each quarterly financial statements of listed companies being subject to an audit committee's consent as one of the corporate governance evaluation indicators.
<b>2022</b>	Listed companies shall apply the relevant corporate governance evaluation indicators.

#### **(4) Strengthening disclosure of independency of independent directors**

##### Details of Promotion

- **In order to strengthen the disclosure of independency of independent directors, listed companies shall declare their independent directors conforming to the independency requirement in a narrative way and strengthen the regular review of independency of independent directors.**

##### Promotion Schedule

<b>2021</b>	<ol style="list-style-type: none"><li>1. The FSC shall amend the "Regulations Governing Information to be Published in Annual Reports of Public Companies" to set forth independency information for disclosure in relation to independent directors.</li><li>2. The TWSE and TPEX shall amend their "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds" and "Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities" to require listed companies to</li></ol>
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	report the declaration of independent directors confirming independency requirements for both exchanges along with their reporting for annual reports.
<b>2022</b>	Listed companies shall apply the above rules and regulations to disclose the description or statement of independency in the annual report and report relevant information to the TWSE and TPEX.

#### **4. Implementing accountability of the board of directors:**

##### **(1) Promoting transparency and reasonableness of director's remuneration information**

###### **Details of Promotion**

- **In order to promote reasonableness of director's remuneration of listed companies, expanding the application scope of listed companies subject to individual director's remuneration disclosure under special circumstances, and studying and establishing the relevant say-on-pay mechanism to promote reasonable director's remunerations through the supervision mechanism of investors and shareholders.**

###### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. The FSC shall study and amend the "Regulations Governing Information to be Published in Annual Reports of Public Companies" to expand the application scope for listed companies to disclose their individual director's remuneration under special circumstances.</li><li>2. The TWSE shall study and strengthen the relevant mechanism of reporting director's remuneration at shareholders' meeting by referring to the say-on-pay mechanism regulated by the EU's shareholder rights directive II ("SRD II").</li></ol>
<b>2022</b>	<ol style="list-style-type: none"><li>1. Listed companies shall disclose individual director's remuneration in annual reports as required by laws or regulations.</li><li>2. The TWSE shall amend the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" by referring to</li></ol>

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	the study in 2021 on the SRD II and include the same as one of the corporate governance evaluation indicators.
<b>2023</b>	Listed companies shall apply the relevant corporate governance evaluation indicators.

## **(2) Promoting reporting of related parties' transactions for non-business activities at shareholders' meetings**

### **Details of Promotion**

- **In order to protect the rights and interests of shareholders, studying relevant rules and regulations of reporting related parties' transactions of non-business activities (such as major asset transactions) of listed companies at the next year's annual general shareholders' meeting by reference to international norms so as to ensure that the relevant transactions will not harm the interests of the companies or the rights and interests of shareholders.**

### **Promotion Schedule**

<b>2021</b>	The TWSE shall study relevant rules and regulations of reporting related parties' transactions of non-business activities of listed companies in the next year's annual shareholders' meeting by reference to international norms.
<b>2022</b>	The TWSE shall amend the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" based on the study results in 2021 and include the same as one of the corporate governance evaluation indicators.
<b>2023</b>	Listed companies shall apply the relevant corporate

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	governance evaluation indicators.
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## **Action Plan 2: Enhancing Information Transparency and Promoting Sustainable Operations**

### **Specific promotion measures (nine items in total)**

- 1. Strengthening ESG information disclosure of listed companies**
  - (1) Strengthening the disclosure of Sustainability Reporting with reference to the international norms under the Task Force on Climate-related Financial Disclosures ("TCFD")**
  - (2) Strengthening the disclosure of Sustainability Reporting with reference to the international norms under the Sustainability Accounting Standards Board ("SASB")**
  - (3) Expanding the application scope of companies to prepare a Sustainability Report**
  - (4) Expanding the application scope of third-party verification on the Sustainability Report**
  - (5) Amending the current name of the Corporate Social Responsibility ("CSR") Report to the Sustainability Report (or ESG Report) and promoting the publication of the Sustainability Report in English**
- 2. Enhancing the timeliness and quality of information disclosure by listed companies**
  - (1) Promoting and publishing unaudited annual financial information of listed companies**
  - (2) Promoting and shortening the time limit for announcing and filing annual financial reports by listed companies**
  - (3) Promoting the Audit Quality Indicators ("AQI")**

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## **1. Strengthening ESG information disclosure of listed companies**

### **(1) Strengthening the disclosure of Sustainability Reporting with reference to the international norms under the TCFD**

#### **Details of Promotion**

- **Strengthening the disclosure of the Sustainability Report with reference to the international norms under the TCFD to link climate risks to corporate governance in order to enhance corporate information transparency.**

#### **Promotion Schedule**

<b>2021</b>	Collecting foreign data to study rules and regulations on information disclosure under the TCFD.
<b>2022</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall amend the "Rules Governing the Preparation and Filing of CSR Reports by TWSE/TPEX Listed Companies" based on the study results in 2021.</li><li>2. The TWSE and TPEX shall study and produce templates and arrange advocacy courses, lectures or seminars, etc. to promote TCFD disclosure rules to listed companies.</li></ol>
<b>2023</b>	This shall apply to listed companies for preparation and filing of the Sustainability Report of 2022.

### **(2) Strengthening the disclosure of Sustainability Reporting with reference to the international norms under the SASB**

#### **Details of Promotion**

- **With reference to the SASB rules, studying the disclosure requirement for material and financially significant ESG-related information useful for informed investment decision-making based on the industry of listed companies.**



(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

<b>Promotion Schedule</b>	
<b>2021</b>	The TWSE shall study foreign rules and regulations, based on the industry of listed companies, of the disclosure of material and financially significant ESG-related information in the Sustainability Report useful for investors to make informed decisions.
<b>2022</b>	<ol style="list-style-type: none"> <li>1. The TWSE and TPEX shall amend the "Rules Governing the Preparation and Filing of CSR Reports by TWSE/TPEX Listed Companies" based on the study results in 2021.</li> <li>2. The TWSE and TPEX shall study and design templates and arrange relevant advocacy courses, lectures or seminars, etc. to promote disclosure rules to listed companies.</li> </ol>
<b>2023</b>	This shall apply to listed companies for production and filing of the Sustainability Report of 2022.

### **(3) Expanding the application scope of companies to prepare a Sustainability Report**

#### **Details of Promotion**

- **To continuously strengthen the implementation of social responsibility and enhance the disclosure of non-financial information by Taiwan's listed companies, it is planned to expand the application scope of listed companies to prepare and file a Sustainability Report.**

#### **Promotion Schedule**

<b>2021</b>	The TWSE and TPEX shall amend the "Rules Governing the Preparation and Filing of CSR Reports by TWSE/TPEX Listed Companies" to stipulate that listed companies with paid-in capital of NTD2 billion
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

	or more but less than NTD5 billion shall prepare and file the Sustainability Report.
<b>2022</b>	The TWSE and TPEX shall arrange relevant advocacy courses, lectures or seminars, etc. to promote the preparation of Sustainability Reports.
<b>2023</b>	Listed companies with paid-in capital of NTD2 billion or more shall prepare and file the Sustainability Report of 2022.

#### **(4) Expanding the application scope of third-party verification on the Sustainability Report**

##### **Details of Promotion**

- **Improving the quality of non-financial information disclosure by expanding the application scope of third-party verification on the Sustainability Report.**

##### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"> <li>1. The TWSE shall study and expand the industry categories of listed companies (such as chemical industry and financial and insurance industries), verification contents, verification units and other matters for third-party verification.</li> <li>2. The TWSE and TPEX shall study and amend the "Rules Governing the Preparation and Filing of CSR Reports by TWSE/TPEX Listed Companies" based on the study results.</li> </ol>
<b>2022</b>	The Sustainability Report of 2021 prepared and filed by the listed companies complying with rules shall be subject to third-party verification.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

**(5) Amending the current name of the Corporate Social Responsibility (CSR) Report to the Sustainability Report (or ESG Report) and promoting the publication of the Sustainability Report in English.**

**Details of Promotion**

- **To align with international trends and strengthen the conformity with international norms, amending the current name of the CSR Report to the Sustainability Report (or ESG Report) and promoting the publication of the Sustainability Report in English.**

**Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall amend the "Rules Governing the Preparation and Filing of CSR Reports by Listed Companies".</li><li>2. Including the publication of the Sustainability Report in English by listed companies as one of the corporate governance evaluation indicators.</li></ol>
<b>2022</b>	Listed companies shall apply the relevant corporate governance evaluation indicators.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **2. Enhancing the timeliness and quality of information disclosure by listed companies**

### **(1) Promoting and publishing unaudited annual financial information of listed companies**

#### **Details of Promotion**

- **In order to enhance the timeliness of the financial information disclosure of listed companies and to prevent window period for lack of information from being overly long, promoting companies to publish unaudited annual financial information by stages subject to the scale of paid-in capital to improve the timeliness of publishing and filing annual financial information.**

#### **Promotion Schedule**

<b>2021</b>	<p>Amending the "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore ETFs" and "Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities" to promote the publication of unaudited financial information by stages subject to scale of the companies as follows:</p> <p>2022: Listed companies with paid-in capital of NTD10 billion or more shall publish unaudited financial information for the last fiscal year within 75 days after the end of the fiscal year.</p> <p>2023: Listed companies with paid-in capital of NTD2 billion or more but less than NTD10 billion shall publish unaudited financial information for the last fiscal year within 75</p>
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

	<p>days after the end of the fiscal year.</p> <p>2024: Listed companies with paid-in capital of less than NTD2 billion shall publish unaudited financial information for the last fiscal year within 75 days after the end of the fiscal year.</p>
<b>2022</b>	Listed companies with paid-in capital of NTD10 billion or more shall publish unaudited financial information for the last fiscal year within 75 days after the end of the fiscal year.
<b>2023</b>	Listed companies with paid-in capital of NTD2 billion or more but less than NTD10 billion shall publish unaudited financial information for the last fiscal year within 75 days after the end of the fiscal year.

## **(2) Promoting and shortening the time limit for announcing and filing annual financial reports by listed companies**

### **Details of Promotion**

- **In order to enhance the timeliness of financial information disclosure of listed companies and to prevent window period for lack of information from being overly long, shortening the time limit for announcement and filing of annual financial reports of listed companies by stages subject to the scale of paid-in capital.**

### **Promotion Schedule**

<b>2021</b>	Amending the "Regulations Governing Applicable Scope of Special Circumstances for the Public Announcement and Filing of Financial Reports and Operational Status Reports by Public Companies," and
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

	shortening the time limit for announcing and filing the financial reports of listed companies.
<b>2022</b>	Promoting listed companies to shorten the period for announcing and filing annual financial reports.
<b>2023</b>	<ol style="list-style-type: none"> <li>1. Listed companies with paid-in capital of NTD10 billion or more shall announce and file the annual financial reports for the last fiscal year within 75 days after the end of the fiscal year.</li> <li>2. Studying the feasibility of listed companies to announce their annual financial reports within 60 days after the end of the fiscal year.</li> </ol>

### **(3) Promoting the Audit Quality Indicators ("AQI")**

#### **Details of Promotion**

- **Given the difficulty in observing audit quality, it is not easy to evaluate. To strengthen the transparency of audit quality, through the gradual implantation of AQIs, expecting to encourage the audit committee of listed companies to use the AQI information provided by the CPA firms when evaluating the CPA firm.**

#### **Promotion Schedule**

<b>2021</b>	The FSC shall decide and issue the AQIs.
<b>2022</b>	The FSC shall establish guidelines for accountants and audit committees.
<b>2023</b>	The TWSE and TPEX shall amend the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to encourage audit committees of listed companies to use the AQI information provided by the CPA firms when evaluating the appointment or re-appointment of the CPA firms each year.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### **Action Plan 3: Strengthening Communication with Stakeholders and Creating Open Dialogue**

**Specific promotion measures (seven items in total)**

- 1. Strengthening the conducting of shareholders' meetings of listed companies**
  - (1) Strengthening the fairness when companies handle their own stock affairs and enhancing information transparency of e-voting results**
  - (2) Gradually dispersing the dates of annual general shareholder's meetings**
  - (3) Shortening the deadline for filing shareholders' meeting agenda handbooks and annual reports for shareholders' meetings**
  - (4) Timely announcing and filing the voting results of shareholders' meeting resolutions**
  - (5) Implementing a requirement for emerging stock companies to adopt e-voting mechanism**
- 2. Holding investor conferences in multiple ways and enlarging investor participation**
- 3. Strengthening disclosure of corporate governance information on Market Observatory Post System ("MOPS") and companies' websites**

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **1. Strengthening the conducting of shareholders' meetings of listed companies:**

### **(1) Strengthening the fairness when companies handle their own stock affairs and enhancing information transparency of e-voting results**

#### **Details of Promotion**

- **In view of the disputes of management rights occurring in recent years, there were occasional delays, refusals to issue election ballots or arbitrary denial to shareholders' voting rights by issuing companies handling their own stock affairs for registration of attendance 'or ballot calculation at shareholders' meeting and thus infringed on shareholders' rights to participate in the meetings. Studying the feasibility of requiring companies handling their own stock affairs to report their compliance with the regulations for handling their own stock affairs every three years.**
- **In addition, in order to enhance information transparency of e-voting results, studying the feasibility for companies or their shareholder service agents to announce the consolidated summary table of the number of shares for shareholders attending the meeting through electronic means one day before the shareholders' meeting.**

#### **Promotion Schedule**

2021	1. The TDCC shall firstly invite and communicate with companies handling their own stock affairs and encourage them to transfer their stock affairs to a third party shareholder service agent when it comes to having a director or supervisor election in its shareholders' meeting. Moreover, the
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TDCC shall conduct more promotions on the full compliance with the rules and standards of the internal control system dealing with shareholder services for companies handling their own stocks affairs and shareholder service agents.

2. The TDCC shall study the feasibility, corresponding measures and time frame in relation to companies handling their own stock affairs to report their compliance with regulations every three years to continue to handle their own stock affairs and to announce the consolidated summary table of the number of shares for shareholders attending the meeting through electronic means for announcement one day before the shareholders' meeting.
3. Where the TDCC studies the feasibility, corresponding measures and time frame in relation to companies handling their own stock affairs to report their compliance with regulations every three years to continue to handle their own stock affairs and to announce the consolidated summary table of the number of shares for shareholders attending the meeting through electronic means for announcement one day before the shareholders' meeting, the FSC shall amend relevant provisions of the "Regulations Governing the Administration of Shareholder Services of Public Companies".

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **(2) Gradually dispersing the dates of annual general shareholder's meetings**

### **Details of Promotion**

- **Since 2010, listed companies and emerging stock companies have been allowed to pre-select the date for annual general shareholders' meeting online. After several adjustments, the daily maximum quantity of companies holding annual general shareholders' meetings was reduced to 100 as of 2015. In order to further protect shareholders in exercising their shareholders' rights and effectively disperse the meeting dates for holding shareholders' meetings, the daily maximum quantity of companies holding annual general shareholders' meetings will be gradually reduced.**

### **Promotion Schedule**

<b>2021</b>	The daily maximum quantity of listed companies holding annual general shareholders' meetings is set to be 90.
<b>2022</b>	The daily maximum quantity of listed companies holding annual general shareholders' meetings is set to be 80.

## **(3) Shortening the deadline for filing shareholders' meeting agenda handbooks and annual reports for shareholders' meetings**

### **Details of Promotion**

- **In order to provide shareholders with the procedures and subjects to be discussed in a shareholders' meeting as earlier as possible and to enable them actively participate in the shareholders' meeting, studying the feasibility to move forward the deadlines for reporting**

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **shareholders' meeting agenda handbooks, supplementary information and annual reports on the MOPS.**

### **Promotion Schedule**

<b>2021</b>	Amending the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies" and "Regulations Governing Information to be Published in Annual Reports of Public Companies" so as to require listed companies with paid-in capital of NTD10 billion or more or with a foreign investor shareholding of 30% or more to file the shareholders' meeting agenda handbooks and supplementary information 30 days before the shareholders' meeting date while the annual report is to be filed 14 days before the shareholders' meeting date.
<b>2022</b>	Listed companies with paid-in capital of NTD10 billion or more or with a foreign investor shareholding of 30% or more are required to file the shareholders' meeting agenda handbooks and supplementary information 30 days before the shareholders' meeting date while the annual reports to be filed 14 days before the shareholders' meeting date as of 2022.

#### **(4) Timely announcing and filing the voting results of shareholders' meeting resolutions**

##### **Details of Promotion**

- **In view of the mandatory application of e-voting and nomination for candidates of directors and supervisors of listed companies since 2018 and for 2021, in order to**

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

**enable shareholders to be informed of important information in advance of the shareholders' meetings, considering moving forward the deadline for filing the voting results of shareholders' meeting resolutions so as to enhance the timeliness of information disclosure.**

### **Promotion Schedule**

<b>2021</b>	The TWSE and TPEX shall amend relevant rules and regulations to move forward the deadline for filing the voting results of shareholders' meeting resolutions.
<b>2022</b>	The requirement for moving forward the deadline for filing the voting results of shareholders' meeting resolutions shall apply to all listed companies.

## **(5) Implementing a requirement for emerging stock companies to adopt e-voting mechanism**

### **Details of Promotion**

- All listed companies have adopted the e-voting mechanism from 2018. To put shareholder activism into practice and consider that the FSC will promote all emerging stock companies to appoint independent directors beginning in 2022, expecting to require all emerging stock companies to adopt the e-voting commencing in 2023 by reference to the time sequence for all listed companies to appoint independent directors and mandatory e-voting in 2017 and 2018 respectively.**

### **Promotion Schedule**

<b>2021</b>	The FSC shall issue an order requiring all emerging stock companies to provide e-voting available starting from 2023.
<b>2023</b>	All emerging stock companies shall provide e-voting

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	available as one of the means for exercising voting rights at shareholders' meetings starting from 2023.
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **2. Holding investor conferences in multiple ways and enlarging investor participation**

### **Details of Promotion**

- **Diversifying the means of holding investor conferences so as to enlarge investors' participation; and continuously encouraging the TPEX listed companies to hold investor conferences and strengthening investor relations.**

### **Promotion Schedule**

<b>2021</b>	The TWSE and TPEX shall study and hold investor conferences in multiple ways and advocate and encourage the companies to implement accordingly.
<b>2022</b>	<ol style="list-style-type: none"><li>1. The TWSE and TPEX shall amend the relevant rules and regulations in accordance with the study results.</li><li>2. The TPEX shall study the scope of the TPEX listed companies that are required to hold or accept the invitation of investor conferences in Taiwan at least once every year.</li></ol>
<b>2023</b>	The TPEX shall amend the relevant rules and regulations in accordance with the study results in 2022.

## **3. Strengthening disclosure of corporate governance information on MOPS and companies' websites**

### **Details of Promotion**

- **Strengthening the English MOPS interface to improve the foreign investor user experience to access to information and enhancing Taiwan's conformity with international norms; and optimizing the disclosure of**

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

**corporate governance-related information on companies' websites for convenient reference by shareholders and stakeholders.**

### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. Amending the "Corporate Governance Best Practice Principles of TWSE/TPEX Listed Companies" to set out required contents for the investors or corporate governance sections to be placed on the companies' website.</li><li>2. The TWSE shall enhance the English MOPS interface.</li></ol>
<b>2022</b>	The TWSE and TPEX shall set out required contents for the investors or corporate governance sections to be placed on the companies' website in the rules governing information reporting.

## **Action Plan 4: Advancing International Norms and Leading with Stewardship**

### **Specific promotion measures (five items in total)**

- 1. Expanding the stewardship industrial chain**
  - (1) Establishing a negotiation mechanism between international proxy advisors and listed companies**
  - (2) Studying and establishing a stewardship code for proxy advisors by reference to international norms**
- 2. Guiding institutional investors to implement stewardship**
  - (1) Encouraging institutional investors to disclose stewardship related information**
  - (2) Establishing a public evaluation mechanism for stewardship of institutional investors**
  - (3) Strengthening influence of government pension funds and enhancing stewardship**

### **1. Expanding the stewardship industrial chain:**

- (1) Establishing a negotiation mechanism between international proxy advisors and listed companies**

### **Details of Promotion**

- **As international institutional investors must complete voting in shareholders' meetings for their wide range of global holdings in a short period, they normally would acquire services from proxy advisors to enhance the efficiency of their voting decisions.**
- **Considering the gradual increase in the ratio of foreign investment in Taiwan's issuing companies, the influence of international proxy advisors on Taiwan's issuing companies is also increasing. Assisting Taiwan's issuing companies in understanding the role of the**



(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

**international proxy advisors and their voting policies and to construct communication channels between Taiwan's issuing companies and international proxy advisors so as to enhance Taiwan's corporate governance and investor relations.**

### **Promotion Schedule**

<b>2021</b>	<ol style="list-style-type: none"><li>1. The TDCC shall provide annual voting policy and contact information of international proxy advisors on the Investor Relations Platform to strengthen the communication channels between Taiwan's issuing companies and international proxy advisors.</li><li>2. The TDCC shall hold seminars to invite international proxy advisors, ESG research institutions or corporate governance-related agencies to share their areas of concern relating to issues of corporate governance policies to allow domestic issuing companies to understand their priorities.</li></ol>
<b>2022</b>	After evaluating the needs of Taiwan's issuing companies, the TDCC shall discuss with international proxy advisors to gain authorization for access to the relevant information of the recommendation report for reference by Taiwan's issuing companies.

### **(2) Studying and establishing a stewardship code for proxy advisors by reference to international norms**

#### **Details of Promotion**

- **Considering the increasing influence of proxy advisors on the investment industrial chain, by referring to international norms and based on the industrial features**

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

**of service providers, studying and establishing a relevant exclusive stewardship code, and enhancing the quality of corporate governance and strengthening responsible investments through their influence.**

### **Promotion Schedule**

<b>2021</b>	The TWSE shall collect the practice of the stewardship codes for foreign service providers (the UK and Japan).
<b>2022</b>	The TWSE shall study the relevant stewardship codes for service providers.
<b>2023</b>	Publishing stewardship code exclusively to service providers and encouraging service providers to sign or, subject to the relevant principles of the Taiwan's stewardship code, providing the report or declaration in relation to compliance with relevant codes announced by other countries.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **2. Guiding institutional investors to implement stewardship:**

### **(1) Encouraging institutional investors to disclose stewardship related information**

#### **Details of Promotion**

- **Through incentive programs, promoting institutional investors to produce stewardship reports and improving stewardship disclosure quality related information in order to exercise the influence of institutional investors and enable listed companies to enhance their level of corporate governance.**

#### **Promotion Schedule**

<b>2021</b>	Asking the Bankers Association, the Insurance Associations, the Taiwan Securities Association ("TSA") and the Securities Investment Trust and Consulting Association of the R.O.C. ("SITCA") to assist enterprises in considering and providing improvement plans for companies receiving low scores in certain aspects during the course of evaluation of better compliance practices for stewardship by the TWSE.
<b>2022</b>	Amending the accredited standards for the "Incentive Measures for Securities Investment Trust Enterprises ("SITEs")" to encourage SITEs to improve the stewardship report disclosure quality.
<b>2023</b>	Asking the Bankers Association, the Insurance Associations, the TSA and the SITCA to trace the improvement in stewardship disclosure of enterprises in accordance with guidance improvement plans considered and provided.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **(2) Establishing a public evaluation mechanism for stewardship of institutional investors**

### **Details of Promotion**

- **Establishing an advisory committee of stewardship codes for institutional investors, regularly conducting an evaluation to produce a list of companies with better compliance practices on an annual basis and publishing the same in order to enhance the overall level of stewardship.**

### **Promotion Schedule**

<b>2021</b>	An advisory committee of the stewardship code for institutional investors shall be planned and established by the TWSE, regularly conduct an evaluation to produce a list of companies with better compliance practices on an annual basis and publish the same.
<b>2022</b>	The TWSE, in accordance with the domestic and foreign practice of stewardship of institutional investors, shall study and amend the evaluation indicators.

## **(3) Strengthening influence of government pension funds and enhancing stewardship**

### **Details of Promotion**

- **Promoting government pension funds to include the implementation of stewardship by SITEs as one of its selection criteria for mandate to enhance their implementation of stewardship.**

### **Promotion Schedule**

<b>2021</b>	Suggesting the competent authority of government pension funds include the TWSE's evaluation results
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

	in relation to the better compliance practices of institutional investors' stewardship as a reference in selecting investment managers for mandate.
<b>2022</b>	The TWSE shall arrange advocacy seminars for government pension funds for stewardship related evaluation to help them enhance the level of stewardship.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **Action Plan 5: Deepening Corporate's Sustainable Governance Culture and Providing Diversified Products**

**Specific promotion measures (four items in total)**

- 1. Designing and establishing a sustainability market to promote sustainable development-related bonds**
- 2. Continuously attending to the needs of market users to study and promote sustainability-related index products**
- 3. Continuously reviewing corporate governance evaluation indicators and reinforcing evaluation effectiveness**
- 4. Continuously advocating corporate governance and CSR**

- 1. Designing and establishing a sustainability market to promote sustainable development-related bonds**

### **Details of Promotion**

- Designing and establishing a sustainability market to develop related products in order to urge enterprises to raise capital for ESG-oriented development, diversify Taiwan's sustainable development in investment and financing tools, and jointly create a sustainable development environment in Taiwan.**

### **Promotion Schedule**

<b>2021</b>	The TPEX shall promote social responsibility bonds and establish a sustainable market covering green bonds, sustainability bonds and social responsibility bonds.
<b>2022</b>	The TPEX shall keep promoting green bonds, sustainability bonds and social responsibility bonds as well as plan to expand the product range in the future.

(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

## **2. Continuously attending to the needs of market users to study and promote sustainability-related index products**

### **Details of Promotion**

- **Promoting sustainability-related index products to urge listed companies to attend to corporate governance through market mechanisms, implementing CSR, and guiding capital investment in sustainable development.**

### **Promotion Schedule**

<b>2021</b>	The TWSE, the TPEX and the Taiwan Futures Exchange shall study the feasibility of sustainability-related index products.
<b>2022</b>	The TWSE, the TPEX and Taiwan the Futures Exchange shall promote sustainability-related index products based on the study results.

## **3. Continuously reviewing corporate governance evaluation indicators and reinforcing evaluation effectiveness**

### **Details of Promotion**

- **Through continuous optimization of corporate governance evaluation indicators, enhancing evaluation effectiveness and increasing announcement of ranking for small and medium-cap companies to encourage listed companies to enhance corporate governance actively.**

### **Promotion Schedule**

<b>2021</b>	Continuously reviewing corporate governance evaluation indicators and adding announcement of rankings for small and medium-cap companies.
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(Note: If there is any translation discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

2022	Studying the feasibility of producing related index products.
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#### 4. Continuously advocating corporate governance and CSR

##### Details of Promotion

- **Through various kinds of advocacy, forums or seminars, assisting listed companies in internalizing corporate governance and CSR and integrating the same with their corporate culture and further shaping Taiwan's overall corporate governance culture.**

##### Promotion Schedule

2021	The TWSE and TPEX shall continuously hold seminars and conferences related to corporate governance evaluation to advocate the latest amendments to the corporate governance evaluation system and corporate governance-related laws and regulations and place the contents of important advocacy items in the corporate governance advocacy section of the TWSE website.
2022	Continuously updating the training resource section of the Corporate Governance Center and inviting the private sectors to provide feedback for training materials.