

# Chapter 2

## SUSTAINABLE GOVERNANCE

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### 2.1.1 Improving Corporate Governance Evaluation

Since the launch of the Corporate Governance Evaluation in 2014, TPEX has been guiding enterprises to voluntarily adopt best practices and attach more importance to corporate governance, through evaluation indicators covering a wide range of dimensions, such as safeguarding shareholders’ rights and interests, treating shareholders equally, enhancing the Board structure and operations, improving information transparency, and promoting sustainable development (originally: implementing corporate social responsibility), so as to enhance the effectiveness of corporate governance in Taiwan’s capital market.

The corporate governance quality of TPEX listed companies has been enhanced as a result of promoting corporate governance evaluation. Relevant data is shown in the table below:

Corporate Governance Measures	Number of Companies in 2023	Number of Companies in 2022	Growth Rate
Submission of Annual Financial Reports in English	500	259	93%
Submission of Annual Shareholders' Meeting Reports in English	482	225	114%

As of December 31, 2023

The 2023 (9th) Corporate Governance Advocacy Conference was conducted in the form of online courses. After the evaluation results were announced, an award ceremony was held in June 2023 to commend companies with excellent corporate governance performance (the top 5% of the TWSE listed and TPEX listed companies and the top 5% of small and medium companies in market capitalization) and to include the top 20% of the TPEX listed companies in the Corporate Governance Index.

In comparison with the 8th, the 9th corporate governance evaluation revealed significant changes. Among the top 20% of the TPEX listed companies, 34 were new entrants to the list, while among the top 5%, which included 37 firms, 10 were newcomers, including six appearing on the list for the first time. This demonstrates that the TPEX listed companies attach great importance to corporate governance evaluation, and work to improve their corporate governance.

#### The top 5% in corporate governance evaluation for nine consecutive years:

- Win Semiconductors Corp. (3105)
- Sino-American Silicon Products Inc. (5483)
- Vanguard International Semiconductor Co. (5347)
- Chipbond Technology Corporation (6147)
- Yuanta Futures Co., Ltd. (6023)
- Coretronic Corporation.(5371)
- ECOVE Environment Corp. (6803)
- CTCI Advanced Systems Inc. (5209)

The methodology and indicators for the 10th (2024) corporate governance evaluation are based on the framework and key elements of the 2023 evaluation. Adjustments have been made to align with the "Sustainable Development Action Plans for TWSE and TPEX Listed Companies (2023)" and the "Capital Market Blueprint" announced by competent authorities, and with reference to major corporate governance and sustainability trends in the world, newly revised laws, interpretations and policies in Taiwan, inputs from competent authorities and surrounding units of securities, as well as recommendations from evaluated companies and corporate governance-related organizations. The main revisions to this year's corporate governance evaluation indicators are as follows:

#### Promotion of Sustainable Development

1. Does the company disclose a policy linking executive compensation to ESG-related performance evaluations?
2. Is the company's sustainability report approved by the Board of Directors?
3. Does the company disclose its annual greenhouse gas emissions for the past two years?
4. Has the company established a greenhouse gas reduction management policy, including reduction targets, implementation measures, and progress towards the targets?

As global awareness of environmental and social issues grows, sustainability-related indicators are gradually included in Taiwan’s corporate governance evaluation. In order to further assess the ESG performance of TWSE-listed and TPEX-listed companies, guide them to reinforce ESG information disclosure and sustainable transformation to reduce market impact, and avoid burdening TWSE-listed and TPEX-listed companies with two evaluation systems, plans are underway to introduce environmental and social indicators to the existing "Corporate Governance Evaluation" framework and increase their weights in line with international trends in promoting environmental and social efforts, and to advance ESG evaluation step by step along with the establishment of an ESG information platform and database expansion. Efforts will be made to add environmental and social indicators over a three-year period, and adjust governance indicators in due time, thereby realizing the transition to "ESG Evaluation".

## 2.1.2. Driving Corporate Action

### Promoting Climate Change Risk Management and Preparation of Sustainability Reports for TPEX-listed Companies

In 2014, TPEX formulated the “Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies”(hereinafter as the sustainability report rules), which requires listed companies shall prepare a sustainability report with the GRI standards, enhance environmental, social, and corporate governance (ESG) risk assessments, and disclose climate-related issues. On September 26, 2022, TPEX announced the amendments to the sustainability report rules, with reference to international standards such as the TCFD and SASB, to strengthen the disclosure of sustainability reports and meet the trend of international capital market and the demand of information users for ESG information.

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#### The number of listed companies that have prepared sustainability reports in the past three years:

Year of the report	2020	2021	2022
<b>Mandatory</b>	48	51	96
<b>Voluntary</b>	108	145	160
<b>Total number of preparing companies</b>	156	196	256
<b>Percentage of the total number of listed companies</b>	19.80%	24.26%	31.37%

as of December 31, 2023

### Promoting Climate Change Risk Management and Preparation of Sustainability Reports for Securities Firms

Regarding climate change, securities firms are required to disclose climate risk management information for the first time by the end of June 2023, and then regularly by the end of June every year, according to the “Risk Management Best Practice Principles for Securities Firms.” TPEX will monitor their compliance with climate risk management standards and disclosure practices.

As for sustainable development, competent authorities are planning to promote the compilation and publication of sustainability report in the securities and futures sector to enhance sustainable development and ESG performance in the sector. As TPEX announced the “Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms” on March 13, 2023, we gathered opinions from the Taiwan Stock Exchange and Taiwan Securities Association, requesting securities firms to take relevant measures as early as possible to prepare the sustainability report (or sustainability indicators) and conduct Scope 1 and Scope 2 greenhouse gas inventory and assurance according to the timeline set forth in the Rules.



### 2.2.1. Integrity Governance of TPEX

#### The Board of Directors is the highest governance body

The Board of Directors is the highest governance body of TPEX, and the selection of directors is subject to the provisions of the Donation of Association of Taipei Exchange. The Board of Directors consists of 15 members. Besides those appointed by the competent authority pursuant to relevant regulations, the directors are selected from donors, experts, scholars and securities professionals, and there are specific provisions on their term of office and the proportion of directors selected from donors. In the selection of directors, professional qualifications and other conditions shall also be considered to ensure relevant decisions align with industrial characteristics in the capital market and TPEX's needs for future development.

TPEX regularly reports to the Board of Directors on the financial operations. The Board of Directors convene at least once a month to receive reports about operating performance and financial position as the highest governance body. Before presenting proposals and data to the Board, one shall check if the content presented requires appropriate withdrawal due to any connection with the stakeholders, directors or supervisors present at the meeting and inform the person(s) concerned in advance.

While carrying out business pursuant to the Donation of Association, TPEX requires the Board's approval for its work plans, annual financial reports, effectiveness evaluation of the internal control system, appointment (dismissal) of accountants and appointment and removal of managers. The Board of Directors convenes regular and unscheduled meetings at least once a month, authorizing the chairperson to handle governance-related ESG issues hierarchically or directly assigning such issues to corresponding units, and the units will report to the chairperson or the Board of Directors based on the materiality and necessity of the issues.



## The list of the 9th Board of Directors and Supervisors of TPEX as of December 31, 2023:

Position	Name	Title
<b>Chairman</b>	Yung Cheng Chen	Chairman, Taipei Exchange
<b>Directors</b>	Ai Ling Li	Managing Director & CEO, Taipei Exchange
	Hhsien Pi Chiu	Professor, Department of Finance, National Taiwan University
	Min Cheng Hsüeh	Professor, Department of Accounting, National Taipei University
	Hua Wei Huang	Professor, Department of Accounting and Graduate Institute of Finance, National Cheng Kung University
	Fu Ching Hsüeh	Professor, Department of Accounting, National Taipei University
	Hsü Chi Wang	Professor, School of Law, Soochow University
	Chien I Chang	Chairman, Taipei Exchange Managing Director & CEO, Taipei Exchange Professor, Department of Finance, National Taiwan University Professor, Department of Accounting, National Taipei University Professor, Department of Accounting and Graduate Institute of Finance, National Cheng Kung University Professor, Department of Accounting, National Taipei University Professor, School of Law, Soochow University
	Chia Hung Kuo	Chairman, Taishin Securities Co., Ltd.
	Ming Kan Cheng	Chairman, Fubon Securities Co., Ltd.

Position	Name	Title
<b>Directors</b>	Li Chung Chien	General Manager, Taiwan Stock Exchange Corporation
	Ping Hui lin	Chairman, Taiwan Depository & Clearing Corporation
	Chün Chih Wang (Note)	Chairman, Taishin Securities Co., Ltd. Chairman, Fubon Securities Co., Ltd. General Manager, Taiwan Stock Exchange Corporation Chairman, Taiwan Depository & Clearing Corporation
	Ping Chün Huang	Chairman, Grand Fortune Securities
	Chün Hung Chen	Chairman, MasterLink Securities Corp.
	<b>Supervisors</b>	Chen Shan Chang
Kuei Tseng Wang		Advisor, Reliance Securities Co., Ltd.
Ching Chih Lu		Associate Professor, Department of Finance, National Chengchi University
Shih Kuo Yeh		Distinguished Professor, Department of Finance, National Chung Hsing University
Tien Fu Lin	Director, Yuanta Securities Co., Ltd.	

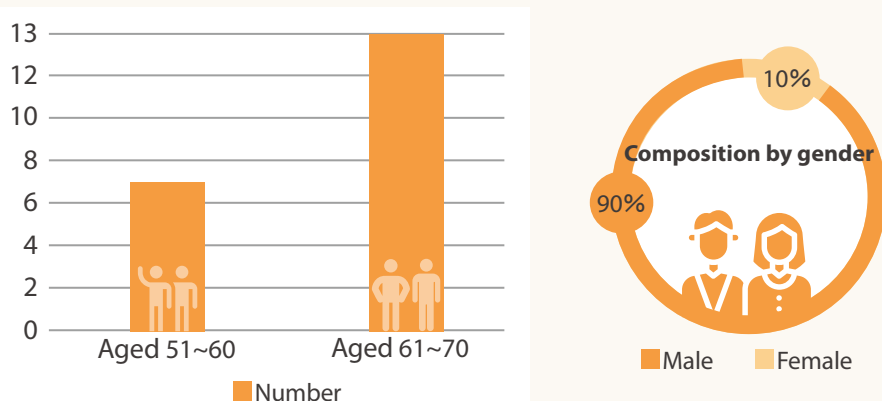
Note: From January 23, 2024, the Securities Firms Association will assign Shao Huang Chen as a director of TPEX.



With expertise in finance, accounting, law, and public finance, TPEX's directors are outstanding talents in financial, academic and industry sectors. 10 of them, independent and committed to public welfare, are appointed by competent authorities, and two are female. The directors serve a term three years, and the term of the current (10th) Board of Directors is from August 10, 2021 to August 9, 2024. The average attendance rate of the Board of Directors in 2023 was 99.58%, showing TPEX's emphasis on corporate governance and determination to lead by example.

In addition, TPEX has 5 supervisors, with expertise in accounting, finance and public finance, responsible for supervising the performance of the Board of Directors and reviewing the annual income and expenditure, budget and final accounts, etc. The term of the supervisors is three years.

### Composition of the 10th Board of Directors and supervisors by age and gender



The Board of Directors considers the interests of all stakeholders every year and formulates major strategies accordingly to guide the operation and management in all aspects. In the long run, TPEX will follow the policies of competent authorities, strive to “create a multi-functional and multi-tiered exchange, continuously improve the market mechanism, and meet diversified needs of enterprises and investors”, and convey the vision and philosophy through the leadership. The Chairman, the Managing Director & CEO, the directors and the senior management will jointly convert the long-term vision into medium-term and annual work plans, set short-term goals and implementation guidelines, and regularly review the implementation of the plans. Every year, the directors and supervisors of TPEX are required to make a self-assessment of their contribution to the organization and report to the competent authorities.

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### There are functional committees and an internal audit team at TPEX. Their main roles and operations are as follows:

Committee	Main responsibilities	Members	Operations
<b>Sustainable Development Committee</b>	Coordinate and promote the sustainability strategies of TPEX, and make decisions, track and review related sustainability work, so as to implement the promotion goals of the sustainability strategies.	The Managing Director & CEO of TPEX serves as the chairperson, the Deputy CEO and the Chief Administrative Officer serve as the vice chairpersons, and the heads of various departments serve as members.	Meetings are convened at least twice a year.
<b>Risk Management Committee</b>	Review the effectiveness of the promotion and implementation of risk management policies and crisis management operations of TPEX.	The Managing Director & CEO of TPEX serves as the chairperson; the Deputy CEO, Chief Administrative Officer, heads of various departments and commissioners serve as the committee members.	<ul style="list-style-type: none"> <li>• Meetings are convened at least once a year.</li> <li>• Review related plans and conduct desktop or field simulation exercises.</li> </ul>
<b>Business Continuity Committee</b>	Coordinate and supervise the business continuity management system of TPEX to ensure the appropriateness and effectiveness of the system and the coordination between departments.	The Managing Director & CEO of TPEX serves as the chairperson; the Deputy CEO, the Chief Administrative Officer and the heads of various departments serve as members.	<ul style="list-style-type: none"> <li>• Meetings are convened at least once a year.</li> <li>• Review related plans and conduct desktop or field simulation exercises.</li> </ul>
<b>Personal Data Protection Management Committee</b>	Strengthen the implementation of various personal data protection mechanisms, along with comments and resolutions based on the review of personal data management.	The Managing Director & CEO of TPEX serves as the chairperson, the Deputy CEO and the Chief Administrative Officer serve as the vice chairpersons, and the heads of various departments serve as members.	Hold two personal information management review meetings every year, and conduct contingency training and simulation drills for personal data infringement incidents.
<b>Internal audit team</b>	Ensure the effectiveness of risk management.	Chief auditor, a team leader and 2 coordinators.	<ul style="list-style-type: none"> <li>• Meetings are convened at least once a year.</li> <li>• Risk items are identified by each department.</li> </ul>

### Risk items are identified by each department.

Being an important participant in Taiwan's capital market, TPEX aims to promote economic development and assist companies in capital raising. Integrity management is the cornerstone of sustainable development. In order to ensure impartiality and objectiveness in all businesses, TPEX has established a sound legal compliance system, and launched the "Ethical Management Rules" (<https://www.tpex.org.tw/web/about/introduction/honest.php?l=en-us>) in June, 2019. The status of ethical management is reported to the Board of Directors every six months. In 2023, TPEX was not involved in any action that may affect the order of the capital market, such as fraud, insider trading, antitrust, anti-competitive practices, market manipulation, discrimination incidents, human rights infringement incidents and related drawbacks.

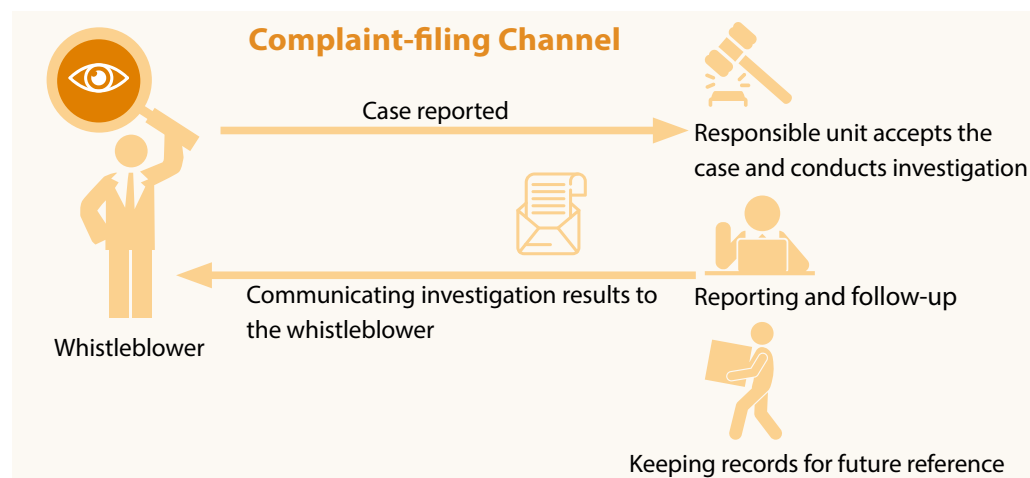
TPEX has formulated various codes of conduct and regularly conducts ethical education and training. In addition, when issuing companies apply for listing on the Main Board or the Emerging Stock Market or registering on the GISA, TPEX will notify the colleagues by email to remind them of complying with relevant disciplinary regulations of TPEX, so that they have a clear direction when engaging with stakeholders.

### Codes of Conduct

<b>All employees</b>	<ul style="list-style-type: none"> <li>• Employee Confidentiality Measures</li> <li>• Guidelines for Employee Ethical Conduct</li> <li>• Precautions for Employees Acquiring or Disposing of TPEX-traded Securities and GISA Stocks</li> </ul>
<b>Reviewers and supervisors</b>	<ul style="list-style-type: none"> <li>• Disciplinary Standards for Securities Listing and Registration Examiners and GISA Counselors</li> <li>• Securities Supervisors' Discipline Regulations</li> </ul>
<b>Personnel performing company audits</b>	<ul style="list-style-type: none"> <li>• Statement of the Person Performing the Audit</li> </ul>

Furthermore, TPEX has set up the "Implementation Measures for the Whistleblower System." Anyone who suspects TPEX employees of committing crimes, fraud, or violating laws and regulations can file a report. TPEX strengthens integrity and accountability through internal and external oversight mechanisms. In 2023, there were no incidents of employee corruption, violation of the law, or internal complaints.

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### Regulatory compliance

To ensure compliance with laws and regulations, TPEX has provided legal officers under the Administration Department to take care of regulatory compliance and the joint review of amendments to department regulations, regularly review legislative updates related to TPEX's internal regulations and consolidate them for colleagues' reference. In the event of additions to applicable laws and regulations, the legal officers will participate in the discussion of amending TPEX's corresponding internal regulations and announce recent amendments to laws and regulations, so as to ensure TPEX stays updated with industry trends and comply with latest laws and regulations.

To guarantee effective compliance of departmental regulations with the internal control system, TPEX requires each department to conduct a self-evaluation of regulatory compliance once every six months, and submit the evaluation results to the internal audit team for review. The internal audit team performs regulatory compliance audits every year. The annual audit in 2023 revealed no material abnormality.



## 2.2.2.Risk Management

### Risk management policy

Based on the overall business strategy and operation environment, TPEX has built an appropriate risk management mechanism in compliance with current relevant laws and regulations. Risk management is integrated into the decision-making process so that the departments could effectively identify, measure, monitor, prevent and control various risks when planning and promoting business, thereby keeping potential risks within an affordable range.

In order to implement integrated risk management and crisis management to prevent the occurrence of risks, minimize the possible impacts, achieve the business objectives and enhance the performance, TPEX has formulated the “Taipei Exchange Risk Management Policy and Crisis Management Guidelines”.

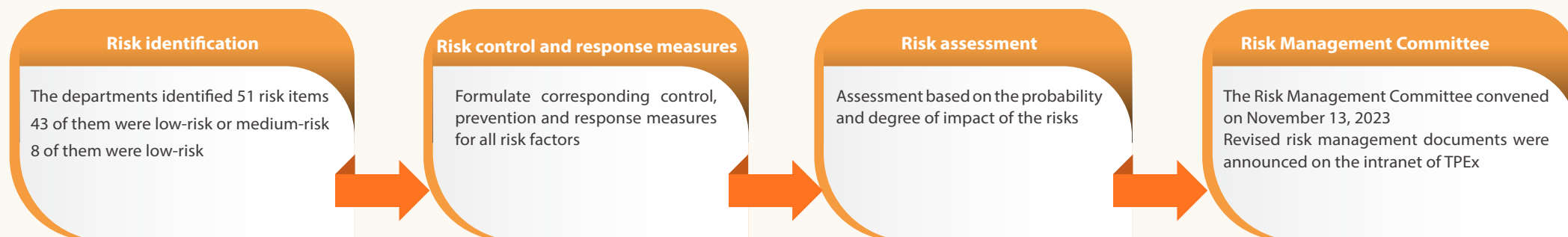
### Risk Management Committee

TPEX has set up a Risk Management Committee chaired by the Managing Director & CEO, with the Deputy CEO, Chief Administrative Officer, department heads, and commissioners as members. The Risk Management Committee supervises the implementation of TPEX's Risk Management Policy, reviews major risks of each department, oversees the establishment of risk management and response mechanisms, and incorporates risk and crisis management into TPEX's decision-making process, to strengthen the risk management culture. In principle, the committee convenes once a year or when necessary. In 2023, no adjustments were made to TPEX's organization structure and implementation procedures.

### Risk response measures

TPEX departments are responsible for the risk management of their own business based on the specialized division of powers and functions, and regularly conduct risk identification, analysis and assessment to comprehensively evaluate business risks, and study, amend and implement risk response measures. At the meeting of the Risk Management Committee on November 13, 2023, TPEX amended the “Risk Identification” and “Risk Analysis” documents, and announced them on November 16 for all colleagues to comply with.

### Risk Management Process and Implementation Results in 2023



## Business continuity plan

TPEX has established a Business Continuity Committee to ensure that essential business operations can promptly respond and recover as planned in the event of a disaster. All departments are required to update their business continuity plans and emergency and contingency handling manuals every year based on their business status. On May 16, 2023, the Business Continuity Committee held an annual meeting, at which the updates of relevant plans and manuals were approved. The committee also conducted a practical drill of business continuity in a simulated "air raid" scenario. This exercise included two preparatory drills on May 26 and June 5, respectively, followed by the official drill on June 8, after which a review meeting was convened on the same day. On June 30, a review report on the drill was submitted to the competent authorities.

## ISO 22301 Business continuity management systems certification

In order to ensure a compliant disaster response and recovery mechanism to protect the safety of over-the-counter market transactions and the rights and interests of investors, TPEX was successfully certified according to the ISO 22301 Business Continuity Management Systems in November 2020. The execution results for 2023 met the predetermined business continuity goals and were audited by the British Standards Institution (BSI). With no non-conformities found, TPEX successfully passed the audit. The ISO 22301 certificate remains valid.

## Internal Audit

TPEX has established an internal control and audit system based on the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets", and all departments have developed their respective internal control systems based on their business processes. Details are disclosed in the "Internal Control and Audit Section" on TPEX intranet. TPEX operates according to the internal control system to ensure its continuous effectiveness.

The Internal Audit Team under the Board of Directors performs audits on each department, makes timely suggestions for improvement, and submits monthly audit results and improvements to supervisors for review. The results and improvements will be submitted to the



TPEX has both local and remote backup systems in place for all of the trading systems, and conducts two local and two remote backup system test drills annually.

## ISO 22301 Business continuity management systems certification

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### Scope of introduction:

- Main Board Stock Trading System
- Electronic Bond Trading System (EBTS)
- Emerging Stock Computerized Price Negotiation and Click System
- Derivatives Trading System

Joint Meeting of Directors and Supervisors on a quarterly basis, and then to the competent authorities for future reference. All departments have completed the suggested improvements in 2023.











TPEX departments amend their rules and standard operating procedures in line with changes in the internal and external circumstances and amendments to laws and regulations. Such amendments will be immediately announced on the intranet and communicated to colleagues through emails and internal education and training sessions. Each department will conduct a self-evaluation of its operations on a monthly basis, and assess the effectiveness of the internal control system. Review by the Internal Audit Team found no cases of failed implementation.

## 2.2.3. Information Security

### Information Security Management System

TPEX has obtained certification for ISO 9001 on quality management, ISO 27001 on information security, and ISO 20000 on information service, and as required, continues to entrust certifying bodies to perform reviews once every six months and re-examinations once every three years. The certificates have continued to be valid so far. An information security management review meeting chaired by the Supervisory Head of the Information Department is held every six months to review the implementation of the information security management system so as to ensure its appropriateness and effectiveness. In 2023, there were no instances of confidential information leakage, service interruption or significant cybersecurity accidents, and the trading systems run normally.

To ensure continuity of operations in case of any unforeseen circumstances affecting the main center's systems, TPEX has established local and remote backup systems, and relevant emergency response procedures, including Business Continuity Plan, Emergency and Contingency Handling Manual, Computer Trading System Abnormal Incident Handling Procedure, and Full Backup Maintenance and Processing Procedure, to facilitate the swift activation and seamless transition to backup systems. Throughout 2023, TPEX achieved its information security goals without incidents such as trading disruptions due to system programming errors or service interruptions caused by capacity issues. The success rate of backup system testing and drills was 100%

<p><b>Complete education and training provided by a full-time responsible unit</b></p>	<ul style="list-style-type: none"> <li> TPEX set up a dedicated information security team responsible for information security management. They hold 15 hours of information security training for information security supervisors and personnel and 3 hours of information security advocacy training for all colleagues to enhance awareness.</li> </ul>
<p><b>Information security protection and monitoring</b></p>	<ul style="list-style-type: none"> <li> TPEX established an information security protection system and a security operations center (SOC), and carried out security inspections including diagnostics, server vulnerability scanning, web program vulnerability scanning, program source code and penetration testing in 2023 to prevent cybersecurity threats or attacks.</li> <li> TPEX has also introduced ISO 22301, formulated relevant disaster response and recovery mechanisms for events such as natural disasters, active sabotage, system failures, established corresponding disaster response and recovery mechanisms, and performed drill tests.</li> <li> TPEX implements risk identification and management, management review meetings, internal audits, drills and tests, and regular review by certification bodies to continuously improve the business continuity management system.</li> </ul>
<p><b>Information security enhancement</b></p>	<ul style="list-style-type: none"> <li> Establish vulnerability analysis and notice system(VANS)</li> <li> Establish early warning mechanism for the information system</li> <li> Strengthen the sharing mechanism of information security intelligence to the Financial Security Operation Center (FSOC)</li> </ul>
<p><b>Information security internal audit</b></p>	<ul style="list-style-type: none"> <li> The Internal Audit Team conducted audits on information security according to the 2023 Audit Plan. The audit results suggest all departments implemented the information security management measures according to the internal control system with no major deficiencies.</li> </ul>
<p><b>Information security external audit</b></p>	<ul style="list-style-type: none"> <li> TPEX established an information security management system (ISMS) according to the ISO 27001 standard.</li> <li> In 2023, TPEX underwent two audits conducted by the British Standards Institution (BSI) and successfully passed the audits with no non-conformities. The ISO 27001 certification remains valid.</li> </ul>

## Protection of Personal Data

TPEX is committed to maintaining personal data security to ensure the data collection, processing, and utilization comply with confidentiality, integrity, availability, and legal requirements, and reduce the risk of personal information being improperly disclosed, thereby protecting the rights and interests of those concerned and ensure the sound operations of the capital market.

In order to ensure that the rights of those involved can be exercised in a manner that is effectively managed, respect the rights of those involved to their personal data, and handle complaints about personal data effectively and correctly, TPEX has established channels for complaints and consultations, and will notify the parties concerned of the processing results. There β no personal information breaches in 2023.

TPEX has introduced a personal information protection management system in accordance with the provisions of the “Personal Data Protection Act”, and has established a personal data protection management manual and various instructions and procedures for all colleagues to follow in the collection, processing and utilization of personal data. In addition, TPEX reviews personal data protection related operations through external and internal audits once every six months.

<div style="background-color: #f9a825; border-radius: 15px; padding: 5px; text-align: center; font-weight: bold; color: white;">Personal Data Protection Management Committee</div> <ul style="list-style-type: none"> <li>• TPEX has set up a “Personal Data Protection Management Committee”, a cross-departmental task organization, chaired by the Managing Director &amp; CEO.</li> <li>• In 2023, the committee held two personal data management review meetings, in January and July 2023 respectively.</li> </ul>	<div style="background-color: #f9a825; border-radius: 15px; padding: 5px; text-align: center; font-weight: bold; color: white;">Continuing Education for Employees</div> <ul style="list-style-type: none"> <li>• All colleagues participated in the 3-hour “Personal Data Protection Act and Sharing of Information Security Practices” education and training course.</li> </ul>	<div style="background-color: #f9a825; border-radius: 15px; padding: 5px; text-align: center; font-weight: bold; color: white;">Contingency Training for Personal Data Violation Incidents</div> <ul style="list-style-type: none"> <li>• No personal data infringement incidents occurred in 2023. To enhance the colleagues' response ability and crisis awareness regarding personal data infringements, in September 2023, training and simulation exercises for response to personal data infringement incidents were organized in scenarios determined by the Personal Data Protection Management Representative(Supervisory Head of Planning and International Affairs).</li> </ul>	<div style="background-color: #f9a825; border-radius: 15px; padding: 5px; text-align: center; font-weight: bold; color: white;">Internal/External Audits</div> <ul style="list-style-type: none"> <li>• The British Standards Institute (BSI) conducted the semi-annual audits respectively in January and July 2023.</li> <li>• The internal audit team conducted semi-annual audits respectively in May and November 2023.</li> </ul>
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### 2.2.4. Supplier Management

TPEX’s suppliers mainly include service providers, equipment suppliers and third-party vendors, falling under six categories, namely information services, security services, electronic equipment, telecommunications, furniture, and renovation projects. TPEX has established the “Property Procurement and Management GuidelinesNote” as the guiding principle for the procurement procedure, and regards its suppliers as important partners. Since November 2020, TPEX has been requiring suppliers to sign the “Corporate Sustainability Development Commitments”, urging them to comply with regulations on occupational health and safety, labor rights, and environmental protection, fulfill corporate social responsibility, promote environmental sustainability and protect basic human rights. TPEX conducts regular reviews of the suppliers to see if they have adhered to the contract specifications.



Note 1 : **Property Procurement and Management Guidelines** : Conducting price negotiation, price comparison and bidding procedures based on the purchase items and amounts.

Note 2 : Definition of local and important operating sites: Taiwan