



CAPITAL Securities Corporation



2020 

Corporate Social Responsibility Report Capital Securities Corporation

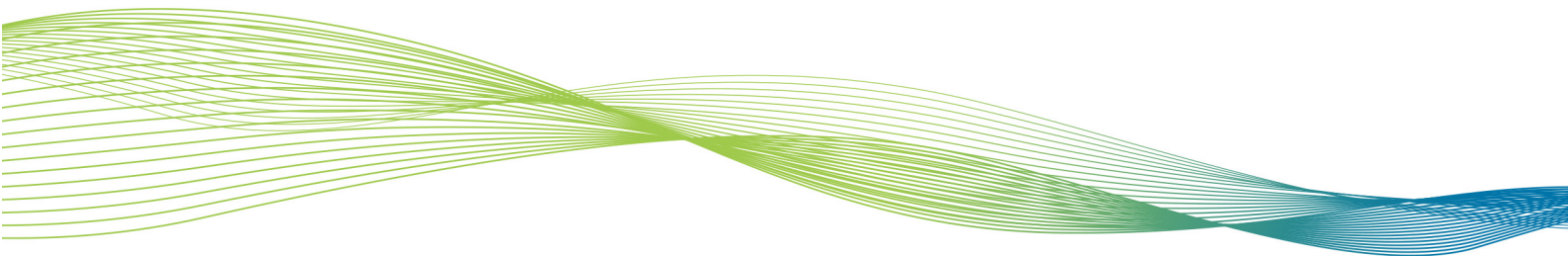


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About the Report

Fulfillment of corporate social responsibilities (CSR) is a company's key commitment and mission as it advances toward sustainable operations in the contemporary era. Capital Securities strives to manage its business operation with sincerity, integrity, and professionalism, with the vision of providing high value-added services that exceed customer expectations and becoming customers' partner for long-term growth. In terms of social responsibilities, the name of the Capital Group in Chinese means "in the interest of the public", which we take as our top priority in everything we are committed to do. The Capital Securities publishes CSR reports, through which we hope to communicate with stakeholders and create a more harmonious, advanced social relation with them by understanding each other through the disclosure of transparent information.

Scope of Report

The Company has published CSR report every year since 2014. The last issue (2019) was released in June 2020. This Report covers the economic, social, and environmental activities and performance of Capital Securities in 2020 (January 1, 2020 through to December 31, 2020). The Report encompasses Capital Securities Corporation and its subsidiaries in Taiwan such as Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, and CSC Venture Capital. It does not include the business activities and services of Capital Futures Corporation. (Capital Futures Corporation and its subsidiaries publish their own CSR report). All financial numbers in the report are denominated in NTD and have been audited by a certified public accountant. Statistics in the report are prepared and investigated independently by Capital Securities Corporation.

Basis for this Report

The 2020 Capital Securities Corporation Corporate Social Responsibility Report has been prepared in accordance with TWSE's "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and the core disclosure of the GRI Standard 2016 Edition issued by the Global Reporting Initiative (GRI). The report also includes the GRI Standard disclosure item index comparison chart. The content encompasses corporate governance items, products and services capable of generating social and environmental benefits, stakeholder engagement, employee care, social participation and environmental sustainability, etc. This Report can be accessed on the website of Capital Securities Corporation and is available for download.

The information and data disclosed in this report certified by the verification institution and compliance standards used are as follows:

Compliance Standards	Third Party Verification Institutions
AA1000AS V3	British Standards Institution (BSI)

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Message from the Chairman

The breakout of the COVID-19 pandemic in early 2020 interrupted everyone's life and seriously impacted the global economy and trade developments. With countries imposing lockdowns and shutting down borders, consumption was suppressed and global economic growth bore the brunt. Accordingly, central banks followed suit to cut interest rates and applied quantitative easing (QE), among other measures, to save the market. Despite the undesirable international economic situations, thanks to successful prevention against the pandemic and the strength of Taiwan in terms of semiconductor and information and communication industries, the economy in Taiwan throughout 2020 rendered relatively outstanding results mainly in the following 4 aspects:

1. Sequential growth in quarterly exports

Due to strict measures adopted by governments around the world in the prevention against the pandemic, the number of orders for 1Q20 dropped. Lockdowns, however, expedited emerging-technology applications such as 5G and high-performance computing brought about by the stay-at-home economy, which, plus the UC-China technology war that gave rise to order transfer effect, contributed to the quarterly growth in the number of export orders thereafter. The order volume of technology-related goods surged against headwinds. In 2020, Taiwan's export orders reached new heights and arrived at USD533.66bn.

2. Taiwan's technology sector became more valuable

In 2020, technology stocks around the world benefited from the pandemic. The technology sector of Taiwan demonstrated its strength in quick response and flexibility. The technology sectors of Taiwan and the US continued to collaborate on OEM, particularly in semiconductors. Morris Chang, founder of TSMC (Taiwan Semiconductor Manufacturing Co., Ltd.), forecasts that "TSMC may become the battleground for geo-strategists", which fully demonstrates the value of Taiwan's tech sector in the global supply chain.

3. Economic policy primarily features "invest in Taiwan to keep growth going"

After the presidential election in early 2020, the government's strategies for economic developments have been focused on the creation of "Top 6 Core Strategic Sectors", in order to keep important industrial chains in Taiwan and build momentum for industrial developments, making Taiwan a key force in the global economy and improving Taiwan's economic strength.

4. Overseas Taiwanese businesses/capital returning to Taiwan

The COVID-19 pandemic and the US-China trade war in 2020 hindered China's economic developments. China is no longer the hot spot attracting capital. As such, the willingness of Taiwanese businessmen to invest in China has been affected. The prior west-bound capital of Taiwanese businessmen continued to return to Taiwan, and investments in Taiwan grew significantly accordingly.

The performance of Taiwan's stock market could be divided into three stages in 2020. During stage one, the COVID-19 pandemic broke out in 1Q20 and stock markets around the world plummeted. TAIEX fell below the 10-year average line to 8,523 pts. During stage two, the Fed cut interest rates and began acquiring bonds and offering bailouts. Mid-to-long-term capital entered the market in a crisis, causing global stock markets to rally against headwinds. The pandemic generated huge new demand for technology products, making Taiwan the largest beneficiary. During stage three, the US-China trade war became the focus of the US presidential election. The US actively sanctioned the technology sector of China. Taiwan's semiconductor/technology sectors benefited from the order transfer effect. As a result, TAIEX exceeded the threshold of 12,682 pts set in 1990, rallying to a new high in 30 years. TAIEX closed at 14,732 pts and the index went up by 2,735 pts, or 22.80%, in 2020. At the end of 2020, the market capitalization of the centralized market was NTD44.91trn, an increase of NTD8.43trn year-over-year. The TPEx Index, on the other hand, closed at 184.1 pts, and the annual index went up by 35 pts, or 23.47%.

In a highly volatile environment, the Company's management team still upheld stable management philosophy and maintained operating performance by weighing risk and profit evenly. In 2020, the Company's overall pre-tax profit was NTD3,949,388 thousand, and the net profit after tax was NTD3,569,529 thousand, ranking fifth among domestic securities firms.

The business operations in 2020 were as follows:

- I. Brokerage: The centralized trading market share was 3.79% for the whole year, and the TPEX market share was 5.01%. The overall market share was 4.04%. The business scale ranked the fifth among domestic securities firms and the first among independent securities firms.
- II. Underwriting: In 2020, we acted as the lead underwriter for the IPOs of Pan German Universal Motors Ltd., and Galaxy Software Services Corporation and fund-raising for the SPOs of Team Group (CB1), Promate (CB3), LemTech KY (CB3), Century Iron and Steel (CB4), and cash capital increase of Soonest Express on the secondary market. Our professional and experienced underwriting team has completed different scales and types of domestic and international cases.
- III. Derivatives Products: The call (put) warrants issued by the Company in 2020 amounted to NTD46.905bn in total, and the number of warrants issued was 4,835. The issued amount and number of issuances ranked the third in the market. The Company's annual issuance amount of structured products was NTD14.103bn.
- IV. Fixed Income: In 2020, the Company participated in the bidding for issuance of nine domestic ordinary corporate bonds, accounting for 9% of the market share and ranking the fourth among domestic securities firms. The Company's cumulative amount of public bidding for domestic ordinary corporate bonds reached NTD40.29bn, accounting for 7.26% of the market share and ranking the fourth among domestic securities firms. In 2020, for corporate bonds, the relatively large undertaken projects included those from well-known domestic enterprises, namely, Taiwan Power Company, TSMC, Formosa Plastics, Chailease, CTCI, and TECO.

Capital Securities aims to "provide high value-added services beyond client expectation and grow alongside clients in the long run". Indebted to all employees' efforts, the Company won following awards in 2020:

- I. "Best Warrant Award " in the 2020 Securities Service Evaluation by Excellence Magazine;
- II. "Best Customer Satisfaction in Wealth Management" by Business Today in 2020;
- III. "Best Customer Referral", "Best Digital Finance", "Best Charity Promotion" in the 2020 Wealth Management Award by Wealth Magazine;
- IV. Continuously selected as a constituent of FTSE4Good TIP Taiwan ESG Index;
- V. Research team members of the Shanghai office were awarded by East Money with the 3rd place, the 74th place and the 83rd place in the 2019 China's Top 100 Analysts, the 1st place in the Top Analysts for China's Banking Industry, the Best Analysts in the First Quarter of 2020, and the 81st place in the 2020 China's Top 100 Analysts.

"Capital Care" is the brand value of the Company. It has long assumed the role of a corporate citizen and continued to organize the following charity events in 2020:

- I. Capital Group's blood donation event, "Love from Capital for Charity";
- II. Worked with the New Taipei City Welfare Association for the Blind to provide employees with massage services every week;

- III. The Company also promoted the “Capital Loves to Read” event to bring attention to rural education. Employees served as volunteers to read story books to students from appointed elementary schools. Meanwhile, the Company invited students from Gueishan Elementary School and Dacheng Elementary School in New Taipei City and Jianshi Elementary School in Hsinchu County to attend a city tour by visiting the National Taiwan Science Education Center, so that students could experience new scientific knowledge. The Company hopes to offer students from rural areas with more attention and cultural stimulation.
- IV. In order to promote rural education in Taiwan and mitigate the divide between rural and urban resources, the Company donated to a total of 9 elementary schools.

In recent years, with the increasing popularity of ESG worldwide, the corporate ESG compliance standards adopted by all sectors are also elevated. To ensure the implementation and execution of ESG of the Company, in January 2021, the board of directors of the Company has approved the establishment of ESG Committee to serve as the ESG dedicated unit of the Company, and the President of the Company also acts as the convener and committee chair. The Committee convenes meeting at least once annually. It will continue to pay attention to the international ESG trend, incorporate ESG into corporate management strategies and ESG execution matters, and review and assess the Company’s ESG related execution status, thereby ensuring the effectiveness of execution. Through the establishment of this committee, the Company expects to contribute effort and achieve improvement continuously. In addition to increasing employees’ awareness of ESG and fulfillment of corporate social responsibility, we also look forward to guiding corporates, society, and the environment to achieve sustainability and mutual prosperity.

Key changes in the economy and stock market of Taiwan in the coming 2021 include:

- I. Optimism about exports and pressure from NTD appreciation
 1. Exports momentum may remain strong
The demand for emerging-technology applications, such as remote business opportunities, handset, 5G communications and high-performance computing, may continue to climb, hence a promising future for exports of ICT and electronic products. Meanwhile, as prices of international raw materials and supplies gradually rebound, global economy may stabilize as vaccination becomes more common. Most technology-related suppliers remain optimistic about the outlook of 2021. Export-oriented orders may maintain growth momentum throughout the year.
 2. Far-reaching impact of the NTD trend
Export surplus put pressure on NTD appreciation. Exchange losses born by export-oriented sectors with relatively low gross profit margins are severe. Janet Louise Yellen, the new US Secretary of the Treasury declared that “the US doesn’t seek a weaker currency to gain competitive advantage,” and later indicated that “we should oppose attempts by other countries to do so”. Major export-oriented countries in Asia may face challenges.
- II. Prospects of global technology industry
 1. Technology sector in Taiwan may maintain high growth
Major Taiwanese technology companies may see notable growth in sales and market caps. In January 2021, TSMC announced its capex for 2021 at USD25.0~28.0bn. TSMC stays ahead in advanced processes, tapping into business opportunities related to ARM-structured CPUs, 5G, high-performance computing and automobile utilization in the next few years.
 2. Mixed results for US technology stocks
As investors in the US stock market generally expect the pandemic to be effectively contained in the second half of 2021, stock market has reflected the anticipated strong recovery of the US economy in advance. Meanwhile, ultra-low interest rates have flooded the financial market with funds, leading to huge growth potential for technology stocks. On the other hand, tech giants has greater influence over the government. FAANG stocks might may face spin-offs under the anti-trust trend.

III. Changes to international political and economic settings

1. New Biden administration

As soon as Biden was inaugurated as US President in January 2021, he implemented an economic stimulus program as well as pandemic prevention and vaccination policies. He asserts that before the pandemic is put under control, the government needs to make proactive efforts to bolster the economy by dealing with its financial deficits. Therefore, the Fed is expected to maintain a monetary easing environment to facilitate economic recovery.

2. Changes in US-China relations

The Biden Administration may ease its grip on China; nevertheless, their bilateral relations might not be significantly improved in the short term. In terms of economy, trade, and technology, Biden may attempt to secure the core competitiveness of the US tech sector and work with China on issues such as environmental protection, climate change, and the coronavirus pandemic. As far as homeland security and human rights protection are concerned, however, the US may continue to impose sanctions against China.

3. Concern over asset bubbles due to ultra-easy monetary environment

COVID-19 drove the global economy to nosedive in 2020. Central banks around the world tried to save their markets by cutting interest rates and implement quantitative easing (QE) policies. Despite the economic recovery in subsequent quarters, the nearly zero interest rates have pushed capital in the bond markets worldwide to flee to stock markets for profits. This money-driven trend has resulted in a v-shaped reversal in major stock markets; the respective ratio of the US and Taiwan stock market values to their GDPs have reached new highs. Young people are one of the main drivers of this bullish trend. Their investment strategies run contrary to most traditional experience-based rules. They not only pushed the market value of Tesla to exceed the total value of the world's top three automakers but drove up the prices of virtual currencies again. Coupled with the rising prices of raw materials, one cannot help but feel concerned about rising inflation and asset bubbles. These issues are factors of uncertainty facing the investment market in 2021.

With all the challenges facing the economy and financial market, the Company's operational plan and business development strategies for 2021 are as follows:

- I. Expedite optimization of smart order services, one-account-for-all-products platform and digital services platform in the brokerage business for a better competitiveness in the market.
- II. Launch the Systematic Investment Plan (SIP) business in response to intra-day odd lot trading to attract young customers.
- III. Continue to promote the one-account-for-all-products platform and boost the number of new users and the deposits of their accounts so as to enhance the Company's interest income and wealth management business.
- IV. Maximize the sub-brokerage business and improve its services to corporations.
- V. Grasp opportunities to manage the wealth of high-asset clients while continue to develop new services and products for these clients in order to diversify wealth management strategies and increase the wealth management AUM.
- VI. Stay abreast of the development of the pandemic and vaccination efforts and reference the analyses released by research institutes on the trends and fundamentals of individual stocks in order to select outperforming targets and improve profitability.
- VII. Steadily trade foreign-currency debt positions while developing products and sales channels in order to optimize the opportunities to sell fixed-income products and launch corporate bonds.
- VIII. Maintain a leading position in the warrant market and launch more derivative products (ELN/PGN/OTC options) to boost business and profitability.
- IX. Corporate financing service focuses on customer needs, supported by CSC Capital Management Co. and PE fund, to develop investment banking business.

- X. Focus on meeting clients' needs for corporate financing and utilize the resources from its non-operating capital management business and private equity fund to develop an investment banking business.
- XI. Create a comprehensive depository system for faster settlement in response to the launch of its foreign-currency securities business.
- XII. Include ESG as part of the Company's investment targets/strategies, business aims, and corporate governance processes.
- XIII. Strengthen business collaborations among the Company's futures, securities investment trust, venture capital, investment consulting and insurance businesses to achieve the synergy of these businesses.

2021 remains a year full of opportunities and challenges. How the pandemic may be contained by vaccination determines the future of the global community. In light of this, the Company may continue to uphold its sound business philosophy and show concern for the society, establish long-term partnerships with its clients, and provide high value-added financial services exceeding customer expectations while proactively utilizing financial technologies to achieve digital transformation and integrate various resources available in the securities service system in order to fully implement its operational plan and management policies, improve profitability, and achieve optimal management performance for its shareholders.

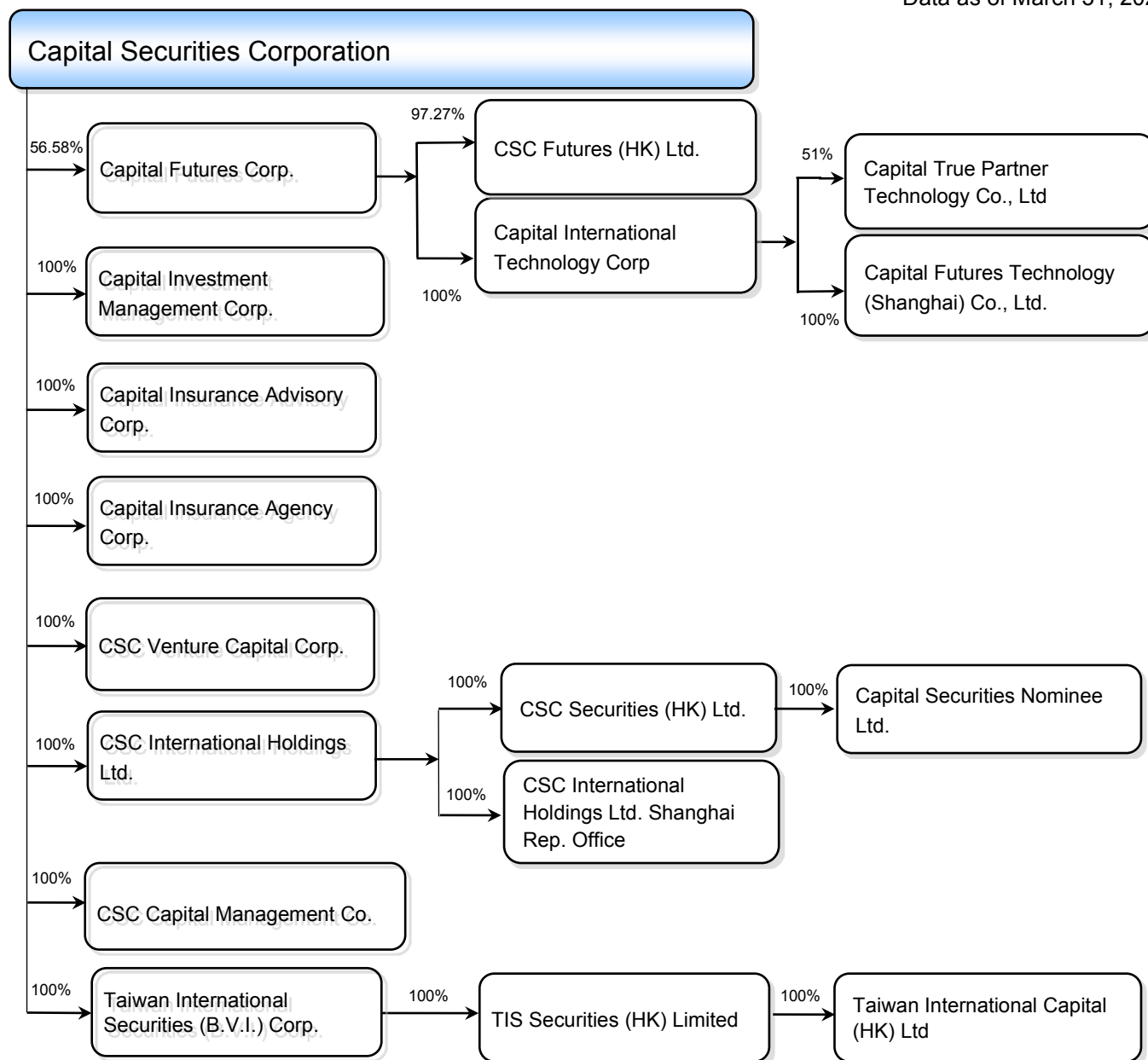
Alex Jiunn-Chih, Wang
Chairman
Capital Securities Corporation

One. About Capital Securities Corporation

I. Company Profile

Capital Securities provides a complete securities business framework consisting of asset management services.

Data as of March 31, 2021



Note: TIS Securities (HK) Limited, and Taiwan International Capital (HK) Ltd are currently undergoing liquidation.

The Company was founded in 1988, evolving into an international securities broker providing companies and investors at home and abroad a full range of services in seven major areas of finances: brokerage, proprietary trading, underwriting, registrar agency, bonds, financial derivatives, and wealth management, among others. The Company has successively established affiliates such as Capital Futures, Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, CSC Securities (HK) and CSC Futures (HK), etc. After 2016, the Company has further invested in the establishment of CSC Venture Capital and CSC Capital Management, extending the reach of its services to enterprises before public offering at TWSE and TPEX. In addition to branches in all major cities in Taiwan, the Group also established strongholds in financial centers such as Hong Kong and Shanghai, marching toward the goal of being an international investment bank. For a long time, Capital Securities has upheld its customer care philosophies—Capital Care and Pursuit of Public's Interest. In 2019 and 2020, the Company has been included as the constituent of FTSE4Good TIP Taiwan ESG Index, which shows the recognition of Capital Securities' performance in the areas of corporate governance, business performance, stakeholder engagement, environmental protection, and corporate social responsibility.

Profile of Capital Securities Corporation

Company Name	Capital Securities Corporation
Capital	NT\$21.709 billion
Primary Business Operation	Brokerage, proprietary trading, underwriting, registrar agency, bonds, derivatives, wealth management
Share Property	Company listed on the Taiwan Stock Exchange Corporation (Securities No. 6005)
Community Impact of Business	Capital Securities is a special financial industry whose business locations and operations are subject to the regulation of applicable laws and pose no adverse impact or influence on the environment or society

II. Scope of Business and Characteristics

Capital Securities operates under a system of professional management and division of responsibilities. Under this system, the Company has a rich pool of finance/business professionals with expertise in securities management, which facilitated its balanced business development and strong operating capability. In addition to branch offices, a complete ordering trading system is also established, incorporating Internet and voicemail transaction methods that enable the use of mobile phones and computers, among other devices to complete transactions, thus satisfying customers' needs to perform transactions involving spot trades, futures, warrants, strategic transactions, and wealth management trust products.

The Company's website introduces the business services its offers and information on its affiliates. Customer service telephone and mailbox are also provided so that customers could communicate with the company at anytime and anywhere to access the information and services they need to their satisfaction.

The Company's services are all compliant with the laws and regulations of competent authority and industry. The Company has established the "Regulations for the Handling of Business Disputes" and "Regulations for Fair Treatment of Customers" to serve as the basis for engaging in business activities and equal and reciprocal transactions with customers. The Company has formulated procedures for the handling of customer disputes or litigation to protect the rights and interests of consumers. Our sales department has established a variety of procedures or regulations relating to customer analysis, product evaluation, customer right protection, and standard operating procedures for sales staff. These procedures or regulations are used to conduct KYP and KYC, provide products and services suitable for customers, and conduct marketing and advertising in accordance with the laws and regulations stipulated by the competent authority. The Company has also developed internal control mechanism in accordance with applicable laws to implement the principle of confidentiality over customer information.

Brokerage

Capital Securities has brokerage branches located in major cities of Taiwan, offering not only securities trading in the TAIEX and TAISDAQ markets, but also credit transactions of margin purchase and short sale, consigned trading of index/stock futures, options, foreign securities and structured products denominated in NTD, lending of funds for unrestricted purposes, and Capital Master Account, which provides customers with a more flexible way of using their funds. The Company is the first securities broker acting as the custodian of securities.

Proprietary trading

Our traders have years of experience in research and trading. Our business activities cover securities trading in TAIEX and TAISDAQ markets, investment in foreign securities, adjustment of market supply and demand, and acting as a market creator in collaboration with underwriters. We also engage in the hedging of weighted index futures and options, to effectively decrease systemic risk and enhance trading flexibility.

Fixed Income

Our Fixed Income Department assists fund seekers and investors with fundraising in interest rate-related products, investment consulting, and financial management consulting. The business scope of this Department covers the primary and secondary markets. Our clients include a comprehensive range of state-owned enterprises, such as Taiwan Power Company, China Steel, Dragon Steel, and CPC as well as large private enterprises such as Formosa Plastics Group, Evergreen Group, Far Eastern Group, Hon Hai Precision, Yang Ming Marine Transport, TECO Electric & Machinery, China Airline, TSMC, and UMC, etc. Regarding the secondary market: The Company actively offers quotation services for government bonds, corporate bonds, and convertible bonds, providing advisory services on products and overseas/domestic conditional trading. Meanwhile, this Department also assists clients in

appropriate financial planning so as to deepen and widen its own client pool.

Derivatives

The Derivatives Department engages in the core business activity of issuing warrants, and adopts its own advanced trading systems to continuously optimize operating performances and risk management. In addition, the Department responds to changes in trading systems and markets through continuous development of innovative quotation logics. As for financial products, the Department actively offers a wide range of products, including ETN products in 2019, which satisfied the diverse investment needs of our customers.

Underwriting and Financial Consulting

- (1) IPO: Investment Banking Department aims to form stable and long-term partnerships with our clients, and assists them with listing applications and success to IPO.
 1. Assist enterprises in strategic planning of public offerings, TWSE listing, and TPEX (OTC) listing.
 2. Assist overseas enterprises in public offering at TWSE or TPEX.
- (2) SPO: In response to internationalization and diversification of fundraising channels and strategies of corporate financial operations, Capital Securities' Investment Banking Department provides companies listed on TWSE and TPEX with comprehensive and high-quality corporate financial planning/SPO services based on a wealth of professional experience.
 1. Planning and offering for cash capital increase through common shares, preferred shares or conversion of corporate bonds.
 2. Planning and offering for overseas fundraising.
- (3) Financial Consulting: Corporate merger, reorganization, disposal, equity planning, valuation, privatization of state-owned enterprises.
- (4) International Capital Market Business: Capital Securities' overseas businesses have gained positive word of mouth and market visibility following years of operation, for corporates planning to list in Hong Kong stock exchange or A shares in China.

Registrar Agency

The principal development goals of Capital Securities' Registrar Agency Department are to provide clients with the most comprehensive professional advices and the best registrar service arrangement. Capital Securities' Registrar Agency Department has professionals with significant legal background and practical experience to provide issuers with high value-added professional services. We are actively expanding the business scope towards professional, customized, and internationalized registrar services.

Wealth Management

The Company was approved by the competent authority in 99 to manage clients' assets and wealth by using trust approaches. The Wealth Management Department oversees financial planning, execution, and personnel management and develops comprehensive products and services. By offering the best investment portfolio consisting of different product combinations that meet the immediate needs of clients, the Department provides a one-stop shopping platform where clients can purchase the financial products they need. A full range of professional financial advices is offered for high-net-worth investors. Through a trust-based investment platform mechanism, various financial services are provided to grow clients' wealth, manage their assets, and let clients entrust the management of their assets to Capital Securities.

III. Business Performance

Capital Securities is committed to providing a complete range of financial services that fulfill customers' needs and maximize shareholders' equity. Please see the Capital Securities Corporation Annual Report for more details. Website:

https://www.capital.com.tw/en_V7/aboutcapital/ir/earning2.aspx.

Balance Sheet

Unit: 1,000 NTD

Item \ Year	Financial information for the most recent 3 years (Note)		
	2020	2019	2018
Current assets	98,672,749	73,984,497	61,469,761
Property and equipment	2,417,207	2,339,571	4,577,214
Other non-current assets	19,847,416	19,094,562	15,381,441
Current liabilities	82,594,785	59,239,075	47,025,844
Non-current liabilities	2,456,518	2,186,915	1,430,580
Share capital	21,709,081	23,209,081	23,209,081
Retained earnings	9,639,333	7,927,126	6,209,696
Total assets	120,937,372	95,418,630	81,428,416
Total liabilities	85,051,303	61,425,990	48,456,424
Total equity	35,886,069	33,992,640	32,971,992

Note: Financial information for the most recent 3 years has been audited and certified by accountants.

Statement of Comprehensive Income

Unit: 1,000 NTD

Item \ Year	Financial information for the most recent 3 years (Note 1)		
	2020	2019	2018
Income	7,367,734	5,885,962	4,922,660
Operating expenses and expenditures	4,521,454	4,105,770	4,303,491
Non-operating profits and losses	1,103,108	1,038,556	1,219,276
Profit before tax	3,949,388	2,818,748	1,838,445
Profit after tax	3,569,529	2,566,823	1,408,865
Earnings per share (NT\$) (Note 2)	1.64	1.11	0.61

Note 1: Financial information for the most recent 3 years has been audited and certified by accountants.

Note 2: Earnings per share is calculated by retroactive adjustment of weighted average number of shares; where earnings or capital reserves have been used to increase capital for distribution of shares, retroactive adjustments in proportion to the amount of capital increased must be made without consideration for the period of the capital increase.

Differentiation of Direct Economic Value/Distribution of Economic Value

Unit: 1,000 NTD

Year		2020	2019	2018
Item				
Direct economic value	Operating revenues	7,367,734	5,885,962	4,922,660
	Non-operating net income	1,103,108	1,038,556	1,219,276
Distribution of economic value	Operating expenses	2,232,319	2,225,347	2,328,139
	Employee remuneration and benefits	2,288,215	1,879,473	1,974,377
	Donation of academic fund	900	930	930
	Social welfare	20	20	45
	Share dividends distribution	2,387,999	1,736,726	928,363
	Income tax expense	379,859	251,925	429,580
Value retained		1,181,530	830,097	480,502

Note: Operating expenses exclude expenditures related to remuneration and benefits as well as donations.

Value retained = Direct economic value- Distribution of economic value.

* Note

All financial numbers are denominated in NTD, which is a functional monetary currency of the Company and have been audited by an accountant. Statistics are calculated on the basis of internationally accepted indicators. For the consolidated financial statements, please visit the Company's website

(https://www.capital.com.tw/en_V7/default.aspx) or the Market Observation Post System

(<https://emops.twse.com.tw/server-java/t58query>).

Subsidiaries included in the consolidated financial statements include Capital Future Corporation and its subsidiaries, Capital Investment Management Corporation, CSC Venture Capital Corp., CSC International Holdings Ltd. and its subsidiaries, Taiwan International Securities (B.V.I.) Corporation and its subsidiaries, CSC Capital Management Co. and Taiwan International Securities Investment Consulting Corp.; Capital Insurance Agency Corp. and Capital Insurance Advisory Corp. are not included in the consolidated financial statements.

Business Operating Revenue Ratio

Unit: 1,000 NTD

Year	2020		2019		2018	
Product Category	Amount	%	Amount	%	Amount	%
Brokerage	4,665,261	63%	3,331,720	57%	3,828,016	78%
Proprietary trading	2,240,809	31%	2,184,733	37%	810,966	16%
Underwriting	461,664	6%	369,509	6%	283,678	6%
Total	7,367,734	100%	5,885,962	100%	4,922,660	100%

IV. Shareholder Structure

Apr 30, 2021

	Government Agencies	Financial Institutions	Other Institutional Investors	Domestic Natural Persons	Foreign institutions and foreigners	Total
Number of shareholders	3	7	360	98,373	299	99,042
No. of shares held	8,044,671	86,471,659	947,853,138	725,438,194	403,100,435	2,170,908,097
Shareholding percentage	0.37%	3.98%	43.66%	33.42%	18.57%	100.00%

V. Market Condition and Response

Key changes in the economy and stock market of Taiwan in the coming 2021 include:

(I) Optimism about exports and pressure from NTD appreciation

1. Exports momentum may remain strong

The demand for emerging-technology applications, such as remote business opportunities, handset, 5G communications and high-performance computing, may continue to climb, hence a promising future for exports of ICT and electronic products. Meanwhile, as prices of international raw materials and supplies gradually rebound, global economy may stabilize as vaccination becomes more common. Most technology-related suppliers remain optimistic about the outlook of 2021. Export-oriented orders may maintain growth momentum throughout the year.

2. Far-reaching impact of the NTD trend

Export surplus put pressure on NTD appreciation. Exchange losses born by export-oriented sectors with relatively low gross profit margins are severe. Janet Louise Yellen, the new US Secretary of the Treasury declared that “the US doesn’t seek a weaker currency to gain competitive advantage,” and later indicated that “we should oppose attempts by other countries to do so”. Major export-oriented countries in Asia may face challenges.

(II) Prospects of global technology industry

1. Technology sector in Taiwan may maintain high growth

Major Taiwanese technology companies may see notable growth in sales and market caps. In January 2021, TSMC announced its capex for 2021 at USD25.0~28.0bn. TSMC stays ahead in advanced processes, tapping into business opportunities related to ARM-structured CPUs, 5G, high-performance computing and automobile utilization in the next few years.

2. Mixed results for US technology stocks

As investors in the US stock market generally expect the pandemic to be effectively contained in the second half of 2021, stock market has reflected the anticipated strong recovery of the US economy in advance. Meanwhile, ultra-low interest rates have flooded the financial market with funds, leading to huge growth potential for technology stocks. On the other hand, tech giants has greater influence over the government. FAANG stocks might may face spin-offs under the anti-trust trend.

(III) Changes to international political and economic settings

1. New Biden administration

As soon as Biden was inaugurated as US President in January 2021, he implemented an economic stimulus program as well as pandemic prevention and vaccination policies. He asserts that before the pandemic is put under control, the government needs to make proactive efforts to bolster the economy by dealing with its financial deficits. Therefore, the Fed is expected to maintain a monetary easing environment to facilitate economic recovery.

2. Changes in US-China relations

The Biden Administration may ease its grip on China; nevertheless, their bilateral relations might not be significantly improved in the short term. In terms of economy, trade, and technology, Biden may attempt to secure the core competitiveness of the US tech sector and work with China on issues such as environmental protection, climate change, and the coronavirus pandemic. As far as homeland security and human rights protection are concerned, however, the US may continue to impose sanctions against China.

3. Concern over asset bubbles due to ultra-easy monetary environment

COVID-19 drove the global economy to nosedive in 2020. Central banks around the world tried to save their markets by cutting interest rates and implement quantitative easing (QE) policies. Despite the economic recovery in subsequent quarters, the nearly zero interest rates have pushed capital in the bond markets worldwide to flee to stock markets for profits. This money-driven trend has resulted in a v-shaped reversal in major stock markets; the respective ratio of the US and Taiwan stock market values to their GDPs have reached new highs. Young people are one of the main drivers of this bullish trend. Their investment strategies run contrary to most traditional experience-based rules. They not only pushed the market value of Tesla to exceed the total value of the world's top three automakers but drove up the prices of virtual currencies again. Coupled with the rising prices of raw materials, one cannot help but feel concerned about rising inflation and asset bubbles. These issues are factors of uncertainty facing the investment market in 2021.

(IV) Corporate governance 3.0- sustainable development blueprint

In August 2020, the Financial Supervisory Commission (FSC) announced the official start of "Corporate Governance 3.0- Sustainable Development Blueprint" in order to focus on the five main aspects of "enhance board functions, increase corporate sustainable value", "increase information transparency, promote sustainable management", "enhance stakeholder communication, establish excellent interaction channel", "align with international standards, guide due diligence governance" and "strengthen corporate sustainable governance culture, provide diverse products" for a total of 39 specific promotion measures, thereby continuously strengthening the corporate governance in our nation, establishing a sound sustainable development (ESG) eco-system, and enhancing the international competitiveness of capital market of our nation. (Source of Data: Financial Supervisory Commission (FSC))

(V) Capital Market Blueprint

In addition to FSC's promotion of the aforementioned "Corporate Governance 3.0- Sustainable Development Blueprint", to promote the capital market development and to cope with three main trends of the ESG sustainable development, digital technology and aging society, in order to establish a prospective capital market with international competitiveness, in September 2020, FSC further announced the "Capital Market Blueprint" architecture and further announced the official start of the "Capital Market Blueprint" in December 2020. In the future, a period of three years is scheduled as the time-limit for the planning of the capital market blueprint in Taiwan and the "establishment of eco-environment for capital market participants intergrowth and mutual prosperity" is viewed as the focus of the core value, and the "establishment of a fair, efficient, innovative and open, diverse and international capital market" is valued as the vision, along with the mission of "promoting sound development of capital market, protecting interests of investors and maintaining market order" and the promotion objectives of "sustainable development, inclusive financing, competitiveness enhancement and investor protection", and through the implementation of the execution strategies of "enhancing issuance market function, supporting physical economic development", "activating exchange market, increasing efficiency and liquidity", "attracting domestic and foreign fund participation, increasing market international visibility", "improving financial intermediary market function and competitiveness", "encouraging financial innovation and diverse financial commodity development", thereby achieving capital market functions and driving the economic growth in our nation. (Source of Data: Financial Supervisory Commission (FSC))

With all the challenges facing the economy and financial market, the Company's operational plan and business development strategies for 2021 are as follows:

- i. Expedite optimization of smart order services, one-account-for-all-products platform and digital services platform in the brokerage business for a better competitiveness in the market.
- ii. Launch the Systematic Investment Plan (SIP) business in response to intra-day odd lot trading to attract young customers.
- iii. Continue to promote the one-account-for-all-products platform and boost the number of new users and the deposits of their accounts so as to enhance the Company's interest income and wealth management business.
- iv. Maximize the sub-brokerage business and improve its services to corporations.
- v. Grasp opportunities to manage the wealth of high-asset clients while continue to develop new services and products for these clients in order to diversify wealth management strategies and increase the wealth management AUM.
- vi. Stay abreast of the development of the pandemic and vaccination efforts and reference the analyses released by research institutes on the trends and fundamentals of individual stocks in order to select outperforming targets and improve profitability.
- vii. Steadily trade foreign-currency debt positions while developing products and sales channels in order to optimize the opportunities to sell fixed-income products and launch corporate bonds.
- viii. Maintain a leading position in the warrant market and launch more derivative products (ELN/PGN/OTC options) to boost business and profitability.
- ix. Corporate financing service focuses on customer needs, supported by CSC Capital Management Co. and PE fund, to develop investment banking business.
- x. Focus on meeting clients' needs for corporate financing and utilize the resources from its non-operating capital management business and private equity fund to develop an investment banking business.
- xi. Create a comprehensive depository system for faster settlement in response to the launch of its foreign-currency securities business.
- xii. Include ESG as part of the Company's investment targets/strategies, business aims, and corporate governance processes.
- xiii. Strengthen business collaborations among the Company's futures, securities investment trust, venture capital, investment consulting and insurance businesses to achieve the synergy of these businesses.

2021 remains a year full of opportunities and challenges. How the pandemic may be contained by vaccination determines the future of the global community. In light of this, the Company may continue to uphold its sound business philosophy and show concern for the society, establish long-term partnerships with its clients, and provide high value-added financial services exceeding customer expectations while proactively utilizing financial technologies to achieve digital transformation and integrate various resources available in the securities service system in order to fully implement its operational plan and management policies, improve profitability, and achieve optimal management performance for its shareholders.

Two. Corporate Governance

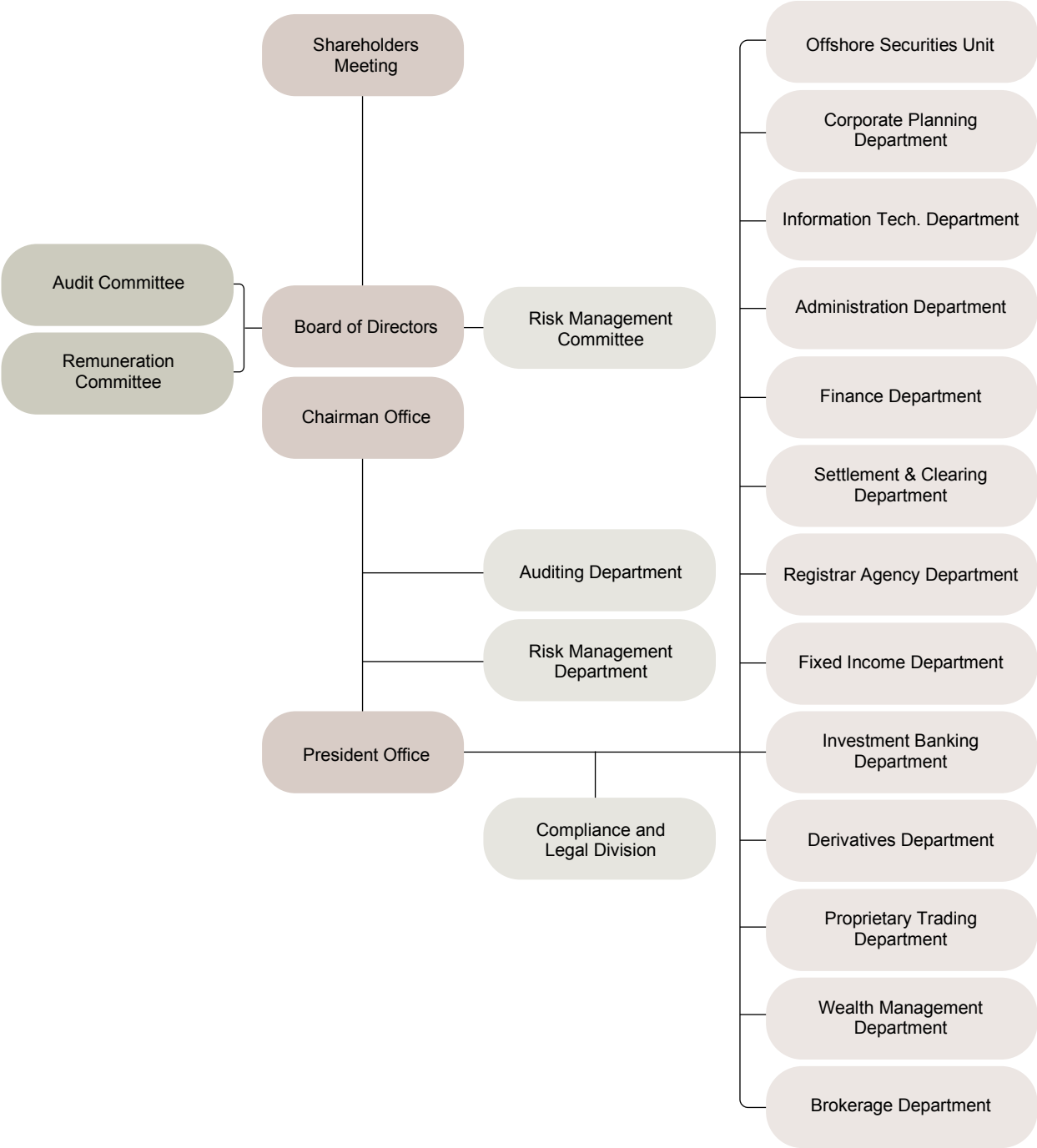
1. Corporate Governance Framework

An effective corporate governance framework implies that a clear set of decision-making rules and methods are in place for the handling of various matters. Moreover, it provides a goal-making mechanism to supervise progress in goal achievement and the means by which goals are achieved.

The Company's Board of Directors includes three independent directors who are able to assess corporate strategies in an objective and fair manner, leverage their experiences and knowledge to offer value-added suggestions, and promote compliance with governance rules. In addition, the Board of Directors has set up a Remuneration Committee, Audit Committee, and Risk Management Committee. The Remuneration Committee is responsible for the formulation and review of the Company directors'/managers' performance and compensation policies. The Audit Committee is composed of only independent directors, instead of supervisors, to strengthen the structure and operations of the Board of Directors in relation to the aspect of corporate governance in order for the Board of Directors to fully perform its professional and independent supervisory functions to protect the interests of shareholders. The Risk Management Committee takes charge of building and implementing risk management systems to immediately report the risk exposure conditions of the company's investment portfolios and propose countermeasures, so as to ensure that the company's business strategy goals are attained and risks are controlled within acceptable ranges.

The Company has established the Auditing Department and Risk Management Department that are affiliated to the Board of Directors. The Auditing Department is responsible for undertaking financial and business auditing tasks to ensure the effective continuous operation of internal control systems. The Risk Management Department is responsible for supervising and controlling the company's risk measurement and monitoring implementation tasks.

Organizational chart:



2. Board of Directors

Pursuant to the Company's Articles of Incorporation, directors and independent directors are elected using the candidate nomination system. Directors and independent directors are elected at the shareholder meeting from a list of candidates and may be re-elected to further terms. The 11th Board of Directors was elected at the shareholder meeting in June 2019. The Board currently has 8 directors and 3 independent directors who shall serve a term of three years from June 24, 2019 to June 23, 2022.

The Company has established functional committees under the Board of Directors including the Remuneration Committee, Risk Management Committee, and Audit Committee in order to strengthen the structure and operations of the Board of Directors in relation to the aspect of corporate governance in order for the Board of Directors to fully perform its professional and independent functions to protect the interests of shareholders. The Company has established a set of "Corporate Governance Principles", which require the board of directors to devise different strategies appropriate to the Company's operations, type of business, and development requirements. All board members are being required to possess the knowledge, skills and characters needed to perform their duties. Composition of the board has been diversified in a number of aspects including but limited to gender, age, culture, education background, and professional experience.

In order to improve corporate governance and strengthen the functions and independence of the independent directors, the Company has adopted strict standards and regulations stipulating that no director shall serve for more than three consecutive terms, and there has not been any director serving for more than three consecutive terms. The professional knowledge possessed by the members of the Board of Directors include business management, international business, information/technology, banking, securities, financial management and law studies. The members come from diverse backgrounds, including senior academics and people with rich experience in the relevant industries. Such backgrounds are beneficial for enhancing the overall development strategy and operating performance of the Company. Each year, the Company provides and encourages directors to attend continuing education courses in accordance with the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.

The Board of Directors convenes board meetings at least once every quarter. They may convene extraordinary meetings when necessary. The Board of Directors of Capital Securities Corporation held 7 board meetings in 2020. All directors have actively participated in Board operations. The actual attendance rate of board meetings was 92%. The company's sales performance, risk overview, auditing status, and financial status are reported during every board meeting; the use and review of trust properties are reported every quarter; departmental risk assessment and performance and compliance are reported every six months; and the company's ethical corporate management status is reviewed and reported every year. To implement ethical corporate management, the Board of Directors adheres to the Rules and Procedures of Board Meetings and other applicable laws. If any director or a juristic person represented by a director or the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director is an interested party with respect to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

At the 6th meeting of the 11th Board of Directors held on March 26, 2020, the Company adopted the "Regulations for Evaluation of the Performance of the Board of Directors and Functional Committees". The evaluation has started in 2020, and the 2020 performance evaluation result (evaluation period: January 1, 2020 to December 31, 2020) has been submitted as a report to the Board of Directors on March 25, 2021.

The Board of Directors of Capital Securities will commit to building an effective board operations system and sound corporate governance and aim to fulfill corporate social responsibilities, with the hope of becoming the society's model corporate citizen.

(I) Insurance against directors' liabilities

Due to rapid changes in overall economy and competitive business environment, the Company hopes to recruit more talented professionals and encourage them to work for us without having to worry about legal or financial consequences. Therefore, we purchase liability insurance for our directors, supervisors, and essential employees to reduce any legal and financial risks they might face and appropriately mitigate unknown risks and potential damages they might encounter when performing their duties. In doing so, they would be able to make swift decisions, leverage their skills, and build teamwork, thereby creating value for the company, shareholders, and employees.

Every year, the Company's Board of Directors reviews and approves the insured amount, coverage, premium rate, and other major contents of the insurance policy, to ensure that all directors and independent directors are well protected.

(II) Board Members

Capital Securities elected directors at the 2019 Shareholders' Meetings. The 11th Board of Directors is composed of 8 directors and 3 independent directors who shall serve a term of three years from June 24, 2019 to June 23, 2022. Director's Major Career/Academic Achievements:

Data as of March 31, 2021

Title	Name	Education	Concurrent duties in the Company and in other companies
Chairman	Yin Feng Enterprise Co., Ltd. Representative: WANG, JIUNN-CHIH	Ph.D. in Technology Management, Chung Hua University	Capital Futures Corp. - Director CSC International Holdings Ltd. – Director CSC Securities (HK) Ltd.-Director CSC Futures (HK) Ltd. – Director CSC Venture Capital Corp. - Chairman
Director	Yin Feng Enterprise Co., Ltd. Representative: LIU, CHING-TSUN	M.P.A., University of San Francisco, USA	Capital Futures Corp. - Director Taiwan Oasis Technology Co., Ltd. - Director
Director	Yin Feng Enterprise Co., Ltd. Representative: CHANG, CHIH-MING	Vocational High School	Yu Chun Enterprise Co., Ltd. - Chairman Fu Tai Construction Corp. - Chairman Tai Min Constuction Co., Ltd. - Chairman Chuan Yi Investment Co., Ltd. - Chairman Cheng Da Investment Co., Ltd. - Chairman Qarnet Enterprise Co., Ltd. - Chairman Fornet Enterprise Co., Ltd. - Chairman Hong Tai Construction Co., Ltd. - Chairman Lian Mao Investment Co., Ltd. - Director CSC Capital Management Co., Ltd. - Director Chen Chen Co., Ltd. - Supervisor Chao Long Investment Co., Ltd. - Supervisor Yu Bao Enterprise Co., Ltd. - Supervisor Run Hsiang Enterprise Co., Ltd. - Supervisor Hong Sheng Construction Co., Ltd - Supervisor Tai Fa Investment Co., Ltd. - Supervisor

Title	Name	Education	Concurrent duties in the Company and in other companies
Director	Hung Lung Enterprise Co., Ltd. Representative: CHIA, CHUNG-TAO	EMBA, National Chengchi University	Capital Securities Corp. - President CSC Venture Capital Corp. - Director, President
Director	Hung Lung Enterprise Co., Ltd. Representative: KUO, YUH-CHYI	B.A. In Cooperative Economics, National Taipei University	None
Director	Hung Lung Enterprise Co., Ltd. Representative: TSAI, I-CHING	LL.M., Soochow University	Taiwan Federation of Commerce – Secretary-General
Director	Kwang Hsing Industrial Co., Ltd. Representative: TING, HSUEH-WEN	Master of Finance and Economics, Cornell University	KYMCO Private Equity Management Co., Ltd. - President / Partner KYMCO Capital Fund I Co., Ltd. - Director Kwang Yang Motor Co., Ltd. - Director Ionex Inc. - Director Noodoe Corp. - Director Capital Investment Trust Corp. - Director Chunghwa SEA Holdings Co., Ltd. - Supervisor
Director	Tai He Real Estate Management Co., Ltd. Representative: HUNG, TSUNG-YEN	Department of Law, Fu Jen Catholic University	Shang Wei Investment Co., Ltd. - Director Hong Ce Venture Capital Co., Ltd. - Director Hwa Yi Medical Consultant Co., Ltd. - Supervisor
Independent Director	SHEA, JIA-DONG	Ph.D. in Economics, Stanford University, USA	Bio Preventive Medicine Corp. - Independent Director
Independent Director	LEE, SHEN-YI	Ph.D. of law, Chinese Culture University	National Policy Advisor to the President One Eternity Foundation Co., Ltd. - Chairman One Eternity Foundation Co., Ltd. (Taiwan Branch) - Chairman Taiwan New Economy Foundation - Vice Chairman WIN Semiconductors Corp. – Independent Director Nan Ya Plastics Corp. – Director East-Tender optoelectronics Corp. - Director Taoyuan International Airport Services Co., Ltd. – Supervisor Chinese Culture University - Supervisor Capital Futures Corp. - Remuneration Committee member
Independent Director	SU, PING-CHANG	Master in Accounting, Chengchi University	Crowe (TW) CPAs - Director General Jian Fu Technology Inc. - Chairman Kaifa Industry Co., Ltd. – Supervisor Nan Ho Industry Co., Ltd. - Supervisor

(III) Board Member Diversity Implementation Status

The ratio of directors equipped with the identity of employee of the Company is 18%. The ratio of independent directors is 27%, with two independent directors with the seniority less than 3 years and one independent director with the seniority less than 9 years. Regarding the age distribution of directors, there are two directors of age between 45~55 (exclusive), four directors of age between 55~65 (exclusive), two directors of age between 65~75 (exclusive) and three directors of age above 75. The background and expertise of the board members are as follows:

Director	Gender	Seniority of Independent Director	Operation Management	Industry Experience	Finance/ Investment	Information/ Technology	Law
WANG, JIUNN-CHIH	Male		√		√	√	
LIU, CHING-TSUN	Male		√		√		
CHANG, CHIH-MING	Male		√	√	√		
CHIA, CHUNG-TAO	Male		√	√	√	√	
KUO, YUH-CHYI	Male			√	√		
TSAI, I-CHING	Male			√			√
TING, HSUEH-WEN	Male		√	√	√		
HUNG, TSUNG-YEN	Male			√			√
SHEA, JIA-DONG (Independent director)	Male	3 ~ 9 years	√		√		
LEE, SHEN-YI (Independent director)	Male	Less than 3 years	√	√	√		√
SU, PING-CHANG (Independent director)	Male	Less than 3 years	√	√	√		

3. Remuneration Committee

To enhance the corporate governance and to achieve sound remuneration system of the Company, according to the provisions of the “Securities and Exchange Act”, “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” and relevant laws and regulations, the Company has established the Remuneration Committee and has stipulated the charter. Accordingly, the Remuneration Committee is responsible for the periodic review of the performance evaluation of directors and managerial officers and policy, system, standard and structure of remuneration as well as the periodic assessment and stipulation of remuneration of directors and managerial officers.

The Company's Remuneration Committee was established in June 2011. The Committee is composed of three members delegated by the Board of Directors. Presently, the committee members include two independent directors and one externally appointed committee member. The qualifications of all members comply with the requirements for the identity, independence and professional qualification specified by the competent authority. One of the independent directors is appointed by Committee members to act as the Committee convener and chairperson. The Remuneration Committee convened 6 meetings in 2020. The Remuneration Committee exercises the care of a prudent manager to fulfill the following duties, and offer

recommendations for discussion by the board of directors:

- (I) Formulation and regular review of the policies, systems, standards and structures of the performance evaluation of and remuneration for directors and managers.
- (II) Regular evaluation and establishment of the remuneration for directors and managers.

4. Audit Committee

Capital Securities' Audit Committee was established on June 27, 2016. The Committee is composed of three independent directors. The main function of the Audit Committee is to supervise the following matters:

- (I) Fair representation of the Company's financial statements.
- (II) Evaluation of hiring or dismissal of an attesting CPA and its independence and performance.
- (III) Effective implementation of the internal control system.
- (IV) The compliance to relevant regulations and rules.
- (V) Management of existing or latent risks.

This Committee convenes meetings at least once a quarter, and holds meetings whenever deemed necessary. A total of 5 meetings was held in 2020, and the attendance rate was 100%.

5. Risk Management Committee

The Company's Risk Management Committee is affiliated to the Board of Directors. Its duties and organizational responsibilities are based on the board-approved Risk Management System and Risk Management Committee Charter.

- (I) Objectives: The Risk Management Committee is specifically established to develop and implement a risk management system and to immediately report the latest risk exposure conditions of the company and propose countermeasures, so as to ensure that the company's business strategy goals are attained and risks are controlled within acceptable ranges.

- (II) Organizational Members: This Committee consists of more than three board members (inclusive), and more than half of the committee members are required to be independent directors.

The Chairman acts as the convener of this Committee.

The deputy convener of this Committee is Vice Chairman or an independent director member assigned by the convener.

The executive secretary of this Committee is the head of Risk Management Department or personnel assigned by the head to act as the substitute.

Attendees: President, head of Risk Management Department, head of Finance Department, head of Settlement & Clearing Department, and head of Compliance and Legal Division.

The head of Auditing Department is listed as an attendee only without participation in the discussion and resolution of risk management affairs.

- (III) Main Responsibilities:

1. Approval of risk management systems and storage of business risk management guidelines for reference.
2. Resolution on improvement of various operational performance.
3. Evaluation and resolution of risky asset allocation and business strategies.
4. Storage of new business applications for reference and authorization of transaction limit.

- (IV) Meeting Convening: Meeting is held once every quarter; the convener may convene meetings as needed.

(V) Risk management: The Company is exposed to the following risks: market risk, credit risk, liquidity risk, operational risk, and legal risk. By taking risk management procedures such as risk identification, assessment, measurement, and monitoring, we produce daily risk reports for the President and Chairman to keep them up-to-date on the risk positions of the company so that they could evaluate and carry out various decisions. Risks are measured and mitigated by using the following methods/strategies:

1. Market risk management

Maximum operating limit and risk value for various business operations are defined to ensure capital adequacy maintenance and maximum loss control. Variance-Covariance method is used to calculate and retroactively test and examine stock-related risk values. One-day value at risk (VaR) is calculated with a 99% confidence interval. The control of bond-related risk value is based on bp value. The one-day VaR control position is calculated with a 99% confidence interval. The control of derivative-related risk value is based on Delta and Gamma values. The one-day VaR control position is calculated with a 99% confidence interval. Securities lending is based on the maintenance rate as stipulated by the competent authority. To implement risk management systems, each business unit can adjust its risk value by using futures, option, and swap hedging instruments that are approved by the competent authority and Board of Directors.

2. Credit risk management

The Company has established credit limit for issuers and counterparties in accordance with the credit requirements of competent authority and credit rating information announced by credit rating institutions. The Company follows the authority's rules with regards to stock credit transaction limit. For derivatives, a counterparty's credit risk exposure is calculated daily; if limit is exceeded, the counterparty is required to provide eligible collateral or reduce its position. Bond investment is permitted for those with a certain credit rating or above. Material information, fundraising activities, operational status, and other practices of issuer are used to measure credit violation. When the credit rating for debt position held is lower than that stipulated by investment regulations, the selling of such bonds will be requested. If said bonds cannot be sold, they will be allocated to bad debt reserves according to the probability of violation.

3. Liquidity risk management

Liquidity risk primarily involves financial capital allocation and financial market liquidity problems. Regarding capital allocation, apart from decentralization of financial institutions, the Company also diversifies its fundraising channels, and plans and keeps abreast of its daily fund usage in advance as needed. In addition, we simulate special events for analysis to address unusual funding needs involving system risks.

Regarding liquidity risk of various positions, the Company establishes specifications according to issuance amount, transaction amount, and counterparties, among other factors, and dynamic monitoring of market conditions is performed to manage the liquidity risk of a position.

4. Operation risk management

This Company follows the operating procedures and focus of control as regulated by its internal control system. The Auditing Department conducts inspection for an inspection cycle. The inspection report is submitted to the President and Chairman for review after a response from the business unit involved is obtained. The accountable business unit improves the identified deficiencies, which will be followed up by the Auditing Department to implement improvement plan. We also purchase employee fidelity insurance to protect the Company against material loss due to employees' gross negligence.

5. Legal risk management

The Auditing Department and Compliance and Legal Division are responsible for handling any legal risks pertaining to the Company, in order to ensure that the company precisely complies with government regulations. The legality of various contracts is also reviewed to protect the company's rights and interests. Company employees are educated and trained as needed on recent amendments to laws and regulations, if any, to reduce the risk of violation and to reinforce the importance of legal compliance and self-discipline among employees.

6. Environmental, Social, and Corporate Governance (ESG) Risk Management

In the risk management system, Company specifies the assessment and management with respect to the ESG issues.

- (1) Assessment and Measurement of ESG Risks: For current ESG risks that cannot be quantified easily, management measures and measurement of risk quantification capable of reflecting risks appropriately are adopted in order to achieve the objective of risk management.
- (2) The management of ESG risks is performed in accordance with the "Corporate Social Responsibility Best Practice Principles" of the Company and regulations of the competent authority.

Rating of the Company for 2020 according to the Fitch Rating: The highest score of the Company received for the credit correlation with respect to the environmental, social and corporate governance issues was 3, meaning that the risks have no material impact on the credit of the Company.

6. Integrity Management Committee

The Company has set up an Ethical Management Committee (in August 2015), with the President acting as the convener and the meeting chair, to establish an ethical corporate culture and sound development for the ethical management of the Company. The heads of the Management Department, Financial Department, Settlement & Clearing Department, Corporate Planning Department, Compliance and Legal Division, Risk Management Department and personnel assigned by the President are members of the Committee. The Committee is responsible for establishing, supervising and implementing ethical management policies and prevention programs. The Committee meets at least annually to review the performance of ethical management and submit a report in this regard to the Board of Directors.

7. President Office

The President of the Company executes the resolution of the board meeting according to the instructions of the Chairman and also manages all affairs of the Company and its institutions. In addition, the President also acts as the convener of the Ethical Management Committee, in order to establish an ethical corporate culture and sound development for the ethical management of the Company. The President is the person in charge of CSR activities who promote and implement CSR activities.

The Compliance and Legal Division under the supervision of the President offers legal advices and educational training to raise the compliance awareness of employees, ensure that the Company follows laws and regulations when engaging in business activities, and reduce the operational risk and liabilities of directors and managerial officers.

8. Moral Value and Code of Employee Conduct

The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency. To implement ethical corporate management policy and actively prevent unethical conduct, the “Ethical Corporate Management Best Practice Principles” and “Operational Procedures and Guidelines of Ethical Corporate Management Best Practice” are established to regulate matters that the personnel of the Company must pay attention to when performing business activities.

“Operational Procedures and Guidelines of Ethical Corporate Management Best Practice” contain the following information:

- (I) Procedures for handling of prohibition against providing or accepting improper benefits.
- (II) Prohibition of and handling procedure for facilitating payments.
- (III) Procedures for handling political contributions, charitable donations or sponsorships.
- (IV) Recusal, management of trade secret, prohibition against disclosure of confidential information, and prohibition against insider trading.
- (V) Ethical management evaluation of counterparty in commercial dealings, avoidance of commercial dealings with unethical counterparty, and statement of ethical management policy to counterparties in commercial dealings.
- (VI) Handling of unethical conduct by personnel of the Company and by others toward the Company.
- (VII) The Company has incorporated business integrity as part of employees' performance appraisal and the Company's human resource policy, establishing clear and effective punishment and grievance systems.

Unethical conduct risk assessment of the Company is performed in accordance with the type of unethical conducts described in Article 7 of the “Ethical Corporate Management Best Practice Principles” of the Company and the company business characteristics, and a total of 8 major inherent risks are specified (such as: 1. Offering and acceptance of bribes; 2. Illegal political donations; 3. Improper charitable donations or sponsorship; 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits; 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights; 6. Engaging in unfair competitive practices; 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of commodities and services; 8. Taking advantages of or defrauding transaction counterparties), in order to list out numerous risk sub-items for self-assessment. In addition, after the consideration of the current ethical management implementation related authority structure and the overall environmental risk control mitigation measures of the Company, the 2020 overall risk assessment result of the Company indicates a low risk, and the overall environmental control is high.

In signing a contract with any counterparty, the Company will ensure full understanding of the status of ethical management conducted by the counterparty and specifies in the contract that where any party is discovered to be engaged in unethical conduct in business activities, the other party may terminate or cancel the contract unconditionally at any time.

The Company has actively raising the awareness among its employees of operating activities within the business scope that are at a higher risk of involving unethical conduct. The Company has also organized courses on ethical management and designed a system of post-course tests, and the employees are required to pass such tests in order to complete the courses. In 2020, the Company organized online courses on a total of 10 different topics (including promotion of securities regulations, ethical corporate management regulations, principles of handling business disputes, prohibited conducts of securities personnel, promotion of CSR, introduction of whistleblowing system, Financial Consumer Protection Act and principle of fair treatment to customers, promotion of regulations related to handling internal material information and insider trading). 19,775 employees had completed the above online training for a total of 27,602 hours.

Regarding code of employee conduct and ethical conduct, the Company enters an agreement with its employees, stating that during their period of employment, employees shall comply with principles and code of ethical conduct when performing duties and shall sign agreements and declarations, among other applicable regulations and rules. Meanwhile, employee compliance is promoted through diverse channels such as Intranet and training courses. The focus of applicable regulations is as follows:

- (I) The Company's employees shall not accept inappropriate monies, gifts, hospitality or any gains from customers, securities issuers, securities firms, trade counterparties, or any parties that are likely to pose conflicting interests.
- (II) Employees shall not disclose or make use of any business secret, correspondence, account, relationship or transaction of the Company or its customers, or any information obtained during employment unless for work-related purposes or with the written consent of the company, and they shall also refrain from exploiting such information for personal interests during or after their employment.
- (III) Gathering or use of customers' information shall comply with the Personal Information Protection Act. Violators shall assume legal responsibility and compensate the damages and resulting expenses incurred directly or indirectly to the company (including litigation and attorney expense).
- (IV) Employees shall not use the Company's computer to download, upload, and use unauthorized computer software, nor use their company email for non-business correspondence, such as to send, forward, or attach files to disseminate electronic information that is discriminatory, obscene, defamatory, contains false rumors, pornography, or constitutes personal attacks.
- (V) Employees shall keep the electronic username and passwords provided by the company safe, and shall not without authorization use the electronic username and passwords provided by the company for any business or non-business purpose. Employees shall not use, steal the electronic username and password of others or access a computer system for any business or non-business purpose.
- (VI) Any works, creations, or trade secrets relevant to company operations generated by company employees during employment shall be the Company's intellectual property. Use of any works, creations, or trade secrets for business purpose shall be compliance with law and shall not be used in a way that infringes upon the rights of others.
- (VII) Company employees shall not engage in the following conducts unless otherwise provided by the laws and regulations of the competent authority:
 - 1. Engage in trading or other activities with information learned on the job for the purpose of obtaining speculative profit.
 - 2. Fraud, deception, or other misleading behavior when engaging in business activities.
 - 3. Other conduct that violates securities and futures laws and regulations or are specifically prohibited by the competent authority.

The Company adopts an integrity insurance system, where it insures itself against risk of employees' dishonesty depending on the nature of their duties. The insurance covers robbery, theft, fraud, embezzlement or any illegal conduct committed by employees that result in financial losses to the Company. In 2020, the Company was not subject to any record of unethical risk occurrence.

9. Participating in Organization/Association

Depending on the nature of their business, the Company and its subsidiaries actively participate in associations and other external organizations relevant to securities and finance industry. By joining these organizations, we can access the latest financial information and enjoy member benefits, such as information sharing and engage in exchange and dialogues with industry peers.

Business Locations	Group Name
Capital Securities Corporation	Taiwan Securities Association
	Chinese National Futures Association
	Trust Association of R.O.C
	R.O.C. Bills Finance Association
	Taiwan Stock Affairs Association
	Securities Analysts Association
	Financial Planning Association of Taiwan
	Taiwan CIO Association
	Taiwan Bar Association
	Taipei Bar Association
	Securities Personnel Executives Club
	Taiwan Listed Companies Association
	Taiwan Finance and Economic Development (TaFED) Research Association
	Taiwan Entrepreneurs Association
	Management Intelligence Sharing Association
	Taiwan ITRI New Venture Association
	Yilan County Chamber of Commerce
	Taipei Nurses Association
Capital Insurance Advisory Corp.	Insurance Brokerage Association of Taiwan
Capital Insurance Agency Corp.	Insurance Agency Association of Taiwan
Capital Investment Management Corp.	Securities Investment Trust & Consulting Association of the R.O.C.
CSC Venture Capital Corp.	Taiwan Venture Capital Association
	Taiwan Private Equity Association
	Taiwan Mergers & Acquisitions and Private Equity Council

10. Deficiencies and Status of Improvement

Date	Type of Sanction	Reason for Sanction	Sanction	Status of improvement
December 11, 2020/March 4, 2021	Violation of Regulations	Taiwan Stock Exchange Corporation conducted audit on the Company and discovered deficiency violating the provision of Subparagraph 7 of Article 14 of the Taiwan Stock Exchange Corporation Co-Location Service Management Regulations and the internal control system regulations of the Company	<ol style="list-style-type: none"> 1. Taiwan Stock Exchange Corporation: The Company was requested to be aware of the improvement and the through execution of internal control system, and impose a breach penalty of NT\$150,000. 2. Financial Supervisory Commission Securities and Futures Bureau: The internal control system was not implemented thoroughly and was examined to violate the provision of Paragraph 2 in Article 2 of the Regulations Governing Securities Firms, according to Article 65 of the Securities and Exchange Act and issue a corrective order, and require the Company to correct the non-compliance act. 	The internal control system has been reviewed, and regulations have been explicitly established along with the adjustment of management mechanism in order to strengthen legal compliance and to ensure thorough implementation of the internal control system.

11. Detection and Supervision Control Mechanism of the Company

The detection and supervision control mechanism of the Company is follows:

- (I) The Company establishes the risk management system. For risks arising from market fluctuation faced daily, the Company controls the maximum loss of the Company within the acceptable range for shareholders' equity through risk bearing and transfer and risk asset adjustment. In addition, through implementation of the system, the Company looks forward to create stable and high quality profits for shareholders.
- (II) The Company has established the internal control system three-line of defense and implements the responsibilities and authorities of the first line of defense (business unit), second line of defense (Legal Compliance Department and Risk Control Department) and third line of defense (Auditing Department). In addition, periodic annual internal control self-assessment operation is performed annually.
- (III) When launching investment products and structured products, the Company shall conduct product review in accordance with Guidelines for the Review of Investment Products and Operating Guidelines for the Composition and Review of Offshore Structured Product Review Committee to ensure that products or services are suitable for customers.

Three. Products and Services Creating Social Benefits or Environmental Benefits

Promoting Investment Planning Education Service

The Company organizes securities related investment seminars, securities promotion activities and seminars in order to allow market investors with more opportunities to understand various securities investment products in greater depth.

The Company's Derivatives Department holds courses periodically to promote warrant products and establish correct transaction concepts in investors. Depending on investors' needs, these courses can cover basic warrant concepts, practical operations, and advanced warrant analysis. Classes are divided by the level of difficulty. These courses are aimed at providing different investors in the market with the information they need. In 2020, 18 sessions were delivered in Northern, Central, and Southern Taiwan; there were a total of 300 participants. We take actions to create social benefits and help investors to establish the correct trading concept.

Capital Investment Management Corporation, featuring a professional research team highly experienced in financial asset planning with solid product analysis capabilities, has effectively satisfied the requirements of its clients according to their risk attributes. Two large investment conferences were held in 2020, and 15 sessions of medium-to-small seminars were organized in Northern, Central, and Southern Taiwan, providing research, analysis and recommendations pertaining to securities investment for investors.

Capital Securities Corporation has been committed to the ethical management for a long period of time and has also actively participated in social welfare activities such that the Company's brand image is excellent. In 2019, the Company received the honor of the "Outstanding Achievements in Corporate Social Responsibility" of the 15th-term SFI Awards, and in 2020, the Company also received honor of 3rd place for "Warrant Circulation Award" and 5th place for "Warrant Sprint Award" of 2019 Warrant Issuer and Securities Broker Trading Award Activity presented by the Taiwan Stock Exchange Corporation, "Best Customer Referral", "Best Digital Finance", "Best Public Interest Promotion" of the Wealth Magazine's 2020 Wealth Management Awards, and "Best Customer Satisfaction", "Best Risk Control" and "Best Marking Innovation" awards of the Business Today's Best Wealth Management Awards. In addition, members on the research fellow team of the office in Shanghai won the third place, 74th place, 83rd place among China's Top 100 Analysts of East Money Information Co., Ltd. in 2019; the first place among best analysts in the banking industry of Mainland China; and the best analysts in the first quarter and the 81st place among the China's Top 100 Analysts of East Money Information Co., Ltd. in 2020. Moreover, In August 2020, Capital Financial Group Joint Employee Welfare Committee enrolled in the AMOT star-class source tracing restaurant contract program to support the source tracing of food ingredients and to fulfill corporate social responsibility, and also received the honor of the 5th term of Outstanding Enterprise for Star-Class Source Tracing Restaurant.

Introducing Products and Services in Line with Social Change and Environmental Needs

Medical advancements have led to reduced birth rate and mortality rate, while populating aging in Taiwan increased dramatically. As old-age dependency ratio continues to increase, the resulting financial needs and demand for medical care will also increase, and the phenomena and issues associated with aging society become more apparent. Capital Insurance Agency/Advisory targets the retirement market. Apart from providing retirement plans involving traditional life insurance and investment-based policies, the Company also focuses on protection-based product plans involving health care and disability insurance policies to assist customers in establishing a perfect retirement plan that secures their future needs both financially and personally.

To cope with the international financial sustainable development, the Wealth Management Department of the Company selects commodities from various parts of the world and diverse

asset categories (biotech and pharmaceutical, alternative energy, green energy and building, carbon-reduction investment, etc.) in order to allow investors to achieve stable asset growth and beneficial effect through distributed and diversified investment tools. While facing impacts of social changes and development of financial innovative technologies, the Company actively integrates resources and studies the use of FinTech related to Big Data, etc., and also continues to promote innovative plan in order to seize the future investment trend and business opportunities through new technologies and innovative products and services satisfying the social demands.

To provide professional quotations and to provide assistance in fundraising, the Fixed Income Department of the Company supports investments in sustainable industries. The Company was the organizing underwriter for the 1st and 5th sessions of issuance of corporate bonds for Taiwan Power Company (TPC) in 2020. In 2020, TPC appropriated 15.2% of the amount raised from the bond issuance as the fund for promoting green energy and development of power-related industrial applications. In addition, the Company also acted as the organizing underwriter for the 4th and 6th sessions of issuance of corporate bonds for Taiwan Semiconductor Manufacturing Company (TSMC) in 2020. In 2020, TSMC appropriated 10% of the amount raised from the bond issuance as the fund for promoting green energy related industrial applications. In both cases, the Company provided relevant assistance and consultation services.

The Proprietary Trading Department of the Company invested in Century Iron & Steel (9958) for the steel industry and TSMC (2330) for the semiconductor industry, accounting for about 0.98% and 2.44% of the stock trading position of the department, respectively. Century Iron & Steel is one of the first private companies to respond to the government's "New Southbound Policy" and "Renewable Energy-Offshore Wind Power Project". TSMC upholds the business philosophy of corporate growth along with the intergrowth and mutual prosperity of the eco-environment, and also exercises the power of green manufacturing by integrating green management into daily operation. Based on the five main aspects of climate change, energy management, water management, waste management and air pollution control, TSMC fully promotes the sustainable actions to enhance the environmental protection in order to achieve the objective of protecting the environment of the Earth and increasing corporate value.

The Company's Derivatives Department is committed to promoting social and environmental benefits during operations related to warrant searching, warrant classes, and target index products. Derivative services promoted in 2020 were as follows:

- (I) ETN section: Provided complete quotations and product information.
For the FTSE Divest-Invest China A50 Index, the Company eliminated high carbon emission industries from the linked subject matters and replaces such industries with companies using renewable energies and with relatively higher revenue ratio, in order to provide alternative choices to domestic and foreign corporate bodies or investors, which was also aligned with the ESG investment strategy and environmental sustainability concept trend currently promoted worldwide.
- (II) Warrants: Through the Facebook fans club page for Capital Warrant Online and the offline Call Center (customer service total number of cases was approximately 150 cases), the interaction bridge between the warrant investors and warrant issuers was enhanced, thereby providing assistance in solving trading difficulties and problems.
- (III) Equity Option: Capital Securities Corporation customer exclusive online trading platform was established.

Building a Financing Platform for the Capital Market

The Company's Investment Banking Department assists small and medium enterprises to trade over the counter or become publicly listed, making it easier for them to obtain long-term capital in the capital market, which enables new startup companies to operate more steadily. The Department also offers listed and OTC companies refinancing products from primary markets,

which enable them to reinvest their long-term capitals, grant employees and shareholders the opportunity to invest, and provide employment security and investment opportunities in the capital market, and to create social and environmental benefit services as follows:

- (I) Public Offering Planning, Guidance service (IPO)
Provide guidance on corporate public offering, OTC registration, application for listing at TWSE (TPEX) for green energy and eco-friendly related enterprises, and assist customers to successfully head towards capital market.
- (II) Corporate Fundraising Service (SPO)
Provide assistance to publicly listed companies in green energy related industries with comprehensive and high quality corporate financial and fundraising planning service. Assist customers to arrange the best timing for fundraising, mode of fundraising and the design and marketing of fundraising related products, thereby assisting corporates in achieving fundraising plans effectively and in increasing the corporate overall operational benefits.
- (III) Financial Consulting Service
Assist corporate to achieve business expansion, integration and growth with diverse financial consulting service planning.

Capital User Friendly Banking Service Section (<https://friendly.capital.com.tw/site.asp>)

The Company follows the Accessible Web Development Guidelines to establish a user-friendly Capital Banking Service section on our website. In compliance with accessible web design rules, this section is designed with page anchor points (:::), site navigator, and access key to provide a user-friendly Financial Service Section Platform for handicapped users. In an era characterized by continuous web page advancement, Capital Securities create a user-friendly banking environment in which the company's web page is equipped with fast-access functions for users with disabilities so that these individuals can enjoy the basic rights to using accessible financial services.

Furthermore, the user-friendly Service Section is available to not only handicapped users but also customers who use low-level hardware devices, slow Internet connection, or old text-only browsers. In addition to increasing accessibility and convenience, this user-friendly section enables every customer to gain the same experience as any other ordinary users.

Four. Stakeholder Engagement

I. Issues of concern for stakeholders and communication methods and channels

(I) Stakeholder Identification and Selection

The Company strives to manage its business operation with sincerity, integrity, and professionalism, with the vision of providing high value-added services that exceed customer expectations and becoming customers' partner for long-term growth. In addition, the name of the Capital Group in Chinese also means "in the interest of the public", which we take as our top priority in everything we are committed to do. Accordingly, we are committed to achieving the maximum interests of stakeholders. Through internal discussion in the Company and from the past interaction experience and regulatory requirements, the company's internal departments have identified six major stakeholder groups of the Company, including shareholders and investors, employees, customers, government agencies, suppliers, communities, and groups. The Company values the excellent, proper, and diverse communication channels with the stakeholders. Stakeholders can propose relevant recommendations through the communication channels (please see page 32~33 of this Report). In addition, such recommendations are received by dedicated units in order to further understand the problems, demands and expectations of the stakeholders.

Capital Securities has many branch offices where in-person services are provided to customers and investors, and each service operation has a corresponding window that allows stakeholders to directly contact our service staff.

The Company's website has a Stakeholder section in place. Stakeholders could provide feedback or suggestions by visiting this section or by emailing our spokesperson or by calling/emailing our Customer Service Center.

We will do our best to address stakeholders' feedback within a specific time frame, and gather relevant personnel as needed to discuss and draft improvement plans. Concurrently, we also encourage stakeholders to express their opinions regarding the Company's business operations and financial status so that the Company is able to fulfill its social responsibilities.

(II) Issues Concerned by Stakeholders and Communication Channels

The Company continues to increase its core value and competitiveness. To demonstrate the determination and commitment of the Company for stakeholders, the Company identifies and collects issues concerned by stakeholders (as shown in the table below) through interaction with stakeholders during daily services. Stakeholders may propose recommendations on concerned issues via the following communication channels:

Stakeholder	Main Responsibilities	Communication Methods and Channel	Concerned Issues
Shareholders and Investors	Information disclosure and transparency	<ol style="list-style-type: none"> 1. Use website to announce information related to finance and corporate governance. 2. Use the Market Observation Post System to disclose material information. 3. Set up an Investor Relation section on company website to provide contact information, business-related information, and spokesperson information. 4. Convene shareholders' meeting periodically. 5. Convene investor conferences periodically during which the company's recent business performance and overview are presented. 	Business performance Risk management Corporate governance Information disclosure Shareholder equity
Employees	Respect for human rights Promotion of Employee Health	<ol style="list-style-type: none"> 1. Set up employee mailbox. 2. Employees propose recommendations in department meetings, company gatherings, and periodic labor-management meetings. 3. Convene Employee Welfare Committee meetings periodically. 	Employee benefits Workplace Human rights and gender equality

Stakeholder	Main Responsibilities	Communication Methods and Channel	Concerned Issues
		4. Organize educational and recreational activities that promote employee emotional exchange and health.	Training & development
Customers	Provide convenient products and good services Enhance customer satisfaction	1. Set up customer service hotline and mailbox. 2. Develop products that meet customer needs and disclose relevant information on website. 3. Develop online and mobile ordering system. 4. Organize educational seminars and short educational video clips that promote financial knowledge relevant to securities. 5. Follow the Accessible Web Development Guidelines to establish a user-friendly Capital Banking Service section on company website, providing page anchor points (:::), site navigator, and access key to render user-friendly interface for customers.	Product information Service quality Customer privacy
Government Agencies	Abide by law Pay tax Provide constructive advice and support regulatory policies	1. Provide relevant information as requested by competent authority for supervisory and auditing purpose. 2. Attend government meetings to provide constructive advice when needed and promote financial knowledge.	Corporate governance Legal compliance
Suppliers	Fair procurement	1. Hold price negotiation meetings. 2. Suppliers may provide relevant contact information and communication method and feedbacks through the Stakeholders' Section.	Fair procurement Green purchasing
Communities and groups	Participate in charitable activities	Take actions to support charity groups.	Energy conservation and carbon reduction Environmental awareness Charitable donations Charitable activities

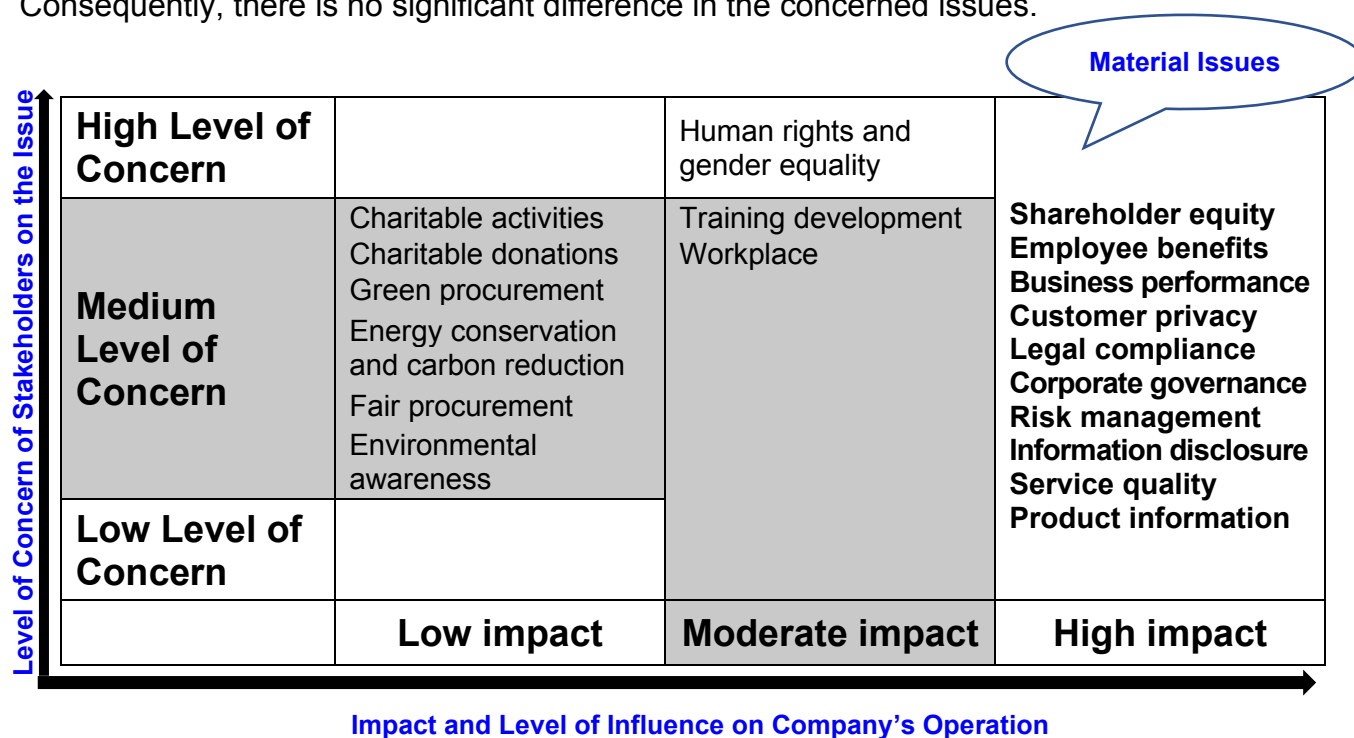
II. Stakeholder (Customer) Engagement Status

In 2020, Customer Service conducted a random sample survey on customer's satisfaction with the operation of the "Capital Master Account" promoted by the Company. Nearly 80% of the customers indicated that the software was convenient and easy to use, and only 8% of customers replied that it was not convenient to use, while 13.8% of customers expressed that they had not yet used the software. Customer Service Center performed further follow-up on the survey result, and it was found that a lot of operation habits of customers required adaption, or some positive feedbacks recommended that account push service or transaction notification function, etc. could be provided. In addition, the Company also promoted the software further to customers that had not used such software previously. The customer service personnel effectively seized each service opportunity to perform promotion on the system function of the Company, thereby allowing customers to gain greater and convenient access to various online functions provided by Capital Securities such that their financial investment operations could be facilitated.

III. Matrix of Materiality Analysis of Issues of Concern for Stakeholders

During the engagement process between the Company and stakeholders, the Company has summarized six major stakeholders with a total of 19 concerned issues (please refer to the summarized table on page 32~33 of this Report) that they expect to see the Company demonstrating concern and care on such types of issues. Through the internal discussion and feedbacks from various internal departments of the Company, the Materiality Analysis of Issues of Concern for Stakeholders has been summarized completely (as shown in the figure below).

In 2020, there are 10 concerned issues being listed as major issues, and the level of concern of the corresponding stakeholders and the level impact on the Company's operation is also relatively high. Such 10 major issues include: shareholder's equity, employee welfare, operational performance, customer privacy, legal compliance, corporate governance, risk management, information disclosure, service quality and product information. The issues concerned by stakeholders and material issues for 2020 and 2019 indicate no major difference. This may be due to that there have been no major adjustments in the Company's organizational structure, operational business and identification of the composition of stakeholders. Consequently, there is no significant difference in the concerned issues.



IV. Corresponding GRI Topic of Material Issues, Management Directive and Level of Involvement of Stakeholder

For the 10 material issues, the following table explain the material cause of such issue on the Company, corresponding material GRI topic and disclosure item, management directive of the Company and level of involvement (scope of impact) of stakeholder.

Material Issues	Material Cause for Explaining such Issue	Material GRI Topic and Disclosure Item	Management Directive (corresponding chapters and sections)	Management Directive Related Policies and Regulations, Communication Channel	Level of Involvement of Stakeholder (scope of impact)
Shareholders' Equity	To protect the shareholders' equity, the Company looks forward to creating stable and high-quality profits for shareholders. In addition, it is beneficial to the market investors' recognition of the Company.	GRI 201 Economic Performance (201-1)	One. About Capital Securities Corporation (Business Performance) Two. Corporate Governance (Corporate Governance Framework) (Detection and Supervision Control Mechanism of the Company) Four. Stakeholder Engagement (Issues of concern for stakeholders and communication methods and channels) (Effectiveness of CSR Activities)	Management Directive Related Policies and Regulations: 1. Articles of Incorporation 2. Rules of Procedure for Shareholders' Meeting Communication Channels: Stakeholders may provide opinions and feedbacks through the shareholders' meeting and investor conference convened periodically by the Company. In addition, the investor relationship communication channels disclosed on the Company's website may also be utilized. (https://www.capital.com.tw/en_V7/aboutcapital/ir/default.aspx) Investor Relationship: (02) 8789-8888 Ext.7042	Shareholders and Investors
Employee benefits	Employees are the most important assets of the company, and the Company protects the human rights of employees and also provides reasonable welfare to employees	GRI 201 Economic Performance (201-1) (201-3) GRI 401 Labor-Management Relation (401-2) (401-3) GRI 403 Occupational Safety and Health (403-3) (403-6) (403-9) (403-10)	Four. Stakeholder Engagement (Issues of concern for stakeholders and communication methods and channels) (Effectiveness of CSR Activities) Five. Employee Care (Employee Analysis) (Welfare and Benefits) (Compensation and Benefits) (Welfare Benefits) (Employer-Employee Agreements and Employee Right Maintenance Measures)	Management Directive Related Policies and Regulations: 1. The Company establishes the Employee Welfare Committee and provides the following welfare measures: (1) Various allowances (travel, marriage, maternity, hospitalization and funeral) (2) Contracted store products/store discounts 2. Employee group insurance (Group insurance coverage from life, accidental injury, accidental medical treatment, and occupational hazard, etc.) 3. Organized annual outstanding MVP election 4. Regulations for Management of the Establishment of Recreational and Charitable Clubs and Their Funding 5. Rules for Employee Retirement 6. Visual impaired massage service for employees 7. The Company implements measures according to relevant	Employees

Material Issues	Material Cause for Explaining such Issue	Material GRI Topic and Disclosure Item	Management Directive (corresponding chapters and sections)	Management Directive Related Policies and Regulations, Communication Channel	Level of Involvement of Stakeholder (scope of impact)
				provisions specified in the "Labor Health Protection Rules" (please refer to page 49 of this Report) Communication Channels: Stakeholders may utilize the following contact methods: (02) 8789-8888 Ext.7121	
Business performance	The Company upholds a business philosophy of stable operation and is committed to ethical, honest and professional operation in order to provide high value added financial services exceeding customer expectation, and also integrates various securities service system resources, thereby implementing operational plans and business objectives, increasing profitability and achieving outstanding business performance for feeding back to shareholders.	GRI 102 General Disclosures (Organization overview, strategies) GRI 201 Economic Performance (201-1)	Message from the Chairman One. About Capital Securities Corporation (Company Profile) (Business Performance) Five. Employee Care (Performance Management System) (Continuing Education and Training) Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	Management Directive Related Policies and Regulations: 1. Articles of Incorporation 2. Performance Management Indicator KPI Implementation Regulations 3. Regulations for Performance Evaluation of Board of Directors and Functional Committees Communication Channels: Stakeholders may provide opinions and feedbacks through the shareholders' meeting and investor conference convened periodically by the Company. In addition, the investor relationship communication channels disclosed on the Company's website may also be utilized. (https://www.capital.com.tw/en_V7/aboutcapital/ir/default.aspx) Investor Relationship: (02) 8789-8888 Ext.7042	Shareholders and Investors
Customer privacy	The Company is in the financial industry and implements absolute protection of customer privacy in terms of the customer personal data protection, thereby allowing customers to securely use all financial services provided by the Company.	GRI 418 Customer privacy (418-1)	Four. Stakeholder Engagement (Issues of concern for stakeholders and communication methods and channels) Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	Management Directive Related Policies and Regulations: 1. The Company establishes personal data management goals and policies, personal data file security protection plan, and post-service personal data handling rules. The Company has also established the Personal Data Protection Committee 2. Information Security Control Operation Guidelines 3. Sales Personnel Concurrent Position and Duty Conflict of Interest Prevention Rules Communication Channels: Description of Privacy Policy Published on the Company's Website (https://www.capital.com.tw/aboutsite/privacy.asp?xy=9&xt=9) When customers have any questions on the privacy policy and execution, they may contact the Company via the online customer	Customers

Material Issues	Material Cause for Explaining such Issue	Material GRI Topic and Disclosure Item	Management Directive (corresponding chapters and sections)	Management Directive Related Policies and Regulations, Communication Channel	Level of Involvement of Stakeholder (scope of impact)
				service center.	
Legal Compliance	The Company is in the special financial industry whose business locations and operations are subject to the regulation of applicable laws. The Company complies with the regulations of the competent authority and implements an internal control system thoroughly to reduce operation and other various risks.	<p>GRI 206 Anti-competitive practice (206-1)</p> <p>GRI 307 Compliance with environmental protection related laws (307-1)</p> <p>GRI 416 Customer health and safety (416-2)</p> <p>GRI 417 Marketing and labeling (417-2) (417-3)</p> <p>GRI 418 Customer privacy (418-1)</p> <p>GRI 419 Social Economic Regulatory Compliance (419-1)</p>	<p>One. About Capital Securities Corporation (Scope of Business and Characteristics)</p> <p>Two. Corporate Governance (President Office) (Moral Value and Code of Employee Conduct) (Deficiencies and Status of Improvement) (Detection and Supervision Control Mechanism of the Company)</p> <p>Four. Stakeholder Engagement (Issues of concern for stakeholders and communication methods and channels)</p> <p>Five. Employee Care (Employee Analysis) (Employer-Employee Agreements and Employee Right Maintenance Measures)</p> <p>Seven. Environmental Sustainability (Environmental management) (Supplier management)</p> <p>Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues</p>	<p>Management Directive Related Policies and Regulations:</p> <ol style="list-style-type: none"> 1. Enforcement Rules for Whistleblowing System 2. Code of Ethical Conduct 3. Rules for Fair Customer Treatment 4. Guidelines for Internal Control Operation Deficiency Evaluation 5. Regulations for Internal Control System Self-Assessment 6. Ethical Corporate Management Best Practice Principles 7. Operational Procedures and Guidelines of Ethical Corporate Management Best Practice 8. Regulations for Environmental Protection 9. Regulations Governing Suppliers <p>Communication Channels: Stakeholders may utilize the following contact methods: (02) 8789-8888 Ext.7042</p>	<p>Employees</p> <p>Customers</p> <p>Shareholders</p> <p>Investors</p> <p>Government Agencies</p> <p>Suppliers</p> <p>Communities and groups</p>
Corporate governance	The Company handles various material affairs. Through corporate governance structure and operation of the Board of Directors, definite decision-making rules and methods are proposed and execution of business objectives is supervised in order to ensure the achievement of the Company's business strategies, thereby protecting the interests of all shareholders.	GRI 102 General Disclosures (102-18)	<p>One. About Capital Securities Corporation (Company Profile) (Market Condition and Response)</p> <p>Two. Corporate Governance</p> <p>Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues</p>	<p>Management Directive Related Policies and Regulations:</p> <ol style="list-style-type: none"> 1. Corporate Governance Best Practice Principles 2. Rules of Procedure for Board of Directors' Meeting 3. Regulations for Performance Evaluation of Board of Directors and Functional Committees 4. Rules for the Election of Directors 5. Ethical Corporate Management Best Practice Principles 6. Operational Procedures and Guidelines of Ethical Corporate Management Best Practice <p>Communication Channels: Stakeholders may utilize the following contact methods: (02) 8789-8888 Ext.7042</p>	<p>Employees</p> <p>Shareholders</p> <p>Investors</p> <p>Customers</p> <p>Government Agencies</p> <p>General Public</p>

Material Issues	Material Cause for Explaining such Issue	Material GRI Topic and Disclosure Item	Management Directive (corresponding chapters and sections)	Management Directive Related Policies and Regulations, Communication Channel	Level of Involvement of Stakeholder (scope of impact)
Risk Management	The Company takes charge of building and implementing risk management systems to immediately report the risk exposure conditions of the company's investment portfolios and propose countermeasures, so as to ensure that the company's business strategy goals are attained and risks are controlled within acceptable ranges.	GRI 102 General Disclosures (102-11)	Two. Corporate Governance (Corporate Governance Framework) (Risk Management Committee) (Detection and Supervision Control Mechanism of the Company) Seven. Environmental Sustainability (Climate change risks and opportunities) Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	Management Directive Related Policies and Regulations: 1. Risk Management System 2. Regulations for Control of High Risk Securities and High Risk Collaterals 3. Regulations Governing Risks of Proprietary Trading Department 4. Regulations Governing Risks of Fixed Income Department 5. Anti-Money Laundering and Counter-Terrorism Financing Precaution Rules Communication Channels: Stakeholders may utilize the following contact methods: (02) 8789-8888 Ext.7042	Customers Shareholders Investors
Information Disclosure	The Company engages in commercial activities based on the principle of fairness, honesty, trust and transparency. Through open and transparent information, the Company and stakeholders are able to enhance the understanding and comprehension for each other, thereby increasing the trust relationship.	GRI 102 General Disclosures (102-16) (102-43)	Four. Stakeholder Engagement (Issues of concern for stakeholders and communication methods and channels) (Effectiveness of CSR Activities) Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	Management Directive Related Policies and Regulations: 1. Rules for Internal Material Information Handling Operation 2. Rules for Fair Customer Treatment Communication Channels: Stakeholders may utilize the following contact methods: (02) 8789-8888 Ext.7042	Customers Shareholders Investors Government Agencies Communities and groups
Service quality	The Company is in the financial service industry, and employees of the Company are encouraged to improve various financial related professional knowledge and to learn from the interaction with customers, such that the service quality can be improved and excellent products can be provided, thereby achieving ongoing improvement and increasing customer satisfaction	GRI 102 General Disclosure (Organization overview, strategies) GRI 404 Training and Education (404-1)	Message from the Chairman One. About Capital Securities Corporation (Scope of Business and Characteristics) (Market Condition and Response) Three. Products and Services Creating Social Benefits or Environmental Benefits Four. Stakeholder Engagement (Stakeholder (Customer) Engagement Status)	Management Directive Related Policies and Regulations: 1. Rules for Fair Customer Treatment 2. Rules for Handling Service Disputes Communication Channels: The Company provides a complaint filing channel on the Company's website. (https://www.capital.com.tw/aboutsite/explained/servicecenter.asp?xy=10&xt=10) Stakeholders may utilize the following contact methods 1. Customer Service Telephone: 412-8878 (please add 02 when calling from a mobile phone) 2. E-mail: cs@capital.com.tw 3. Submission at Counter: All business units of the Company	Customers Communities and groups
Product information	The Company continues to develop products that meet customer demands and disclose sufficient relevant information on the website in order to facilitate customers' financial operations. The	GRI 417 Marketing and Labeling (417-2) (417-3)	One. About Capital Securities Corporation (Scope of Business and Characteristics) Three. Products and Services Creating Social Benefits or	Our sales department has established a variety of procedures or regulations relating to customer analysis, product evaluation, customer right protection, and standard operating procedures for sales staff.	Customers Communities and groups

Material Issues	Material Cause for Explaining such Issue	Material GRI Topic and Disclosure Item	Management Directive (corresponding chapters and sections)	Management Directive Related Policies and Regulations, Communication Channel	Level of Involvement of Stakeholder (scope of impact)
	Company also reviews customs' feedbacks and opinions in order to continuously improve and increase quality.		Environmental Benefits Four. Stakeholder Engagement (Stakeholder (Customer) Engagement Status)	These procedures or regulations are used to conduct KYP and KYC, provide products and services suitable for customers, and conduct marketing and advertising in accordance with the laws and regulations stipulated by the competent authority. Communication Channels: The Company provides a customer complaint filing channel on the Company's website. (https://www.capital.com.tw/aboutsite/explained/servicecenter.asp?xy=10&xt=10) Stakeholders may utilize the following contact methods 1. Customer Service Telephone: 412-8878 (please add 02 when calling from a mobile phone) 2. E-mail: cs@capital.com.tw 3. Submission at Counter: All business units of the Company	

V. Effectiveness of CSR Activities

Parties Involved	2020 Plans and Directions	Implementation Status
Employees	<p>(I) Regular health checks for employees.</p> <p>(II) Massage services to employees:</p> <p>(III) Year-end conference (dinner, song and dance entertainment and lucky draw).</p> <p>(IV) Talent training through Capital Financial University:</p> <p>(V) To cope with the COVID-19 epidemic, measures adopted by the Company are:</p> <ol style="list-style-type: none"> 1. Remote office. 2. Providing VPN working model. <p>(VI) Educational training: to strengthen professional attainments and skills of employees.</p>	<p>(I) In 2020, the Company invited hospitals and clinics to proceed to the Company and all branches to perform employee on-site health examination operations.</p> <p>(II) Massage services to employees: The employee massage service started in 2014, and the responses from employees have been good. A total of 2,297 people applied for the massage service in 2020.</p> <p>(III) Year-end conference (dinner, song and dance entertainment and lucky draw). The year-end conference and dinner were held in the north, central, and south districts. The times and locations of the event were as follows:</p> <ol style="list-style-type: none"> 1. North district: Noon, January 12, 2020 (Sunday) on the 1st floor of the Nangang Exhibition Hall in Taipei City; a total of 1,672 people participated. 2. Central district: Noon, January 05, 2020 (Sunday) at Taichung Chao Kang Cheng Gourmet Cuisine Plaza; a total of 324 people participated. 3. South district: Noon, January 04, 2020 (Saturday) at The Lin Hotel and Banquet, Kaohsiung; a total of 339 people participated. <p>(IV) Talent training through Capital Financial University: Organization period: July 21, 2020 ~ October 15, 2020; number of students: 24 students.</p> <p>(V) To cope with the COVID-19 epidemic, the Company has adopted the following measures:</p> <ol style="list-style-type: none"> 1. Remote office. Starting from January 2020, the Company implemented the remote office and information environment planning to cope with the COVID-19 epidemic. Through cross-department meeting discussion and the Company's Zhongxiao and Nanjiang remote office locations and relevant remote office departments were confirmed. At the beginning of April 2020, the remote offices were officially in operation, and relevant departments of the headquarter distributed employees to work at the remote offices. It was until May 2020, when the COVID-19 epidemic status was significantly mitigated, and the Ministry of Health and Welfare also relaxed relevant regulations, the remote office completed their staged mission. Relevant employees at remote offices started to return to work at the headquarter. 2. Providing VPN working model. At the end of January 2020, the Company also planned the work from home VPN remote connection office environment to employees that might be under home quarantine or self-health management program. In addition to the purchase of necessary VPN connection equipment and software licenses, the Company also arranged educational training and testing on the home computer VPN software installation and setting for employees of all departments to assist employees in establishing a home VPN use environment completely. <p>(VI) In 2020, the Company organized a total of 54 sessions of internal education and training for all units, and the total number of participants was 1,880 people.</p> <ol style="list-style-type: none"> 1. The Investment Banking Department organized a total of 7 sessions of employee education and training in 2020, and the course content was diverse. In addition, through the invitation of external professional instructors and the arrangement of internal staff to take turns in acting as the instructors for training courses, the professional knowledge and competency of employees were improved and the job functions were enhanced. The education and training content includes the following: <ol style="list-style-type: none"> 1.1 Key amendments to relevant laws and regulations of all competent authorities, precautions for review in practice and case sharing. (February 26, June 24, October 27, 2020) 1.2 Narrative structure with effective expression. (August 28, 2020) 1.3 Employee topic report - training on presentation skills and expression abilities. (September 29, 2020) 1.4 Introduction of private equity practice & PE service case sharing. (November 25, 2020) 1.5 Corporate fraud risks and challenges. (December 18, 2020) 2. In 2020, the Derivatives Department further organized the department internal education and training as follows: Organized complex product pricing internal training course: <ol style="list-style-type: none"> a. Multi-subject matter leveraged ELN. b. Multi-subject matter fixed interest rate callable ECN.

Parties Involved	2020 Plans and Directions	Implementation Status
	<p>(VII) Healthy-workplace series of activities.</p> <ol style="list-style-type: none"> 1. Healthy diet: healthy boxed-meal information. 2. Building a smoke-free office environment. 3. Promoting sports activities: <ol style="list-style-type: none"> 3.1 Providing subsidies to establish sports clubs. 3.2 Promoting "Health Exercise for Office Workers" on the Company's internal website. 4. In addition to regular employee health checks, the Company will sign contracts with health check centers to provide preferential health checks for employees. 5. Promoting "Human-Induced Harm and Illegal Infringement Prevention" and "Prevention Measures for Abnormal Load-Induced Diseases". 6. Designated physicians were arranged to come to the Company providing health consulting services for employees. 7. Employee's office safe operating environment inspections. 8. Organized health promotion seminars. 9. Application for the solution to offer thoughtful inoculation of free flu vaccines in the workplace. <p>(VIII) Employee group insurance.</p> <ol style="list-style-type: none"> 1. The Company provides employees with a broad variety of group insurance coverage from life, accidental injury, accidental medical treatment, to occupational hazard. 2. Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members. 	<p>(VII) Healthy-workplace series of activities.</p> <ol style="list-style-type: none"> 1. Healthy diet: The healthy boxed meal information was posted on the Company's intranet. 2. Building a smoke-free office environment: <ol style="list-style-type: none"> 2.1 Promoting "Important Provisions of the Tobacco Hazards Prevention Act". 2.2 Announcing the Company's "Smoking and Chewing of Betel Nuts Hazard Prevention Measures" 3. Promoting sports activities: <ol style="list-style-type: none"> 3.1 The Company has subsidies available for helping set up sports clubs. There were the table tennis club, the dance club, and the yoga club throughout 2020 to apply for the said subsidies. 3.2 Demonstrative graphics and videos are available under "Workplace Energizing Gymnastics" on the internal website of the Company. 4. In addition to regular employee health checks, the Company is in a contract with the health check center of Lianan Wellness Center to provide its employees with health checks on preferred offers. 5. The Company has established the "Human-induced harm and illegal infringement prevention" and "Prevention measures for abnormal load-induced diseases". Review has been performed periodically and relevant operations have been executed according to the plan. 6. Physicians were arranged to come to the Company on a quarterly basis to provide health consulting services for employees. <p>The first-quarter health consultation was held on February 24, 2020, and no one made any consultation. The second-quarter health consultation was held on May 25, 2020, and no one made any consultation. The third-quarter health consultation was held on August 31, 2020, and no one made any consultation. The fourth-quarter health consultation was held on November 30, 2020, and a total of 2 employees made consultations.</p> <ol style="list-style-type: none"> 7. Conducting labor safety and work environment inspections on a regular basis. Environmental Testing Date: November 30, 2020 8. "Manual to My Meal" seminar was held on November 27, 2020, and a total of 34 people participated. 9. In October 2020, the Company applied for the "Solution to offer thoughtful inoculation of free flu vaccines at the workplace"; however, since the Ministry of Health and Welfare suspended the vaccination for people between the age of 50~64, the out-of-pocket flue vaccination was organized in 2020. <p>(VIII) Employee group insurance.</p> <ol style="list-style-type: none"> 1. The Company purchases group insurance for each of its employees with additional coverage on life, accidental injuries, accidental medical treatment, and occupational hazards. 2. Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members.

Parties Involved	2020 Plans and Directions	Implementation Status
	<p>(IX) Various welfare measures of the Welfare Committee:</p> <ol style="list-style-type: none"> 1. Employee marriage related benefits. 2. Employee funeral subsidy. 3. Family funeral subsidy. 4. Employee hospitalization and operation subsidy. 5. Childbirth subsidy. 6. Travel subsidy. 7. Emergency loans. 8. Natural disaster relief money. 	<p>(IX) Various welfare benefits that were already provided by the Welfare Committee in 2020 were as follows:</p> <ol style="list-style-type: none"> 1. Marriage subsidy: 10 people; total amount of subsidy: NT\$30,000. 2. Employee death subsidy: 2 people; total amount of subsidy: NT\$100,000. 3. Funeral subsidy: 51 people; total amount of subsidy: NT\$255,000. 4. Hospitalization subsidy: 61 people; total amount of subsidy: NT\$560,000. 5. Childbirth subsidy: 25 people; total amount of subsidy: NT\$78,000. 6. Travel subsidy: 1,885 people; total amount of subsidy: NT\$8,354,947.
Customers and Investors	<p>I. Holding investment and financial management seminars.</p> <p>II. Investor Conference.</p> <p>III. Holding Capital Securities "Concern for Public Welfare" investment seminar.</p> <p>IV. Warrant/ETN class: Routine and non-routine classes in accordance with channels are held at different level of difficulties and topics tailored to the need and their familiarity with the products.</p> <p>V. Derivative Product Services:</p> <ol style="list-style-type: none"> 1. ETN section: Provided complete quotations and product information. 2. Providing online (Internet forum and FB) and offline (call center) service support for warrants to diversify communication bridges with warrant investors and to solve problems in transactions. 3. Over-the-counter commodities' section to diversify order placement channels and to improve tailored commodity service. <p>VI. Persistent electronic trading platforms and businesses and organization of various transaction contests and marketing campaigns:</p>	<p>I. Holding investment and financial management seminars:</p> <ol style="list-style-type: none"> 1. An investment and wealth management seminar took place on July 6, 2020 at the Sherwood Taipei; a total of 35 media reports attended the event. 2. An investment and wealth management seminar took place on December 28, 2020 at Sheraton Hotel; a total of 99 people attended it. 3. Organized 15 sessions of small and medium seminars in various northern, central and southern regions of Taiwan. <p>II. Investor Conference. The Investment Banking Department organized 48 sessions of investor conferences in 2020, and the average number of participants per session was approximately 50 people.</p> <p>III. Due to the COVID-19 epidemic, all physical seminars were canceled.</p> <p>IV. Warrants/ETN classes:</p> <ol style="list-style-type: none"> 1. Branch offices in the northern region of Taiwan - One session per month and 12 sessions in total, with an average number of participants being 15 per session. 2. Branch offices in central and southern regions of Taiwan - One session per quarter and 4 sessions in total, with an average number of participants being 15 per session. 3. Colleges and universities - One session every half a year and two sessions in total, with an average number of participants being 30 per session. <p>V. Derivative Product Services:</p> <ol style="list-style-type: none"> 1. ETN section: Provided complete quotations and product information. 2. Through the Facebook fans club page for Capital Warrant Online and the offline Call Center (customer service total number of cases was approximately 150 cases), the interaction bridge between the warrant investors and warrant issuers was enhanced, thereby providing assistance in solving trading difficulties and problems. 3. Establish Capital customer exclusive equity option online trading platform. <p>VI. Through the organization of the "Million Fun Prize Winning Event" in the first half of 2020 and the "New Customer Group Event" in the second half of the year, customers were attracted to participate in the events. In addition, through the incentive model, customers were guided to learn the use of digital platforms, thereby completing relevant digital service contents of account opening, order placement and trading, commissioning, trading result feedback, etc. Accordingly, the complicated and time-consuming traditional account opening process can be eliminated and the service efficiency to customers can be further improved.</p>

Parties Involved	2020 Plans and Directions	Implementation Status
	<ol style="list-style-type: none"> 1. Capital Master Account: In order to streamline the strenuous and complex procedure for customers to open a securities trading account, reflective of the needs of mobile phone users, the digital "Capital Master Account" service continued to be promoted in 2020. One can open a securities trading account online; a separate bank settlement account is no longer needed. It takes only five minutes to complete the account-opening process so that account-opening is no longer restricted by time and place and that new sources of customers may be effectively explored; it also greatly improves the account-opening efficiency for customers. 2. LINE@ and H5 strategic alliance order placement: The Capital LINE@ account was opened in 2019, and there were 150 thousand members in 2019. In light of the service nature of LINE@ and to address the demand for customers to place orders on different platforms, the streaming of LINE@ and H5 strategic alliance order placement feature is expected to be introduced; customers will be able to chat while placing orders and it helps zero the distance and with close contact between the Company and its customers. In order for more customers to experience the convenience of LINE@, more marketing activities will be introduced to attract customers to add Capital LINE@ for online investment and trading value-added services. 3. Deal-by-deal transaction and Happy Trade APP: To go with the deal-by-deal transaction mechanism newly introduced by the Taiwan Stock Exchange, Capital will also concurrently introduce its brand new securities e-order mobile system where deal-by-deal matching is applied facilitate investors to get familiar with the deal-by-deal transaction order placement model more quickly. 	<ol style="list-style-type: none"> 1. During the event promotion period, the Company completed the opening of a total of 58,014 accounts for the Master Account, and in 2020 the Capital Master Account was ranked to be No. 1 in the market share. 2. The number of members of LINE@ increased to 190 thousand members in 2020 (growth of 27%), and the number of users placing orders via H5 strategic alliance was 3,347 people. The order placement amount reached NT\$3.4 billion. 3. To cope with the newly implemented continuous trading system, the content of such new system is explained and introduced through event webpages. Instant order placement and numerous smart order placement Apps, such as "Capital Happy Trade", have been released to satisfy the customers' demand for quick consignment and automatic consignment functions under the continuous trading matching market system, promoting the number of times of download of the Capital Happy Trade App to reach 24,000 times, the number of order placing people reaching 4,175 accounts, and the order placement amount event reach NT\$22.1 billion.

Parties Involved	2020 Plans and Directions	Implementation Status
	<p>4. Smart Winner App: Combining smart share selection, order placement, and customization in one, the most complete offline push notification service is provided. With the Smart Winner App, abundant information is included in the push notification periodically and for experienced players on the market, there is the strategic share selection feature. Investors can choose their preferred shares and add them as part of their own choices according to the strategy set by themselves. The Smart Winner App will remind them of the dynamics of respective shares to help them make investment decisions.</p> <p>VII. Continuously promoting the “Environmental Protection, Love for the Earth, and Happiness in Life” electronic account statement activity:</p> <p>1. The Company provides electronic account statements to customers for a full range of products, and continues to promote electronic account statements in order to reduce the use of paper through marketing activities. Up to 50,000 electronic account statements are sent each month. The volume of printed paper and ink and other consumables are effectively reduced, as well as the transportation cost and pollution for mailing.</p> <p>2. The Company also allows customers to use the website and APP for securities and trust online account opening and additional opening of electronic account program. In addition, through educational videos, online account opening is promoted, thereby achieving full electronic trading. Accordingly, the Company can head towards the goal of paperless environment, reduce the transportation and time costs required for counter process of customers, and contribute efforts to the promotion of energy saving, carbon reduction, and environmental protection.</p> <p>VIII. The Capital Master Account is available to make it even more convenient for customers to integrate and utilize funds throughout the investment process.</p> <p>IX. Diversified order placement platforms are in place to offer customers a more convenient procedure to place orders.</p>	<p>4. To satisfy the customers’ demand for smart stock selection and order placement customized function. For experienced traders in the market, the Company also provides the strategic stock selection function and releases the “Smart Selection Winner” App. For such App, the number of download times is 18,243 times, the number of order placing people is 948 accounts, and the order placement amount reaches NT\$ 270 million.</p> <p>VII. Continuously promoting the “Environmental Protection, Love for the Earth, and Happiness in Life” electronic account statement activity:</p> <p>1. The Company provides complete product electronic statements to customers and continuously promotes the use of electronic statements through marketing events to reduce the use of papers. The number of mailing copies per month is approximately 56 thousand copies, accounted for approximately 45% of the total number of mailing copies. Accordingly, the printing papers and consumables of ink, etc. can be effectively reduced, and the cost and pollution associated with the transportation due to mailing are also reduced.</p> <p>2. The Company also allows customers to use the website and APP for online account opening methods of securities account opening, additional electronic account opening, additional trust account opening, additional three-in-one account opening (trust, bonds, loan), etc. In addition, through online account operation instruction videos and Capital education multimedia website, online account opening and electronic trading education are promoted, thereby achieving full electronic trading. Accordingly, the Company is able to head towards the goal of a paperless environment and to reduce the transportation and time costs required for the counter process of customers, and contribute efforts to the promotion of energy saving, carbon reduction and environmental protection.</p> <p>VIII. Capital Master Account: In 2021, the Company expects to continue to expand various service functions, such as trust, secondary consignment, and regular saving plan, etc.</p> <p>IX. Capital LINE@ diverse order placement platform: in 2020, the App was ranked No. 1 in the market share. In addition, the Company also released the self-developed order placement platform, Happy Trade, at the same time, and also received great recognition from users.</p>

Parties Involved	2020 Plans and Directions	Implementation Status
Social and Community Service	(I) "Capital Securities Love Reading Program"	<p>(I) To promote rural education in Taiwan and close the gap between rural and urban resources, Capital Securities has donated to sponsor outlying schools for a long-term sponsorship:</p> <ol style="list-style-type: none"> 1. On September 29, 2020, the Company organized "Capital Loves Reading" program kickoff ceremony at National Taiwan Science Education Center and invited Dacheng Elementary School in New Taipei City, Gueishan Elementary School in New Taipei City, Gienshih Elementary Schools in Hsinchu County for a total of 250 elementary school students to leave the remote area and to participate in the city reading tour. 2. In 2020 donations went to 9 elementary schools in total, namely, Dacheng Elementary School in New Taipei City, Gueishan Elementary School in New Taipei City, Kingyang Elementary School in Yilan, Gienshih Elementary School in Hsinchu County, Sianbi Elementary School in Miaoli County, Xiufeng Elementary School in Nantou County, Siding Elementary School in Chiayi County, Rueifong Elementary School in Tainan City, and Gao-Shi Elementary School in Pingtung County. 3. To deep root the financial education, the Company donated financial manuals for long-term sponsorship to Dacheng Elementary School in New Taipei City.
	(II) Blood donation activity.	<p>(II) The Capital Group's blood "Love from Capital for Charity" officially entered the 13th year in 2020. A total of 18 sessions have been held, and the total number of bags of blood collected has also exceeded 1,158 bags.</p>
	(III) Diverse Industry and Academic Collaboration Program.	<p>(III) To assist students of colleges and universities in understanding and experiencing the financial industry early and to assist them in determining their future career, thereby reducing the gap between school learning and job practice, the Company actively organizes diverse industry and academic collaboration program in order to cultivate students to become financial talents with the theoretical basis and practical skills.</p> <p>The content of the industry and academic collaboration program organized by the Company includes:</p> <ol style="list-style-type: none"> 1. Industry instructor program: The Company utilizes its financial expertise to promote integration between school courses and industrial resources. Capital's industry instructors proceed to the school campus to share various financial topics. <p>In 2020, the Company assigned a total of 14 senior supervisors to act as the industry instructors at Soochow University and provided 25 lecture courses.</p> <p>Furthermore, the Brokerage Department of the company, starting from the second half of 2020, collaborated with the Department of Economics of Aletheia University to jointly plan the industry instructor course program. The course program is set to be an elective course, and students eligible to take the elective course are undergraduates at their third and four years of study. The course content mainly allows students to understand the practice of securities market, securities internet marketing and promotion of the internship program under the Brokerage Department. For the instructors, the Company also invites important supervisors at all ranks, including Chairman Mr. Wang, President Mr. Chia, branch managers and counter supervisors, etc.</p> <ol style="list-style-type: none"> 2. Off-campus internship program: through the internship opportunities provided by the company, internship students from various colleges and universities are matched to have the opportunity of gaining working experience at the Company. In 2020, there were a total of 129 internship students at the Company. <ol style="list-style-type: none"> 2.1 The Brokerage Department of the Company organized the internship student training and early career plan in 2020 as follows: <u>Organized summer internship for 3rd year undergraduates:</u> During July ~ September 2020, the Brokerage Department organized the summer internship training program and 77 students from 16 colleges and universities, including Kaohsiung University of Science and Technology, China University of Technology and Aletheia University, etc., participated in the training. After the completion of the training, 14 students also participated in the early employment internship (full-time salary was paid) during their fourth year of study, and 16 students became interns at branches of the Company during the first semester of their fourth year of study, and the survival rate was 39%. This also becomes an important channel for the Company to recruit new employees. <u>Organized second semester of fourth year undergraduate</u>

Parties Involved	2020 Plans and Directions	Implementation Status
		<p><u>internship:</u> During February ~ April 2020, 12 colleges and universities, including the Chihlee University of Technology, China University of Technology, Takming University of Science and Technology and Ming Chuan University, etc., participated in the second semester of a fourth year undergraduate internship organized by the Brokerage Department. A total of 34 students from the schools participated in the training, and a. After the training, there were 5 students who participated in the early employment internship during the second semester of fourth year study.</p> <p>2.2 The Information Tech. Department of the Company organized the internship student training program in 2020 as follows: <u>Organized second semester of fourth year undergraduate internship:</u> During February ~ June 2020, the Information Tech. Department deployed the internship student training program, and 11 students from the Department of Information Technology Engineering of National Taiwan Ocean University, Department of Information Technology Engineering of National Taiwan Normal University, Department of Information Management of Ming Chuan University, Department of Economics and Finance of Ming Chuan University, Department of Information Technology Engineering of Chinese Culture University, Department of Information Management of Chihlee University of Technology and Department of Information Technology Engineering of Tamkang University, participated in this internship student training program. After the training, there were 5 fourth-year undergraduates who became full-time employees of the Company after graduating from their schools, and 1 third-year undergraduate extended the internship program during the first semester of fourth year of study, and the survival rate was 55%.</p> <p><u>Organized first semester of fourth year undergraduate internship:</u> During August 2020 ~ January 2021, a total of 5 students from the Department of Information and Finance of National Taipei University of Technology, Department of Information Technology Engineering of Chinese Culture University and Department of Information Technology Engineering of National Taiwan Normal University, participated in the first semester of fourth year undergraduate internship program organized by the Information Tech. Department. 1 student became a full-time employee after graduation from the school, and 2 students continued to extend the internship student program during the second semester of fourth year of study, and the survival rate was 60%.</p>
Shareholders	<p>(I) A general shareholders' meeting is held every year.</p> <p>(II) The annual report and corporate social responsibility report are completely disclosed to shareholders on the Company's website.</p> <p>(III) Classes are opened on topics including finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting based on the professional competence of the Directors and employees.</p>	<p>(I) The general shareholders' meeting was held on June 22, 2020.</p> <p>(II) The annual report and corporate social responsibility report are published on a yearly basis. The 2019 annual report was printed in April 2020 and the 2019 corporate social responsibility report was uploaded to the MOPS and the Company's website in June 2020.</p> <p>(III) The Company has 11 Directors (including 3 Independent Directors). The Directors conducted a total of 75 training hours in 2020, and the topics covered finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting.</p>

Parties Involved	2020 Plans and Directions	Implementation Status
Business Integrity	The Company has "Ethical Corporate Management Best Practice Principles" and "Operational Procedures and Guidelines of Ethical Corporate Management Best Practice" in place. They exist to enforce integrity principles throughout internal management and commercial activities. The Company's Integrity Management Committee reviews the Company's integrity management periodically, particularly at the end of each year and reports its findings to the board of directors periodically.	The Integrity Management Committee convened a meeting on December 23, 2020 to review and explain the Company's performance of business integrity in 2020, and reported the same in eleventh board meeting of the 11th Board of Directors on January 21, 2021.
Environmental Protection	<p>(I) Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and petroleum.</p> <p>(II) Giving priority to the use of products of manufacturers with the environmental labeling.</p> <p>(III) Promoting the recovery of resources to properly handle waste.</p>	<p>(I) Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and petroleum. Water consumption in 2020: During the employee's control period, employees were required to wash hands frequently, and in comparison to the water consumption in 2019, the amount of water consumption in 2020 was 818 degrees higher than the amount in 2019. 2020 power consumption: The inspection scope newly included the Songren utility room, and in comparison to the power consumption in 2019, the power consumption in 2020 was 2,684,371 degrees higher than the power consumption in 2019. In 2020, an amount of 2,289 liters of fuel usage was saved.</p> <p>(II) Giving priority to products of manufacturers with the environmental labeling. Green building materials and products were used in 2020 for the decoration of 2 sites.</p> <p>(III) Promoting the recovery of resources to properly handle waste. Implementing reduction of waste, resource recycling and reuse, and the garbage being categorized as general garbage (food residuals included) and recyclable resources. Employees categorize the garbage at the temporary storage area, and the property management of the building or the cleaning vendor will clean and remove the garbage. The general garbage is moved to the incineration plant for disposal by the qualified waste cleaner; the recycling vendors remove the recyclable resources.</p>

Five. Employee Care

I. Employee Analysis

One of the major social responsibilities of companies is creating job opportunities for social stability. Capital Securities is a constituent stock of the Taiwan Employment Creation 99 Index. This index is established to leverage the resources of the capital market and encourage prominent companies to employ Taiwanese employees, so that investors can fulfill social responsibilities while gaining investment benefits.

Employees are a company's most important asset. The Company values every employee's right to work. We are committed to protecting the dignity of all our employees and adhere to the Labor Standards Act. The Company hires full-time employees only. We do not employ child labor nor self-employed security personnel, which is why the Company did not report any labor matters and forced labor incidents. The Company will continue to pay attention to matters relevant to labor protection in order to protect and maintain the basic rights of our employees.

The Company formulates rules and systems in accordance with labor-related regulations, and requires compliance by all employees to implement and protect the legal rights and interests of our employees. In addition, the Company elects labor-management meeting representatives. It convenes labor-management meetings periodically according to Article 83 of the Labor Standards Act and provisions of the Regulations for Implementing Labor-Management Meeting in order to enhance the communication and coordination between employees and management and promote labor-management relationships. The meeting discussion scope includes employee dynamic, business plans and overview, coordination of labor-management relations, promotion of labor-management cooperation, labor conditions, labor welfare plans, work efficiency improvement and labor-management suggestions, etc.

The Company's stakeholders may propose relevant recommendations through the communication channels (please refer to page 32~33 of this Report) to propose remuneration-related recommendations. In addition, such recommendations are received by a dedicated unit to further understand the problems, demands, and expectations of the stakeholders and use such recommendations as the reference basis for the establishment and implementation of the remuneration policy and system of the Company.

The Company has registered the Employee Welfare Committee with the competent authority according to the laws in 1990 in order to provide welfare fund applications for funerals, ceremony and holiday allowances to employees, consolation money for hospitalization and surgery, maternity allowances, travel activity allowances, natural disaster consolation money and emergency relief, etc. To consolidate employee solidarity toward the Company, we planned a series of activities that benefit employees, such as child birth subsidies, massage service from people with visual impairment, health-promoting and charity group subsidies, and the annual MVP selection, etc. In addition, we are also committed to increasing diverse elements to the annual welfare items to share new and quality welfare with employees. In general, all welfare measure budgets are sufficient and can be implemented according to the annual plan.

The Company is in the securities industry, and there are no workers with a high occurrence rate and high risk of occupation related diseases in all branches of the Company. The Company values employees' personal safety and physical and mental health greatly, and we are committed to providing and maintaining an excellent working environment. The Company has established an "Employee Mailbox" and has stipulated requirements in order to encourage feedback from employees, fortify employees' right to work, improve operating procedures, create profits, and eliminate shortcomings. Feedback is collected and processed periodically by the head of an executing department.

The Company also implements relevant measures according to relevant provisions specified in the “Labor Health Protection Rules” as described in the following:

- (I) Pursuant to Article 15 of the “Labor Health Protection Rules”: Implement employee health examination operation periodically, and to facilitate employees’ participation, relevant health examination is executed during office hours.
- (II) Pursuant to Article 10 of the “Labor Health Protection Rules”: The Company signed contracts with hospitals, and physicians proceeded to provide health consultation service related operations quarterly.
- (III) Pursuant to Article 9 of the “Labor Health Protection Rules”: Prepare sufficient first aid medicines and equipment, and staff first aid personnel to handle first aid matters.

Total Number of Employees in Last Three Years and Total Number of Business Locations in 2020

Business Locations	Total Number of Employees in 2020	Total Number of Employees in 2019	Total Number of Employees in 2018	Total No. of Business Locations
Capital Securities Corporation	1,930	1,839	1,818	53
Capital Investment Management Corp.	50	54	53	1
Capital Insurance Advisory Corp.	20	21	21	1
Capital Insurance Agency Corp.	10	9	8	1
CSC Venture Capital Corp.	5	6	6	1
Total	2,015	1,929	1,906	57

2020 Employee Gender/Minority Group/Age Classification Number of Employees and Percentage Table

Business Locations	Female Employees												Sub-total of Number of Female Employees
	29 years or younger		30–39 years		40–49 years		50 years or older		Minority Group (Note 1)		Foreigners		
	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	
Capital Securities Corporation	207	10.7%	114	6.0%	404	20.9%	533	27.6%	3	0.2%	0	0.0%	1,261
Capital Investment Management Corp.	7	14.0%	5	10.0%	7	14.0%	2	4.0%	0	0.0%	0	0.0%	21
Capital Insurance Advisory Corp.	0	0.0%	0	0.0%	3	15.0%	5	25.0%	0	0.0%	0	0.0%	8
Capital Insurance Agency Corp.	0	0.0%	2	20.0%	1	10.0%	0	0.0%	0	0.0%	0	0.0%	3
CSC Venture Capital Corp.	1	20.0%	1	20.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2

Business Locations	Male Employees												Sub-total of Number of Male Employees
	29 years or younger		30–39 years		40–49 years		50 years or older		Minority Group (Note 1)		Foreigners		
	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	No.	% (Note 2)	
Capital Securities Corporation	192	9.9%	130	6.7%	154	8.0%	192	9.9%	0	0.0%	1	0.1%	669
Capital Investment Management Corp.	1	2.0%	9	18.0%	8	16.0%	11	22.0%	0	0.0%	0	0.0%	29
Capital Insurance Advisory Corp.	1	5.0%	1	5.0%	7	35.0%	3	15.0%	0	0.0%	0	0.0%	12
Capital Insurance Agency Corp.	0	0.0%	2	20.0%	3	30.0%	2	20.0%	0	0.0%	0	0.0%	7
CSC Venture Capital Corp.	0	0.0%	2	40.0%	1	20.0%	0	0.0%	0	0.0%	0	0.0%	3

Note 1: Minority Group refers to indigenous people.

Note 2: Percentage = (Number of employees / Total number of female or male employees) %.

Percentage of Senior Management Hired from the Local Residents in 2020

Key Business Locations (All business locations of the Group in Taiwan)	Percentage of senior management hired from the local residents (Note)		
	Number of supervisors above the manager rank (inclusive) hired from the local residents (Note)	Total number of supervisors above the manager rank (inclusive)	%
Capital Securities Corporation	175	176	99.4%
Capital Investment Management Corp.	10	10	100%
Capital Insurance Advisory Corp.	6	6	100%
Capital Insurance Agency Corp.	2	2	100%
CSC Venture Capital Corp.	1	1	100%

Note: Definition of senior management: supervisors above manager rank (inclusive); Definition of local residents: individuals with the nationality of R.O.C.

Percentage = (Number of supervisors above the manager rank (inclusive) hired from the local residents / Total number of supervisors above the manager rank (inclusive)) %.

2020 Total Number of New Employees by Age Group, Gender and Region and Percentage Table

Business Location and Gender	29 years or younger		30–39 years		40–49 years		50 years or older		Subtotal
	No.	%	No.	%	No.	%	No.	%	
Capital Securities Corporation-Male	118	36.3%	28	8.6%	6	1.9%	1	0.3%	153
Capital Securities Corporation-Female	126	38.8%	27	8.3%	17	5.2%	2	0.6%	172
Capital Investment Management Corp.-Male	0	0.0%	3	50.0%	1	16.7%	0	0.0%	4
Capital Investment Management Corp.-Female	2	33.3%	0	0.0%	0	0.0%	0	0.0%	2
Capital Insurance Advisory Corp.-Male	0	0.0%	1	33.3%	1	33.3%	0	0.0%	2
Capital Insurance Advisory Corp.-Female	0	0.0%	0	0.0%	1	33.4%	0	0.0%	1
Capital Insurance Agency Corp.-Male	0	0.0%	1	16.7%	2	33.3%	1	16.7%	4
Capital Insurance Agency Corp.-Female	0	0.0%	2	33.3%	0	0.0%	0	0.0%	2
CSC Venture Capital Corp.-Male	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
CSC Venture Capital Corp.-Female	1	100.0%	0	0.0%	0	0.0%	0	0.0%	1

Note: All business locations of the Group are located in Taiwan.

Percentage equation = (Number of employees / Total number of new employees of the business Location) %

2020 Total Number of Resigned Employees by Age Group, Gender and Region and Percentage Table

Business Location and Gender	29 years or younger		30–39 years		40–49 years		50 years or older		Subtotal
	No.	%	No.	%	No.	%	No.	%	
Capital Securities Corporation-Male	35	15.0%	28	12.0%	10	4.3%	21	9.0%	94
Capital Securities Corporation-Female	52	22.2%	26	11.1%	29	12.4%	33	14.0%	140
Capital Investment Management Corp.-Male	2	20.0%	2	20.0%	0	0.0%	0	0.0%	4
Capital Investment Management Corp.-Female	1	10.0%	5	50.0%	0	0.0%	0	0.0%	6
Capital Insurance Advisory Corp.-Male	0	0.0%	0	0.0%	1	33.3%	0	0.0%	1
Capital Insurance Advisory Corp.-Female	0	0.0%	0	0.0%	1	33.3%	1	33.4%	2
Capital Insurance Agency Corp.-Male	0	0.0%	0	0.0%	2	50.0%	1	25.0%	3
Capital Insurance Agency Corp.-Female	0	0.0%	1	25.0%	0	0.0%	0	0.0%	1
CSC Venture Capital Corp.-Male	0	0.0%	0	0.0%	0	0.0%	1	50.0%	1
CSC Venture Capital Corp.-Female	0	0.0%	1	50.0%	0	0.0%	0	0.0%	1

Note: All business locations of the Group are located in Taiwan.

Percentage equation = (Number of employees / Total number of resigned employees of the business Location) %.

Full/Part-Time Employees in 2020 by Gender Percentage Table

Business Locations	Total no. of Full-Time Employees		Total no. of Part-Time Employees		Total no. of Other Types of Contract Employees		Total
	Female	Male	Female	Male	Female	Male	
Capital Securities Corporation	1,261	669	0	0	0	0	1,930
Capital Investment Management Corp.	21	29	0	0	0	0	50
Capital Insurance Advisory Corp.	8	12	0	0	0	0	20
Capital Insurance Agency Corp.	3	7	0	0	0	0	10
CSC Venture Capital Corp.	2	3	0	0	0	0	5
Total	1,295	720	0	0	0	0	2,015

Note: All business locations of the Group are located in Taiwan.

Whether the organization's activities executed by non-employee workers of a major percentage: No

For the above disclosure, according to the number of employees by gender, region, gender and employment contract, there are no major changes in 2020.

This data is prepared according to the facts without specific assumptions.

Employee occupational accident, occupational disease, occupational injury leave ratios of the Company in 2020, and number of occupational death

Region	Business Locations	Number of occupational accidents		Rate of occurrence of occupational accidents		Number of occupational disease		Rate of occurrence of occupational disease		Number of hours of occupational injury leave		Rate of occupational injury leave		Number of deaths resulting from occupational accidents	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan region	Capital Securities Corporation	0	1	0%	0.244%	0	0	0%	0%	0	48	0%	0.006%	0	0
	Capital Investment Management Corp.	0	0	0%	0%	0	0	0%	0%	0	0	0%	0%	0	0
	Capital Insurance Advisory Corp.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Capital Insurance Agency Corp.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	CSC Venture Capital Corp.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: 1. Rate of occurrence of occupational accidents = Number of male (female) employees subject to occupational accidents /

Total number of male (female) employees.

2. Rate of occurrence of occupational disease = Number of male (female) employees subject to occupational disease / Total number of male (female) employees.
3. Rate of occupational injury leave = Number of leave hours of male (female) employees subject to occupational injury leave / Number of working hours of all male (female) employees.
4. Capital Insurance Advisory, Capital Insurance Agency and CSC Venture Capital Corp. according to Article 38 of the Occupational Safety and Health Act and Article 51 of the Enforcement Rules of the same Act: For enterprises with the number of employees less than 50, it is not required to report the occupational statistical data. Accordingly, this form is indicated as N/A.
5. Capital Securities Corporation-Female employee occupational accident occurrence rate 0.244% = 1 employee / (371+23+16) employees, referring to the summarization of the occupational accident statistical data reported to the Occupational Safety and Health Administration, Ministry of Labor (MOL), including the three insurance enrollment units of Capital Securities Corporation (headquarter), Capital Securities Corporation Daxing Branch, Capital Securities Corporation Kuting Branch, qualifying the occupational accident reporting requirements.
6. Capital Securities Corporation-Female employee occupational leave rate 0.006% = 48 hours / (714,088+44,512 +34,120) hours, referring to the summarization of the occupational injury leave number of hours actually applied by employees subject to occupational accidents and comparison to the occupational accident statistical data reported to the Occupational Safety and Health Administration, MOL, including the three insurance enrollment units of Capital Securities Corporation (headquarter), Capital Securities Corporation Daxing Branch, Capital Securities Corporation Kuting Branch, qualifying the occupational accident reporting requirements.
7. The number of death due to occupational accidents of the Company is zero.
8. The Company has no non-employee workers.

II. Welfare and Benefits

(I) Compensation and Benefits

1. Compensation & Benefits

The Company has a reasonable compensation system in place. We regularly convene Remuneration Committee meetings to assess the fairness of remunerations to employees. Every year, the business performance of the Company for the year, price index, industry standards, and other indicators are integrated into employee individual performance as the basis for annual salary adjustments and distribution of holiday and year-end bonuses. Salaries for new employees are based on market standard, education level, work experience, job position, and responsibilities and are unaffected by gender. The President approves general employee salaries, and the salaries of supervisors above the manager rank are reviewed and approved by the Remuneration Committee, followed by the approval of the Board of Directors. For the salaries of senior managers, the factors of personal education background, experience, the market standard adopted in the same industry, job position and duties, Company's internal salary policy and future management risk, etc. are comprehensively considered for determination of the salaries. The salaries are reviewed and approved by the Remuneration Committee, followed by the approval of the Board of Directors.

To effectively encourage senior management of the Company, improve the Company's business performance, and share the Company's operational outcome, the Company has established a relevant reward system. In addition to the profit and performance of the entire Company and each department as the basis for the issuance of bonuses, the senior manager's personal annual performance and reward/punishment record are also used as the issuance evaluation standard. The issuance of rewards for senior managers is required to be reviewed and approved by the Remuneration Committee, followed by reporting to the Board of Directors for approval.

2020 Employee Benefit Expenses and Average Salary

Unit: 1,000 NTD

Item	2020	2019
Employee benefit expenses	2,288,215	1,879,473
Salary expenses	2,019,464	1,628,480
Employee healthcare and labor insurance expenses	137,941	129,502
Pension expenses	80,921	77,638
Other employee benefit expenses	49,889	43,853

Additional information for number of employees of the Company in 2020 and 2019 is as follows:

Item	2020	2019
Number of Employees (According to format 8-7 of Article 23 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the average number of employees is used for the calculation, and it refers to the number of employees of Capital Securities Corporation)	1,883	1,805
Number of directors not concurrently acting as employees	9	9
Average employee welfare expense	\$1,170	\$1,005
Average employee salary expense	\$1,027	\$865
Average employee salary expense adjustment status	18.73%	

Remuneration Policy (including directors, managers and employees):

The remuneration to the directors shall be commensurate with their degree of participation in the operation of and the contribution to the Company and at industry standard through authorization to the Board of Directors. The remunerations paid to the managers and employees of the Company are, in principle, based on the general level adopted in the industry. In addition, the personal performance, the level of individual participation in and contribution to the Company's operations and the responsibility assumed by an individual, the correlation rationality of the Company's business performance and future risks are considered comprehensively. Remunerations of directors and employees above the manager rank are required to be reviewed by the Remuneration Committee. They are also submitted to the Board of Directors for review and approval.

Ratio of Salary by Job Level/Gender in 2020

Key Business Locations	Management Salary by Gender		General Employee Salary by Gender	
	Male	Female	Male	Female
Capital Securities Corporation	1.267	1	1.031	1
Capital Investment Management Corp.	0.809	1	1.241	1
Capital Insurance Advisory Corp.	1.237	1	0.778	1
Capital Insurance Agency Corp.	0.000	1	1.161	1
CSC Venture Capital Corp.	0.000	1	1.290	1

Note: Ratio equation = (Average monthly salary of male and female employees / Average monthly salary of female employees): female employee salary is represented by 1.

Employee type refers to management rank and general employee rank. The management rank refers to: supervisors above the rank of section head (above). The general employee rank refers to: non-management personnel.

Key Business Locations: All business locations of the Group are located in the region of Taiwan.

Ratio of the annual total compensation of the highest-paid individual to the median annual total compensation for all employees and to the rate of annual growth

Business Locations	Ratio of the annual total compensation of highest-paid individual to the median annual total compensation for all employees	Ratio of the annual total compensation of highest-paid individual to the rate of annual growth in median annual total compensation for all employees
Capital Securities Corporation (Country: Taiwan)	36.46 : 1	2.5 : 1

Note: Salary is calculated by following the Non-Managerial Full-time Employee Salary Reporting announced by the Taiwan Stock Exchange and FAQ, provided that salary target includes managerial employees.

Full-Time Non-Managerial Employees in 2020

Business Locations	Number of non-supervisor full-time employees in 2020 is A	Number of non-supervisor full-time employees in 2019 is B	Compared to Previous Year (A/B%)
Capital Securities Corporation	1,660	1,605	103%

Salary of Full-Time Non-Managerial Employees in 2020

Unit: 1,000 NTD

Business Locations	Average salary of full time non-managerial staff	Median salary of full time non-managerial staff	Difference Between Average Salary in 2019 and 2018 (%)	Difference Between Median Salary in 2019 and 2018 (%)
Capital Securities Corporation	NT\$942,000	NT\$737,000	19.11%	13.61%
Capital Investment Management Corp.	Non-public listed company	Non-public listed company	-	-
Capital Insurance Advisory Corp.	Non-public listed company	Non-public listed company	-	-
Capital Insurance Agency Corp.	Non-public listed company	Non-public listed company	-	-
CSC Venture Capital Corp.	Non-public listed company	Non-public listed company	-	-

Non-supervisor Employee Salary by Gender Percentage Table

Key Business Locations (All business locations of the Group in Taiwan)	Entry Employee Monthly Average Wage and Basic Wage Ratio		
	Male	Female	Monthly Basic Wage
Capital Securities Corporation	1.332	1.350	1
Capital Investment Management Corp.	2.468	1.450	1
Capital Insurance Advisory Corp.	1.597	0.000	1
Capital Insurance Agency Corp.	2.115	1.513	1
CSC Venture Capital Corp.	0.000	2.458	1

Note: Definition of entry employees: Non-management personnel of seniority within 1 year (inclusive). The monthly basic wage from January 1 to December 31, 2020 is NT\$ 23,800, and it is represented by "1" in the table.

The Group has no non-employee workers with salary payments in all key business locations; therefore, there is no issue of the minimum salary for non-employee workers. In addition, the Company also complies with the provision of Article 21 of the Labor Standards Act, the Company and the monthly basic wage requirement announced for implementation by the Executive Yuan, R.O.C.

2. Performance Management System

To periodically evaluate and review the performance of all employees, in order to facilitate the future career planning of employees, the Company has established the "Employee Evaluation Rules". The employee annual evaluation standard is conducted according to the Company's requirements for talent cultivation and retention as well as the core competency, thereby specifying the evaluation items for each job position and the weight of each item. Evaluation is conducted on all on-job employees of the Company periodically annually, regardless of their gender and employee type (excluding employees under probation). Through such a review mechanism, outstanding employees are selected and rewarded, and guidance and enhanced training are also provided to employees of poor performance to facilitate the career development of each employee and achieve co-prosperity aligned with the Company's business philosophy.

The Company explicitly specifies a fair and reasonable performance management system for senior managers and their departments. Senior managers' personal performances are evaluated periodically to use as a basis for job promotion, salary adjustment, and issuance of bonuses. Furthermore, the evaluation is also effectively linked to the personal career development of senior managers. The department and company business performance are also improved, thereby achieving the win-win outcome for the career growth of senior managers and the overall development of the Company. The Company has established the internal control mechanism according to relevant laws of the competent authority. It has also explicitly specified that senior managers shall not engage in any conduct exceeding the Company's risk appetite in the pursuit of remuneration and bonus.

3. Retirement Pension

To care and protect employees after retirement, the Company has established the Rules for Employee Retirement. For all official employees (including personnel under appointment) of the Company, their retirements shall be handled in accordance with the Rules for Employee Retirement of the Company. Application for retirement is eligible for senior employees who have served the Company for 15 years or longer and aged 55 years, and those who have served the Company for 20 years or longer. This provision is superior to those prescribed by the Labor Standards Act. According to the retirement system specified in the Labor Standards Act, the Company contributes 2–15% of an employee's monthly salary to a retirement bank account held under the Bank of Taiwan. Alternatively, according to the Labor Pension Act, the Company appropriates 6% of the employee's insured salary as the employee pension for depositing into the employee's personal pension account under the Bureau of Labor Insurance on a monthly basis. In 2020 and 2019, the retirement expenses under the Regulations for Appropriation of the Company's Pension Fund are NT\$ 73,516 thousand and NT\$ 66,717 thousand respectively, which have been appropriated to and deposited at the Bureau of Labor Insurance.

The Company complies with the provision of Paragraph 2 of Article 56 of the Labor Standards Act. before the end of each year, the employer shall assess the balance in the designated labor pension reserve funds account of the preceding Paragraph. If the amount is inadequate to pay pensions calculated according to the preceding Article for workers retiring in the same year according to Article 53 or Subparagraph 1 of Paragraph 1 of Article 54, with regard to the pension amount calculated according to Article 55 of the Labor Standards Act, the employer is required to make up the difference in one appropriation before the end of March the following year and submit the statement to the Business Entity Supervisory Committee of Labor Retirement Reserve for review.

The pension fund appropriated by the Company according to the Labor Standards

Act is uniformly managed by the Bureau of Labor Funds, Ministry of Labor. In addition, according to the provisions of the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”, regarding the utilization of the fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The Company's defined benefit plan obligations involve calculating the present value of each benefit plan the cost of the benefits that employees will earn in return for their service on the current and prior periods. In addition, the fair value of any plan assets is also deducted. The defined benefit obligation is calculated by a qualified actuary annually based on the predefined unit benefit approach. When the computation result may be beneficial to the Company, the recognized assets are based on the amount returned from the plan or the future reduction of the appropriation amount of the plan for the obtainable current value of any economic benefit. During the calculation of the economic benefit current value, the minimum fund appropriation requirements are considered. In 2020, employer contribution under the defined benefit plan and defined contribution plan was 4.21% of salary expenses.

Pension for Highest Governance Unit and Senior Management

The Company has established the Rules for Employee Retirement, and pensions are reviewed and approved by the Remuneration Committee, followed by approval of the Board of Directors, in order to regulate the calculation of pension for senior managers.

(II) Welfare Benefits

Key Business Locations	Definition of Key Business Locations	Standard Benefits	Description
Capital Securities Corporation Capital Investment Management Corp. Capital Insurance Advisory Corp. Capital Insurance Agency Corp. CSC Venture Capital Corp.	All business locations of the Group in Taiwan	Life Insurance	In addition to the enrollment of the labor insurance and national health insurance for all employees according to the Labor Insurance Act and the National Health Insurance Act, the Company also provides employees with group insurance coverage from life, accidental injury, accidental medical treatments, to occupational hazards. Furthermore, to care for the employees and their relatives, the Company also provides discounted out-of-pocket group insurance, including term life, accidental injury, medical treatment, cancer insurance policies, etc.
		Medical Insurance	
		Injury and Disability Insurance	
		Parental leave	The Company grants employees 8 weeks of maternity leave and unpaid parental leave in accordance with Article 50 of the Labor Standards Act and Articles 15 and 16 of the Act of Gender Equality in Employment. After being in service for 6 months, employees may apply for unpaid parental leave before any of their children reach the age of 3 years. The period of this leave is until their children reach the age of 3 but may not exceed 2 years. When employees are raising more than two children at the same time, the period of their parental leave shall be computed aggregately and the maximum period shall be limited to 2 years received by the youngest child.
		Retirement System	According to the provision on the early application of retirement specified in the Company's Regulations Governing Retirement of Employees, application for retirement is eligible for senior employees who have served the Company for 15 years or longer, are 55 years old, and those who have served the Company for 20 years or longer. This provision is superior to those prescribed by the Labor Standards Act. In addition, pension is also paid in accordance with the provisions of the Labor Standards Act and Labor Pension Act.
		Employee Shareholding	The Company continues to devise and discuss employee stock ownership policies that are fair, reasonable and beneficial to stakeholders such as employees and shareholders.
		Other	In addition to a fixed amount of travel allowance, visually impaired massage service for employees, entertainment and public welfare club allowance provided to employees, the Company also organizes employee welfare activities of annual outstanding MVP election, etc. In addition, the Company also offers wedding, funeral, celebratory, and emergency aid subsidies. On the Company's Intranet, we set up a specific section, providing a wide range of information such as daycare centers, partnering merchants, employee subsidies, and services and welfare products for group buying among employees. According to the provision of Article 15 of the “Labor Health Protection Rules”, Capital Group organized the implementation of employee health examination operation periodically in 2020, and to facilitate employees' participation, relevant health examination was executed during office hours. The statistics of the ratio of employee participation in the current health examination is 97.4%. According to the provision of Article 10 of the “Labor Health Protection Rules”, Capital Group has signed a contract with Cathay General Hospital, and physicians proceed to the Company to provide health consultation service related operations quarterly.

III. Continuing Education and Training

In an attempt to cultivate talents and to improve management performance, the Company has been organizing a wide variety of training. It has constructed a complete educational training system with an environment facilitating the learning, including: orientation, specialization training, management reserve training, management growth training, and seminars hosted by renowned experts and scholars on the topic of finance. Employees are able to receive appropriate training through course training, digital learning, on-job training, external training, job rotation and project assignment, etc. The training content and methods are diverse and rich.

In 2020, the employee education and training expense total was NT\$ 6,841 thousand, and a total of 3,591 people participated in various professional external educations and training. The average training participation ratio was 186%, and a total of 59 sessions of internal training were organized.

(I) On-job Training

The advancement of a company mainly relies on the professional knowledge accumulation of all employees. For the departments of Sales, Trading, Marketing and Planning, Finance, Human Resource, Legal Compliance and Auditing, Capital Securities Corporation plans the training method according to the job requirements, which is also implemented through the on-job training method within each department.

(II) External Continuing Education and Training

1. Regulatory External Training

To perform job duties, employees of the securities firms are required to obtain relevant financial licenses and to participate in the orientation and on-job training. Through periodic participation in the training courses offered by external professional institutions of Taiwan Academy of Banking and Finance, Securities and Futures Institute, Taiwan Securities Association, Chinese National Futures Association, Trust Association of R.O.C, etc., employees are able to continuously enhance various financial professional knowledge, thereby improving the service quality satisfying the current demands.

2. Professional External Training

In addition to the participation in the aforementioned regulatory external training, employees may also gain professional knowledge according to personal job requirements and various aspects of their jobs. The Company has established the Regulations for Employee Education and Training to encourage supervisors and employees to continue their education and participate in external courses in fields related to their jobs, thereby increasing career development competitiveness.

3. Financial License Subsidy

To encourage the employees to acquire finance-related certificates, the Company has established various regulations concerning incentives for professional exams and subsidies for the application fees of certification exams.

(III) Digital Learning Platform

The Company has established the E-Learning Platform such that professional knowledge can be updated and transmitted timely, which is beneficial to the construction of a learning type of organization. The course scope covers information security, Personal Data Protection Act, labor safety and health education, new employee education and training, anti-money laundering and counter-terrorism financing training, and financial product introduction, etc. In addition, the Company has opened numerous e-learning training courses such that through the use of various e-systems, employees are able to learn and grow at any time at any place.

(IV) Internal Education and Training

1. Sales Specialist Training (Beginner):

Through whole-day nationwide video conference connection, intense training for sales specialists is organized to improve the financial professional knowledge and quality of employees.

2. Management Trainee Cultivation Plan (Intermediate)

Since 2007, the Company established the Capital Financial College, and a three-month training course is organized annually. The students of the training are targeted at the outstanding management trainees referred by each department. During the training period, the trainees can learn the cross-department organization, presentation skills, management and leadership skills, etc., thereby improving personal work management ability and team work spirit, such that the training program can serve as tools for cultivating intermediate management talents.

3. Branch Supervisor Competency Training (Intermediate):

Training for branch managers, sales counter supervisors, settlement counter supervisors are organized periodically. The training content includes: financial regulatory education, management competency training, sales professional training, experience sharing of superiors with outstanding performance. In addition, according to the quarterly sales promotional items, cooperating partners are arranged to introduce various financial products.

4. Senior Supervisor Training:

The Company organizes senior supervisor operational meetings annually, and during the meeting, competency courses are arranged.

In addition to the continuous development of the professional skills of employees, the Company also organizes various activities of health, physical seminars, remote reading volunteer training and financial seminars, etc., allowing employees to achieve balanced development in terms of their skills, and to assist them to cultivate the habit of life learning, thereby enhancing employees' continuous employment competency.

The Company values every employee's right to work. We are committed to protecting the dignity of all our employees and adhere to the Labor Standards Act. The Company refrains from the use of child labor and forced labor, and there are no forced or compulsory labor events. In the future, we will continue to pay attention to avoid similar occurrences to protect the basic human rights of our employees.

To protect employees' right to work, the Company has established Work Rules, stipulating employees' duties and work location, and that employees shall be relocated and transferred as needed in accordance with Article 10-1 of the Labor Standards Act, and that full communication and coordination with the employee shall be conducted before such transfer. Interests and rights pertaining to employees are advocated during orientation training for new employees.

Training Hour Percentage for Operation Related Human Rights Policies in 2020

Business Locations	Operation related Human rights policy training			
	Total number of employees under training	Total hours of training (unit: hours)	Total number of employees of business location	Percentage of number of trainees (Note)
Capital Securities Corporation	453	226.5	1,930	23.5%
Capital Investment Management Corp.	10	5	50	20.0%
Capital Insurance Advisory Corp.	2	1	20	10.0%
Capital Insurance Agency Corp.	6	3	10	60.0%
CSC Venture Capital Corp.	2	2.5	5	40.0%

Note: Percentage of number of trainees equation = (Total number of employees under training / Total number of employees of the business Location) %

Hours of Internal/External Training by Gender/Managerial/Non-Managerial roles in 2020

Business Locations	Female				Male			
	Each managerial employee		Each non-managerial employee		Each managerial employee		Each non-managerial employee	
	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours
Capital Securities Corporation	5.20	7.70	4.13	8.40	4.91	9.61	4.03	10.56
Capital Investment Management Corp.	0.00	12.00	2.43	6.94	0.00	5.31	2.39	3.73
Capital Insurance Advisory Corp.	7.00	0.00	5.93	10.00	7.00	9.50	6.26	0.00
Capital Insurance Agency Corp.	0.00	0.00	5.57	0.00	7.00	0.00	6.44	7.13
CSC Venture Capital Corp.	0.00	0.00	3.00	18.00	2.67	0.00	0.00	7.80

Note: Management-Department head and above.

Summary of Unpaid Paternal Leave Application and Reinstatement in 2020

(Data collection time is: January 1 to December 31, 2020)

Unpaid Parental Leave Items	Capital Securities Corporation		Capital Investment Management Corporation		Capital Insurance Advisory Corp.		Capital Insurance Agency Corp.		CSC Venture Capital Corp.	
	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male
No. of employees eligible for unpaid parental leave	34	22	1	2	0	0	0	0	0	0
No. of employees who applied for unpaid parental leave	6	1	0	0	0	0	0	0	0	0
Number of employees supposed to be reinstated after unpaid parental leave	5	1	0	0	0	0	0	0	0	0
No. of employees reinstated after unpaid parental leave (A)	3	0	0	0	0	0	0	0	0	0
Number of employees reinstated after unpaid parental leave during the previous reporting period	2	0	0	0	0	0	0	0	0	0
Number of employees still active 12 months after being reinstated from unpaid parental leave (B) (Data collection time: December 31, 2020)	1	0	0	0	0	0	0	0	0	0
Percentage of reinstatement after unpaid parental leave and retention (Equation: B / A)	33%	-	-	-	-	-	-	-	-	-
Rate of reinstatement = Total number of employees actually reinstated after unpaid parental leave / Total number of employees supposed to be reinstated after unpaid parental leave * 100%	60%	0%	-	-	-	-	-	-	-	-
Survival rate = Total number of employees still active 12 months after being reinstated from unpaid parental leave / Total number of employees reinstated after unpaid parental leave during the previous reporting period * 100%	50%	-	-	-	-	-	-	-	-	-

- Note: 1. Pursuant to Article 16 of the Act of Gender Equality in Employment: After being in service for six months, employees may apply for parental leave without pay before any of their children reach the age of three years old. The period of this leave is until their children reach the age of three years old but may not exceed two years. When employees are raising more than two children at the same time, the period of their parental leave shall be computed aggregately and the maximum period shall be limited to 2 years received by the youngest child.
2. Pursuant to Article 2 of the Regulations for Implementing Unpaid Parental Leave for Raising Children: When an employee applies for unpaid parental leave for raising his (or her) children, he (or she) shall file an application in writing in advance to his (or her) employer. The written application referred to in the preceding paragraph shall list the following items: 1. Name and job position. 2. Starting and ending dates of the unpaid parental leave period. 3. Birth date, month and year of the child(en). 4. Address of the residence, and contact telephone numbers during the period of parental leave. 5. Whether or not to continuously participate in the original social insurance programs. 6. Rendering the proof documents of the spouse's employment status. The duration of unpaid parental leave for raising child(en) referred to in the preceding paragraph shall not be, in principle, less than six months each time.

IV. Employer-Employee Agreements and Employee Right Maintenance Measures

To coordinate worker-employer relationships, promote worker-employer cooperation, and increase work efficiency, the Company has organized quarterly labor-management meetings in compliance with Article 83 of the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting. Meeting notices are issued seven days before meeting convention, and the proposals shall be sent to the representatives three days prior to the meeting.

At every meeting, important issues relevant to employees are reported, such as: business overview, employee benefits, safety and health, etc. If both parties have matters they wish to discuss, they could communicate with each other at the meeting in bilateral direction to achieve the purpose of the meeting—coordinate worker-employer relationships and promote worker-employer cooperation.

The Company protects the rights and interests of employees according to the laws. Any matter related to the rights and interests of all employees shall be announced through the intranet of the Company. Any matters having impacts on individual rights and interests of an employee, such employee shall also be informed actively in advance.

Employee job rotation and transfer as needed for business development (new establishment or relocation) and for employee's career development are conducted in pursuant to Article 10-1 of the Labor Standards Act. Meanwhile, employees are given one to two weeks to complete job handover and adapt to the new environment. Furthermore, where an employer terminates a labor contract pursuant to Articles 11 and 13 of the Labor Standards Act, the minimum period of advance notice for employees shall follow Article 16 of the same act:

- (I) Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- (II) Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- (III) Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

After receiving the advance notice referred to in the preceding paragraph, a worker may, during hours of work, ask for a leave of absence for the purpose of finding a new job. Such leave of absence may not exceed two workdays per week. Wages shall be paid during such leave of absence. Where an employer terminates the contract without serving an advance notice within the time limit prescribed in the first paragraph of this article, he/she shall pay the worker wages for the advance notice period. According to the provision of Article 33 of the Employment Service Act, in the event of a layoff, the Company lists the laid-off employee, at least ten days prior to leaving his/her job, indicating the name of such employee, sex/gender, age, address, telephone numbers, position, the cause(s) of the layoff, and whether he/she is in need of employment counseling, and submit such list to and inform the local competent authority as well as public employment services institutions. Furthermore, according to the provisions of Article 17 of the "Labor Standards Act" and Article 12 of the "Labor Pension Act", the Company issues the employee severance pay within thirty days after the termination of the labor contract.

To prevent all employees of the Company from physical and mental harms due to occupational safety and health risks, and to protect all employees from unfair treatment by supervisors or colleagues taking advantage of their jobs or positions during the execution of job duties, or protecting them from bullying or violent incidents of physical attacks, verbal insults, intimidation and threats, etc. by customers, service parties or other relevant personnel such that mental or physical harms are caused, or even life-threatening incidents, leading to physical or mental illnesses, the Company has established the "Workplace Violence Complaint Handling Committee". The Committee is jointly formed by members from both labor and management teams. In addition, the balance of the number of members based on the job rank, identity (labor and management), gender (male and female) of the members are also considered. Presently, the members consist of supervisors of the legal compliance unit, supervisors of relevant units

and department level heads as well as general employees. Among the members, the ratio of non-management personnel is 42%, and the number of female members accounts for a majority of the members. Resolutions to the “Workplace Violence Complaint Handling Committee” proposals are reached through discussion among the members, followed by reporting to the Chairman for approval.

A Statistics of Complaints Received by the Company in 2020:

Types of Complaints Filed	Total No. of Complaints Filed	No. of Complaints Accepted	No. of Complaints Handled	Number of Cases Resolved
Human Rights Issue	0	0	0	0
Labor Practice	0	0	0	0

Note: Present data collection time is: January 1 to December 31, 2020.

Six. Social Involvement

I. Education for Rural Communities

2020 was the seventh consecutive year for Capital Securities Corporation to organize the charity event of "Capital Loves Reading". On September 29, the Company organized the grand opening ceremony for the event of "Capital Loves Reading" and sponsored the reading and education budget of Gueishan Elementary School and Dacheng Elementary School in New Taipei City and Jianshi Elementary School in Hsinchu County, and also invited students of the three schools to leave the remote areas and to join a trip to National Taiwan Science Education Center for the Journey to City Reading, allowing elementary school students to under the scientific attitudes in a close distance, such as maintaining curiosity, raising questions, valuing information, accepting uncertainty, willing to correct result, engaging in cooperation, making inference and being honest, etc. as the key focuses of scientific education, in order to cultivate the concept of free thinking to students and to provide greater care and cultural simulation to students at remote areas. Science is able to help students to understand the natural world and its essence. Accordingly, during the teaching of students and learning of science in the Center, in addition to the main concepts of each subject content, education on the essence of science, scientific method and scientific attitude were also provided along with various unique design and integrative equipment in the Center. Consequently, the students enjoyed learning, had a great time, and took memorable photos.

Capital Securities Corporation organizes the City Journey annually with careful planning and best effort. It looks forward to allowing students to apply knowledge learned from textbooks in real practice in order to gain great personal experience in city culture. We look forward to contributing efforts to the education of our next generation and to encourage students to also make personal contributions to society in the future, thereby promoting the notion that despite one's initial disadvantage in culture or economic status, one is still able to achieve great success in the future through continuous learning and courage to overcome challenges.

In 2020 donations went to 9 elementary schools in total, namely, Dacheng Elementary School in New Taipei City, Gueishan Elementary School in New Taipei City, Kingyang Elementary School in Yilan, Gienshih Elementary School in Hsinchu County, Sianbi Elementary School in Miaoli County, Xiufeng Elementary School in Nantou County, Siding Elementary School in Chiayi County, Rueifong Elementary School in Tainan City, and Gao-Shi Elementary School in Pingtung County.

"Capital loves to Read" activity	No. of School Beneficiaries	No. of People Beneficiaries
Budget Donation	9	450
Journey to City Reading	3	250





II. Charity Events

The blood donation event of Capital Securities Corporation has entered the 13th year, and the Company looks forward to expand charity and love contribution to society.

The Capital Securities Corporation's "Love from Capital for Charity" officially entered the 13th year in 2020. Due to the impact of the COVID-19 pandemic in the first half of this year, the blood donation amount was significantly reduced. In addition to that, due to the restriction on the suspension of blood donation for a period of 28 days for the general public returning to Taiwan from other regions, the blood inventory was affected significantly. When the epidemic status was mitigated, Capital Securities Corporation started the blood donation event. On July 1, our headquarter in Taipei organized the press conference for the launch of the blood donation event. All blood donation participants were able to receive exquisite gifts. With the slogan of "Love from Capital for Charity", we look forward to encouraging the general public to participate in the blood donation event actively and to make a contribution to society in Taiwan.

To expand the charity love and care to the society, Capital Securities Corporation collaborated with the FHL Development Center and purchased eco-friendly cup bags, MIT non-dyeing towels and Leguminosae safe soap as gifts, and people participating in blood donation event at designated locations were able to receive the gift from FHL Development Center. Accordingly, the blood donation event was able to achieve love contribution and to also assist the physical and mentally disabled to have greater living.

Chairman of Capital Securities Corporation, Alex Jiunn- Chih Wang, stated that the objective of Capital Securities Corporation's 13 consecutive years of organization of blood donation event was to encourage a greater number of people to participate in the blood donation event. Particularly, during the post-pandemic era, blood donation became more meaningful. We hoped that the total amount of blood donation bags acquired through the present event this time was able to contribute to the society of Taiwan.

In 2020, the blood donation event of the Company was held at a total of 18 locations, and the total number of blood donation bags reached 1,158 bags.



III. Healthy Family

Capital Securities offer incentives for encouraging child birth

The demographic structure in Taiwan indicates serious warning and the society is facing the trend of negative population growth with an aging society and low children population. Capital Securities Corporation has also valued the importance of employee welfare and the sustainable corporate operation. In addition to the childbirth subsidy as a welfare benefit for each birth of children by employees of the Company, to actively encourage the childbirth policy for employees, Chairman Alex Jiunn- Chih Wang further increased the gift money and children supplies to employees. 2020 was the 4th consecutive year for the event of prize for “Capital Securities Corporation employees having a first child in the present year to receive the childbirth gift”. The number of employees receiving such gift increased from one to three employees. The Company looks forward to establishing an environment capable of allowing all employees of Capital Securities Corporation to feel secure in establishing their own homes and focus on their jobs at work.

Chairman of Capital Securities Corporation, Alex Jiunn- Chih Wang, stated that the increase of the number of employees receiving such gifts from one to three this year spread the feel of fortune and love to all in this low atmosphere year of 2020 due to the COVID-19 pandemic. We hope that in such a trend of decreasing childbirth rate, employees of the Company are still able to have faith in the active cultivation of our next generation.



IV. Industry and Academic Collaboration

To assist students of colleges and universities in understanding and experiencing the financial industry early and to assist them in determining their future career, thereby reducing the gap between school learning and job practice, the Company actively organizes diverse industry and academic collaboration program in order to cultivate students to become financial talents with the theoretical basis and practical skills.

In 2020, the content of the industry and academic collaboration program organized by the Company includes:

- (I) Industry instructor program: The Company utilizes its financial expertise to promote integration between school courses and industrial resources. The industry instructors of Capital Securities Corporation proceed to school campuses to share various financial topics. In 2020, the Company assigned 14 senior supervisors to act as the industry instructors at Soochow University, provided 25 lecture courses, and assigned 9 senior supervisors to act as the industry instructors at Aletheia University and gave 10 lecture courses.
- (II) Off-campus internship program: through the internship opportunities provided by the company, internship students from various colleges and universities are matched to have the opportunity of gaining working experience at the Company. In 2020, there were a total of 129 internship students at the Company.

Seven. Environmental Sustainability

I. Environmental Management

Capital Securities Corporation is extremely concerned about mitigating global warming and conserving energy to protect the environment. In response to the government's environmental policies, the Company continues to enforce energy-saving and carbon-reducing policies in hopes of reducing the consumption of earth resources to create green-value services and build corporate culture with environmental awareness. Since the Company is in the financial service business sector, the Company does not involve in the use of raw materials, renewable raw materials, recycled water for reuse, sewage treatment and waste treatment, product packaging with recycling needs, etc. that may cause major impacts to the environment. In 2020, the Company was not subject to any major fines or non-monetary sanctions due to violation of environmental protection laws or regulations.

II. Energy Management

During the Company's operational process, the Company uses externally purchased power (non-renewable energy) in principle, and a small amount of company car fuel and power generator diesel is also used. With regard to the carbon reduction goal, direct greenhouse gas emission (Scope 1) and indirect greenhouse gas emission (Scope 2) are considered; however, the employees' transportation covered by Scope III is presently excluded from the consideration of carbon reduction.

(I) Greenhouse Gas Inventory inspection: Scope 1 and Scope 2

Unit: kgCO₂e

Year	2019	2020	Increase/Decrease Ratio from Last Year
Direct Greenhouse Gas Emission (Scope 1)	36,563.29	34,145.64	-2,417.65
Indirect Greenhouse Gas Emission (Scope 2)	2,925,628.66	4,165,489.55	1,239,860.89
Greenhouse Gas Emission Total Quantity (Scope 1+ Scope 2)	2,962,191.95	4,199,635.19	1,237,443.24
Coverage (based on number of employees)	100%	100%	

Note 1: Data source refers to payment statements, building expense amortization table.

Note 2: Scope 1 emission is mainly for the company car fuel and power generator diesel; Scope 2 emission is mainly for power consumption.

Note 3: Scope 1 gasoline and diesel emissions are 2.263kgCO₂e/L and 2.606kgCO₂e/L respectively in accordance with the "Environmental Protection Administration, Executive Yuan, Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4)".

Note 4: The power coefficient is based on the latest 2019 Power Emission Coefficient 0.509kgCO₂e/degree announced by the Bureau of Energy, Ministry of Economic Affairs.

Note 5: The increase of the greenhouse gas total emission was due to the inclusion of the new Songren utility room in the scope of indirect greenhouse gas emission inventory inspection.

(II) Energy Saving and Carbon Reduction Outcome

1. Elevator

- (1) Employees are encouraged to avoid using the elevator and take the stairs instead if they are going three floors up or down.
- (2) The number of operating elevators is controlled during work and off-work hours.

2. AC equipment

- (1) Indoor temperature is set to 26–28 °C.
- (2) Air-conditioning chiller is turned on at specific times in summer and non-summer seasons.
- (3) Outlet temperature of air-conditioning chiller is controlled.
- (4) Air-conditioner is set to fan mode every day before 07:30 and after 18:00 to reduce use of AC.
- (5) Small air-conditioning unit is added to replace large units during off-peak period.
- (6) Windows and doors in air-conditioned areas are kept closed to reduce outflow of cold air or inflow of hot air.
- (7) Air-conditioners are regularly serviced, cleaned, and maintained to increase operating efficiency and save electricity.
- (8) Budget is allocated to replace AC equipment older than 15 years with energy-saving AC units, depending on the status of energy consumption.

3. Lighting equipment

- (1) Energy consuming incandescent bulbs are restricted from use completely.
- (2) T5 energy-saving light is used to reduce heat energy and save electricity.
- (3) Lights that are used 24/7, such as fire exit indicators, escape route signs, and fire indicators, are replaced with LED lights.
- (4) Division of labor by region is adopted, and unnecessary lights are switched off.
- (5) Electronic advertising signs on the walls outside of the building are switched on if weather allows; these signs can be automatically switched on or off at scheduled time by using a timer to avoid wasting power when someone forgets to switch off the light.

4. Other

- (1) Usage of contractual capacity is reviewed annually to reduce penalties for breach of contract.
- (2) Old power-consuming traditional CRT TVs are replaced by projector systems to reduce the radiation and heat energy emitted from CRT TVs.
- (3) Office machines are set to energy-saver mode so that they go to sleep after being idle for 5 minutes.
- (4) Departments are reminded to switch off the power supply of any necessary electrical appliances or equipment during Chinese New Year or long weekends to reduce wasting standby power. These appliances or equipment include rice steamer, drinking fountain, computers, and printer monitors.
- (5) Drinking fountains should have a timer or should be manually controlled so that they switch off during weekends.
- (6) Non-business related electrical appliances or devices are not allowed in office spaces.

(III) Petroleum Management

- (1) Company car uses application with the restriction that for one single passenger, such application cannot be accepted.
- (2) Company cars must carry more than one passenger, and personal use of company cars is prohibited.
- (3) Employees are encouraged to use public transport when making business trips.
- (4) Company cars are serviced, maintained, and checked regularly to ensure fuel-efficient driving.

III. Water resource management

The Company's water source 100% comes from the tap water supplied by the water company, and none of our water comes from groundwater or other sources. Water supplied at the headquarter and branches are used by employees and some customers, exerting no significant impact on water sources. In addition, the water is mainly used as drinking water and for the purpose of air conditioning system water and cleaning. The wastewater after use is discharged via sewers into the river. The internal of the Company emphasizes various water-saving measures and posts water-saving slogans at water use equipment areas. The water drinking equipment of the Company also periodically updates the consumables and performs water quality testing to maintain excellent drinking water quality and protect the physical health of employees.

Comparison of Water Consumption and Carbon Emission in 2019–2020

Year	2019	2020
Water consumption (cubic meter)	28,573	29,391
Carbon emissions (kgCO ₂ e)	4,285.95	4,408.65
Difference		122.70

Note 1: Data source refers to payment statements, building expense amortization table.

Note 2: CO₂ equivalent mission per degree of water consumption in 2019 = 0.150 kgCO₂/degree. (Source of Data: Taiwan Water Company)

Note 3: To cope with the epidemic measures during the epidemic control period, employees washed hands frequently, which could cause an increase in annual water consumption.

IV. Waste Management

Capital Securities is a financial company, which is a low-polluting industry that does not manufacture any products for sales, nor sell any product packaging materials that have been asked to be recalled. The Company's wastes come from living wastes. To implement waste reduction, resources are recycled and reused, and wastes are classified into general wastes (food residuals included) and recyclable resources. Employees categorize the garbage at the temporary storage area, and the property management of the building or the cleaning vendor will clean and remove the garbage. The general wastes are moved to the incineration plant for disposal by the qualified waste cleaner; the recycling vendors remove the recyclable resources.

V. Supplier Management

The supply chain of the Company is described in the following:

- (I) Equipment: All types of machineries, information software and hardware, office furniture, and operating related equipment.
- (II) Service: Maintenance of machinery and equipment (software), manpower support, environmental cleaning, system and security service.
- (III) Repair works: All types of repair and renovation works at the workplace.
- (IV) Office supplies: All types of printing supplies, stationery supplies and administrative supplies, etc.

During the supplier selection of signing contracts with suppliers, the Company requests all suppliers to comply with relevant laws and regulations, including the Labor Standards Act, etc., based on the protection of human dignity and basic human rights, in order to protect the legitimate rights and interests of employees, to respect the principles for basic worker rights recognized internationally, to eliminate the use of child labor, and to jointly fulfill corporate social responsibility. In addition, in the contract signed, the Company also includes the clause stating, "in case a supplier violates the corporate social responsibility policy, the Company may terminate or rescind this contract at any time, and the supplier shall not claim any compensation from the Company".

The new supplier selection standard adopted by the Company complies with the “Regulations Governing Suppliers,” and the issues of social welfare and environmental protection are considered. In addition, the selection standard also includes the environmental protection policy and specific implementation regulations for water and energy saving. Furthermore, products provided by suppliers and their manufacturing processes as well as waste treatment shall comply with relevant laws and regulations of environmental protection, products or raw material management for their respective industries. When necessary, suppliers shall also obtain relevant environmental management system or safety and health system verifications. The percentage of new suppliers selected based on the aforementioned standard adopted by the Company is 100%.

During the contract signing with suppliers, the Company requests suppliers to meet corporate social responsibility requirements. If any supplier is involved in any violation of the CSR policy that has a significant environmental and social impact, the Company may terminate or rescind the contractual terms at any time, and the supplier may not claim any compensation from the Company.

VI. Promoting Paperless Operations

The Company is committed to increasing the efficiency of various resources by continuing to promote e-statements and reduce use of paper. Information is announced on Intranet to reduce photocopies. Electronic signature is used instead of signing paper to actively create a paperless environment. Double sided copying is used as much as possible, and a recycling basket is placed next to the photocopier to recycle papers for reuse. Envelopes and brown paper bags are reused. Employees are asked to use digital files instead of paper, emails instead of fax machines, and recycle and reuse waste paper with blank sides.

The following describes relevant measures adopted by the Company in support of the environmental protection and paperless operation:

- (I) The Company provides complete product electronic statements to customers and continuously promotes the use of electronic statements through marketing events to reduce the use of papers. In 2020, the number of mailing copies per month was approximately 113 thousand copies, accounted for approximately 55% of the total number of mailing copies, an increase of 10% of the mailing quantity from 2019. Accordingly, the printing papers and consumables of ink, etc. can be effectively reduced, and the cost and pollution associated with the transportation due to mailing are also reduced.
- (II) The Company also allows customers to use the website and APP for online account opening methods of securities account opening, additional electronic account opening, additional trust account opening, additional three-in-one account opening (trust, bonds, loan), etc. In 2020, the number of accounts opened through online methods reached 32,978 accounts. In addition, the Company also provides online account operation instruction videos and Capital education multimedia website, online account opening and electronic trading education are promoted, thereby achieving full electronic trading. Accordingly, the Company can head towards the goal of a paperless environment, reduce the transportation and time costs required for the counter process of customers, and contribute efforts to the promotion of energy-saving, carbon reduction, and environmental protection.
- (III) To promote the electronic trading platforms in order to increase the electronic transaction percentage, in 2020, to cope with the continuous trading system implemented by the Taiwan Stock Exchange Corporation, the Capital Securities Corporation has released the brand new securities electronic mobile order placement system “Capital Happy Trade” in order to utilize the characteristic of continuous trading and matching, investors are able to perform continuous trading swiftly. Furthermore, this year, Capital Securities Corporation has also released the official “LINE@ Social Platform” “Smart Selection Winner” service APPs such that through linking of securities trading functions, customers are able to place orders during online chatting and communication, thereby achieving close communication and zero

distance between the Company and customers.

VII. Climate change risks and opportunities

The Company has disclosed climate-related opportunities and risk identification, impact on the Company's operations, and management measures for climate change risk.

(I) Climate change risk:

Risk type	Climate-related risks	Identification of climate change risks	Impact on company operation	Actions taken to manage the identified risks of climate change	Possibility of occurrence	Degree of Impact
Transition risks	Policy and laws and regulations	Government announces energy conservation policies and restrictions (E.g., reinforce obligations to report emission levels)	Compliance with applicable laws, appropriate resource input, and personnel training.	<ol style="list-style-type: none"> 1. The Company supports policies by introducing various energy-saving measures and buying green environmentally friendly equipment. 2. The Company voluntarily carries out energy-saving and carbon-reduction activities. 	Moderate	Low
	Market	There is a rise in environmental awareness and change in customer behavior	Customers are mostly trading online by using electronic devices, causing some of our branches to remove counter services and TV facilities.	The Company offers mobile services, which increase user convenience and reduce investment in business offices and office equipment.	Moderate	Moderate
	Technology	A variety of electrical appliances and machinery equipment is introduced on the market.	Old machines are inefficient and consume a considerable amount of energy, causing our competitiveness to decline.	<ol style="list-style-type: none"> 1. The Company selects energy-efficient machines. 2. The Company plans to introduce smart, energy-efficient applications. 	Moderate	Moderate
Physical risks	Immediacy	Unexpected disasters (Flooding, typhoon)	Disasters cause temporary closing of our business offices, equipment damage, and business disruption.	Disaster prevention and BCM drills are conducted periodically.	Low	Moderate

(II) Climate change opportunities:

Type of Opportunities	Climate change opportunities identified	Actions taken to manage the identified climate change opportunities	Possibility of occurrence	Degree of Impact
Resource Efficiency	Reduce water usage and water consumption	Water-saving signs are displayed near water-supply areas, and water-saving devices are installed to effectively control water resources.	Moderate	Moderate
	Reduce electricity usage and power consumption	Energy-saving equipment is used to reduce heat energy and save electricity.	Moderate	Moderate
	Recycle and reuse	1. Each building floor is equipped with recycling bins for resource sorting. 2. All toner cartridges used will be returned to the original manufacturers for recycling. Eco-friendly toner powder is used to prevent pollution and resource wastage.	Moderate	Low
Energy source	Government promulgates energy conservation incentive measures	When retrofitting equipment, the Company applies for energy conservation subsidies, in line with government subsidy policies.	Low	Low
Products and services	Customer trading behavior is shifting toward online trading and mobile trading.	1. Information system efficiency is increased, and customer needs are quickly satisfied. 2. Branch offices reduce hardware investment by streamlining counter services and TV facilities.	Moderate	Moderate
	Develop low-carbon products and services	Green energy ETN is issued to support green industries.	Low	Moderate

Eight. Information Security

Capital Securities has long paid attention to four major issues of information security, business continuity, information services, and personal information protection in order to ensure stakeholder rights and data security. The Company has already received the ISO 27001 (Information Security Management System) international certification in March 2006, the first securities firm in Taiwan to be ISO 27001-certified. Subsequently, we also obtained the BS 25999 Business Continuity Management (BCM) certification in November 2008. In September 2013, the Company converted the version to the intentional standard certification ISO 22301 Business Continuity Management System, which the international standard organization has approved. The Company qualified for the ISO 20000 (Information Service Management System) international certification in December 2009. Following the promulgation of the Enforcement Rules of the Personal Data Protection Act by the Ministry of Justice in October 2012, Capital Group was the first in the industry to receive BS 1001 (Personal Information Protection Management System) international certification in January 2013, becoming the first financial institution in Taiwan to obtain international certification for personal information management with respect to securities, futures, and insurance brokerage/agency services. Furthermore, in January 2013, the Company obtained "BS 10012 Personal Data Protection Certification". In November of the same year, we won the "2013 BSI Award for Excellence in the Management of Personal Information Protection".

To ensure each system's continuous and effective operation, the Company has established the Business Continuity and Information Service Committee, and management review meetings attended by the President and department/division heads are held once semi-annually. At the meeting, attendees discuss and review material matters relating to the Company's management systems; they also communicate and coordinate system affairs with each department, and review and improve existing management systems to strengthen operational efficiency and effectiveness. In addition, comprehensive risk assessment is conducted semi-annually to prepare for the fast-changing financial market and information technologies, evaluate vulnerability, threats, and impacts, and reduce their associated risks.

Each year, for the outsourced personal data processing supplier, an audit is conducted on its control of the information security organization, personnel, physical environment, network communication and business continuity, etc. The supplier is requested to cooperate and improve accordingly. Through the auditing activity, the information security control capability of the supplier is increased, thereby ensuring that the supplier complies with the information security requirements.

To strengthen the competency and knowledge required to be equipped by system operation related personnel, IT Department system personnel establish an annual education training plan based on ISO 27001 and ISO 20000 systems at the end of the year. Such training is aimed at enabling employees to understand system operations and implement them in daily activities. In case of any major information security event, irregular announcements are made to increase the alert of employees. Regarding BS 10012 system, the Compliance and Legal Division conducts education and training on laws and regulations for personal information and new systems. The Company has introduced personal information protection control software, which blocks data when employees print out personal information forms in order to reduce the possibility of information disclosure. Furthermore, employees use computers to access information instead of paper printouts, which can also greatly reduce the environmental impact of printing. For ISO 22301 system, the General Affairs Department cooperates with the external fire department and all units of the Company to perform evacuation drills semi-annually. To prepare for risks of business disruption, the Company organizes remote backup drills semi-annually at a different office location (Dunnan Office Building) according to the stock exchange rehearsal schedule.

Regarding customer personal data protection, the Company protects customer privacy to allow our customers to feel at ease when using the various services provided on Capital Securities website. Only with customer consent will we collect and process personal information. Unless permitted by customers themselves or stipulated by applicable laws, the Company will not disclose personal data to any third party or transfer them for other uses. Our privacy policies cover the security of personal information, cookies application, and self-protection measures. Furthermore, the Company will pay attention to changes in technology, environment, and laws at all time, and update our privacy declaration as needed to implement and protect customer rights to privacy. Customers are welcome to contact the Company through our CS center if they have any problems with this privacy regulation and implementation aspects.

Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues

The Company discloses the risks and impacts of social, environmental, and corporate governance factors on the company's status quo. We also conduct risk assessment and establish risk management policies or strategies.

	Possible Risks	Risk Description	Risk Management Policy or Strategies
Society	Network and Information Security Problems	Information security, business continuity, information services, and personal information protection	<p>(I) The Company has focused on important issues of information security, corporate business continuity, information service and personal data protection, etc. for a long time, and the objective is to protect stakeholders' interests and data security. Following the promulgation of the Enforcement Rules of the Personal Data Protection Act by the Ministry of Justice in October 2012, Capital Group was the first in the industry to receive BS 10012 (Personal Information Protection Management System) international certification in January 2013, becoming the first financial institution in Taiwan to obtain international certification for personal information management with respect to securities, futures, and insurance brokerage/agency services. Furthermore, in January 2013, the Company obtained "BS 10012 Personal Data Protection Certification". In November of the same year, we won the "2013 BSI Award for Excellence in the Management of Personal Information Protection".</p> <p>(II) Regarding information security control, the Company conducts a comprehensive risk assessment semi-annually to prepare for the fast-changing financial market and information technologies, evaluate vulnerability, threats, and impacts, and reduce their associated risks. The Company conducts audits on suppliers annually, focusing specifically on their information security organization, personnel, physical environments, network communications, and business continuity. Suppliers are asked to improve non-conforming matters so as to not only ensure that suppliers comply with information security requirements, but also enhance their information security control capability through inspection activities, And to implement it in the daily operation. If any major information security event occurs,</p>

	Possible Risks	Risk Description	Risk Management Policy or Strategies
			<p>announcement will be made as needed to raise the awareness of employees.</p> <p>(III) Regarding customer personal data protection, the Company protects customer privacy comprehensively in order to allow our customers to feel at ease when using the various services provided on Capital Securities website. Only with customer consent will we collect and process personal information. Unless permitted by customers themselves or stipulated by applicable laws, the Company will not disclose personal data to any third party or transfer them for other uses. Our privacy policies cover the security of personal information, cookies application, and self-protection measures. Furthermore, the Company will pay attention to changes in technology, environment, and laws at all time, and update our privacy declaration as needed to implement and protect customer rights to privacy. Customers are welcome to contact the Company through our CS center if they have any problems with this privacy regulation and implementation aspects. The Compliance and Legal Division conducts education and training on laws and regulations for personal information and new systems. The Company has introduced personal information protection control software, which blocks data when employees print out personal information forms in order to reduce the possibility of information disclosure. Employees use computers to access information, which can greatly reduce the environmental impact of printing.</p> <p>(IV) The Company continuously build a more secure, stable IT operating environment and information security management system to raise its core values and competitiveness and demonstrate our resolve and commitment to our customers and shareholders.</p>

	Possible Risks	Risk Description	Risk Management Policy or Strategies
Society	Operational risks	Scope of risk management includes response to laws and regulatory amendments, market supply and demand, product and raw material prices, production, manufacturing, and product R&D	<p>(I) We convene market forecasting conferences periodically for the following year and periodically prepare budget allocation plans in business plans.</p> <p>(II) Annual performance management indicator KPI system operation is performed annually.</p> <p>(III) Annual report, CSR report, and company website are used periodically to disclose complete information to shareholders.</p> <p>(IV) The Company ensures that the BCM system befits the current business environment by working with the general affairs unit and external fire prevention units to have each department conduct evacuation drills and first aid training semi-annually to simulate emergency disaster scenarios in the event of fire and earthquake, etc. Drills enable employees to understand emergency evacuation routes and relevant evacuation safety knowledge so that when a disaster actually occurs, employees are able to remain calm, which prevents loss of life and properties, and minimize damage and injuries. To prepare for risks of business disruption, the Company organizes remote backup drills every 6 months at a different office location (Dunnan Office Building) according to the stock exchange rehearsal schedule. These drills aim to ensure the timeliness of remote backup initiation and remote operating procedures.</p> <p>(V) To cope with the COVID-19 epidemic, the Company has adopted the following operational measures:</p> <ol style="list-style-type: none"> 1. Remote office. Starting from January 2020, the Company implemented the remote office and information environment planning to cope with the COVID-19 epidemic. Through cross-department meeting discussion and the Company's Zhongxiao and Nanjiang remote office locations and relevant remote office departments were confirmed. At the beginning of April 2020, the remote offices were officially in operation, and relevant departments of the headquarter distributed employees to work at the

	Possible Risks	Risk Description	Risk Management Policy or Strategies
			<p>remote offices. It was until May 2020, when the COVID-19 epidemic status was significantly mitigated, and the Ministry of Health and Welfare also relaxed relevant regulations, the remote office completed their staged mission. Relevant employees at remote offices started to return to work at the headquarter.</p> <p>2. Providing VPN working model. At the end of January 2020, the Company also planned the work from home VPN remote connection office environment to employees that might be under home quarantine or self-health management program. In addition to the purchase of necessary VPN connection equipment and software licenses, the Company also arranged educational training and testing on the home computer VPN software installation and setting for employees of all departments to assist employees in establishing a home VPN use environment completely.</p>
Environment	Physical risks (Unexpected disasters)	Disasters cause temporary closing of our business offices, equipment damage, and business disruption	<p>The Company ensures that the BCM system befits the current business environment by working with the general affairs unit and external fire prevention units to have each department conduct evacuation drills and first aid training semi-annually to simulate emergency disaster scenarios in the event of fire and earthquake, etc. Drills enable employees to understand emergency evacuation routes and relevant evacuation safety knowledge so that when a disaster actually occurs, employees are able to remain calm, which prevents loss of life and properties, and minimize damage and injuries. To prepare for risks of business disruption, the Company organizes remote backup drills every 6 months at a different office location (Dunnan Office Building) according to the stock exchange rehearsal schedule. These drills aim to ensure the timeliness of remote backup initiation and remote operating procedures.</p>
	Transition risks	Government announces energy conservation policies and restrictions	<p>(I) The Company supports policies by introducing various energy-saving measures and buying green environmentally friendly equipment.</p> <p>(II) The Company voluntarily carries out energy-saving and carbon-reduction</p>

	Possible Risks	Risk Description	Risk Management Policy or Strategies
			activities.
		There is a rise in environmental awareness and customer behavior is shifting toward online trading and mobile trading	(I) The Company offers mobile services, which increase user convenience and reduce investment in business offices and office equipment. (II) The Company plans to introduce smart, energy-efficient applications.
		Old machines are inefficient and consume a considerable amount of energy, causing our competitiveness to decline	(I) The Company selects energy-efficient machines. (II) The Company plans to introduce smart, energy-efficient applications.
Corporate governance	Board governance risks	Business integrity (anti-corruption, Bribery)	(I) The Company has “Ethical Corporate Management Best Practice Principles” and “Operational Procedures and Guidelines of Ethical Corporate Management Best Practice” in place. They exist to enforce integrity principles throughout internal management and commercial activities. To establish an ethical, transparent corporate culture, the Company's Ethical Management Committee reviews the company's ethical corporate management status every year, and submits a report periodically in this regard to the Board of Directors. (II) To implement ethical corporate management, the Board of Directors adheres to the Rules and Procedures of Board Meetings and other applicable laws. If any director or a juristic person represented by a director or the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director is an interested party with respect to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting.

	Possible Risks	Risk Description	Risk Management Policy or Strategies
			<p>When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>(III) Annual report, CSR report, and company website are used periodically to disclose complete information to shareholders.</p>
	Financial supervision risks	Anti-money laundering and counter terrorism financing	<p>(I) The Company adheres to government laws and regulations relevant to anti-money laundering and counter terrorism financing. We establish internal control system and implement risk management. Inspections are conducted by independent auditing department, and results are periodically presented to the Board of Directors and Audit Committee.</p> <p>(II) The Company has established Regulations for Implementation of the Whistleblowing System with which it follows to protect the identity and equity of whistleblowers and reward whistleblowers whose report is found to be true.</p>

Concerning the follow-up of general environmental and social performance, the Company does not force department employees to set and achieve goals. Instead, we encourage employees to practice them in daily routine operations and slowly internalize them into voluntary and spontaneous actions. The Company continues to closely monitor CSR issues and development trends, thereby shaping a CSR-embracing culture.

The Company has established the ESG Committee in 2021. The Committee is responsible for implementing and supervising the social, environmental, and governance (ESG). Regarding the ESG issue risk assessment, relevant departments consider the risks and performance of their services with respect to environmental, social and corporate governance (ESG) related issues. For those considered to be material risks by the department heads and the President, such issues are reported in the Company's ESG Committee meeting to inquire the opinions and decisions of the committee members. The Company's ESG Committee reports to the Board of Directors once annually.

GRI Standard Disclosure Item Comparison Table Announced by the Global Reporting Initiative

(Corresponding to the GRI disclosure item materiality index on pages 35~39 of this Report)

GRI Standard Disclosure Item (GRI 2016)	Chapter/Description	Page
GRI 102-1: General Disclosures Name of the organization	About the Report One. About Capital Securities Corporation	1,8
GRI 102-2: General Disclosures Activities, brands, products, and services	One. About Capital Securities Corporation	7-13
GRI 102-3: General Disclosures Location of headquarters	About the Report	1
GRI 102-4: General Disclosures Location of operations	One. About Capital Securities Corporation	7-8
GRI 102-5: General Disclosures Ownership and legal form	One. About Capital Securities Corporation	7-8
GRI 102-6: General Disclosures Markets served	One. About Capital Securities Corporation	7-10
GRI 102-7: General Disclosures Scale of the organization	One. About Capital Securities Corporation Five. Employee Care	7-15, 48
GRI 102-8: General Disclosures Information on employees and other workers	Five. Employee Care	51
GRI 102-9: General Disclosures Supply chain	Seven. Environmental Sustainability	70-71
GRI 102-10: General Disclosures Significant changes to the organization and its supply chain	No major changes	-
GRI 102-11: General Disclosures Precautionary Principle or approach	Two. Corporate Governance	22-24, 28
GRI 102-12: General Disclosures External initiatives	None	-
GRI 102-13: General Disclosures Membership of associations	Two. Corporate Governance	27
GRI 102-14: General Disclosures Statement from senior decision-maker	Message from the Chairman	2-6
GRI 102-16: General Disclosures Values, principles, standards, and norms of behavior	Two. Corporate Governance	25-26
GRI 102-18: General Disclosures Governance structure	Two. Corporate Governance Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	16-18,24, 81
GRI 102-40: General Disclosures List of stakeholder groups	Four. Stakeholder Engagement	32-39
GRI 102-41: General Disclosures Collective bargaining agreements	No group agreement	-
GRI 102-42: General Disclosures Identifying and selecting stakeholders	Four. Stakeholder Engagement	32
GRI 102-43: General Disclosures Approach to stakeholder engagement	Four. Stakeholder Engagement	32-39
GRI 102-44: General Disclosures Key topics and concerns raised	Four. Stakeholder Engagement	32-39
GRI 102-45: General Disclosures Entities included in the consolidated financial statements	One. About Capital Securities Corporation	12
GRI 102-46: General Disclosures Defining report content and topic Boundaries	About the Report Four. Stakeholder Engagement Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	1,32-47 ,81
GRI 102-47: General Disclosures List of material topics	About the Report Four. Stakeholder Engagement Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	1,32-47, 81
GRI 102-48: General Disclosures Restatements of information	No major changes	-
GRI 102-49: General Disclosures Changes in Reporting	No major changes	-

GRI Standard Disclosure Item (GRI 2016)	Chapter/Description	Page
GRI 102-50: General Disclosures Reporting period	About the Report	1
GRI 102-51: General Disclosures Date of most recent report	About the Report	1
GRI 102-52: General Disclosures Reporting Cycle	About the Report	1
GRI 102-53: General Disclosures Contact point for questions regarding the report	About the Report	1
GRI 102-54: General Disclosures Claims of reporting in accordance with the GRI Standards	About the Report	1
GRI 102-55: General Disclosures 2016 GRI content index	GRI Standard Disclosure Item Comparison Table Announced by the Global Reporting Initiative	82-84
GRI 102-56: General Disclosures External Assurance	About the Report	1
Management Approach		
GRI 103-1: General Disclosures Explanation of the material topic and its Boundary	Four. Stakeholder Engagement	32-47
GRI 103-2: General Disclosures The management approach and its components	Four. Stakeholder Engagement Five. Employee Care Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	35-39, 61, 76-81
GRI 103-3: General Disclosures Evaluation of the management approach	Four. Stakeholder Engagement Nine. Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	35-39, 76-81

Topic-specific Disclosures		
(Note: Please refer to pages 35~39 of this Report, and select report specific topic disclosure item from each major topic)		
Economic Performance Disclosure Item		
GRI 201-1: Topic-specific disclosures (2016) Direct economic value generated and distributed	One. About Capital Securities Corporation	12
GRI 201-3: Topic-specific disclosures (2016) Defined benefit Plan obligations and other retirement plans	Five. Employee Care	56
GRI 206-1: Topic-specific disclosures (2016) Legal actions for anti-competitive behavior, anti-trust and monopoly practices action	During the period, the Company is not involved in any legal lawsuits related to anti-competitive practice, anti-trust and anti-monopoly action	-
Environmental Performance Disclosure Item		
GRI 307-1: Topic-specific disclosures (2016) No-compliance with environmental laws and regulations	Seven. Environmental Sustainability	68
Social Performance Disclosure Item: Labor Practices and Decent Work		
GRI 401-2: Topic-specific disclosures (2016) Benefits provided to full-time employees that are not provide to temporary or part-time employees	Five. Employee Care	56
GRI 401-3: Topic-specific disclosures (2016) Parental leave	Five. Employee Care	59
GRI 403-3: Topic-specific disclosures (2018) Occupational health services	Five. Employee Care	48-49
GRI 403-6: Topic-specific disclosures (2018) Promotion of worker Health	Five. Employee Care	56
GRI 403-9: Topic-specific disclosures (2018) Work-related injuries	Five. Employee Care	51
GRI 403-10: Specific Disclosure (2018) Work-related ill health	Five. Employee Care	51
GRI 404-1: Topic-specific disclosures (2016) Average hours of training per year per employee	Five. Employee Care	58-59
GRI 416-2: Topic-specific disclosures (2016) Incidents of non-compliance concerning the health and safety impacts of products and services	During the period, the Company is not subject to any Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417-2: Topic-specific disclosures (2016) Incidents of non-compliance concerning product and service information and labeling	During the period, the Company is not subject to incidents in violation of regulations of product and service information labeling as well as the voluntary specification	-
GRI 417-3: Topic-specific disclosures (2016) Incidents of non-compliance concerning marketing communications	During the period, the Company is not subject to incidents in violation of relevant marketing and promotion (including advertisements, promotions, and sponsorships) regulations and voluntary rules	-
GRI 418-1: Topic-specific disclosures (2016) Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the period, the Company is not subject to substantiated complaints concerning breaches of customer privacy and losses of customer data	-
GRI 419-1: Topic-specific disclosures (2016) Non-compliance with laws and regulations in the social and economic area	Two. Corporate Governance	28

INDEPENDENT ASSURANCE OPINION STATEMENT

Capital Securities Corporation 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Capital Securities Corporation (hereafter referred to as CSC in this statement) and has no financial interest in the operation of CSC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CSC only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CSC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CSC only.

Scope

The scope of engagement agreed upon with CSC includes the followings:

1. The assurance scope is consistent with the description of Capital Securities Corporation 2020 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the CSC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Capital Securities Corporation 2020 Corporate Social Responsibility Report provides a fair view of the CSC CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CSC and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate CSC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CSC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to CSC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 5 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that CSC has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CSC's inclusivity issues.

Materiality

CSC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CSC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CSC's management and performance. In our professional opinion the report covers the CSC's material issues.

Responsiveness

CSC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CSC is developed and continually provides the opportunity to further enhance CSC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CSC's responsiveness issues.

Impact

CSC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CSC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the CSC's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

CSC provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the CSC's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the CSC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



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Statement No: SRA-TW-2020043
2021-06-09

CAPITAL SECURITIES CORP.

Chairman Alex Jiunn-Chih, Wang

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