



2021
Capital Securities Corporation

ESG REPORT

Notice to readers

The Chinese version shall prevail. Please refer to the Chinese version for the corporate social responsibility assurance report.

About the Report

This is the ESG Report of Capital Securities Corporation (hereinafter referred to as Capital Securities), which reveals the 2021 environmental protection (E), social responsibility (S), and corporate governance (G) related issues of the Company. The Report is compiled in both Chinese and English versions following the core options of the GRI Standards, adopting the sustainability indicators of the Sustainability Accounting Standard Board (SASB), and the framework of the Task Force on Climate related Financial Disclosures (TCFD), and is available for download on the corporate website.

Reporting Period and Cycle

- ✧ The information revealed in the ESG Report is dated between January 1, 2021 to December 31, 2021. The information revealed in the financial statements are dated as the same period as the aforementioned ESG Report.
- ✧ In total, Capital Securities issued eight CSR Reports, which have been renamed as the ESG Report from 2021 onwards, and will publish the Report regularly once per year. The next ESG Report is expected to be published in June 2023.

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Reporting Scope and Boundary

Category	Reporting Boundary	Boundary differences between the Report and the financial statements	External Assurance/Confirmation
Environmental, Social and Corporate Governance	The content covers the operations and services of Capital Securities and its subsidiaries, Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, and CSC Venture Capital, CSC Capital Management, excluding Capital Futures and its subsidiaries (Capital Futures and its subsidiaries will issue a separate ESG Report) in Taiwan.	Capital Securities and its subsidiaries, Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, and CSC Venture Capital, excluding overseas subsidiaries, futures and their subsidiaries.	Ernst & Young Global Limited issued a CPA's confirmation report.
Financial Information	Capital Securities.	Capital Securities' parent company only financial statements.	The financial statements were audited and certified by KPMG Taiwan.

The CPAs have no equity or inter-management relationship with the Company and have been engaged only to perform external assurance on financial reports and ESG Report.

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Chairman's Philosophy

2021 was a turning point for the world in response to climate change. The United Nations held the Climate Change Conferences, and countries around the world reached an agreement on carbon reduction to promote measures on greenhouse gas emissions reduction. With regards to this, Taiwan is actively responding by amending its laws, promulgating policies, and implementing control measures. The FSC (Financial Supervisory Commission, R.O.C.) has implemented the “Corporate Governance 3.0-Sustainable Development Blueprint” and the “Sustainable Development Roadmap for Listed Companies,” requiring not only the board of directors but also all units of the companies listed on TWSE and TPEX to seriously address sustainable development issues. It is in the hope that the influence of the financial services industry will gradually lead industries or companies with high greenhouse gas emissions to the path of sustainable development and green transformation.

The 2021 Annual Report of the Company, “CSR (Corporate Social Responsibility) Report”, has been renamed as “ESG (Environmental, Social, and Corporate Governance) Report”. The action of renaming symbolizes that the Company not only highlights the communication with stakeholders, but also develops the three major components of environmental protection (E), social responsibility (S), and corporate governance (G) from the perspective of its own sustainable development in a balanced and diversified manner.

In addition, the Company promotes the following measures in response to domestic and international climate change issues:

1. With reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Company has established functional task forces within the ESG Committee to control climate change issues from risk management, business commodities and daily operations, with the Board of Directors as the highest governing unit. The Board of Directors regularly monitors the effectiveness of the work and adjusts the climate change response strategy. Additionally, the Company discloses the relevant implementation contents and achievements in the chapter concerning climate change in the 2021 ESG Report, making it a significant breakthrough from the previous publications. Besides the disclosure of information in the report, the Company also internalizes climate change issues into its internal control process in a systematic, logical and complete manner, with the intention to thoroughly implement the concept.
2. To prepare for greenhouse gas inventories, the Company has begun to collect information, train personnel and gradually build an internal management system. In 2022, the operations of greenhouse gas inventory will be promoted, and it is expected that in 2024 the Company will obtain international verification from third-party institutions.

In terms of social responsibility, the Company focused on financial inclusion and sustainable finance in 2021. For financial inclusion, the Company launched an interactive smart app by combining intelligent AI and big data analysis technology while, with empathy, acknowledging the needs of disadvantaged groups and taking

care of financial consumers' rights and interests. With regards to sustainable finance, the Company has been able to grasp the opportunities and understood the customer type precisely through digital technology, such as online counter service, Capital Master Account, GOODi (an intelligent wealth management robot), and one-account-for-all-products platform, thereby providing appropriate services to better meet customer needs. In this regard, the Company achieved fruitful results in 2021 by reaching the milestone of obtaining three patents, including "New User Vision", "Key Intelligent Manufacturing", and "Smart Interpretation".

Lastly, in respect to corporate governance, the Company fulfills its responsibilities in terms of risk management, regulatory compliance, information security, and personal information protection in order to meet the expectations of financial consumers and complying with the requirements stipulated by the competent authority. By growing steadily, the Company establishes a long-term partnership for mutual growth while gaining reassurance and trust from all stakeholders.

2022 will still be a year full of opportunities and challenges. The Company will actively respond to its goals of sustainable development, upholding the concept of sound management, strengthening the integration of financial group resources, gradually implementing the vision and concept of environmental protection (E), social responsibility (S), and corporate governance (G), with an aim to contribute to our home through our utmost efforts and sincerity via practical actions.

I. Sustainability Strategy

Part of Capital Securities' name in Chinese means "group benefits," which represents a prioritization of interests of the public. The Company hopes to working together for a better future, not only for the Company itself, but also for the sustainable development of all stakeholder groups.

To this end, Capital Securities, through its English name, "CAPITAL," pledges its environmental protection, social responsibility and corporate governance strategies and codes of conduct:

"Commitment"

The rights and interests of customers is seen as the priority of Capital Securities, following by the rights and interest of our employees; we will fulfill the promises we have made to both our customers and employees.

"Ambition"

Capital Securities has a firm commitment to the sustainable development in terms of environmental protection, social responsibility and corporate governance.

"Planning, Performance, Profit, Professionalism, Passion"

Planning, performance, profit, professionalism, and passion are set as the credos for the sustainable development of Capital Securities.

"Integrity, Innovation"

Capital Securities makes decisions and implements sustainable development issues by upholding honesty, integrity, and ethics.

"Teamwork"

Capital Securities is committed to working together with all stakeholder groups to maximize the overall effectiveness of our business in order to achieve a holistic and integrated vision of sustainable development and shared benefits.

"Assiduity"

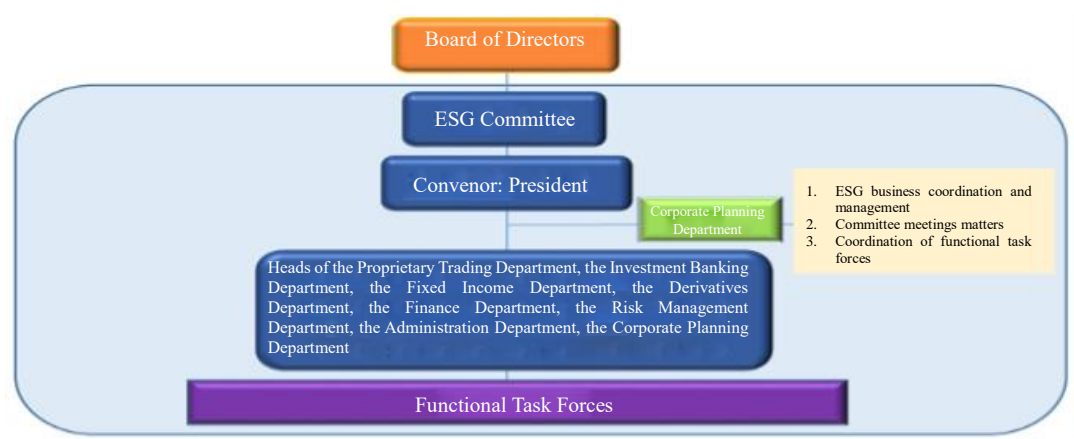
Capital Securities will continue to pursue environmental protection, social responsibility and corporate governance excellence with diligence and perseverance.

"Leadership"

Capital Securities will gain a clear understanding of the trends of laws and issues related to sustainable development, formulate strategies and development goals, and implement them thoroughly, and aspire to be the functional leader of sustainable development in the market.

Looking into the future, the Company will follow domestic and international trends of sustainable development, uphold the above strategies and action guidelines, pursue innovation and changes, achieve innovative development, expand the business scope of sustainable finance, financial inclusion and digital finance, develop green financial products, provide assistance and consultation to society, market and customers, and jointly move towards ESG sustainable development goals

A. ESG Committee



The ESG Committee of Capital Securities was established in 2021, with the President as the convener. The committee members consist of the heads of the Proprietary Trading Department, the Investment Banking Department, the Fixed Income Department, the Derivatives Department, the Finance Department, the Risk Management Department, the Administration Department, and the Corporate Planning Department. The Corporate Planning Department is the coordinating unit and has established functional task forces that will be adjusted or added in the future depending on the Company’s needs.

The ESG Committee, in which the President and members jointly confirm the Company’s sustainable development strategies and action plans, agree on management policies and short-, medium- and long-term goals, and regularly supervises the implementation status. Each committee member and the Corporate Planning Department coordinate the planning and the promotion of environmental protection (E), social responsibility (S), and corporate governance (G) related issues, and communicate and coordinate with the functional task forces and the Company’s operating departments.

The Corporate Planning Department and the functional task forces collect information on environmental protection (E), social responsibility (S), and corporate governance (G) issues concerning customers, markets, government agencies, etc. both domestically and internationally. The information is used as reference for the formulation of the management policies, short-, medium-, and long-term goals, and the corresponding action plans. Subsequently, these action plans are submitted to the committee for implementation as agreed and progress reports.

The ESG Committee of Capital Securities reports to the Board of Directors at least once a year on sustainable development strategies, action plans, and information on environmental protection (E), social responsibility (S), and corporate governance (G) related issues, results concerning the greenhouse gas inventory and the procurement of green power. Such an act highlights the Board of Directors as the highest governing unit and risk management unit of Capital Securities.

B. Materiality Identification

An Approach to Materiality Issues	
Identification	Based on the five principles of the AA1000 Stakeholder Engagement Standard, we identify six categories of stakeholders and obtain their opinions and ideas through various communication channels on different frequencies.
Gathering information for analysis	<ul style="list-style-type: none"> We gather a wide range of environmental protection (E), social responsibility (S), and corporate governance (G) related issues based on global and industry standards (e.g., GRI, SASB, TCFD), external experts, and industry characteristics, and set altogether 25 issues of concern for 2021. A questionnaire was used to collect opinions from stakeholders on the issues of concern, and a total of 26 responses were received.
Analysis	<ul style="list-style-type: none"> We compile the views of stakeholders on the issues of concern and use them as a reference for the management to propose the impact level of each issue on the Company. The Company of the Company uses the evaluation form to express its opinion on the impact level of each issue on the Company.
Confirmation	Based on the two dimensions of “Level of Stakeholder Concern” and “Degree of Corporate Impact”, a matrix methodology is adopted for analysis. As a result, a total of 20 materiality issues were agreed upon based on domestic and international trends.
Communication and Review	The ESG Report focuses on 20 materiality issues, reveals the management policies and performance targets in the relevant chapters, and presents future plans and goals.

(1) Stakeholder Groups

Capital Securities identifies customers, shareholders/investors, employees, suppliers, public interest groups, and government agencies as stakeholders based on the five principles of the AA1000 SES (Stakeholder Engagement Standard, 2015 Edition; dependence, influence, level of concern, responsibility, and diversity) while referring to the stakeholders listed by the industry.

(2) Rankings of Materiality Issues

Capital Securities gathered a wide range of environmental protection (E), social responsibility (S), and corporate governance (G) related issues based on global and industry standards (e.g., GRI, SASB, TCFD), external experts, and industry characteristics, and altogether jointly discusses and determined 38 issues of concern (listed below) for FY2021. These issues of concern were made into a Chinese-language questionnaire and distributed to stakeholders.

1. Materiality Issues List

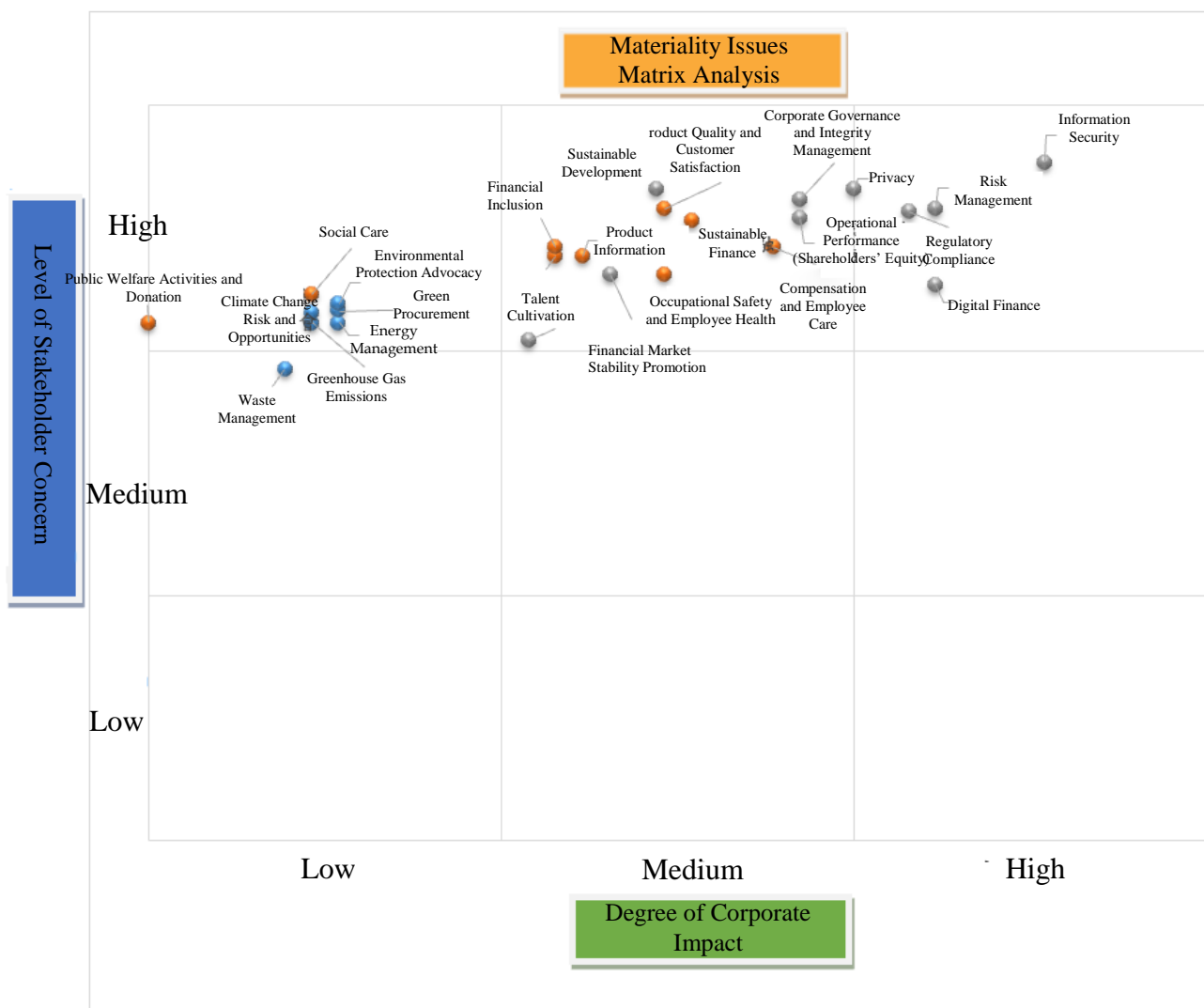
Issues of Concern List				
Environmental	Social		Corporate Governance	
Energy Management	Talent Cultivation	Sustainable Finance	Sustainable Development	Information Security
Greenhouse Gas Emissions	Occupational Safety and Employee Health	Public Welfare Activities and Donation	Corporate Governance and Integrity Management	Suppliers
Waste Management	Compensation and Employee Care	Product Information	Risk Management	Financial Market Stability Promotion
Climate Change Risk and Opportunities	Social Care		Operational Performance (Shareholders' Equity)	Digital Finance

Green Procurement	Service Quality and Customer Satisfaction		Regulatory Compliance	
Environmental Protection Advocacy	Financial Inclusion		Privacy	

The level of concern on these issues was determined by the results of a physical questionnaire sent and filled out by stakeholders, and a total of 26 responses were received. As for the degree of corporate impact assessment, the executive vice president, senior vice presidents and other heads of each department compiled their opinions by referring to the results of the questionnaire filled out by the stakeholders as well as filling out the assessment form, and a total of 26 responses were received.

2. Materiality Issues Matrix Analysis

Capital Securities ranks the materiality issues based on the results of “Level of Stakeholder Concern” and “Degree of Corporate Impact” using the matrix analysis methodology. In order to ensure stakeholders’ equity, as well as to continuously exert positive impact on the industry, by coordinating sustainable development concerns and decided upon by functional task forces, the Company responds to the following materiality issues in a positive manner.



3. Materiality Issues Ranking Results

Category	Code	Issue	Materiality Ranking	Remarks
Corporate Governance	G-7	Information Security	1	
Corporate Governance	G-3	Risk Management	2	
Corporate Governance	G-5	Regulatory Compliance	2	
Corporate Governance	G-10	Digital Finance	4	
Corporate Governance	G-6	Privacy	5	
Corporate Governance	G-2	Corporate Governance and Integrity Management	6	
Corporate Governance	G-4	Operational Performance (Shareholders' Equity)	7	
Social	S-3	Compensation and Employee Care	8	
Social	S-7	Sustainable Finance	9	
Social	S-5	Service Quality and Customer Satisfaction	10	
Corporate Governance	G-1	Sustainable Development	11	
Social	S-2	Occupational Safety and Employee Health	12	
Corporate Governance	G-9	Financial Market Stability Promotion	13	
Social	S-9	Product Information	14	
Social	S-6	Financial Inclusion	15	
Social	S-1	Talent Cultivation	16	
Corporate Governance	G-8	Suppliers	17	
Environmental	E-1	Energy Management	18	Selected based on domestic and international trends
Environmental	E-4	Climate Change Risk and Opportunities	19	
Environmental	E-2	Greenhouse Gas Emissions	20	

C. Materiality Issues Comparison

The information in the following table is ordered based on the ranking of materiality issues, with each corresponds to GRI Standards, SASB (Sustainability Accounting Standards Board), and TCFD recommendations.

No.	Item	Indicator	Stakeholder Group					Materiality Description
			Capital Securities	External				
				Customers	Shareholders/ Investors	Suppliers	Employees	
1	Corporate Governance and Integrity Management	GRI 205	Direct	Business relationship	Business relationship	Business relationship	Indirect	In order to comply with regulatory requirements, Capital Securities actively promotes the concept of integrity and regards the security of corporate information and customer privacy as its responsibility. With all of these taken into consideration, the Company identifies and responds to the impact of corporate governance.
2	Information Security	Custom topic	Direct	Business relationship	Business relationship	Business relationship	Indirect	
3	Privacy	GRI418	Direct	Business relationship	Business relationship	Business relationship	Indirect	
4	Regulatory Compliance	GRI307, GRI419	Direct	Business relationship	Business relationship	Business relationship	Indirect	
5	Risk Management	Custom topic	Direct	Business relationship	Business relationship	Business relationship	Indirect	Capital Securities establishes a sound governance framework to identify and control risks, and actively responds to various impacts to ensure the Company’s sustainable operation. The Company also identifies and responds to impacts on the Company by promoting the financial market stability and fulfilling the expectations of all stakeholders.
6	Operational Performance (Shareholders’ Equity)	GRI201	Direct	Business relationship	Business relationship	Business relationship	Indirect	
7	Sustainable Development	Custom topic	Direct	Business relationship	Business relationship	Business relationship	Indirect	
8	Financial Market Stability Promotion	Custom topic	Direct	Business relationship	Business relationship	-	-	
9	Digital Finance	Custom topic	Direct	Business relationship	Business relationship	Business relationship	-	Through digitization, Capital Securities develops sustainable innovative technologies and services to break through customer expectations and

No.	Item	Indicator	Stakeholder Group					Materiality Description
			Capital Securities	External				
				Customers	Shareholders/ Investors	Suppliers	Employees	
								improve the Company's attitude so as to identify and respond to impacts.
10	Compensation and Employee Care	GRI401, GRI406	Direct	-	Business relationship	-	Direct	Capital Securities' operations are driven by its employees so it
11	Talent Cultivation	GRI404	Direct	-	-	-	Indirect	has adopted a reasonable and
12	Occupational Safety and Employee Health	GRI403	Direct	-	Business relationship	-	Indirect	transparent compensation system to take good care of its employees, to perfect talent cultivation and promotion scheme, and to create a safe and healthy workplace so as to identify and respond to impacts.
13	Sustainable Finance	Custom topic	Direct	Business relationship	Business relationship	-	Indirect	Capital Securities will continue to innovate and actively promote ESG (Environmental protection, social responsibility and Corporate Governance) related financial products and services, with an aim to encourage, assist and facilitate customers' support and transformation in environmental and social responsibility so as to identify and respond to impacts.
14	Product Quality and Customer Satisfaction	Custom topic	Direct	Business relationship	Business relationship	-	Indirect	Capital Securities is responsible for the complete disclosure of information on its products and services. With persistence in

No.	Item	Indicator	Stakeholder Group					Materiality Description
			Capital Securities	External				
				Customers	Shareholders/ Investors	Suppliers	Employees	
15	Product Information	GRI417	Direct	Business relationship	-	-	-	regulatory compliance and self-improvement, the Company insists on high-quality services, customers’ rights and interests protection and continues to be a trusted and satisfied partner for customers so as to identify and respond to impacts.
16	Financial Inclusion	Custom topic	Direct	Business relationship	Business relationship	-	Indirect	Capital Securities’ business development strategy is to enable the public to understand, access and use financial products and services universally and conveniently in order to identify and respond to impacts.
17	Suppliers	GRI308, GRI414	Direct	-	-	Indirect / Business relationship	-	Suppliers are our key partners. Capital Securities intends to adopt the concept of sustainable development as a strategy, and actively counsels suppliers on assessing and assisting in environmental protection, social responsibility and corporate governance-related issues so as to identify and respond to impacts.
18	Energy Management	GRI302	Direct	Business relationship	Indirect	Business relationship	Indirect	Climate change is the focus of sustainable development to the Company; thus, it invests resources and manpower to reduce energy consumption and greenhouse gas emissions so as to identify the climate change risks and
19	Climate Change Risk and Opportunities	GRI201, TCFD	Direct	Business relationship	Indirect	Business relationship	Indirect	
20	Greenhouse Gas Emissions	GRI305	Direct	Business relationship	Indirect	Business relationship	Indirect	

No.	Item	Indicator	Stakeholder Group					Materiality Description
			Capital Securities	External				
				Customers	Shareholders/ Investors	Suppliers	Employees	
								respond to the impacts.

Note: The GRI Standards specify three levels of involvement in describing the impact boundary of a particular GRI topic and in assessing the relevance of these topics to key stakeholders: whether the topic directly contributes to the impact, whether the topic contributes to the impact together with other groups, or whether the topic is related to the impact through their business relationships.

D. Stakeholder Engagement

In order to set a model for the industry and to take into account stakeholders' equity, Capital Securities responds, formulates and implements action plans through various communication channels, with the intention to achieve the goal of sustainable development by emphasizing the issues and frameworks related to the environmental protection (E), social responsibility (S) and corporate governance (G).

The Company continues to communicate with customers, shareholders/investors, employees, suppliers, public interest groups, and government agencies to collect opinions from and understand the expectations of all stakeholders. All of these serve as an important reference for the Company's motivation and goals for continuous improvement, as well as for the formulation of strategies and action plans, and for the timely disclosure of corporate information.

The methods and channels of communication between Capital Securities and its stakeholders are shown in the table below, while the responses and management policies on the relevant materiality topics are described in each chapter.

Stakeholders	Corresponding Target	Issues of Concern	Communication Methods	Communication Frequency
Employees	All the employees of Capital Securities	Compensation and Employee Care Talent Cultivation Occupational Safety and Employee Health	Employee Welfare Committee meetings Labor-Management meetings Grievance & feedback mailbox Employee grievances and feedback communication channels Employee education and training	Occasionally Quarterly Whenever necessary Whenever necessary Occasionally
Customers	Main business customers	Service Quality and Customer Satisfaction Product Information Financial Inclusion Risk Management Information Security Privacy Digital Finance	Corporate website Client visits Business unit contact person Senior executive mutual visits Business meetings Telephone, email or other contact channels and applications on various carriers	Whenever necessary Occasionally Whenever necessary At least once annually At least once annually Whenever necessary

Stakeholders	Corresponding Target	Issues of Concern	Communication Methods	Communication Frequency
Shareholders/Investors	Company shareholders Other investors	Operational Performance (Shareholders' Equity) Sustainable Development Regulatory Compliance Information Security Risk Management Financial Market Stability Promotion	Market Observation Post System (MOPS) Investor conferences/Forums Stakeholder zone on the corporate website Shareholders' meetings Telephone, email or other contact channels Mutual visits or business meetings	Whenever necessary At least four times annually Whenever necessary At least once annually Whenever necessary Occasionally
Suppliers	Providers of equipment or services for Capital Securities	Corporate Governance and Integrity Management Regulatory Compliance Risk Management Information Security Suppliers	Purchasing department contact person Integrity management channel	Whenever necessary Whenever necessary
Government Agencies	Local government agencies or business-led agencies	Greenhouse Gas Emissions Energy Management Climate Change Risk and Opportunities Sustainable Finance Information Security Privacy	Official documents Competent authority forums Trade association discussions Corporate website	Occasionally Occasionally Occasionally Whenever necessary

E. Sustainability Strategy and Short-, Mid-, and Long-term Goals

Dimension	Key Strategy/Item	Short-term Goal (2022)	Mid-term Goal (2025)	Long-term Goal (2030)
Environmental	Moving toward zero carbon emission	Prepare for GHG emission reporting and verification.	1. GHG emission reporting and verification. 2. Reduce carbon emissions by 2% compared to the base year.	1. GHG emission reporting and verification 2. Reduce carbon emissions by 10% compared to the base year.
Social	Employee-oriented	1. Close 100% of employee grievance cases. 2. Zero occupational injury accidents reported (excluding commuting accidents).	1. Close 100% of employee grievance cases. 2. Zero occupational injury accidents reported (excluding commuting accidents).	1. Close 100% of employee grievance cases. 2. Zero occupational injury accidents reported (excluding commuting accidents).
	Protecting customers' rights and interests as our belief	1. Score 88 for customer satisfaction.	1. Score 90 for customer satisfaction.	1. Score 92 for customer satisfaction.
	Promoting the spirit of financial inclusion	Be ranked as one of the top 25% companies for the assessment based on the Principle for Financial Service Industries to Treat Clients Fairly.	Be ranked as one of the top 25% companies for the assessment based on the Principle for Financial Service Industries to Treat Clients Fairly.	Be ranked as one of the top 25% companies for the assessment based on the Principle for Financial Service Industries to Treat Clients Fairly.
	Implementing sustainable finance in depth	Research and discuss sustainable services/products or invest in sustainable services/products	Research and discuss sustainable services/products or invest in sustainable services/products	Research and discuss sustainable services/products or invest in sustainable services/products
Corporate Governance	Moving toward corporate sustainable management	1. Maintain profitability in business. 2. The completion rate of corporate integrity education and training reaches 100%.	1. Maintain profitability in business. 2. The completion rate of corporate integrity education and training reaches 100%.	1. Maintain profitability in business. 2. The completion rate of corporate integrity education and training reaches 100%.
	Regulatory Compliance	Zero penalty imposed by government agencies.	Zero penalty imposed by government agencies.	Zero penalty imposed by government agencies.
Suppliers	Working together on sustainability.	Suppliers to sign the Sustainable Development Best Practice Principles	Include environmental, social and corporate governance in supplier assessments	Include environmental, social and corporate governance in supplier assessments

II. Company Profile

Founded in 1988, Capital Securities has evolved into an international integrated securities firm providing a full range of financial services, including brokerage, proprietary trading, underwriting, registrar agency, bonds, derivatives and wealth management services to domestic and foreign corporations as well as the general investment public.

The Company also has several affiliated companies including Capital Futures Corporation (hereinafter referred to as Capital Futures), Capital Investment Management Corporation (hereinafter referred to as Capital Investment Management), Capital Insurance Advisory Corporation (hereinafter referred to as Capital Insurance Advisory), CSC Venture Capital Corporation (hereinafter referred to as CSC Venture Capital), and CSC Capital Management Corporation (hereinafter referred to as CSC Capital).

In addition to its business locations throughout Taiwan (please refer to the corporate website for details), Capital Securities has also established service offices in Hong Kong, Shanghai, and other financial centers. The Company is moving toward the goal of becoming an international investment bank.

Capital Securities has been upholding its customer care philosophy of “Capital Care” and “Pursuit of Public’s Interest.” In recent years, the Company has been actively responding to national policies for the promotion of sustainable finance, financial inclusion, and sustainable development by incorporating them in products, services, and customer consultation..

1. Organization type: Listed company on the Taiwan Stock Exchange Corporate limited by shares (Securities No.: 6005)
2. Primary business operation: Brokerage, propriety trading, underwriting, registrar agency, bonds, derivatives, wealth management.
3. Main service markets: Taiwan, China; moving toward the international market in the future.
4. Main customer type: Domestic and foreign corporations as well as the general investment public.
5. Paid-in capital: NT\$21.709 billion
6. Headquarters: Taipei, Taiwan
7. Total number of employees: 2,002 as of December 31, 2021.

A. Business Strategy and Brand Management

With an operation system of professional management and division of responsibilities, Capital Securities is staffed with abundant financial professionals in securities management and has developed its business in a balanced manner with a strong operational strength. In addition to physical service locations, the Company has also established a comprehensive system for making transactions, including trading via different methods such as Internet and voice message, and via different carriers such as mobile phones and computers. Such a system meets customers’ needs for trading spots, futures, warrants, as well as strategic trading and wealth management

(trust products).

The corporate website provides an introduction to each of its businesses and affiliated companies' websites, as well as the telephone numbers and email addresses of its customer service units. It is with the aim to allow customers to communicate with the Company at any time and from anywhere for the relevant business information and services so as to increase customer satisfaction.

All business operations follow the regulations of the competent authority and the relevant norms of the industry. Upholding the principle of equal and mutually beneficial transactions with customers, the business unit has established various procedures or regulations for understanding customers, evaluating products, protecting customers' rights and interests, and setting up standard practices for salespersons, and performing KYP and KYC checks to provide products and services suitable for customers. Furthermore, the Company conducts marketing and advertising in accordance with the laws and regulations set forth by the competent authority. In the event of a transaction dispute or litigation, the Company has established the "Business Dispute Handling Guidelines" and the "Customer Fair Treatment Guidelines" as the procedures for responding to such situation in order to protect the rights and interests of consumers. Lastly, the Company has established an internal control mechanism in accordance with relevant laws and regulations, and implemented the principles of protection, confidentiality and security of customer information.

(1) Scope of Business

Business Type	Description
Brokerage	Our service locations are located in major cities of Taiwan. In addition to securities trading in the TAIEX and TAISDAQ markets, we also offer credit transactions of margin purchase and short sale, consigned trading of index/stock futures, options, foreign securities and structured products denominated in NT dollars, lending of funds for unrestricted purposes, and one-account-for-all-products platform, which provides customers with a more flexible way of using their funds.
Propriety Trading	<ol style="list-style-type: none">1. Our traders have years of experience in research and trading.2. 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	<ol style="list-style-type: none">1. Our Fixed Income Department assists fund seekers and investors with fundraising in interest rate-related products, investment consulting, and financial management consulting.2. The business scope of the Department covers the primary and secondary markets. Our clients include a comprehensive range of state-owned enterprises, such as Taiwan Power Company, China Steel Corporation, and CPC Corporation as well as large private enterprises such as Formosa Plastics Group, Evergreen Group, Far Eastern Group, Hon Hai Precision, Yang Ming Marine Transport Corporation, TECO Electric & Machinery Co. Ltd., China Airline, TSMC, and UMC.3. Regarding the secondary market: The Department actively offers quotation services for government bonds, corporate bonds, and convertible bonds, and provides advisory services on products and overseas/domestic conditional trading. Meanwhile, it also assists clients in appropriate financial planning so as to deepen and widen its own client pool.

Derivatives	<ol style="list-style-type: none"> 1. The Derivatives Department engages in the core business activity of issuing warrants, and adopts its own advanced trading systems to continuously optimize operational performances and risk management. 2. In addition, the Department responds to changes in trading systems and markets through continuous research and formulation of innovative logics on quotation. 3. As for financial products, the Department actively offers a wide range of products to satisfy the diverse investment needs of our customers.
Underwriting and Financial Advisory	<ol style="list-style-type: none"> 1. IPO (Initial Public Offerings): Investment Banking Department aims to form stable and long-term partnerships with our clients, and assists them with listing applications and success to IPO. <ol style="list-style-type: none"> (a) Assist enterprises in public offerings, TWSE listing, and TPEX (OTC) listing. (b) Assist overseas enterprises listing on TWSE or TPEX. 2. SPO (Secondary Public Offering): In response to internationalization and diversification of fundraising channels and strategies of corporate financial operations, 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. <ol style="list-style-type: none"> (a) Plan and capital raise of common shares, preferred shares, or convertible bonds. (b) Plan and capital raise in oversea 3. Financial Advisory: Mergers and Acquisitions, restructuring, disposal, capitalization planning, valuation, privatization of state-owned enterprises.
Registrar Agency	<ol style="list-style-type: none"> 1. The principal development goals of Registrar Agency Department are to provide clients with the most comprehensive and professional advices as well as the best registrar service arrangement. Registrar Agency Department has professionals with significant legal background and practical experience to provide issuers with high value-added professional services. 2. We are actively expanding the business scope towards professional, customized, fully-automated online information service, and internationalized registrar services.
Wealth Management	By offering the best investment portfolio consisting of different product combinations that meet the immediate needs of clients, the Wealth Management 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.

1. Product Operating Ratio for the Last Three Years

Unit: NT\$1,000

Year	2021		2020		2019	
Product Category	Amount	%	Amount	%	Amount	%
Brokerage	7,824,703	72%	4,665,261	63%	3,331,720	57%
Propriety Trading	2,732,442	25%	2,240,809	31%	2,184,733	37%
Underwriting	382,153	3%	461,664	6%	369,509	6%
Total	10,939,298	100%	7,367,734	100%	5,885,962	100%

2. New products to be developed

- (1) Combine sub-brokerage financing, foreign-currency securities business, foreign-currency one-account-for-all-products platform, and US stock market live updates to maximize the sub-brokerage business so as to further grasp the flow of customers' foreign currency.
- (2) Increase the issuance of diversified derivatives (i.e., ELN/PGN/OTC option) to enhance business growth and profitability channels.
- (3) Provide digital application services (API, Application Programming Interface) and high-frequency trading services, integrate securities and futures smart order services, stabilize system quality, and attract clients who mainly focus on trading using applications as well as high-frequency trading to strengthen the market share and profitability of our brokerage

business.

- (4) Establish a securities lending center to maximize the use of the source of securities and increase the Company's profitability.
- (5) Launch fixed-rate and fixed-stock business for Taiwan stock and U.S. stock to attract young customers.
- (6) Continue to massively optimize digitalization, and further implement digital transformation of partial business: brokerage business and investment advisory business.

3. Future Development Direction and Prospects

With the diversification and opening of the market, new financial products have been introduced. Additionally, technology-based finance has enriched the investment channels and investment products for investors with a full range of financial management. The securities industry utilizes its own business strengths or regional development niches to effectively leverage its asset allocation and risk control capabilities. Subsequently, it has built a differentiated competitive advantage and transformed it into a profit-generating business model.

Capital Securities will continue to devote itself to the development of FinTech services and aspire to become the Tesla of the securities industry. The act starts with the self-developed "Happy Trade" order placement app, which creates more diversified intelligent trading services and becomes an exclusive piece of trading service software for users. Recently, the Company has been committed to building a data infrastructure and has successfully obtained a number of patents. In the future, the Company will expand its data team to continue deepening data analysis research, which will enable the users to enjoy more personalized products which meet human needs. It is with the aim to reward customers' high recognition of Capital Securities, and further becomes the best brand of digital financial services in the eyes of investors.

(2) Market Overview

1. Market Share Overview in 2021

Ranking	Brokerage Trading Volume		Financing Balance	
	Securities Company	Market Share	Securities Company	Market Share
1	Yuanta	13.24%	Yuanta	15.51%
2	KGI	10.78%	KGI	7.93%
3	Fubon	6.18%	SinoPac	6.44%
4	SinoPac	4.89%	Capital Securities	5.73%
5	JPMorgan Chase	4.30%	Fubon	5.58%
6	Capital Securities	4.22%	MasterLink	5.46%
7	MasterLink	3.64%	Mega	5.38%
8	Cathay United	3.57%	Uni-President	4.98%
9	JihSun	3.43%	Hua Nan	4.73%
10	Hua Nan	3.25%	JihSun	4.45%

2. Demand and Supply Situation

With the increased volatility of Taiwan's stock market in 2022, short-swing trading, the duties band holding or mid-to-long-term stock saving all come with their own advantages and

disadvantages. Additionally, the volatility of the stock market continues to increase the demand for trading and investment services. In February 2022, the balance of the securities transfer deposit was NT\$3,188.9 billion, with stable capital momentum and high willingness of investment.

In the future, Capital Securities will actively develop one-stop financial services, online finance, and online marketing, etc. to provide customers with comprehensive investment and financial services by leveraging the power of emerging technologies and innovative business models.

3. Favorable and Unfavorable Factors of Development Prospects

Favorable factors

- (1) Balanced development of brokerage, corporate finance, and new financial products.
- (2) Introduction of online finance and financial specialist strategies.
- (3) Comprehensive and high-quality research and investment services.

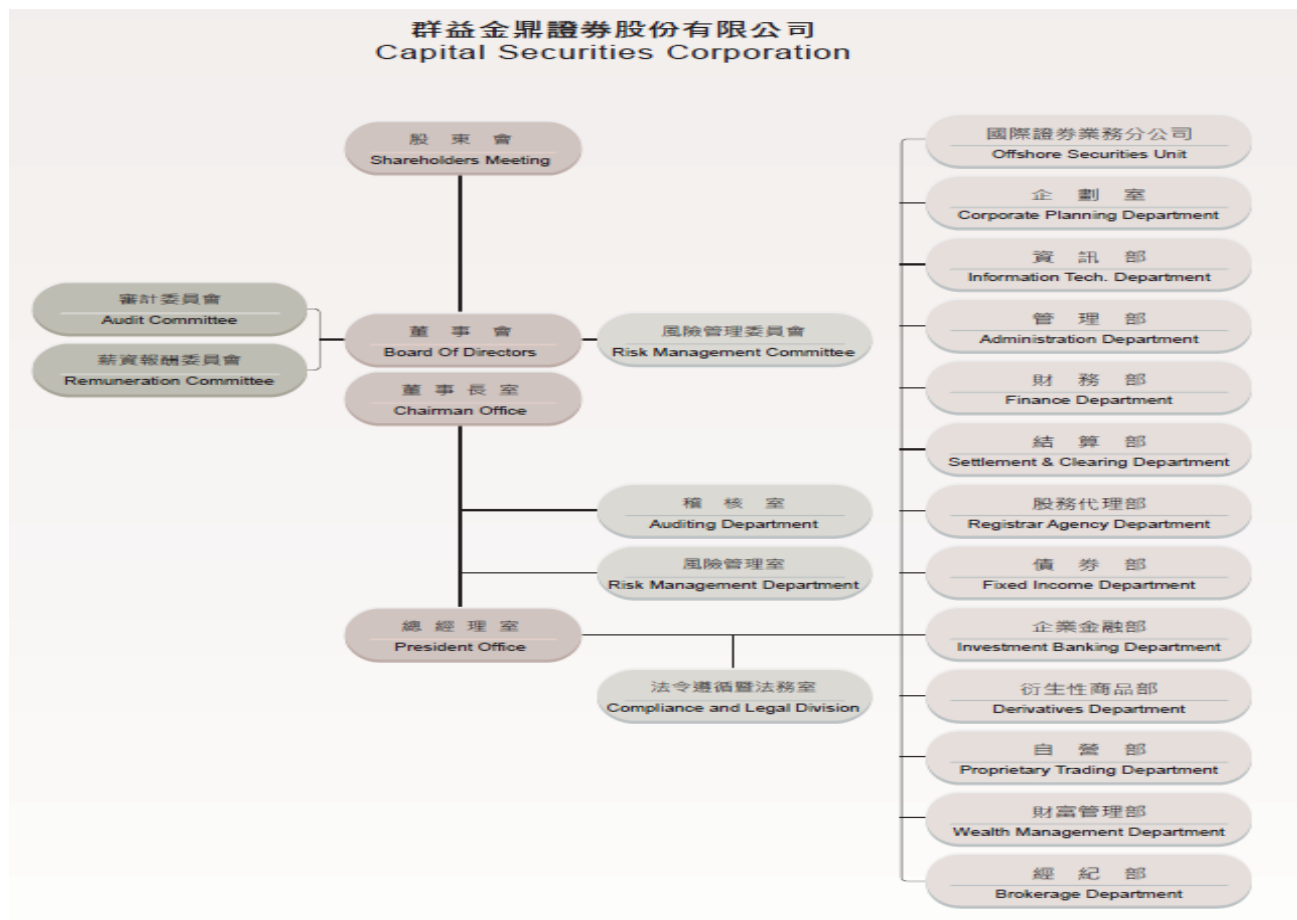
Unfavorable factors

- (1) High pressure on the cultivation of securities investment professionals and human resources.
- (2) Fierce price competition in the brokerage business.
- (3) Actual profitability is affected by market volatility, resulting in low stability.

Countermeasures: In the future, the Company will employ financial technology and artificial intelligence (AI) to help develop new business opportunities, integrate various resources of securities service system, implement growth strategies to enhance profitability, and continue to diversify and internationalize to improve competitiveness and increase profitability.

B. Corporate Governance Framework

(1) Organizational Chart



(2) Business of each department

Department	Major Business
Risk Management Department	Quantifies market, credit and operational risk management using objective and rigorous qualitative and quantitative models to rationalize the allocation of risk-weighted assets and maximize the return on shareholders' equity within affordable limits of risk.
Auditing Department	Ensures that company policies, related regulations and internal control systems are effectively followed, and detects and proposes corrections and recommendations to help reduce operational risks.
Brokerage Department	<ol style="list-style-type: none"> 1. Trades domestic and foreign securities, futures, options and other products approved by the competent authority, which are entrusted by clients; and handles matters related to settlements, margin purchase and short sale as well as lending and borrowing of securities. 2. Comprehensively manages brokerage, wealth management product sales as well as the operation and management of the Company's branches.
Wealth Management Department	Comprehensively manages business planning, asset allocation and investment advisory services of wealth management products, as well as business planning, execution and receipt of trust property in terms of management, utilization and disposition.
Proprietary Trading Department	<ol style="list-style-type: none"> 1. Trades the Company's own securities in the in TAIEX and TAISDAQ markets; and makes all-out effort as a proprietary trader in regulating the market supply and demand, with underwriters playing the role of market creator. 2. Operates the trading of domestic and foreign futures and options. 3. In compliance with law, invests in commodities in overseas markets such as spots and futures using the Company's equity fund, depending on the international economic situation and changes in the stock and foreign exchange markets.
Derivatives	Issues and trades various derivatives; and provides investment and advisory services on

Department	Major Business
Department	derivatives.
Investment Banking Department	Provide services as a lead underwriter to serve our clients to execute an IPO, capital raising, as well as mergers and acquisitions, restructuring, spin-off, capitalization plan, valuation, privatization of state-owned enterprises.
Fixed Income Department	Provides domestic and foreign bonds, bond derivatives, ETFs, REITS, short-term capital financing, and foreign exchange spot and derivatives trading services, as well as prompt and accurate advice on bond investment.
Registrar Agency Department	Acts on behalf of TWSE or TPEX (OTC) listed companies and public and non-public companies in handling matters related to their shareholdings.
Settlement & Clearing Department	Comprehensively manages the settlement and management of stocks, bonds, ETFs, derivatives, etc.; and acts as a custodian for overseas Chinese and foreigners.
Finance Department	Manages the Company's capital allocation, account management, budget control and cost accounting.
Administration Department	Manages the Company's documents, general affairs, procurement, property management, public relations, personnel; drafts and formulates the management rules and regulations, and ensures the implementation of said rules and regulations.
Information Tech. Department	Manages the development of information strategy and digital finance, collects market information, provides data analysis for business decisions, develops various application systems and trading platforms, coordinates the formulation and implementation of information security policies, and maintains a 24/7 operation management model and intelligent service center to provide customers with powerful and convenient financial services.
Corporate Planning Department	Plans and tracks the corporate's short- and long-term management strategies, implements the business plans, corporate governance; and plans and manages the investment business.
Offshore Securities Unit	Comprehensively manages the Company's international securities-related business as approved by the competent authority.

C. Board of Directors

Pursuant to the Company's "Articles of Incorporation", directors and independent directors of Capital Securities are elected through the candidate nomination system. The Company has 11 directors, among which are 8 directors and 3 independent directors, all shall serve a term of three years. The nomination list for the selection and election of the Board of Directors is processed in accordance with Article 192-1, Paragraphs 3 and 4 of the *Company Act*. The list of director nominees is announced on the Market Observation Post System (MOPS) within two days after the deadline for receiving nominations from shareholders. The said list is then submitted to the most recent board meeting for discussion, and the results are announced on the Market Observation Post System (MOPS) and reported to the shareholders' meeting for election. Directors may be re-elected for further terms.

The current 11th Board of Directors shall serve a term from June 24, 2019 to June 23, 2022. As for the age distribution of directors, one director is between 41 and 50, two directors are between 51 and 60, four directors are between 61 and 70, and four directors are 71 and above. With regards to the independence of the Board of Directors, the directors and independent directors, who are concurrently the Company's employees, account for 27% each. Two independent directors have served on the Board for less than three years, and one independent director has served on the Board for less than nine years, thus none of the independent directors have served more than three consecutive terms. None of the directors fall under any of the circumstances specified in Article 26-3, Paragraph 3 of the Securities and Exchange Act, nor are they related to each other as spouses or relatives within the second degree of kinship.

The Board of Directors shall be accountable to the shareholders in accordance with the "Corporate

Governance Best-Practice Principles”. The practices and arrangements of the corporate governance system shall ensure that the powers and functions are exercised in accordance with the law, the provisions of the “Articles of Incorporation” or the resolutions of the shareholders’ meeting. The Board shall have the following job responsibilities: “1. Establish an effective and appropriate internal control system; 2. Elect and supervise managers; 3. Review the Company’s management policy-making and operation plan, and supervise its execution; 4. Review the Company’s financial objectives and supervise how they are accomplished; 5. Supervise the results of the Company’s operation; 6. Standards for performance evaluations and emoluments for managers and salespersons, and the structure and system of directors’ emoluments; 7. Supervise and handle the risks the Company is facing; 8. Ensure the Company’s compliance with applicable laws; 9. Plan for the Company’s future objectives; 10. Create and maintain the Company’s image and make the Company a responsible member of the society; 11. Elect CPAs, lawyers and other experts; 12. Protect investors’ rights and interests.

The Chairman shall be elected by and from among the directors of the Board of Directors, with the consent of a majority of the attending directors at a Board Meeting with at least two-thirds of the directors in attendance. The current board chairman is Mr. Wang, Jiunn-Chih, who has accumulated abundant experience and maintained good communication with the directors or department heads to lead the company towards the sustainable development of E (Environmental Protection) - S (Social Responsibility) - G (Corporate Governance) with a macro concept of sustainable development and to give back to the stakeholders.

The participation situation of directors and independent directors at board meetings in 2021:

No.	Name	Gender	Position and Responsibilities	Profession (including capabilities with ESG issues)	Whether the person is a member of the Company’s management team?	Meetings to Attend	Actual Attendance (times)	Attendance Rate
1	Yin Feng Enterprise Co., Ltd. Representative: Wang, Jiunn-Chih	Male	Chairman	Business Management, Finance/Investment, Information/Technology	Chief Strategy Officer	10	10	100%
2	Yin Feng Enterprise Co., Ltd. Representative: Chang, Chih-Ming	Male	Vice Chairman	Business Management, Industry Experience, Finance/Investment	Chief of Staff	10	10	100%
3	Yin Feng Enterprise Co., Ltd. Representative: Liu, Ching-Tsun	Male	Director	Business Management, Finance/Investment	No	10	10	100%
4	Hung Lung Enterprise Co., Ltd. Representative: Chia, Chung-Tao	Male	Director	Business Management, Industry Experience, Finance/Investment, Information/Technology, ESG Committee Convener, Meeting Chair	President	10	9	90%

No.	Name	Gender	Position and Responsibilities	Profession (including capabilities with ESG issues)	Whether the person is a member of the Company's management team?	Meetings to Attend	Actual Attendance (times)	Attendance Rate
5	Hung Lung Enterprise Co., Ltd. Representative: Kuo, Yuh-Chyi	Male	Director	Industry Experience, Finance/Investment	No	10	10	100%
6	Hung Lung Enterprise Co., Ltd. Representative: Tsai, I-Ching	Male	Director	Industry Experience, Law	No	10	10	100%
7	Kwang Hsing Industrial Co., Ltd. Representative: Ting, Hsueh-Wen	Male	Director	Business Management, Industry Experience, Finance/Investment	No	10	4	40%
8	Tai Ho Real Estate Management Co., Ltd. Representative: Hung, Tsung-Yen	Male	Director	Industry Experience, Law	No	10	9	90%
9	Shea, Jia-Dong	Male	Independent Director	Management Business, Finance/Investment	No	10	10	100%
10	Lee, Shen-Yi	Male	Independent Director	Management Business, Industry Experience, Finance/Investment, Law	No	10	10	100%
11	Su, Ping-Chang	Male	Independent Director	Business Management, Industry Experience, Finance/Investment	No	10	10	100%

D. Audit Committee

The Audit Committee of Capital Securities, consisting of three independent directors, convenes at least one meeting every quarter to review the fair presentation of the Company's financial statements; to evaluate the hiring and dismissal of an attesting CPA and its independence and performance; to effectively implement the Company's internal control system; to ensure that the Company is in compliance with relevant regulations and rules; and to control the Company's existing or latent risks. A total of five meetings were held in 2021 and the attendance status is as follows:

Position	Name	Actual Attendance	Attendance by proxy	Actual Attendance Rate (%)
Independent Director (Convenor)	Shea, Jia-Dong	5	0	100%
Independent Director (Member)	Lee, Shen-Yi	5	0	100%
Independent Director (Member)	Su, Ping-Chang	5	0	100%

The communication between the Internal Audit Supervisor and the CPA is conducted as follows:

- (1) The auditing unit performs audits on internal control procedures and management regulations according to the annual plan. Additionally, the unit prepares an "internal audit plan" which is firstly submitted to the Chairman for review, then to the members of the Audit Committee for review by the end of the month following the completion of the audit. The Internal Audit Supervisor reports on the status of audit operations at each Audit Committee meeting and communicates with the independent directors in person.
- (2) The Internal Audit Supervisor maintains a smooth and good communication with the CPAs in regards to auditing operations. (For details, please refer to the 2021 Annual Report of Capital Securities.)

E. Remuneration Committee

The Remuneration Committee of Capital Securities consists of three members, two independent directors and one externally appointed committee member. A total of eight meetings were held in 2021 and the attendance status is as follows.

Position	Name	Actual Attendance	Attendance by proxy	Actual Attendance Rate
Independent Director (Convenor)	Lee, Shen-Yi	8	0	100%
Independent Director (Member)	Su, Ping-Chang	8	0	100%
Externally appointed committee member	Yan, Jian-San	7	1	87.5%

The functions of the Remuneration Committee is to perform the following duties and responsibilities faithfully in a professional and objective manner while exercising the care of a prudent manager. The Committee convenes the meeting twice a year, on the basis of once every six months, and extraordinary meetings may be held when deemed necessary to make recommendations to the Board of Directors for its decision making.

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

F. Risk Management Committee

The 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” to ensure the achievement of the Company’s strategic objectives and to control the various risks within the Company’s acceptable ranges. By developing and implementing a risk management system, the latest risk exposure conditions of the Company can be immediately reported and countermeasures can be proposed.

The main responsibilities of the Risk Management Committee are: (1) to approve the risk management guidelines and regulations for each business; (2) to review the implementation of various capital and business transaction limits, to report on transaction limit-exceeding cases, to provide suggestions for improvement, and to make resolutions; (3) to report on stress testing and concentration control; and (4) to report on settlement, capital allocation, regulatory compliance and legal affairs.

The Risk Management Committee convenes a meeting every quarter. The head of the Risk Management Department reports regularly (at least once a year) to the Board of Directors at the board meeting on the implementation of the risk management system and the status of use of risk limits, etc. The main focus in 2021 was to report regularly to the Board of Directors on the status of risk management and the use of risk limits.

The 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; the Vice Chairman acts as the deputy convener, or it may be an independent director assigned by the convener; and the executive secretary acts as the head of the Risk Management Department or it may be a person assigned by the head to act as the substitute. The President, Head of the Risk Management Department, Head of the Finance Department, Head of the Settlement and Clearing Department, Head of the Compliance and Legal Division, and Head of the Auditing Department are listed as attendees without participating in the discussion and resolution of risk management affairs.

Risk Management Committee Members:

Position	Name	Educational Background (Major Experiences)
Chairman (Convenor)	Wang, Jiunn-Chih	Ph.D. in Technology Management, Chung Hua University Central Trust of China - President Entie Commercial Bank - President The Banker Association of the Republic of China - Secretary-General Hua Nan Commercial Bank, Ltd. - President
Independent Director (Member)	Shea, Jia-Dong	Ph.D. in Economics, Stanford University, USA Institute of Economics, Academia Sinica - Director Department of Economics, National Taiwan University - Professor Central Bank of the Republic of China - Vice President Minister of Ministry of Finance Taiwan External Trade Development Council - Chairman Central Trust of China - Chairman Taiwan Academy of Banking and Finance - Chairman Capital Futures Corporation - Independent Director
Independent Director (Member)	Su, Ping-Chang	Master in Accounting, National Chengchi University Deloitte Taiwan - Senior Auditor Horwath Chien Hsing - CPA, Director

G. Senior Management

The senior management team of Capital Securities is responsible for the business execution and supervision of the Company in accordance with the Company's internal practices and regulations, and reports the relevant information regularly to the members of the Board of Directors. The composition of the team can be found in Capital Securities' 2021 Annual Report of Shareholders' Meeting.

III. Business Performance

A. Operational Performance

In 2021, in the face of COVID-19 and the upended international situation, Capital Securities continuously upheld a stable management philosophy, strengthened the integration of financial group resources, implemented the vision and sustainable development concept, established a long-term partnership with customers for mutual growth, continuously provided financial services that exceed customers' expectations, and actively used financial technology for digital transformation, integrated various securities service system resources, in order to implement operational plans and business policies, thereby enhancing profitability, and creating good operational results.

For more detailed financial information, please refer to the Capital Securities' 2021 Annual Report of Shareholders' Meeting.

Analysis of Economic Value Retained

Unit: NT\$1,000

Item	2021	2020	2019
Direct Economic Value (A)			
Operating revenues	10,939,298	7,367,734	5,885,962
Non-operating net income	1,027,609	1,103,108	1,038,556
Distribution of economic value (B)			
Operating expenses	2,868,969	2,232,319	2,225,347
Employee remuneration and benefits	3,192,785	2,288,215	1,879,473
Donation of academic fund	1,500	900	930
Social welfare	70	20	20
Share dividends distribution	3,581,998	2,387,999	1,736,726
Income tax expenses	653,993	379,859	251,925
Economic value retained (A) – (B)	1,667,592	1,181,530	830,097

Note 1: All financial figures are denominated in NT dollars, which is a functional monetary currency of the individual financial statements and have been audited by a CPA. Statistics are calculated on the basis of internationally accepted indicators.

Note 2: For the consolidated financial statements, please visit the Company's website (<https://www.capital.com.tw>) or the Market Observation Post System (<http://mops.twse.com.tw>). Subsidiaries included in the Company's consolidated financial statements are Capital Futures Corporation and its subsidiaries, Capital Investment Management Corporation, CSC Venture Capital Corporation, CSC International Holdings Ltd. and its subsidiaries, Taiwan International Securities (B.V.I.) Corporation and its subsidiaries, CSC Capital Management Corporation and Taiwan International Securities Investment Consulting Corporation; Capital Insurance Agency Corporation and Capital Insurance Advisory Corporation are not included in the consolidated financial statements.

B. Information Security

(1) Responsible Units

The Board of Directors of Capital Securities is responsible for approving the information security policy and related materiality issues, and supervising the implementation of information security, including the selection and election of a number of directors with information background, which shall also include

the current Chairman and the President. The Information Security Advisory Task Force has been established under the Board of Directors to promote an organizational culture that emphasizes information security and makes information security an important part of the Company's overall strategy by making it the basis for business development.

The Vice President of Information Technology Department serves as the Chief Information Security Officer who leads the Information Security Advisory Task Force to coordinate the information security policy and set the group-wide information security standard. The Auditing Department audits each department accordingly, which enables all departments to work under the same standard and have consensus. In addition, information security risks are taken into consideration in the decision-making of business operation, and the Company also actively invests in corresponding resources in line with business development strategies.

The Chief Information Security Officer is required to report the overall information security performance to the Board of Directors every year, and jointly issue the Information Security Statement with the Chairman, President and Chief Audit. The information security team also regularly conducts information security education and training for middle-level and senior-level executives and colleagues to strengthen their information security functions and promote information security from top to bottom.

(2) Internal regulations for information security

In order to protect the core business data, personal information and sensitive data, Capital Securities has established a total of 153 regulations. In recent years, the regulations have also incorporated the application of emerging technologies, such as cloud services, mobile device security, Internet of Things, with the aim to comprehensively implement the information security regulations.

In response to new attack techniques and audit deficiencies, the Company makes adjustments to the highlights of information security audits and procedures from time to time, and also appoints external qualified vendors to perform information security check-ups to ensure effective protection on the security of financial information.

(3) Safe operational environment

1. Vulnerability Assessment

Capital Securities performs vulnerability assessment operations every six months and strictly completes the fixing of high- and medium-risk vulnerabilities within the deadline. Furthermore, the Company spares no effort in reviewing the patching measures on a case-by-case basis for low-risk and unfixed vulnerabilities so as to avoid the risk of hackers breaking into the host computer.

2. Remote Backup

In terms of data protection, in addition to local backup, a backup copy of the data is also kept in a different location at the same time. Moreover, data recovery verification is also conducted every quarter. Currently, the Company also evaluates the feasibility of storing data in different cities and counties to prevent affecting its customers' assets and rights and interests in case of the occurrence of an emergency incident. If an incident occurred in the northern region, the backup data kept in the southern and central region will remain unaffected and would be of assistance.

3. Business Continuity Mechanism

In terms of business continuity, the BCM process management mechanism was introduced as early as in 2018 for core systems and key businesses to minimize the impact and disruption of emergency incidents on the business operations. When a fire broke out at the Guting branch on August 31, 2015, the BCM process was immediately activated, while all employees moved to an off-site office to ensure the trading rights of customers and the Company's operations.

4. Information Security International Accreditation

In 2005, the information security team was established under the Information Security Department. Additionally, the Company became the first securities firm in the industry to obtain three international accreditations (including information security, business continuity and personal data protection) between 2006 and 2013. In terms of information security management, the Company conducts monthly and semi-annual internal audits, and semi-annual audits by a third-party institution to maintain the validity of the three international standards.

5. Proactive Monitoring Analysis

Due to the rising awareness on information security recently, the information security team of Capital Securities has taken the initiative to participate in seminars held by the competent authority and also keeps track of the relevant legal amendments in order to maintain information security governance in the most effective manner. In terms of information security monitoring, the

Information Department established a monitoring center as early as in 2005 to monitor and alert the operation of information and network equipment and systems.

C. Privacy Protection

In order to strengthen the security of confidential information of clients and the Company in response to the active market and the growing number of clients, Capital Securities not only maintains an ISO management system to effectively manage information security and personal data, but also implements it in the continuous operation process of the Company. In addition, the Company has established a Personal Data Management Policy, which is publicly disclosed on the corporate website, and regularly conducts internal PIMS drills. Furthermore, the Company also strives to strengthen the privacy security control mechanism and raise employees' awareness on privacy protection, so as to build an environment that takes into account customers' privacy protection. With all of these efforts, there was no confirmed violation of customer privacy or Personal Data Protection Act in 2021.

D. Risk Management

The risk management policy of Capital Securities is to establish a risk management mechanism for risk identification, measurement, monitoring and control, to build an integrated risk management system, to conduct regular risk assessments for each aspect of risk, to develop risk response strategies, and to achieve operational goals to enhance shareholder value. In order to effectively control the risk of regulatory compliance in the Company's operations or in the development and introduction of new products or services, the relevant precautionary approaches/practices/measures are described as follows:

(1) Operational Precaution Approaches / Practices / Measures

1. In accordance with the "Guidelines on the Content and Procedures of Assessment of Legal Compliance", the evaluation procedures for regulatory compliance are based on self-assessment operations. Each year, a person designated by the head of each department will conduct self-assessment operations for regulatory compliance using the "Legal Compliance Self-Assessment Chart" attached to the "Standard Directions for the Content and Procedures of Legal Compliance of Securities Firms". The assessment results will be submitted to the regulatory compliance unit for record.
2. To effectively control the compliance risk, the Company conducts the following operations in accordance with the "Regulations for the Management, Assessment and Independent Notification of Compliance Risks".
 - (a) Regulatory inventory: Identify the regulatory compliance obligations related to the Company's business operations.
 - (b) Select the regulatory compliance issues each year, and the person designated by the head of each department will conduct the self-assessment of compliance risk. The regulatory compliance unit will review and issue the compliance risk assessment report, which will enable the management to understand the compliance risks faced by the Company in a timely and effective manner. However, in case of the occurrence of a major case of customer complaint for violation of laws and regulations, or the competent authority has imposed a correction or disciplinary action, the regulatory compliance unit may conduct an audit of the compliance risk on the relevant unit from time to time.
3. Alert Notification Mechanism:

Capital Securities has established “Guidelines for the Implementation of the Whistleblower System”, “Guidelines for Handling Business Disputes”, and “Guidelines for the Use of Employee Suggestion Boxes”. Anyone who detects a risk of regulatory compliance in relation to the preceding regulations shall immediately notify the Company in accordance with the provisions stipulated in the preceding internal regulations.

4. In the event of a compliance risk that cannot be reported in accordance with the preceding internal regulations (e.g., when the competent authority conducts a special case check), the whistleblower shall notify the regulatory compliance unit within five days of becoming aware of the risk by filling out the notification form in Annex III. If the regulatory compliance unit determines that the risk of regulatory compliance is a major violation as defined in the Company’s “Regulations Governing the Handling and Notification of Major Incidents” or a risk causing significant loss that threatens the Company’s operations, the President shall be notified separately.

(2) Development and Introduction of New Products or Services related Precaution Approaches /Practices / Measures

1. In order to ensure the provision of products or services suitable for customers, an offshore structured products review committee shall be convened to review the products or services to be launched. As for the investment-type financial products, Capital Securities shall evaluate the suitability, based on the products’ characteristics, for its customers. The unit submitting the application for the products to be launched shall fill out the “Pre-Sales Review Form for Financial Products” and submit it to the product review team for review.
2. If a dispute arises from the products or services provided by Capital Securities, the customer may file a complaint by telephone, email, or in person at a service counter in accordance with the provisions of the Company’s Guidelines for Handling Business Disputes. The head of the business unit shall designate a person to understand the reason for the incident and fill out a “Customer Complaint Notification Form”, stating the basic information of the customer as well as the date, unit, person, amount, and content of the complaint. The head of the business unit shall describe the handling process and the proposed plan, and submit it to the President, and send a copy to the Auditing Department and the Compliance and Legal Division.

With regard to the different risks faced by each business operation, the procedures and criteria for monitoring, evaluating and controlling risks through three lines of defense are adopted to establish an economically efficient business operation model that takes into account both safety and efficiency.

(3) The key risks and countermeasures identified by Capital Securities in 2021 are as follows:

1. Investment Risk Management
 - (a) The proprietary trading for investment in domestic and foreign equity-related financial instruments is conducted in accordance with the relevant regulations of the competent authority, the procedures for analysis, decision making, execution, change and review of trading operations are in accordance with the Company’s internal audit and internal control regulations.
 - (b) The cap of domestic and foreign equity-related financial instruments to be invested is based on the department’s annual operational plan, which is formulated annually in writing and submitted to the Board of Directors for approval prior to implementation.

- (c) Before investing in domestic or foreign equity-related financial instruments, a trader is required to submit an “Investment Analysis Report” based on the fundamental and technical analysis of the issuing company. The Report shall be given approval by the President for the trader to start making transactions, and it shall be regularly updated every three months and continuously tracked.
- (d) Before the daily trading, a “Trading Decision Report” is proposed. In case of discrepancy with the actual execution, a “Post-trading Decision Execution Review Report” will be submitted and shall be given approval by the responsible officer and kept for record.
- (e) Comply with the operational rules and regulations of each investment product, and submit the “Stop Loss / Take Profit Disposal Instructions” when the trading profit or loss standard is reached, which shall be given approval by the responsible officer and kept for record.
- (f) The competent authority and auditing units conduct regular and occasional audits to ensure the quality of operations and regulatory compliance.

2. Market Risk Management

Capital Securities has defined the maximum operating limit and risk value for various business operations to ensure capital adequacy maintenance and maximum loss control. Variance-Covariance method is adopted 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 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 the Board of Directors.

3. Credit Risk Management

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

4. Liquidity Risk Management

Liquidity risk primarily involves financial capital allocation and financial market liquidity problems. Regarding capital allocation, apart from decentralization of counterparty 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, the Company simulates 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 risks of a position.

5. Other Risk Management

Capital Securities regularly detects operational risks and performs trial calculation on capital adequacy every year based on the business volume of each department's annual operation plan which is regarded as a stress scenario. The result serves as the basis for capital adequacy planning and corporate strategy.

In terms of ESG risk management, the Company begins with risk identification and management on the financing and investment perspective, and follows its "Sustainable Development Best Practice Principles" and the FSC's "Green Finance Action Plan 2.0" to gradually comply with the financial risks related to climate change and Sustainability Accounting Standards required by international standards. In addition, the Company regularly discloses the content and implementation results of its ESG plan to implement the goals of the FSC's "Implementation Strategies for Sustainable Development and Transformation of the Securities and Futures Industry".

6. Information Security Risk

In order to strengthen management, Capital Securities has established policies such as "Information Security Policy Directions", "Business Continuity and Information Service Management Directions", "Information Security Affairs Management Directions", "Information System Development and Implementation Security Directions", "Physical Security Maintenance Management Directions", "Information Security Education and Training Directions", and "Emerging Technology Information Security Control Operations Directions", and conducts regular internal and external audits every year to review the implementation of operational procedures. Furthermore, the audit results are also submitted to the Business Continuity and Information Service Management Review Committee to maintain a good communication with senior management so as to effectively implement internal control regulations, the ISO system and other management mechanisms.

In addition, the Company attaches great importance to the cultivation of talents and continues to keep abreast with market changes and relevant technology development trends. The Company also encourages employees to participate in external education and training to enhance their technical ability and absorb new knowledge. All units are required to follow various management procedures and internal control guidelines to ensure compliance with various risk management regulations before performing business. With regards to information security, the Company continues to promote various information security mechanisms and measures, such as information security advocacy and social engineering drills, regular software and privilege reviews. Additionally, DLP, firewall, anti-virus software, and real-time monitoring mechanisms are also adopted to strengthen information security and lessen the possibility of sensitive data leakage or malicious activities so as to ensure enhanced security information management.

E. Regulatory compliance

For cases related to compliance with laws and regulations involved in the business scope of Capital Securities, in addition to the internal inspection by the business department, the legal department also provides the assistance therein so as to achieve the operational control and proper implementation of laws and regulations.

Record of violations of laws and regulations in 2021

Aspect	Regulatory compliance	Violation status in 2021
Business operations and marketing	Criminal Code, Fair Trading Act, Patent Act, Trademark Act, Copyright Act, and antitrust laws	No violation
Financial and organizational planning	Company Act, Securities and Exchange Act (Note), Money Laundering Control Act and related laws and regulations, and Prevention of Insider Trading Management and Operating Procedures	Not implemented, as detailed below
Protection of the Company's internal and customer information	Trade Secret Act, Personal Data Protection Act	No violation
Personnel policy and management	Labor Standards Act and related laws and regulations	No violation

The Financial Supervisory Commission conducted a special inspection of the Company's anti-money laundering, countering the financing of terrorism and countering the proliferation of weapons operations during November 3 to 12, 2020 and found deficiencies. On October 19, 2021, a fine of NT\$500,000 was imposed on the grounds of the violation of Paragraph 5, Article 7 of the Regulations Governing Anti-Money Laundering of Financial Institutions / Money Laundering Control Act for the failure to properly implement the anti-money laundering and countering the financing of terrorism related operations; in addition, corrections were also required in accordance with Article 65 of the Securities and Exchange Act. The improvement measures carried out by Capital Securities are as follows:

1. We continue to carry out the optimization operation of the information system and properly reduce false reporting in search and speed up search operations by manpower during the risk assessment process, so as to fulfill the purpose of properly implementing regulations related to money laundering control and countering the financing of terrorism assisted by the comprehensive use of information systems.
2. We continue to provide effective education and training for personnel to improve the quality of work, so as to properly implement account and transaction monitoring procedures.

F. Responding to stabilizing the financial market order

(1) Ethical corporate management

In July 2015, Capital Securities prepared to set up the Ethical Corporate Management Committee, which is to be responsible for the formulation of the ethical corporate management policy and the supervision of such implementation, assisting in integrating integrity and moral values into the Company's business strategy, and formulating relevant anti-corruption measures that are in line with the regulatory system so as to ensure ethical corporate management. In August 2015, the sixth interim meeting of the ninth Board of Directors passed the Organizational Rules of the Ethical Corporate

The Ethical Corporate Management Committee is convened by the president and the chair of the meeting. The members of the committee are the supervisors of the Management Department, the Finance Department, the Settlement Department, the Planning Department, the Regulatory Compliance and Legal Affairs Department, and the Risk Management Department, as well as the person designated by the president. Regularly review of the Company's performance of ethical corporate management is conducted every year, and the status of which is reported (at least once a year) to the Board of Directors in the first half of the following year. The 2021 Ethical Corporate Management Committee Annual Report of Capital Securities has been submitted to the Board of Directors, and no major incidents of unethical conduct occurred in 2021.

Capital Securities has established the “Ethical Corporate Management Best Practice Principles” and the “Ethical Corporate Management Operating Procedures and Code of Conduct” to properly implement the commitment to the ethical policy and implement it in internal management and business activities. Both directors and employees also sign the ethical corporate management policy compliance statement. The Company actively advocates business activities with higher risk of unethical conduct within the business scope to colleagues, and also conducts various courses related to ethical corporate management, designing an after-course test system. Colleagues need to pass the test in order to complete the course. In 2021, online related courses with a total of 20 different topics were conducted (including the advocacy in securities laws and regulations, laws and regulations related to ethical corporate management, business dispute resolution guidelines, laws and regulations on prohibited behaviors of securities practitioners, corporate social responsibility as well as stewardship, introduction to the whistleblower system, Financial Consumer Protection Act and Fair Customer Treatment Principle, handling of material inside information, laws and regulations related to insider trading, etc.). A total of 38,016 person-times participated in the education and training, with a total of 45,293 person-hours. Each person participated in an average of 16 courses, with the average duration of each course being about 1.1 hours.

Capital Securities also has a specific whistle-blower system in place to actively prevent unethical conduct, encourage internal and external personnel to report unethical conduct or improper behavior. It has also established a whistleblower protection system. The identity of the whistleblower and content thereof are both properly kept confidential, and the channels for accepting the whistleblowing are all disclosed on the Company's website. According to the statistics for 2021, there were a total of 2 whistleblowing cases, none of which fell into the scope of Article 2 of the Company's Whistle-Blowing System Implementation Guidelines regarding the finding of circumstances that the Company has committed crimes, fraud or violations of laws and regulations and has been involved in unethical conduct. The Company has responded to and handled these cases appropriately.

(2) Compliance with stewardship

Capital Securities participates in corporate governance by paying attention to the investee company, attending shareholders' meetings, exercising voting rights, and appropriately communicating and interacting with the directors or managers of the investee company and other management levels, and other methods in order to protect the rights and interests of asset owners. Capital Securities has a

conflict-of-interest management policy in place, which aims to ensure that the Company conducts its business based on the interests of shareholders and ensures that there are no improper private interests or decisions and actions involved therein, so as to fulfill the responsibility of an institutional investor. The performance status of stewardship will be regularly disclosed on the website or in the annual report.

Through ethical corporate management and the performance of stewardship, Capital Securities ensures that the business execution conforms with laws and regulations as well as internal norms (such as conflict of interest management policies), so as to protect the rights and interests of customers and beneficiaries, and to stabilize the market order.

G. Unions, associations and other organizations

Capital Securities and its subsidiaries actively join the membership of and participate in the activities of trade unions and associations.

No.	Name of the union, association and other organizations	Participation method	Provision of financial aids such as membership fees
1	Taiwan Securities Association	Director	Yes
2	Chinese National Futures Association		Yes
3	Trust Association of the Republic of China		Yes
4	Republic of China Bills Finance Association		Yes
5	Taiwan Stock Affairs Association	Supervisor	Yes
6	Securities Analysis Association, Chinese Taipei		Yes
7	Financial Planning Association of Taiwan	Director	Yes
8	Chief Information Officer Taiwan	Supervisor	Yes
9	Brokerage Personnel Management Association		Yes
10	Taiwan ITRI New Venture Association		Yes
11	Yilan Chamber of Commerce		Yes
12	Insurance Brokerage Association of Taiwan		Yes
13	Insurance Agents Association of the Republic of China		Yes
14	Securities Investment Trust and Consulting Association of the Republic of China		Yes
15	Taiwan Venture Capital Association		Yes
16	Equity Investment Association of the Republic of China		Yes
17	Taiwan M&A and Private Equity Council		Yes

IV. Climate

In response to the promotion of Corporate Governance 3.0 and the Sustainable Development Roadmap initiated by the competent authority - Financial Supervisory Commission's, Capital Securities, in particular, observes urgent issues related to climate change at home and abroad, and tests the organizational resilience of sustainable management; in view of this, Capital Securities will follow the “Task Force on Climate-related Financial Disclosures” (TCFD) as the framework, through the four dimensions of governance, strategy, risk management, metrics and targets, to address climate change issues and then to identify risks and opportunities, and will put forward response measures, plans and goals, disclose information related to climate governance, improve information transparency, and promote sustainable operations.

A. Four core elements of TCFD

Core element	Capital Securities's Practices
Governance	<ol style="list-style-type: none"> 1. With regard to the operational process for climate-related issues, Capital Securities set up an ESG Committee in 2021, with the president as the convener. The committee members include the department head of the Proprietary Trading Department, Investment Banking Department, Fixed Income Department, Derivatives Department, Finance Department, Risk Management Office, Management Department, and Planning Office, with the Planning Office as the coordinating unit; in particular, for the environment, climate change and greenhouse gas emissions, it also established functional groups to collect issues on companies, customers, industry peers and international trends for discussing and planning the impact of the aforementioned issues on the Company's business activities. 2. We use functional grouping to carry out the overall planning on the Company's climate change-related issues, formulating strategies, action plans and risk management policies for the impact on the Company, and regularly reporting such to the president, who will set implementation goals based on the Company's overall operational status, and report climate-related performance results to the Board of Directors on a regular basis every year; for example, greenhouse gas emissions issues will be grouped by function, the progress report on which will be made on a quarterly basis, and the relevant performance results will be subsequently reported to board members for supervision and control. 3. As the highest supervisory unit of risk management, the Board of Directors of Capital Securities has listed the impact of climate change as one of the Company's major risks, and managed issues related to climate change risks and opportunities through the risk management mechanism; The Board of Directors instructs the input of resources, supervises the Company's overall short, medium and long-term plans, and controls the completeness, correctness and implementation level of goals, performance and action plans according to the content of performance results.

	<pre> graph TD Board[Board of Directors] --> ESG[ESG Committee] ESG --> President[Convenor: President] President --> Planning[Planning Office] President --> Dept[The department head of the Proprietary Trading Department, Investment Banking Department, Fixed Income Department, Derivatives Department, Finance Department, Risk Management Office, Management Department, and Planning Office] Dept --> Functional[Functional grouping] Functional --> GHG[Greenhouse Gas Inventory Group] Functional --> ESGI[ESG Issues Investment Group] Functional --> CIM[Climate Issues Management Group] GHG --> GHG_List["1. Promote the efficient use of resources and recycling activities 2. Energy saving and carbon reduction planning and control operations 3. Formulate and implement greenhouse gas inventory operations"] ESGI --> ESGI_List["1. Pay attention to the development trend in goods, services and investment related to ESG issues 2. Include goods, services and investments in ESG issues for assessment"] CIM --> CIM_List["1. Assist in activities of the Task Force on Climate-related Financial Disclosures (TCFD), such as governance, strategy (including scenario analysis), risk assessment, as well as metrics and targets 2. Pay attention to the risks and opportunities of climate-related issues 3. Risk (opportunity) assessment on climate issues in each operation"] </pre>
Strategy	<ol style="list-style-type: none"> Define the management timeframe: for the short term, it is from 2022 to 2023; for the medium term, it is till 2025; for the long term, it is till 2030. With regard to climate-related risks and opportunities, Capital Securities adopts the Representative Concentration Pathways (RCPs) defined in the IPCC Fifth Assessment Report (AR5) as a scenario analysis tool for climate-related risks and opportunities, and estimates RCP4.5 and RCP8.5 based on the RCPs calculation model (MIROC-ESM-CHEM model) provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP). With reference to the observed value of this model in 2018 at 23.33°C and 3.71 mm/day, it carries out the evaluation on management and climate change strategies, as well as the the discussion on strategies and response measures: <ol style="list-style-type: none"> RCP4.5 as the scenario for stable greenhouse gas emissions: by comparison, an estimated increase of 1.62°C and 2.05 mm/day by 2030; an increase of 1.51°C and 1.65 mm/day by 2050. RCP8.5 as the scenario for high greenhouse gas emissions: an estimated increase of 0.24°C, 0.02 mm/day by 2030; an increase of 2.21°C, 2.63 mm/day by 2050. <p>(Data source: Taiwan Climate Change Projection Information and Adaptation Knowledge Platform)</p> Capital Securities selected 4 transition risks and 3 physical risks for climate-related risks according to its industry characteristics; and selected 2 issues for climate-related opportunities. It conducted subsequent assessment of the financial or operational materiality on each issue. Through consultants and experts based on their expertise and experience, it also put forward the content description and analysis of climate-related issues. After evaluation, it identified the risk issues of “enhancing emission reporting obligations” and “flooding”, as well as the opportunity issue of “developing or increasing low-carbon products and consulting services”. Follow-up response measures were formulated respectively and adjusted on a rolling basis.
Risk management	<ol style="list-style-type: none"> In order to signify its attaching importance to climate-related issues, Capital Securities still currently adopts an independent identification, evaluation and management process. For the identified material climate risk issues, the ESG Committee reports to the president and the Board of Directors every year the results of the data collection and impact analysis carried out by the functional group together with any technology, resources, manpower or obstacles, etc. encountered in the process of operations services; The Board of Directors, as the highest supervisory unit of risk management, supervises the effective implementation of climate-related risk management systems, confirms the achievement status of performance goals, and re-examines strategies for climate change impacts as well as their risk management policies. Finally, the Board of Directors will determine the metric and target direction according to the re-examination results, supervise the president’s leading the ESG Committee and functional groups, and carry out adjustment of response measures and action plans for risk treatment on a rolling basis.

Metrics and targets	<ol style="list-style-type: none"> 1. In response to national policies, Capital Securities uses the characteristics of the securities industry and its social mission to guide funds to promote the mitigation of climate impacts by various industries so as to achieve sustainable development. Therefore, the Company actively promotes climate change-related risk response, and invests in opportunity businesses formulating strategies and action plans as well as evaluating performance results and continuing the control thereof, in order to achieve the Company's targets. In the future, it will review performance results through external verification so as to properly implement the purpose of protecting the global environment. 2. In Capital Securities, the ESG Committee and functional groups are led by the president, who incorporates climate-related risks and opportunities into assessments, regularly reviews the progress and adjusts response measures on a rolling basis, and reports the performance results to the Board of Directors or adjusts content for quarterly control, so as to effectively manage the risks and opportunities of climate change. 3. For the 2021 energy usage and greenhouse gas emissions of Capital Securities, please refer to the chapter on environmental for details.
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B. The results of climate risk identification

Climate risk	Materiality assessment	Obvious and potential risks	Response measures
Reinforcing emissions reporting obligations	Due to regulatory or government <u>requirements</u> and stakeholders' (such as: customers) <u>expectation</u> , the Company's operations have been affected recently and no corresponding measures have been taken. It is reasonably predicted that all or part of the Company's business will be reduced, hindered, or even huge (NT\$ 10 million or more) losses will occur.	<ul style="list-style-type: none"> ● Short- and medium-term risks: Taiwan requires proper greenhouse gas emission inventory and verification, which will impact the overall greenhouse gas emission control and supervision of the organization. ● Long-term risks: In order to comply with Taiwan's 2050 net-zero carbon emission policy plan, we will continue to introduce more and strong energy-saving and carbon-reduction measures to reduce the impact of the organization's overall greenhouse gas emissions, such as carbon tax expenditures. 	<ul style="list-style-type: none"> ● Short and medium term: Implement the project, plan the greenhouse gas inventory and verification of each business place in accordance with ISO14064-1, compile the overall greenhouse gas emission status of the organization, and allocate budget to continue to activate the replacement mechanism for high energy-consuming equipment and operations. ● Long term: Continue to commission third-party independent units to conduct greenhouse gas emission verification in accordance with ISO14064-1, and evaluate in terms of business the impact on the industry to promote net-zero carbon emissions planning and green products.
Flooding	Due to regulatory or government <u>requirements</u> and stakeholders' (such as: customers) <u>expectation</u> , the Company's operations have been affected recently and no corresponding measures have been taken. It is reasonably predicted that all or part of the Company's business will be reduced, hindered, or even huge (NT\$ 10 million or more) losses will occur.	<ul style="list-style-type: none"> ● RCP4.5 medium and long-term risks Although greenhouse gas emissions are under control, the possibility of heavy rainfall is still relatively frequent, and the possibility of road flooding is still high. ● RCP8.5 medium and long-term risks In addition to heavy rainfall scenarios, due to relatively uncontrolled greenhouse gas emissions, rising global temperatures affects the sea level rise, and further affects our operating places located at 	<ul style="list-style-type: none"> ● RCP4.5 medium and long-term risks Strengthen drainage or water retaining facilities, and regularly train colleagues on emergency response mechanisms. ● RCP8.5 medium and long-term risks <ol style="list-style-type: none"> 1. Highly strengthen drainage or water retaining facilities, and regularly train colleagues on emergency response mechanisms. 2. Conduct flooding possibility and risk assessment for business places, and plan and adjust in succession the

Climate risk	Materiality assessment	Obvious and potential risks	Response measures
		relatively low-lying areas or near rivers in Taiwan, where the real estate assets owned by the Company or leased properties will be impacted.	relocation of the business places with high flooding possibility and risk levels after the lease term expires. 3. Conduct flooding possibility and risk assessment for the real estate assets owned by the Company, and plan relevant response mechanisms for real estate assets with high flooding possibility and risk levels.

C. Climate opportunity identification results

Climate opportunities	Materiality assessment	Obvious and potential opportunities	Response measures
Developing or increasing low carbon products and consulting services	Due to regulatory or government requirements and stakeholders' (such as: customers) expectation , the Company's operations have been affected recently, for which actions will be deployed and promoted in advance, so that all or part of the Company's business has a considerable opportunity to improve (with the turnover reaching NT\$ 10 million or more) or have a lead of 2-3 years' profit period.	<ul style="list-style-type: none"> ● Medium and long-term opportunities: Taiwan's net-zero carbon emission policy will strongly push up the demand for low-carbon or green products, and the competent authority will also guide and promote the introduction of related products into the market. 	<ul style="list-style-type: none"> ● Develop low-carbon or green products in advance. ● Launch net-zero carbon emissions consulting services.

D. The connection between the results of climate risk scenario analysis and the Company's climate change strategy

Climate change risks and opportunities	Scenario analysis / Reference scenario	Financial impact assessment status	Climate change response strategies
Reinforcing emissions reporting obligations	In case that the scope of disclosure of greenhouse gas emissions required under national policies needs to include the greenhouse gas emissions of the Company's investment or service customers, or even the competent authority actively encourages TWSE/TPEX listed companies to join the Science-Based Carbon Target (SBT); meanwhile, our country has passed a decree to start the levy of a carbon tax based on the greenhouse gas emissions reported by companies.	<ol style="list-style-type: none"> 1. If the national policy requires the scope of disclosure of greenhouse gas emissions to include the greenhouse gas emissions of the Company's investment or service customers, it will affect the overall greenhouse gas emissions of Capital Securities, thereby further increasing the amount of carbon tax the Company needs to pay, which will affect operating costs. The estimated amount so affected is NT\$ 10 million or more. 2. For irreducible greenhouse gas emissions, Capital Securities needs to assess whether to purchase carbon allowance certificates. 3. If Capital Securities joins the Science-Based Carbon Target (SBT), in addition to strengthening the energy saving and carbon reduction measures of the Company itself, the customer's industry and its greenhouse gas emissions must also be regarded as an important evaluation item in establishing business relationships. 	<ol style="list-style-type: none"> 1. Capital Securities will actively respond to the national net zero carbon emission policy, thereby regarding it as the Company's vision for environmental protection. In the future, it will follow ISO14064-1 to conduct an inventory of greenhouse gases for the entire organization, and will continue to commission third-party independent units to conduct the verification. 2. Regularly review the Company's overall energy consumption and greenhouse gas emissions results, and continue to allocate budgets to implement a replacement mechanism for high-energy-consuming equipment and operations. 3. Evaluate in terms of business the impact on the industry to promote net-zero carbon emissions planning and green products.
Flooding	Based on the RCPs model (MIROC-ESM-CHEM model), the observed value in 2018 was 23.33°C, 3.71 mm/day, and it was estimated that RCP4.5 was a scenario for stabilizing greenhouse gases: an estimated increase of 1.62°C, 2.05 mm/day in 2030 by comparison; and an estimated increase of 1.51°C, 1.65 mm/day in 2050.	As greenhouse gas emissions are stably controlled, and flooding due to sea level rise or heavy rainfall is expected to be controllable, with the frequency thereof being identical with that in previous years. Therefore, it is estimated that there will be 4 business places or where real estate assets are located that are subject to such impact and require response measures, and the estimated amount so affected will be about NT\$ million.	<ol style="list-style-type: none"> 1. Capital Securities conducts flooding probability and risk assessments on business places and real estate assets at least annually, and formulates response measures for business places with high flooding possibility and risk levels. 2. Regularly train colleagues on emergency response mechanism.
	Based on the RCPs model (MIROC-ESM-CHEM model), the observed value in 2018 was 23.33°C, 3.71 mm/day, and it was estimated that RCP8.5 was a scenario for high greenhouse gas emissions: an estimated increase of 0.24°C, 0.02 mm/day in	Due to the high greenhouse gas emissions, it is expected that the flooding situation caused by sea level rise or heavy rainfall will be more severe, with the frequency thereof being much higher than that in previous years. Therefore, it is estimated that there will be 16 business places or where real estate assets are located that are subject to such impact and require	<ol style="list-style-type: none"> 1. Corporation conducts flooding probability and risk assessments on business places and real estate assets at least annually, and formulates response measures for business places with high flooding possibility and risk levels. 2. In the future, the selection of

Climate change risks and opportunities	Scenario analysis / Reference scenario	Financial impact assessment status	Climate change response strategies
	2030; and an estimated increase of 2.21°C, 2.63 mm/day in 2050.	response measures, and the estimated amount so affected will be about NT\$ 10 million.	<p>business places and real estate asset locations will be attempted to incorporate climate science and long-term forecasts so to improve the adaptability to climate events.</p> <p>3. For business places and real estate assets, it will evaluate whether to improve waterproof measures or infrastructure construction.</p> <p>4. Regularly train colleagues on emergency response mechanisms.</p>
Developing or increasing low carbon products and consulting services	The competent authority actively encourages the financial service industry to develop low carbon / green financial products and consulting services and incorporates green finance into items for sustainable finance appraisal or other similar performance evaluation mechanisms.	Based on the aggressively encouraging attitude of the competent authority, and even the trend in its being included in the appraisal items, Capital Securities will deploy and promote such measures in advance and increase the proportion of such products and services in the Company's overall business year by year. It is expected that the turnover will reach NT\$10 million or more.	<p>1、Capital Securities will deploy and promote such measures in advance and increase the proportion of carbon/green financial products and services in the Company's overall business year by year.</p> <p>2、In term of the business, actively promote carbon/green financial products and services so to influence and assist customers in the planning and proper implementation of net zero carbon emissions.</p>

E. Climate risk and opportunity metrics and targets

Climate risk	Climate opportunity	Target	2022~2023 (Short term)	By 2025 (Medium term)	By 2030 (Long term)	Response measures
Reinforcing emissions reporting obligations		Headquarter Gas management (Base year: 2022)	Prepare energy for greenhouse gas inventory and verification	<p>1. Continue to maintain the greenhouse gas inventory and verification</p> <p>2. Reduce carbon emissions by 2% compared to that in the base year</p>	<p>1. Continue to maintain the greenhouse gas inventory and verification</p> <p>2. Reduce carbon emissions by 10% compared to that in the base year</p>	<p>Capital Securities will take the following measures:</p> <p>1. The headquarter will successively plan to conduct the greenhouse gas inventory and verification.</p> <p>2. Plan to purchase green electricity; plan to purchase</p>

Climate risk	Climate opportunity	Target	2022~2023 (Short term)	By 2025 (Medium term)	By 2030 (Long term)	Response measures
						carbon allowances for greenhouse gases that cannot be reduced. 3. Conduct regular greenhouse gas emissions inventory and verification in response to policies as well as greenhouse gas declaration and control requirements.
Flooding		Maintain the high probability of flooding and the risk level of real estate assets and business places to be moderate or lower	Continue to conduct flood probability and risk assessments for real estate assets and business places	Develop a response mechanism for real estate assets and business places with high flooding probability and risk level	Follow the response mechanism to properly implement control and supervise the progress for real estate assets and business places with a high probability of flooding and risk level	Annually conduct flood probability and risk assessments of business places and real estate assets, and formulate response measures for business places or real estate assets with a high flood probability and risk level.

V. Environmental issues

In response to the Financial Supervisory Commission's promotion of the *Sustainable Development Roadmap* and the National Development Council's *Taiwan 2050 Net-Zero Emission Pathway*, based on the nature of securities industry, Capital Securities has been actively reporting its business places' GHG emission and commissioning independent third-party companies to conduct the verification. It also researches and develops energy-saving/carbon-reducing strategies and action plans to properly supervise the implementation to achieve net zero carbon emissions across the Company.

No.	Item	2021	
		Target	Results
1	Energy intensity	-10%	-35.26%
2	Greenhouse gas emission intensity	-10%	-36.1%
3	Continuously improve resource utilization efficiency	Invest resources and manpower to improve resource efficiency as well as energy conservation	Continuous implementation and promotion
4	Violations of environmental laws or regulations	No violation	No violation

Capital Securities formed an ESG Committee in 2021, with the president as the convener. The committee members include the department head of the Proprietary Trading Department, Investment Banking Department, Fixed Income Department, Derivatives Department, Finance Department, Risk Management Office, Management Department, and Planning Office, with the Planning Office serving as the coordinating unit; in particular, the committee established functional teams regarding environment, climate change and greenhouse gas emissions to research on companies, customers, industry peers and international trend, and to discuss and response to the impact of the aforementioned issues on the Company's business activities.

In accordance with the Financial Supervisory Commission's *Sustainable Development Roadmap* and the National Development Council's *Taiwan 2050 Net-Zero Emission Pathway*, each business unit, Risk Management Department, Management Department, Finance Department and Planning Department should form functional teams according to the aforementioned policies, laws/regulations, issues and targets. Each team should collect information and propose strategies and action plans to the ESG Committee led by the president, which should discuss and determine strategies, guiding principles, goals and management measures to achieve environmental sustainability.

Capital Securities' energy management and greenhouse gas emission are elaborated as below, while climate change will be explained in another chapter.

Guiding Principles:

The Company's sustainable development mainly focuses on climate change, with energy management and greenhouse gas emissions being the two major aspects. Capital Securities is dedicated to identify the impacts and respond with strategies including energy conservation and GHG emissions reduction.

A. Energy management

The energy usage of Capital Securities mainly consist of outsourced electricity used in services and operations at each business place, small amount of gasoline and diesel consumption of company vehicles and emergency generators.

Capital Securities Table of Energy Use Analysis Over the Years					
Year		2019	2020	2021	Unit
Energy type	Outsourced electricity	5,499,302	8,183,673	7,876,856	kWh
	Diesel fuel	0	1,060	1,012	Liter
	Gasoline	16,157	13,868	12,194	Liter
Energy consumption		20,315.58	29,937.38	28,777.03	Gigajoule (GJ)
Energy intensity		3.45	4.06	2.63	Gigajoules (GJ) / per NT\$ 1 million in revenue
Energy intensity YoY increase/decrease rate			+17.72%	-35.26%	

Note 1: Energy intensity is calculated with operating income (NTDmn) as the denominator (rounded up to the fifth decimal place).

Note 2: Energy consumption is converted according to the “Energy Product Unit Heating Value Table” in the 2020 Energy Statistics Manual issued by the Energy Bureau of the Ministry of Economic Affairs; Electricity: 860 kcal/kWh, Diesel: 8,400 kcal/liter, gasoline: 7,800 kcal/liter.

B. Greenhouse gas emissions

The types of energy used by Capital Securities are outsourced electricity, gasoline and diesel. The greenhouse gas emissions are shown in the following analysis table respectively. In response to the requirements of Financial Supervisory Commission’s “Sustainable Development Roadmap”, Capital Securities plans to implement ISO14064-1 greenhouse gas reporting project in 2022 and commission a third-party independent company to conduct ISO14064-1 verification in 2024 to effectively gather Capital Securities’ greenhouse gas emission data/details and to improve information management. Such information system may serve as an important reference for future energy conservation planning and carbon reduction strategies/action plans.

Unit: tCO₂e

Capital Securities Greenhouse Gas Emission Analysis Table			
Item	2019	2020	2021
Direct greenhouse gas emissions (Scope 1)	36.56	34.15	30.36
Indirect greenhouse gas emissions (Scope 2)	2,925.63	4,165.49	3,954.18
Total	2,962.19	4,199.64	3,984.54
Greenhouse gas emission intensity (tCO ₂ e / NTDmn revenue)	0.503	0.57	0.364
Greenhouse gas emission intensity YoY increase/decrease rate		+13.26%	-36.1%

Note 1: Data collected from payment slips and building fee allocation table.

Note 2: Scope 1 emission factor is based on the “Environmental Protection Administration, Executive Yuan Greenhouse Gas Emission Factor Management Table (Version 6.0.4)”.

Note 3: The electricity emission factor is 0.502 kgCO₂e/kWh as announced by the Bureau of Energy, Ministry of Economic Affairs in 2020.

Note 4: The increase in the total greenhouse gas emissions in 2020 was due to the newly added Songren machine room included in the scope of indirect greenhouse gas emissions.

Note 5: Emission intensity is calculated with operating income (NTDmn) as the denominator (rounded up to the 5th decimal place).

C. Low carbon strategies and action plans

Capital Securities continue to implement low-carbon strategies in 2021. By reducing unnecessary equipment usage/activities and implementing low-carbon measures, it may reach the goal of GHG emission reduction.

Low-Carbon Strategies and Action Plans	
Strategy	Action Plan
Advocate energy conservation	<ol style="list-style-type: none"> 1. Encourage staff to reduce unnecessary elevator use 2. Keep doors and windows closed in air-conditioning areas 3. Turn off lighting when not in use 4. Turn off electronic devices during off-hours, weekends and holidays to reduce standby mode power consumption, including rice steamers, water dispensers, computers, printers and office machines, etc. 5. Advocate energy conservation and environmental protection through campaigns and emails.
Energy conservation at business places	<ol style="list-style-type: none"> 1. Control the number of elevators in operation according to the commute time. 2. Carbon reduction of air-conditioning: <ol style="list-style-type: none"> (a) Keep the temperature at 26~28 degrees Celsius. (b) Control the temperature of the air conditioner's water chiller. Set up seasonal starting time. (c) Install small air conditioners to replace larger ones during off-peak hours. (d) Clean and maintain air conditioners regularly to improve operating efficiency. 3. Switch on/off exterior signboards' lighting according to weather conditions; set up automatic switch on/off time. 4. Set up power-saving mode for MFP and keep them at sleep mode when idle. 5. Set up water dispensers' switch on/off time to keep them off on weekends and late-night hours.
Replace energy-intensive or old equipment	<ol style="list-style-type: none"> 1. Allocate budget to replace high energy-consuming or old air-conditioners. 2. Replace energy-consuming incandescent light bulbs with T5 energy-saving lightings. 3. Adopt LED lightings for fire exit indicator, escape direction indicator and fire protection indicator. 4. Replace traditional CRT monitors with projectors.
Improve company vehicle usage efficiency	<ol style="list-style-type: none"> 1. Company vehicles should be used on a shared-ride basis. 2. Encourage staff to use public transportation. 3. Inspect and maintain company vehicles regularly.
Continuous improvement	Review contract capacity usage annually to ensure proper implementation and effectiveness of low-carbon strategies and action plans.

D. Other environmental protection measures

(1) Water resources management

Water consumption and carbon emissions from 2019 to 2021

Year	2019	2020	2021
Water consumption (cubic meter)	28,573	29,391	25,160
Carbon emissions (tCO ₂ e)	4.29	4.41	3.82
Carbon emission YoY differences (tCO ₂ e)	N/A	+0.12	-0.59

Note 1: Data source: payment slips and building fee allocation tables.

Note 2: (The following data is from Taiwan Water Corporation)

- 2021 carbon emission is estimated on 2020 equivalent CO₂ emitted per cubic meter water = 0.152 kg CO₂/cubic meter
- The carbon emissions in 2019 and 2020 adopted the equivalent to the CO₂ emitted per cubic meter of water in 2019 = 0.150 kg CO₂/ cubic meter

1. Water consumption

- 100% of the Company's water source is tap water. In its main operating area in Taiwan, water is supplied from Taiwan Water Corporation only, without supply from groundwater or other sources.
- Water is mainly used for drinking, air-conditioning and cleaning. Main users are employees and clients. Sewage water is discharged into the sewage system or effluent disposal system according to regional domestic sewage disposal requirements.
- In summary, the company does not create significant impact on water.

2. Water saving measures

- Install water-saving devices to adjust water volume.
- Replace old equipment with water efficiency labelled equipment.
- Advocate water conservation including posting water-saving slogans and encourage water-saving habits.

(2) Waste management

- Capital Securities is in the financial service industry. It mainly provides financial goods and services. It mainly produces domestic waste.
- The Company has promoted waste reduction and recycling. After staff sorts out waste and recyclables, general waste will be transported to the incineration plant by the building property management company or qualified waste cleaning companies; the recyclables are commissioned to qualified recycling companies.

(3) Promoting paperless offices

Capital Securities is committed to protecting forest resources by actively promoting paperless offices.

Relevant actions and measures are as follows:

1. Provide e-statements for all products and encourage adoption to reduce printing paper and ink usage as well as mailing cost, GHG emissions and environmental pollution. The result is as follows: 2021 monthly e-statement totaled ~120k copies, accounting for 59.08% of total statement copies, increased by 47% YoY.
2. Provide online account opening options, including securities account, additional e-account, additional trust account and additional 3-in-1 account (credit, securities lending, loan). Promote online account opening and electronic trading through tutorial videos and Capital Teaching Video Network to reduce over-the-counter time and carbon footprint. Digital trading satisfies clients' immediate trading needs, increasing efficiency and clients' satisfaction. The result is as follows: in 2021, 48,090 accounts were opened online.
3. Adopt online bulletin board for internal announcements to reduce printing paper consumption; replaces paper signatures with electronic signatures.
4. Advocate resource efficiency, including double-sided printing and photocopying, reusing paper, envelopes and paper bags without violating information security or personal data protection; replace paper copies with soft copies, and fax with emails.

VI. Employee

Management policy

Colleague oriented: The Company's operations are driven by colleagues, and Capital Securities has adopted a reasonable salary system to properly take care of employees, improves talent cultivation as well as promotion and transfer, and creates a safe and healthy workplace to identify and respond to impact.

Occupational safety incident targets and actual situation:

No.	Item	2021	
		Target	Results
1	Number of occupational injury cases	0	1 case
2	Employee complaint settlement rate	100%	100%
3	Violation of labor laws and regulations	No violation	No violation

Note: For the fact and reasons of the case in No. 1, please refer to 4-(3) Occupational safety and health management system.

Employees are an indispensable part of Capital Securities. They are not only the main promoters of business operations, but also the key to creating the Company's revenue and brand image. Therefore, the Company adheres to the principle of compliance with labor laws and regulations, maintaining employee dignity, enhancing labor rights and interests, and committing itself to the promotion of human rights policy as a framework for business development, rules and regulations formulation as well as implementation and operations.

To this end, the Company's shares have also continued to be the constituent stock of the Taiwan Stock Exchange's "TWSE RA Taiwan Employment Creation 99 Index", pledging that the Company will continue to take into account both operating profit and labor rights and interests, and endeavor to be a high-quality and happy company trusted by employees. In the meantime, we strive to be recognized by the investment market for Capital Securities' efforts on social responsibility and human rights policies.

A. Perfect team and sound mechanism of talent recruitment, retention, and cultivation

(1) Team structure of Capital Securities

Capital Securities takes employees as its foundation, works with them together towards the goal, attaches great importance to the right of employees to work, and is committed to maintaining the dignity of employees. It complies with the relevant provisions of the Labor Standards Act, without resorting to exploitation or other illegal purposes and means. In the future, we will continue to pay attention thereto so as to avoid related incidents and to protect the basic human rights of employees.

Therefore, Capital Securities respects the voluntariness of job applicants in personnel recruitment

operations and provides employees with reasonable rest time during the work period without restricting the personal freedom of colleagues in the absence of justifiable reasons. If there is a need to work overtime, the consent of the employee will also be obtained without forcing employees to work overtime; Finally, colleagues have the right to resign or terminate the labor contract at any time after having giving a reasonable notice.

1. Capital Group's personnel structure (by gender) is as shown in the following table:

Personnel Structure Analysis Table							
Company name	Year Item	2021		2020		2019	
		Male	Female	Male	Female	Male	Female
Capital Securities	Fix-term contract	7	19	No disclosure	No disclosure	No disclosure	No disclosure
	Indefinite contract	722	1254	No disclosure	No disclosure	No disclosure	No disclosure
	Total	729	1273	669	1,261	609	1,230
	Full time	722	1254	669	1,261	609	1,230
	Part time	7	19	0	0	0	0
	Total	729	1273	669	1,261	609	1,230
Capital Investment Management	Fix-term contract	0	0	0	0	0	0
	Indefinite contract	20	14	29	21	29	25
	Total	20	14	29	21	29	25
	Full time	20	14	29	21	29	25
	Part time	0	0	0	0	0	0
	Total	20	14	29	21	29	25
Capital Insurance Advisory	Fix-term contract	0	0	0	0	0	0
	Indefinite contract	10	8	12	8	11	10
	Total	10	8	12	8	11	10
	Full time	10	8	12	8	11	10
	Part time	0	0	0	0	0	0
	Total	10	8	12	8	11	10
Capital Insurance Agency	Fix-term contract	0	0	0	0	0	0
	Indefinite contract	6	3	7	3	6	3
	Total	6	3	7	3	6	3
	Full time	6	3	7	3	6	3
	Part time	0	0	0	0	0	0

Personnel Structure Analysis Table							
Company name	Year Item	2021		2020		2019	
		Male	Female	Male	Female	Male	Female
	Total	6	3	7	3	6	3
CSC Venture Capital	Fix-term contract	0	0	0	0	0	0
	Indefinite contract	2	2	3	2	4	2
	Total	2	2	3	2	4	2
	Full time	2	2	3	2	4	2
	Part time	0	0	0	0	0	0
	Total	2	2	3	2	4	2
CSC Capital	Fix-term contract	0	0	N/A	N/A	N/A	N/A
	Indefinite contract	2	0	N/A	N/A	N/A	N/A
	Total	2	0	N/A	N/A	N/A	N/A
	Full time	2	0	N/A	N/A	N/A	N/A
	Part time	0	0	N/A	N/A	N/A	N/A
	Total	2	0	N/A	N/A	N/A	N/A

Note 1: The point in time for calculation is December 31, 2021.

Note 2: The total number of employees during the reporting period has not changed significantly.

2. The Capital Group's personnel structure (by region) is as shown in the following table:

Personnel Structure Analysis Table							
Company name	Year Item	2021		2020		2019	
		Taiwan	Other countries/ regions	Taiwan	Other countries/ regions	Taiwan	Other countries/ regions
Capital Securities	Fix-term contract	26	0	No disclosure	No disclosure	No disclosure	No disclosure
	Indefinite contract	1,975	1	No disclosure	No disclosure	No disclosure	No disclosure
	Total	2,001	1	No disclosure	No disclosure	No disclosure	No disclosure
Capital Investment Management	Fix-term contract	0	0	0	0	0	0
	Indefinite contract	34	0	50	0	54	0
	Total	34	0	50	0	54	0
Capital Insurance Advisory	Fix-term contract	-	0	0	0	0	0
	Indefinite contract	18	0	20	0	21	0
	Total	18	0	20	0	21	0

Personnel Structure Analysis Table							
Company name	Year Item	2021		2020		2019	
		Taiwan	Other countries/ regions	Taiwan	Other countries/ regions	Taiwan	Other countries/ regions
Capital Insurance Agency	Fix-term contract	-	0	0	0	0	0
	Indefinite contract	9	0	10	0	9	0
	Total	9	0	10	0	9	0
CSC Venture Capital	Fix-term contract	-	0	0	0	0	0
	Indefinite contract	4	0	5	0	6	0
	Total	4	0	5	0	6	0
CSC Capital	Fix-term contract	-	0	N/A	N/A	N/A	N/A
	Indefinite contract	2	0	N/A	N/A	N/A	N/A
	Total	2	0	N/A	N/A	N/A	N/A

Note 1: It is based on the end date of the reporting period, December 31, 2021.

Note 2: The total number of employees during the reporting period has not changed significantly.

Capital Securities adheres to the attitude of respecting employees, and recruits, retains, and cultivates talents through a reasonable salary system and a comprehensive talent cultivation mechanism. Although some colleagues left the team in 2021 due to their own career planning, the Company still continued to attract new talents to join the Capital Securities team for moving towards the identical idea together.

- The age structure of new colleagues of Capital Group in 2021 is as shown in the following table:

2021 New Colleagues Age Structure Table				
Company name	Gender	Age	Number of people	Percentage
Capital Securities	Male	29 years and younger	141	25.36%
		30 - 39 years	20	8.20%
		40 - 49 years	10	1.89%
		50 years and older	3	0.45%
		Sub-total	174	23.90%
	Female	29 years and younger	128	23.02%
		30 - 39 years	23	9.43%
		40 - 49 years	11	2.08%
		50 years and older	3	0.45%
		Sub-total	165	12.96%
Capital Investment Management	Male	29 years and younger	3	42.86%
		30 - 39 years	0	0.00%
		40 - 49 years	0	0.00%
		50 years and older	0	0.00%
		Sub-total	3	15%

2021 New Colleagues Age Structure Table				
Company name	Gender	Age	Number of people	Percentage
	Female	29 years and younger	2	28.57%
		30 - 39 years	1	16.67%
		40 - 49 years	0	0.00%
		50 years and older	0	0.00%
		Sub-total	3	21.43%
Capital Insurance Advisory	Male	29 years and younger	1	50%
		30 - 39 years	1	100%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	2	20%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
Capital Insurance Agency	Male	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
CSC Venture Capital	Male	29 years and younger	0	0%
		30 - 39 years	1	50%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	1	50%
	Female	29 years and younger	1	100%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	1	50%
CSC Capital	Male	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%

Note 1: It is based on the end date of the reporting period, December 31, 2021.

Note 2: The subtotal is based on the number of employees in each category. For example, the denominator of the male turnover rate is the total number of male employees, and the denominator of the new hire rate under the age of 30 is the number of employees under the age of 30.

Note 3: The total is based on the total number of employees as the denominator.

4. The age structure of the employees who left office from Capital Group in 2021 is shown in the following table:

Age Structure of Employees Leaving in 2021				
Company name	Gender	Age	Number of persons	Percentage
Capital Securities	Male	29 years and younger	55	9.89%
		30 - 39 years	24	9.84%
		40 - 49 years	13	2.46%
		50 years and older	25	3.72%
		Sub-total	117	16.07%
	Female	29 years and younger	56	10.07%
		30 - 39 years	19	7.79%
		40 - 49 years	34	6.43%
		50 years and older	45	6.70%
		Sub-total	154	12.10%
Capital Investment Management	Male	29 years and younger	0	0%
		30 - 39 years	6	100%
		40 - 49 years	2	15.38%
		50 years and older	4	50%
		Sub-total	12	60%
	Female	29 years and younger	5	71.43%
		30 - 39 years	3	50%
		40 - 49 years	0	0%
		50 years and older	1	12.50%
		Sub-total	9	64.29%
Capital Insurance Advisory	Male	29 years and younger	0	0%
		30 - 39 years	1	100%
		40 - 49 years	2	25%
		50 years and older	1	14.29%
		Sub-total	4	40%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
Capital Insurance Agency	Male	29 years and younger	0	0%
		30 - 39 years	1	33.33%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	1	16.67%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
CSC Venture Capital	Male	29 years and younger	0	0%
		30 - 39 years	2	100%
		40 - 49 years	0	0%

Age Structure of Employees Leaving in 2021				
Company name	Gender	Age	Number of persons	Percentage
	Female	50 years and older	0	0%
		Sub-total	2	100%
		29 years and younger	1	100%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	1	100%
CSC Capital	Male	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%
	Female	29 years and younger	0	0%
		30 - 39 years	0	0%
		40 - 49 years	0	0%
		50 years and older	0	0%
		Sub-total	0	0%

Note 1: It is based on the end date of the reporting period, December 31, 2021.

Note 2: The subtotal is based on the number of employees in each category. For example, the denominator of the male turnover rate is the total number of male employees, and the denominator of the new hire rate under the age of 30 is the number of employees under the age of 30.

Note 3: The total is based on the total number of employees as the denominator.

Capital Securities does not have any differential or discriminatory measures in employment or treatment due to race, class, language, religion, politics, nationality, gender, age, marital or trade union status, etc.

5. The employee diversity distribution of Capital Group in 2021 is shown in the following table:

Employee Diversity Distribution Table		Capital Securities								Capital Investment Management							
Employee category		2021		Total	Percentage	2020		2019		2021		Total	Percentage	2020		2019	
		Male	Female			Male	Female	Male	Female	Male	Female			Male	Female	Male	Female
Age	Under 30 years	279	277	556	27.77%	192	208	121	146	4	3	7	20.59%	1	7	5	7
	30 - 50 years	275	498	773	38.61%	284	519	295	565	9	10	19	55.88%	17	12	14	16
	50 years or older	175	498	673	33.62%	193	534	193	519	7	1	8	23.53%	11	2	10	2
Total		729	1,273	2,002	100%	669	1261	609	1230	20	14	34	100%	29	21	29	25
Educational background	Senior high school (vocational) and below	89	266	355	17.73%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0.00%	No disclosure	No disclosure	No disclosure	No disclosure
	Universities and colleges (including universities, colleges, technical colleges)	522	907	1,429	71.38%	No disclosure	No disclosure	No disclosure	No disclosure	4	6	10	29.41%	No disclosure	No disclosure	No disclosure	No disclosure
	Master	117	100	217	10.84%	No disclosure	No disclosure	No disclosure	No disclosure	16	8	24	70.59%	No disclosure	No disclosure	No disclosure	No disclosure
	PhD	1	0	1	0.05%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
Total		729	1,273	2,002	100%	No disclosure	No disclosure	No disclosure	No disclosure	20	14	34	100%	No disclosure	No disclosure	No disclosure	No disclosure
Function	Supervisory position	88	87	175	8.74%	No disclosure	No disclosure	128	153	6	1	7	20.59%	No disclosure	No disclosure	10	1
	Non-supervisory position	641	1,186	1,827	91.26%	No disclosure	No disclosure	481	1077	14	13	27	79.41%	No disclosure	No disclosure	19	24
Total		729	1,273	2,002	100%	No disclosure	No disclosure	609	1230	20	14	34	100%	No disclosure	No disclosure	29	25
Others	Physical and mental disabilities	N/A	N/A	N/A	N/A	N/A	N/A	No disclosure	No disclosure	N/A	N/A	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure
	Ethnic minority	N/A	N/A	N/A	N/A	0	3	No disclosure	No disclosure	N/A	N/A	N/A	N/A	0	0	No disclosure	No disclosure
	Foreign nationality	1	0	N/A	N/A	1	0	No disclosure	No disclosure	0	0	N/A	N/A	0	0	No disclosure	No disclosure

Note: It is based on the number of colleagues on the end date of the reporting period, December 31, 2021; The total number of employees during the reporting period has not changed significantly.

Employee Diversity Distribution Table		Capital Insurance Advisory								Capital Insurance Agency							
Employee category		2021		Total	Percentage	2020		2019		2021		Total	Percentage	2020		2019	
		Male	Female			Male	Female	Male	Female	Male	Female			Male	Female	Male	Female
Age	Under 30 years	2	0	2	11.11%	1	0	1	0	0	0	0	0%	0	0	0	0
	30 - 50 years	6	3	9	50%	8	3	7	5	4	3	7	77.78%	5	3	4	1
	50 years and older	2	5	7	38.89%	3	5	3	5	2	0	2	22.22%	2	0	2	2
Total		10	8	18	100%	12	8	11	10	6	3	9	100%	7	3	6	3
Educational background	Senior high school (vocational) and below	1	2	3	16.67%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
	Universities and colleges (including universities, colleges, technical colleges)	8	6	14	77.78%	No disclosure	No disclosure	No disclosure	No disclosure	4	2	6	66.67%	No disclosure	No disclosure	No disclosure	No disclosure
	Master	1	0	1	5.55%	No disclosure	No disclosure	No disclosure	No disclosure	2	1	3	33.33%	No disclosure	No disclosure	No disclosure	No disclosure
	PhD	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
Total		10	8	18	100%	No disclosure	No disclosure	No disclosure	No disclosure	6	3	9	100%	No disclosure	No disclosure	No disclosure	No disclosure
Function	Supervisory position	2	3	5	27.78%	No disclosure	No disclosure	3	3	1	0	1	11.11%	No disclosure	No disclosure	3	0
	Non-supervisory position	8	5	13	72.22%	No disclosure	No disclosure	8	7	5	3	8	88.89%	No disclosure	No disclosure	3	3
Total		10	8	18	100%	No disclosure	No disclosure	11	10	6	3	9	100%	No disclosure	No disclosure	6	3
Others	Physical and mental disabilities	N/A	N/A	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure	N/A	N/A	N/A	N/A	N/A	N/A	No disclosure	No disclosure
	Ethnic minority	N/A	N/A	N/A	N/A	0	0	No disclosure	No disclosure	N/A	N/A	N/A	N/A	0	0	No disclosure	No disclosure
	Foreign nationality	0	0	N/A	N/A	0	0	No disclosure	No disclosure	0	0	N/A	N/A	0	0	No disclosure	No disclosure

Note: It is based on the number of colleagues on the end date of the reporting period, December 31, 2021; The total number of employees during the reporting period has not changed significantly.

Employee Diversity Distribution Table		CSC Venture Capital								CSC Capital							
Employee category		2021		Total	Percentage	2020		2019		2021		Total	Percentage	2020		2019	
		Male	Female			Male	Female	Male	Female	Male	Female			Male	Female	Male	Female
Age	Under 30 years	0	1	1	25%	0	1	0	1	0	0	0	0	No disclosure	No disclosure	No disclosure	No disclosure
	30 - 50 years	2	1	3	75%	3	1	3	1	1	0	1	50%	No disclosure	No disclosure	No disclosure	No disclosure
	50 years or older	0	0	0	0%	0	0	1	0	1	0	1	50%	No disclosure	No disclosure	No disclosure	No disclosure
Total		2	2	4	100%	3	2	4	2	2	0	2	100%	No disclosure	No disclosure	No disclosure	No disclosure
Educational background	Senior high school (vocational) and below	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
	Universities and colleges (including universities, colleges, technical colleges)	0	2	2	50%	No disclosure	No disclosure	No disclosure	No disclosure	2	0	2	100%	No disclosure	No disclosure	No disclosure	No disclosure
	Master	2	0	2	50%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
	PhD	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure	0	0	0	0%	No disclosure	No disclosure	No disclosure	No disclosure
Total		2	2	4	100%	No disclosure	No disclosure	No disclosure	No disclosure	2	0	2	100%	No disclosure	No disclosure	No disclosure	No disclosure
Function	Supervisory position	1	0	1	25%	No disclosure	No disclosure	2	1	1	0	1	50%	No disclosure	No disclosure	No disclosure	No disclosure
	Non-supervisory position	1	2	3	75%	No disclosure	No disclosure	2	1	1	0	1	50%	No disclosure	No disclosure	No disclosure	No disclosure
Total		2	2	4	100%	No disclosure	No disclosure	4	2	2	0	2	100%	No disclosure	No disclosure	No disclosure	No disclosure
Others	Physical and mental disabilities	N/A	N/A	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure	N/A	N/A	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure
	Ethnic minority	N/A	N/A	N/A	N/A	0	0	No disclosure	No disclosure	N/A	N/A	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure
	Foreign nationality	0	0	N/A	N/A	0	0	No disclosure	No disclosure	0	0	N/A	N/A	No disclosure	No disclosure	No disclosure	No disclosure

Note: It is based on the number of colleagues on the end date of the reporting period, December 31, 2021; The total number of employees during the reporting period has not changed significantly.

(2) Sound cultivation mechanism

Capital Securities invests considerable resources in cultivating talents in order to establish a sound cultivation mechanism. It also discusses and plans career development paths with colleagues with an active and open attitude for them to improve professional skills and to accumulate work experience. In addition, it actively conducts various education and training, and builds a complete education and training system using multiple training methods, such as classroom training, digital learning, on-the-job training, external training, job rotation, and project assignment, to create an environment conducive to learning.

1. It develops a comprehensive professional training plan according to the different career stages and organizational development needs of employees at all levels, and organizes courses of various types, including: new hire training, professional training, cadre development training, supervisor growth training, and inviting experts and scholars to give speeches on special topics.
 - (a) On-the-job training conducted by each department itself: Each department of Capital Securities plans and conducts education and training according to job requirements in terms of the business, transaction, marketing planning, finance, human resources, regulatory compliance and auditing, etc.
 - (b) External further education and training:
 - External regulatory training: Our colleagues are encouraged to regularly participate in the training courses conducted by external professional institutions such as Taiwan Academy of Banking and Finance, the Securities and Futures Institute, Taiwan Securities Association, Chinese National Futures Association, and Trust Association of R.O.C, so as to keep pace with up-to-date financial expertise.
 - External professional training: It formulated the “Employee Education and Training Guidelines,” so that colleagues may strengthen their professionalism according to their individual work demands and are encouraged to take external courses in the field relating to their duties so to enhance their competitiveness.
 - (c) Internal education and training
 - Sales personnel training (elementary level): Colleagues can improve their financial expertise and service quality through intensive training.
 - Reserve cadre talent cultivation program (intermediate level): A three-month training course is planned every year through Capital Finance University for outstanding colleagues selected by each unit to learn cross-departmental and organizational skills, presentation skills, management, and leadership skills, etc. so as to improve skills of work management and teamwork cooperation.
 - Branch supervisor competency training (intermediate): Regular training sessions are held for branch managers, sales counter supervisors, and settlement counter supervisors. The contents of the courses include advocacy in financial laws and

regulations, management competency training, professional sales training, outstanding supervisors' experience sharing, and explanation of financial products according to quarterly business promotional items.

- Executive training: Management competency courses are planned through the annual executive operations meeting.
2. It sets up an E-learning platform to provide a wealth of E-learning training courses, covering information security, Personal Data Protection Act, labor safety and health education, education and training for new hires, anti-money laundering and countering the financing of terrorism training, introduction to financial products, etc. to improve the time flexibility and efficiency of learning. Such courses are also conducted in combination with competency planning to improve the willingness of employees to learn independently.
 3. Colleagues must obtain relevant financial licenses in accordance with the law to perform business. Capital Securities has formulated relevant guidelines for professional examination awards and license examination registration fee subsidies so to encourage colleagues to obtain financial licenses.

In 2021, the total cost of employee education and training was in the amount of NT\$ 5,710,000. A total of 4,956 person-times participated in various external professional education and training, with an average training rate of 248%. A total of 97 internal training sessions were held.

4. Meanwhile, in order to protect the rights and interests of colleagues at work, work rules have been formulated, which clearly stipulates that the job duty and location may be transferred or temporarily dispatched according to the transfer principle in Article 10-1 of the Labor Standards Act due to business needs. Full communication and coordination with employees must be proceeded with before such changes. The rights and interests of employees are all advocated during the pre-employment training of new employees.

In addition to the continuous development of employees' professional skills, we also hold health and physical fitness seminars, volunteer training for reading activities in remote areas, financial seminars, etc., so that colleagues can cultivate various interests with balanced development and achieve lifelong learning goals.

Generally speaking, Capital Securities expects colleagues to accumulate work experience through a systematic model and continuously improve their professional capabilities, which not only are conducive to the work content, but also can be feedback to the Company's performance. It also actively promotes funding and subsidy measures and designs diversified ways to provide colleagues with corresponding training according to their job content.

The training hours, types, targets, regions and total hours of Capital Group's employees for education and training courses that have implemented:

2021 training hours		Capital Securities			Capital Investment Management			Capital Insurance Advisory		
Group	Item	Group size (A)	Group total training hours (B)	Group average hours (B/A)	Group size (A)	Group total training hours (B)	Group average hours (B/A)	Group size (A)	Group total training hours (B)	Group average hours (B/A)
	Rank									
Rank	Non-supervisory position	1,730	86,466	50	26	587	23	13	336.5	17.8
	Supervisory position	272	13,506	49.65	8	206	25.75	5	89	26
Contract form	Indefinite	1,976	99,851	50.53	34	793	23.32	18	425.5	23.64
	Fixed term	26	121	5	0	0	0	0	0	0
Work type	Full time	1,976	99,851	50.53	34	793	23.32	18	425.5	23.64
	Part time	26	121	5	0	0	0	0	0	0
Gender	Male	729	33,010.5	45.28	20	418	20.9	10	234.5	23.45
	Female	1,273	66,961.5	53	14	375	27	8	191	24
Course category	External training	2,002	44,524.5	22.24	34	337	9.91	18	38	2.11
	Internal training	2,002	55,447.5	27.7	34	456	13.41	18	387.5	21.53
2021 training hours		Capital Insurance Agency			CSC Venture Capital					
Group	Item	Group size (A)	Group total training hours (B)	Group average hours (B/A)	Group size (A)	Group total training hours (B)	Group average hours (B/A)			
	Rank									
Rank	Non-supervisory position	7	33	16.5	3	25	8.33			
	Supervisory position	2	162	23	1	10.5	10.5			
Contract form	Indefinite	9	195	21.67	4	35.5	8.88			
	Fixed term	0	0	0	0	0	0			
Work type	Full time	9	195	21.67	4	35.5	8.88			
	Part time	0	0	0	0	0	0			
Gender	Male	6	135.5	22.58	2	26.5	13.25			
	Female	3	59.5	20	2	9	4.5			
Course category	External training	9	18	2	4	6	1.5			
	Internal training	9	177	19.67	4	29.5	7.38			

Note: The statistics are compiled based on physical/online courses uniformly planned by the Company, not including the arrangements made by the head of each department based on the departmental planning and by colleagues based on their individual self-learning and growth plans.

Among the above, the human rights policies or procedures take up 487 hours in 2021.

The training hours for employees of Capital Group are as follows:

2021	Human rights policy or procedure total training hours	Total number of employees (B)	Number of employees taking the human rights policy or procedure training course (A)	Percentage (B)/(A)
Capital Securities	487	2002	487	24.33%
Capital Investment Management	8	34	8	23.53%
Capital Insurance Advisory	2	18	2	11.11%
Capital Insurance Agency	0	9	0	0%
CSC Venture Capital	2	4	2	50%

(3) Performance appraisal

Performance appraisal is not only for the Company to evaluate the work performance of colleagues but should also be a platform and the point in time for mutual communication on duties or contents. For this reason, Capital Securities strives to establish a fair, reasonable and effective performance appraisal mechanism that is adjustable on a rolling basis, and further conducts regular performance evaluations of colleagues. In implementation thereof, performance evaluation items and weighting are set separately for job content, general and professional functions. In addition, the advocacy and design thereof will not be based on the race, class, language, thought, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, star sign, blood type, etc. resulting in discrimination or unfair situations.

Finally, the results of performance appraisal will be linked to promotions, salary adjustments and bonuses so as to promote, reward or coach colleagues for their performance. Supervisors at all levels actively provide colleagues with guidance on work, resources, encouragement and support as well as career consultation and let colleagues know the content of their performance evaluation in a timely manner; in the meantime, they make corresponding career plans for the Company's business strategies, goals and management measures in the future.

Capital Securities' performance evaluation status in 2021, in terms of the gender, employment type, or supervisory position / non-supervisory position, is as shown in the following table.

Performance evaluation conducted in 2021		Capital Securities			Capital Investment Management		
Group	Item	Total number of people in the Company	Number of people subject to performance evaluation	Percentage	Total number of people in the Company	Number of people subject to performance evaluation	Percentage
Rank	Non-supervisory position	1,827	1,608	88.01%	27	24	88.89%
	Supervisory position	175	171	97.71%	7	7	100%
Gender	Male	729	602	82.58%	20	19	95%
	Female	1,273	1,177	92.46%	14	12	85.71%

Performance evaluation conducted in 2021		Capital Insurance Advisory			Capital Insurance Agency		
Group	Item	Total number of people in the Company	Number of people subject to performance evaluation	Percentage	Total number of people in the Company	Number of people subject to performance evaluation	Percentage
Rank	Non-supervisory position	13	11	84.62%	8	8	100%
	Supervisory position	5	5	100%	1	1	100%
Gender	Male	10	8	80%	6	6	100%
	Female	8	8	100%	3	3	100%
Performance evaluation conducted in 2021		CSC Venture Capital					
Group	Item	Total number of people in the Company	Number of people subject to performance evaluation	Percentage			
Rank	Non-supervisory position	3	2	66.67%			
	Supervisory position	1	1	100%			
Gender	Male	2	2	100%			
	Female	2	1	50%			

B. Compensation and remuneration policy and system

Capital Securities has set up a Compensation and Remuneration Committee, which holds regular meetings and reviews the fairness and reasonableness of the Company's overall compensation and remuneration policies and systems. It is also responsible for the Company's annual salary adjustment and year-end and festival bonuses, the distribution of which are based on the evaluation and review of the annual profit and performance of the Company and each department, price index in society, peer salary and remuneration level, annual employee performance, reward and punishment status and other indicator items as a whole, to be submitted to the Board of Directors for deliberation and approval, so as to motivate colleagues to improve the Company's operating performance, sharing the Company's operating results.

The compensation and remuneration policy and system of Capital Securities may be roughly divided into the following levels:

- (1) The remuneration of directors (including independent directors) can be divided into two types: one is transportation allowances, which are used as the expenses for going to the Company or negotiating business deals with others for the Company; the other is the attendance fee and remuneration, of which the remuneration is authorized by the resolution of the shareholders meeting to the Board of Directors for determination. If the Company has a profit in the year, the Board of Directors will resolve to set aside 3% or less as the director remuneration, which will then be reviewed by the Compensation and Remuneration Committee based on the common standard of the peer industry and according to each director's participation in the Company's operation and contribution level respectively. The proposal will be submitted to the Board of Directors for deliberation and approval.
- (2) The remuneration of the president, the vice president and other high-level management levels is composed of salaries, supervisor allowances and benefits as the fixed remuneration, with year-end

bonuses and festival bonuses as the floating remuneration. The common standard of the peer industry, educational background and work experience, positions, duties and responsibilities, performance as well as reward and punishment status, and the relevance between the Company's operating performance and risks are in principle taken into account, reviewed by the Compensation and Remuneration Committee, and further submitted to the Board of Directors for deliberation and approval.

- (3) Salaries, year-end and festival bonuses for managers and above must all be reviewed by the Compensation and Remuneration Committee, with reference to the peer industry's common standard, colleagues' work performance, participation in the Company's operations and contribution level, functions and responsibilities, performance as well as reward and punishment status, and the relevance between the Company's operating performance and risks, and further submitted to the Board of Directors for deliberation and approval.
- (4) The determination on the salary of general employees is to be approved by the president, based on in principle the common standard of the peer industry; as for the floating salary of year-end and festival bonuses, the work performance of colleagues, participation in the Company's operations and the contribution level, the performance as well as reward and punishment status, and other items are further evaluated and calculated for the distribution.
- (5) For new recruits, the determination on the salary takes into account the common standard of the peer industry, considering their educational background as well, work experience, positions, functions and responsibilities. Meanwhile, the starting (determination of) salary does not differ due to the gender factor.

In addition, the "Analysis Table of the Number of Full-Time Employees Not in Supervisory Positions, the Average and Median of Salary" is prepared in accordance with the provisions of Article 4, Subparagraph 4, Item 1 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by Taiwan Stock Exchange. According to the analysis results of 2021 and 2020 in the table, there is a trend of increase in the median of the number of full-time employees, which indicates that the Company indeed shares its operating results with its colleagues.

Analysis Table of the Number of Full-Time Employees Not in Supervisory Positions, the Average and Median of Salary:

Analysis Table of the Number of Full-Time Employees Not in Supervisory Positions, the Average and Median of Salary		
Unit: NT\$ 1,000		
Year	2021	2020
Number of full-time employees	1,760 (person)	1,660 (person)
Percentage increase / decrease from the previous year	6.02%	
Average of full-time employees' salary	1,216	942
Percentage increase / decrease from the previous year	29.09%	
Median of full-time employees' salary	845	737
Percentage increase / decrease from the previous year	14.65%	

Note 1: Employees holding supervisory positions are not included.

Note 2: Only the data of Capital Securities are disclosed.

Analysis Table of Average Salary of Capital Group's Employees by Position and Gender:

Analysis Table of Employee Salary by Position and Gender								
Company name	Supervisory position				Non-supervisory position			
	2021		2020		2021		2020	
	Male	Female	Male	Female	Male	Female	Male	Female
Capital Securities	1.3	1	1.27	1	1.02	1	1.03	1
Capital Investment Management	0.84	1	0.81	1	1.08	1	1.24	1
Capital Insurance Advisory	1.29	1	1.24	1	0.76	1	0.78	1
Capital Insurance Agency	N/A	N/A			1.22	1	1.16	1
CSC Venture Capital	N/A	N/A			1.23	1	1.29	1

Note 1: Capital Insurance Agency and CSC Venture Capital only have management personnel of a single gender.

Note 2: Proportion formula = (average of monthly basis salary of males and females / average of monthly basis salary of females); female salary is expressed as 1.

Note 3: The management level refers to: supervisors at the section level and above.

Note 4: N/A indicates only one single gender.

C. Comprehensive care for employees and welfare

(1) Diversified and smooth communication channels

Capital Securities attaches great importance to the opinions and feelings of colleagues on organizational development or various operations, and fully provides smooth and diverse communication channels or complaint mechanisms, such as the sexual harassment hotline, integrity channel, employee comments box, labor-management meetings, etc. by means of the E-mail, phone, direct appointment for an interview, and others.

At the same time, in order to allow colleagues to give opinions or suggestions at any time, easily and with the opportunity, we conduct continuous advocacy to all colleagues on a regular or irregular basis to

ensure that colleagues can fully understand and dare to use such communication channels or complaint mechanisms, and assist colleagues in solving matters on salary and compensation, treatment, fairness and reasonableness or other rights and interests so as to allow colleagues' opinions to be dealt with as soon as possible. We also promote the optimization of our rules and systems, enhance the labor rights and interests of all colleagues, as well as enhance prosperity and eliminate adversities, so as to create a workplace that achieves barrier-free communication.

Communication Channel	
Item	Content description
Communication channel	Colleagues can express their opinions through the dedicated employee of the Human Resources Office, Management Department at the dedicated hotline: (02) 8789-8888, ext. 7121. Based on an encouraging attitude, the Company welcomes colleagues to express suggestions, clarify doubts in life or work, or protect other rights and interests.
Complaint and suggestion box	The dedicated person confirms employees' opinions and relevant suggestions on a daily basis, so that colleagues' opinions can be dealt with as soon as possible. We strive to enhance prosperity and eliminate adversities, optimize our rules and systems, and improve the labor rights and interests of all colleagues.
Employee Welfare Committee	<ul style="list-style-type: none"> We set up and registered the Employee Welfare Committee with the competent authority in accordance with labor laws and regulations to provide employees with various care for employees and accept applications for welfare benefits, such as: wedding and funeral subsidies, hospitalization and surgery condolence money, maternity subsidies, travel activities subsidies, natural disasters condolence money, and emergency rescue. The committee selects its members from among the Company's employees with knowledge, experience and communication skills. During the meeting, the committee members conduct discussions on special topics, probing into issues incisively and listening to comments on welfare measures, colleagues' issues at work, and colleagues' life matters, and collect comments to be used as an important reference source for feedback to the Company's administrative management. The Employee Welfare Committee has rather sufficient funds to continuously support and promote care for employees and welfare measures
Labor-management meeting	<ul style="list-style-type: none"> The "Implementation Guidelines for Labor-Management Meetings" are formulated, and labor-management meetings are conducted every quarter; Labor-management meetings are held every 3 months, and the meeting notice will be sent to each meeting representative 7 days prior to the meeting, and the meeting agenda will be distributed to each representative 3 days prior to the meeting. It coordinates labor-management relations, improve work efficiency, and promote cooperation between labor and management, serving as the communication bridge. It also carries out full and proper discussions on employee dynamics, business plans and business overview, labor-management relations, promotion of labor-management cooperation, labor conditions, labor welfare planning, work efficiency, working environment, and other matters.
Sexual harassment dedicated hotline	<ul style="list-style-type: none"> The "Complaint and Discipline Key Points for Sexual Harassment Prevention Measures in the Workplace". Colleagues may make complaints through the Human Resources Office of the Management Department at (02) 8789-8888, ext. 7121, and the whole process will be handled in a confidential manner.
The Company's internal EIP website	Matters concerning the rights and interests of all employees will be announced at any time through the Company's internal website.

Note: Only Capital Securities is disclosed; for other subsidiaries, it is handled in accordance with labor laws and regulations based on the number of employees and the company size.

(2) Proper system to extend care for employees

In order to be able to improve the labor rights and interests of employees, the only way to go is for Capital Securities to establish a sound employee caring system, designing diversified care and welfare measures or activities for employees, such as employee holidays, welfare bonuses and subsidies so as to fulfill the highest guiding principle of properly safeguarding labor rights and interests.

Type	Purpose	Care for employees, welfare measures, and activities
Employee holiday	Allow colleagues to rest fully, attend to both the family and life, relax their body and mind, and build up leisure life and interests in their spare time.	Properly implement two days off every week; other leave rules are subject to labor laws and regulations.
Employee travel		Travel subsidies for employees at home and abroad.
Financial subsidy		The “Management Guidelines for the Establishment of and Subsidies for Recreational and Public Welfare Clubs” are formulated to encourage colleagues to develop the habit of engaging in sports and public welfare activities.
Health examination, advocacy and consultation	Continuous care and tracking of employees' health	<ul style="list-style-type: none"> • Conduct regular employee health checks. • Invite doctors from Cathay General Hospital to provide on-site health consultation services, and regularly pay visits to the Company for consultation services such as employee health education, health promotion and guidance on hygiene.
Welfare benefit and subsidy	Provide all-round comfort, support and assistance to employees, so that they can work with security and peace of mind	<ul style="list-style-type: none"> • Marriage, funeral, hospitalization, maternity benefits, etc. • Negotiate preferred deals with various special stores.
Employee consulting services		The Company provides assistance in dealing with legal or psychological issues.
Employee and family member insurance	Implement protection on the rights and interests of employees in the performance of their duties	<ul style="list-style-type: none"> • Provide group insurance such as employee life insurance, accident insurance, accident treatment insurance, and occupational accident insurance. • Provide self-pay group insurance with low prices for employees' family members, such as fix-term life insurance, accident insurance, medical insurance and cancer insurance. • A total of 373 users in 2021
Advocacy, education and Training	Maintain the healthy exercise and diet concept of employees	Hold seminars irregularly with special topics, such as “Office Exercise”, “Office Stretching Exercise”, “Training for Office Workers”, and “Healthy Meal Plates”.
Other items	Gather colleagues' sense of coherence towards the Company, and strive to provide diversified care and welfare programs for employees	<ul style="list-style-type: none"> • Hold activities to offer massage services by the visually impaired. • Annual selection of the most valuable player (MVP). • Hold seminars with special topics, such as “Office Exercise”, “Office Stretching Exercise”, “Training for Office Workers”, “Healthy Meal Plate” to promote the concept of maintaining healthy exercise and diets to colleagues.

Note: Only Capital Securities is disclosed; for other subsidiaries, it is handled in accordance with labor laws and regulations based on the number of employees and the company size.

1. Employee Welfare Expenses Analysis Table

Employee Welfare Expenses Analysis Table			
Unit: NT\$ 1,000			
Expense item	2021	2020	2019
Salary cost	2,854,918	2,019,464	1,628,480
Labor and health insurance costs	181,052	137,941	129,502
Pension cost	97,407	80,921	77,638
Other welfare costs	59,408	49,889	43,853
Employee welfare cost (Total)	3,192,785	2,288,215	1,879,473
Number of workers	1,989	1,883	1,805
Average employee salary cost	1,435.35	1,072.47	902.20
Salary cost growth rate	41.37%	24.01%	
Average employee welfare cost	1,605.22	1,215.2	1,041.26
Welfare cost growth rate	39.53%	21.75%	

Note1: Only Capital Securities is disclosed; for other subsidiaries, it is handled in accordance with labor laws and regulations based on the number of employees and the company size.

Note 2: The calculation period is January 1, 2021 ~ December 31, 2021.

Note 3: The number of employees is calculated by adding the average number of persons in the whole year to the number of directors.

2. Summary Table for Employees of Capital Group on Parental Leave Without Pay and Reinstatement:

2021 Parental Leave Without Pay and Reinstatement Summary Table								
Company name	Category	Number of people eligible for parental leave without pay in the current year	Number of applicants for parental leave without pay in the current year (A)	Number of people who should be reinstated in the current year (B)	Reinstatement rate (B)/(A)	Number of people remaining in office for over 12 months after reinstatement from parental leave without pay (C)	Retention rate (C)/(D)	Actual number of people reinstated from parental leave without pay in the previous year (D)
Capital Securities	Female	30	8	6	75%	3	100%	3
	Male	30	0	0	0%	0	0%	0
Capital Investment Management	Female	0	0	0	0%	0	0%	0
	Male	1	0	0	0%	0	0%	0
Capital Insurance Advisory	Female	0	0	0	0%	0	0%	0
	Male	0	0	0	0%	0	0%	0
Capital Insurance Agency	Female	0	0	0	0%	0	0%	0
	Male	0	0	0	0%	0	0%	0
CSC Venture Capital	Female	0	0	0	0%	0	0%	0
	Male	0	0	0	0%	0	0%	0
CSC Capital Management	Female	0	0	0	0%	0	0%	0
	Male	0	0	0	0%	0	0%	0
Total		61	8	6	75%	3	100%	3

Note: The Company provides employees with eight weeks of maternity leave and parental leave without pay in accordance with Article 50 of the Labor Standards Act as well as Articles 15 and 16 of the Gender Equality in Employment Act. Employees who have remained in office for six months or more and before each of their children reaching the age of three may apply for parental leave without pay until the child turns the age of three, but the leave shall not last for more than two years. For employees who need to raise two or more children at the same time, the period of parental leave without pay shall be calculated together, and the longest period shall be limited to two years for the youngest child.

(3) Occupational safety and health management system

1. Implementing the improvement of the working environment, health and safety of colleagues

Capital Securities follows the requirements of Occupational Safety and Health Acts and regulations to establish a sound management system, continuously implement the spirit of P-D-C-A continuous improvement, appoint the occupational safety and health business supervisor, and hold regular meetings to respond to occupational safety and health related laws and regulations. It also regularly or irregularly (for example, in case of changes in operational activities or occurrence of abnormality) carries out hazard identification and risk assessment. If the risk assessment results show the need to carry out risk treatment measures such as transferring, offsetting or strengthening the management, we continue to seek the best improvement plan so to protect the working environment as well as health and safety of colleagues; meanwhile, we implement, supervise and command safety and health management matters based on the powers, coordinate and guide colleagues for such implementation.

Therefore, the content of each quarterly meeting covers: occupational safety and health policies, occupational safety and health management plans, safety and health education and training, health promotion, hazard prevention measures, occupational disaster investigation reports, on-site safety and health management performance, etc.

In this regard, Capital Securities has taken the following measures to implement the sound working environment as well as health and safety of its colleagues:

Aspect	Content
Control of the working environment	<ul style="list-style-type: none"> • Provide a bright and tidy work environment and review the work environment regularly. • Provide safety protection equipment necessary for employees' safety and health. • Set up a fire control manager in accordance with the Fire Services Act and the Enforcement Rules of the Fire Services Act; meanwhile, the designated colleague will inspect the workplace from time to time, including various fire protection equipment and measures. • Formulate the handling measures for smoke hazard control. • Prepare sufficient first aid medicines and equipment, and arrange first aid personnel to handle first aid matters. • Obtain the certification of ISO22301 Business Continuity Management of British Standards Institute for the purpose of ensuring that when the Company encounters emergencies and disasters, the impact on our personnel and the Company will be minimized.
Venue liability insurance	<p>For all the Company's business premises and branches, insurance has been taken out for the following items</p> <ul style="list-style-type: none"> • Commercial fire insurance. • Electronic equipment insurance. • Public liability insurance.
Advocacy, education and training	<ul style="list-style-type: none"> • Formulate the "Occupational Safety and Health Education and Training Rules", and hold safety and health related courses on a regular basis. • Advocate and provide employee with health knowledge according to the advice of professional physicians. • Provide employees with health care information from time to time, so that employees can obtain correct and effective health and safety information. • Hold regular fire drills, and fire control managers must undergo regular refresher training sessions.

Aspect	Content
Occupational safety and health personnel and plans	<ul style="list-style-type: none"> Set up a occupational safety and health supervisor and first aid personnel in accordance with the “Occupational Safety and Health Act”. Formulate and promote the “Ergonomic Hazard Prevention Program” to prevent ergonomic hazards from work-related musculoskeletal injuries or diseases. Formulate and promote the “Abnormal Workload-induced Disease Prevention Plan”, plan and take necessary safety and health measures for the prevention of diseases caused by abnormal workloads such as shifts, night work, and long hours.
Protection of women's rights	<ul style="list-style-type: none"> Set up a “Staff Breastfeeding Room”. Provide a safe, private environment and equipment to employees with secured and safe spaces for proper storage.

If a colleague is injured while on duty, the Company will grant sick leaves for work injury in accordance with the law and regulations as well as based on the actual situation, and assist in applying for labor insurance benefits as compensation for occupational accidents. In 2021, there was a total of 1 occupational accident case and a total of 1 injured person. It involved an employee’s burn accident, for which we have posted a warning notice at the site where the accident had occurred so as to avoid recurrence. There has been no cases of occupational diseases this year.

Statistics on Capital Group’s Employees Occupational Accidents

Company name	Total actual working hours	Total working days	Total occupational injury cases	Total number of loss days	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Occupational disease rate	Mortality rate
Capital Securities	1,372,032	171,504	1	7	0.73	5	0	0
Capital Investment Management	70,216	8,777	0	0	0	0	0	0

Note 1: Disabling injury frequency rate (FR) = total number of occupational injuries * million working hours / total actual working hours. (to be rounded up to the 2nd decimal place)

Note 2: Disabling injury severity rate (SR) = total number of lost working days * million working hours / total actual working hours. (to be rounded down to the integer)

Note 3: The number of person-time due to disabling injury: the number of cases that the worker cannot return to work due to occupational injuries for one day or more.

Note 4: Total loss days: The number of days during which the worker cannot return to work due to occupational injury is one day or more. The total number of loss days does not include the calendar days on the day of injury and the day of return to work

Note 5: As Capital Insurance Advisory, Capital Insurance Agency, CSC Venture Capital, and CSC Capital Management are business entities with less than 50 employees, there is no need to fill in and report the occupational disaster statistics in accordance with Article 38 of the Occupational Safety and Health Act and Article 51 of its Enforcement Rules. Therefore, their data are not presented in the table.

2. Workplace Violence Complaint Handling Committee

Capital Securities has set up a “Workplace Violence Complaint Handling Committee” to protect all employees from being mistreated by supervisors or colleagues through taking advantage of their duties or positions, or being the target of physical assaults, verbal insults, intimidation, threats, and other bullying or violent behaviors, resulting in mental or physical harm, or even life-threatening by customers, targets served, and other relevant persons in the process of performing their duties..

In order to balance the allocation of the committee members' ranks, identity status and genders, the committee is currently composed of the supervisor of the regulatory compliance unit, the supervisors of relevant units at the department level or above, and general employees. The percentage of non-management staff members accounts for 42% thereof and the number of female members is

more than half thereof. The meeting agenda of the “Workplace Violence Complaint Handling Committee” is discussed and resolved among and by the committee members, and then submitted to the chairman for approval.

3. Affirmed behavior

- (a) “Accredited Healthy Workplace – Badge of Health Promotion” by the Bureau of Health Promotion, Department of Health, Executive Yuan: We encourage colleagues to promote a smoke-free environment at our workplaces, actively promote healthy workplaces to facilitate work performance, and has obtained the Accredited Healthy Workplace – Badge of Health Promotion (valid period: 2019 -2021).
- (b) The badge “Taiwan i Sports” issued by the Sports Administration of the Ministry of Education.

(4) Retirement system

Capital Securities has formulated the “Employee Retirement Guidelines” to protect the life of employees after their retirement. For all formal employees (including appointed personnel) who have served the Company for ten years or more and reach the age of 55 years or older, or have served the Company for 20 years or more may apply for early retirement with terms and conditions more favorable than those under the Labor Standards Act.

Colleagues who meet the statutory requirements for voluntary retirement or compulsory retirement may apply for retirement at any time, and the payment standard for the pension shall be handled in accordance with the relevant provisions of Taiwan's Labor Standards Act and Labor Pension Act; The Company properly manages the pension reserve in terms of the allocation and payment thereof in full compliance with the provisions of the Labor Standards Act, or sets aside the pension monthly for employees in accordance with the Labor Pension Act.

- 1. **Retirement system under the Labor Standards Act:** We set aside the pension reserve within the range of 2% to 15% of the employee's total monthly salary, to be deposited into the labor pension reserve special account with the Bank of Taiwan.
- 2. **Labor Pension Act:** The Company sets aside 6% of the employee’s monthly salary to be deposited into the individual pension account established by the Bureau of Labor Insurance; as for employees who voluntarily contribute the pension reserve, the self-contribution amount will be deducted on behalf thereof from the employee’s monthly salary according to the voluntary contribution rate and deposited into the individual pension account with the Bureau of Labor Insurance.
- 3. Calculation of pensions for senior managers: to be approved by the Board of Directors after deliberation by the Compensation and Remuneration Committee.
- 4. The pension expenses determined in 2021 and 2020 under the Pension Reserve Allocation Guidelines were in the amount of NT\$ 90,224,000 and NT\$ 73,516,000 respectively, and a total of 70 people retired in 2021.

VII. Customers and Society

A. Persisting in Service Quality

Management Guidelines—Upholding Customer Rights: CAPITAL is in charge of completely disclosing product and service information. We persist in legal compliance requirements and enhance our standards. Additionally, we hold fast to high service quality to protect our customers' rights. Moreover, we continue to maintain a trustworthy and satisfactory partnership with our customers to identify and respond to impacts.

Customer Satisfaction:

No.	Item	2021	
		Goal	Performance
1	Percentage of customers' problems fully solved with our service	Over 90%	97.55%
2	Sustainable financial instruments or services	CAPITAL takes charge of selling over NT\$5 billion of sustainable development bonds, or promotes sustainable development commodities.	CAPITAL takes charge of selling over NT\$8 billion of sustainable development ETN bonds, and promotes ETN commodities with green concepts.

(1) Complete Product Information Disclosure

1. Requirements for product information disclosure and advertising activities

CAPITAL discloses information about its business or products in accordance with Financial Consumer Protection Act and other laws and decrees. Additionally, to maintain customers' rights, CAPITAL abides by the spirit of morality, sincerity, self-discipline, justice, and fair treatment of consumers in conducting advertising, business solicitation and business promotion activities required for its business. Therefore, CAPITAL has stipulated the following principles, and asks its staff to conform to the principles below:

1. To cautiously evaluate impacts upon investors to avoid misleading their judgment.
2. The content of advertisements shall avoid excess or intentional subjective speculation.
3. To safeguard our customers' rights to know, we shall make in-depth analysis and evaluation in advance. Additionally, we shall specify the sources of data, dates, the duration of calculation, and risks in documents.
4. Regarding the disclosure of financial instruments or service content, regardless of any ways taken such as written documents, print advertisements, or commercials, we shall present important information such as rates, fees, remunerations, and risks with balanced, obvious, clear, easy-to-understand methods in fonts, colors, time, and languages. Additionally, we shall comply with laws and regulations. If there is any misunderstanding, we shall be liable for clarification.

5. To state clearly information relevant to CAPITAL, and to declare permission, and specify relevant permission information in accordance with rules and regulations.
6. To pay attention to the maintenance of rational competition order.
7. To forbid the occurrence of any illegal action, and to strictly implement internal control, and to confirm self-inspection on a regular basis to avoid the occurrence of relevant risks.
8. CAPITAL and its staff shall all conform to laws and regulations.

2. Disclosure of product information by digitization

To respond to the trend of the digital era, CAPITAL has developed and established the “CAPITAL One-account Pass” system and its App to help specify complete, accurate, concrete, clear, and prompt disclosure of product information. Additionally, the system has more functions to provide our customers with convenient approaches to check and command their own information anytime. The system has been established to safeguard our customers’ rights comprehensively.

The functions of the current “CAPITAL One-account Pass” system and its App that have been further developed are as follows to enable our customers to enjoy more appropriate services and active product information notifications:

1. The App promotes a new “ledger,” and customers may open an account with the presentation of their bank accounts. Most banks, 89 in total at present, have the ledger system available.
2. Cash flow, transactions, bank statements, balance are precisely listed to present complete banking functions.
3. Customers may check their designated sum of money from stock prices they buy and sell, debits and reimbursements for drawing lots to revenues from stock dividends. Each sum of money is listed clearly on the App.
4. The App integrates investment consulting, customer service, news, Open Data, and so on, and our cloud knowledge database has been patented.
5. Customers may conduct self-learning via the App. We analyze our customers’ habits, and when there is information regarding financial news, financial reports, dividends, shareholders’ meetings, and so on, the App actively notifies our customers of exclusive information.
6. The App provides over 40 stock selection conditions, and customers may make their own selection strategies.
7. The App offers 24-hour smart Q&A service.



(2) Doing Our Best to Surpass Customers' Expectations

1. Improvement of customer satisfaction

In addition to surveying customers' satisfaction with our services, CAPITAL further investigates and analyzes whether customers' problems are solved. To uphold the spirit of solving problems for our customers, our customer service center has established a customer service survey and improvement mechanism by the method of continuous improvement. Therefore, we would survey and ask for feedback from our customers regarding our services for their problems being solved, and the satisfaction degree for handling their problems.

Since 2021, our customer service center has distributed 4,049 questionnaires, and retrieved 3,672 valid ones. The percentage is as high as 90.69%. Among those being retrieved, 377 of them are either incomplete or invalid, which accounts for 9.31%. Upon analyzing reasons for incomplete and invalid questionnaires, it is found that the action of securities and stock trading is timely. Therefore, when customers' problems are solved or handled, they tend to give up filling out a questionnaire as they would like to resume their trading as soon as possible.

Moreover, we analyze retrieved and valid questionnaires, and the results of our customers' feedback are as shown in the table below:

Feedback	Number of people	Percentage
The service has completely solved the problem.	3,582	97.55%
The service has mostly solved the problem.	71	1.93%
Some part of the problem has not been solved.	19	0.52%
Total	3,672	100%

According to the previous two statistical results, 3,653 customers indicated that “the service has completely solved their problems,” and “the service has mostly solved their problems,” which accounts for 99.48%. The data show that CAPITAL highly values customer service, and our staff try their best to promptly solve, handle or respond to customers' problems with their expertise and enthusiasm. We never give up any service opportunities, and seize each one to strive for the best.

2. Handling customer complaints

Although it is CAPITAL's responsibility to meet our customers' rights, it is unavoidable to neglect some of them sometimes. However, it is the most important for us to continue to improve them, make correction and preventive measures, put them into practice and keep track of them. We try our best to solve customers' problems to avoid the expansion of loss of our customers' rights, and the aggravation of risk degrees.

The result of handling customer complaints in 2021 is as follows:

2021 Completion of Customer Complaints Form				
No.	Date of Receipt of the Complaint	Date of Completion	Brief Description	Progress
1	Jan. 20, 2021	April 28, 2021	Consumer dispute over automatic bill payment	Cased closed, and corrective and preventive action completely adopted.
2	Feb. 19, 2021	Aug. 31, 2021	Correction of calculation logic of the trading system	Cased closed, and corrective and preventive action completely adopted.
3	March 18, 2021	April 14, 2021	Dispute over solicitation and marketing information	Cased closed, and corrective and preventive action completely adopted.
4	March 18, 2021	April 14, 2021	Dispute over customer possessing securities and trading information	Cased closed, and corrective and preventive action completely adopted.
5	March 19, 2021	May 18, 2021	Dispute over CAPITAL's control measures for customers' trading action	Cased closed, and corrective and preventive action completely adopted.
6	March 23, 2021	April 14, 2021	Dispute over customer possessing securities and trading information	Cased closed, and corrective and preventive action completely adopted.
7	March 23, 2021	March 30, 2021	Dispute over warrant market maker and system	Cased closed, and corrective and preventive action completely adopted.
8	April 1, 2021	April 27, 2021	Dispute over warrant market maker and system	Cased closed, and corrective and preventive action completely adopted.
9	April 12, 2021	June 29, 2021	Stock trading dispute	Cased closed, and corrective and preventive action completely adopted.
10	April 14, 2021	June 29, 2021	Handling fee dispute	Cased closed, and corrective and preventive action completely adopted.
11	April 22, 2021	April 22, 2021	Transaction log dispute	Case closed upon adequate communication.
12	May 12, 2021	Dec. 3, 2021	Charge dispute	Case closed, and the dispute was verified by Financial Ombudsman Institution to be no negligence.
13	May 24, 2021	May 31, 2021	Warrant trade dispute	Case closed upon adequate communication.
14	June 1, 2021	June 30, 2021	Stock trading and system dispute	Cased closed, and corrective and preventive action completely adopted.
15	June 8, 2021	Feb. 11, 2022	Customer suspected that employee operated on behalf of customer.	Case closed after Taiwan Stock Exchange Corporation investigated into the case and found that it was not true.
16	June 17, 2021	July 8, 2021	Dispute over security lending rate and handling fee	Cased closed, and corrective and preventive action completely adopted.

2021 Completion of Customer Complaints Form				
No.	Date of Receipt of the Complaint	Date of Completion	Brief Description	Progress
17	June 21, 2021	Aug. 4, 2021	System operation dispute	Case closed upon adequate communication.
18	July 7, 2021	Aug. 13, 2021	Dispute over acquisition content	Cased closed, and corrective and preventive action completely adopted.
19	July 14, 2021	July 22, 2021	Stock trading dispute	Case closed upon adequate communication.
20	July 14, 2021	Aug. 16, 2021	Service quality dispute	Cased closed, and corrective and preventive action completely adopted.
21	July 15, 2021	Oct. 19, 2021	Dispute over the service method of employee	Case closed upon adequate communication.
22	Aug. 10, 2021	April 11, 2022	System operation dispute	Case closed upon adequate communication.
23	Aug. 12, 2021	Sep. 30, 2021	Dispute over violation contract	Case closed, and the dispute was rejected upon the verification of Financial Ombudsman Institution.
24	June 30, 2021	Oct. 14, 2021	Dispute about illegal account opening and transaction	Case closed upon complete communication.
25	Aug. 23, 2021	Jan. 26, 2022	Handling fee dispute	Case closed upon adequate communication.
26	Sep. 28, 2021	Nov. 11, 2021	Dispute over warrant market maker and system	Case closed upon adequate communication.
27	Sep. 28, 2021	Oct. 19, 2021	Dispute over handling fee and tax payment	Cased closed, and corrective and preventive action completely adopted.
28	Oct. 4, 2021	Feb. 17, 2022	Dispute over the verification of the bank account for withdrawing funds	Case closed upon adequate communication.
29	Oct. 1, 2021	Jan. 6, 2022	Dispute over CAPITAL's control measures for customers' trading action	Cased closed, and corrective and preventive action completely adopted.
30	Oct. 28, 2021	Feb. 8, 2022	Stock trading dispute	Case closed upon adequate communication.
31	Nov. 9, 2021	March 11, 2022	Stock trading dispute	Case closed upon adequate communication.
32	Nov. 11, 2021	Nov. 30, 2021	Dispute about hints in the system and our staff's service	Cased closed, and corrective and preventive action completely adopted.
33	Nov. 22, 2021	Dec. 22, 2021	Dispute about not handling affairs in accordance with customer's instruction	Cased closed, and corrective and preventive action completely adopted.
34	Dec. 8, 2021	Feb. 7, 2022	Dispute over service provided by employee	Case closed upon adequate communication.
35	Dec. 10, 2021	June 14, 2022	Dispute over information security and protection	Case closed upon adequate communication.

2021 Completion of Customer Complaints Form				
No.	Date of Receipt of the Complaint	Date of Completion	Brief Description	Progress
36	Dec. 14, 2021	Dec. 27, 2021	Service quality dispute	Case closed upon adequate communication.
37	Dec. 21, 2021	Dec. 27, 2021	Customer service dispute	Problem solved upon adequate communication and propaganda afterwards.
38	Dec. 29, 2021	Jan. 20, 2022	System operation dispute	Case closed upon adequate communication.

B. Financial Inclusion

Management Guidelines—Exalting Financial Inclusion Spirit: Enabling the public to comprehend, contact, and use financial instruments and services universally and conveniently is CAPITAL’s key management and development strategy to identify and respond to impacts.

(1) Promotion of Fair Treatment of Customers

CAPITAL has stipulated the principle of “fair treatment of customers” which includes the nine aspects of fair and honest contract signing, duty of care and loyalty, true advertisement and solicitation, suitability of commodities or services, notification and disclosure, the sale of complex high-risk commodities, balance between remunerations and performance, complaint protection, the expertise of sales representatives. The Board of Directors shall lead the entire company to implement and execute the aforementioned principles, and promote the strategy of financial inclusion based on them.

(2) Financial Inclusion Strategies and Action Plan

CAPITAL has promoted financial inclusion from two strategies since 2021: (1) To integrate artificial intelligence (AI) and big data analysis, we promote the interactive smart App to enhance the efficiency of developing financial inclusion, which will be discussed in the sections of “Digital Finance” and “Digitization Facilitates Disclosure of Product Information;” (2) To strengthen the needs of the disadvantaged, we make sure that investment and trading are not the exclusive rights of the high-asset group. Additionally, we empathize those in need, and strive to provide investors of different groups with appropriate services.

1. Comprehensive digital technology satisfies users’ needs, and facilitates the young group, senior group, and disadvantaged group.
 - (a) Up until December, 2021, a total of 19 million people visited the official website of CAPITAL. Among which, the number of customers in the young group between the age of 18 and 34, and in the group over 70 years of age has significantly increased based on the result of statistical analysis. Meanwhile, we have been planning the upgrade project for our official website since 2021. Our new website is scheduled to be online in December, 2022, and it aims to keep the interface design of our website simple.

- (b) Upholding the spirit of convenient operation and barrier-free use, we have designed a trading and service App with a simple interface.

2. Students:

- (a) We organize “CAPITAL stock investment simulation competition” in which our instructors share their experiences, and teach students investment skills along with the online simulation trading competition, and the actual operation methods of odd lot trading to enable students to profoundly experience the operation of the financial industry and stock market, and to enhance their practical experiences and professional competitiveness. In 2021, 87 students won the award from the competition.
- (b) We provide students with “industry-academia cooperation” internship opportunities, and integrate theories with practices in advance to help cultivate their knowledge of financial technology.

3. Senior citizens:

- (a) We continue to uphold our friendly spirit, and have our specialists to help senior citizens open an account and help them with transaction services.
- (b) We strictly control the suitability evaluation and analysis of commodities when selling them to senior citizens. Additionally, we have set up the risk evaluation mechanism, and emphasized the explanation of risks to provide them with low-risk financial instruments.
- (c) We have set up a barrier-free, people-friendly financial service section with a simple interface and large fonts. Additionally, we have placed numerous warnings on our transaction interface to carry out the control and confirmation of transaction risks.

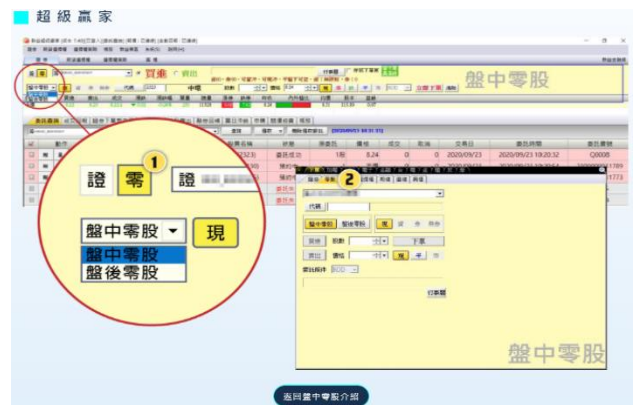


4. Customers with disabilities:

- (a) CAPITAL upholds our friendly spirit and have our specialists to help the disabled open an account and help them with transaction services.
- (b) Our branch offices make efforts to maintain barrier-free facilities and environment.
- (c) We provide the visually impaired with the voice response order system, artificial money withdrawal, and other hotline services.
- (d) We provide the hearing or speech impaired with the online order environment to safeguard their rights to use our financial services.

5. Low-income customers:

- (a) CAPITAL has been promoting investment methods for a long time to reserve one's pensions, such as Taiwanese stocks, the US stocks, and fund investment on a fixed-term, fixed-amount basis, the services of fixed stocks or fixed stocks with non-fixed term, odd-lot trading, providing the minimum NT\$1 handling fee for odd-lot trading, and so on. We provide multiple choices for small amount investment.



- (b) CAPITAL has nearly 70,000 middle class customers under 35 years of age, and they account for 22% of our entire trading users. This shows that CAPITAL has achieved greatly in our inclusive financing action and activities for low-income customers, and that CAPITAL is their trustworthy choice.

6. General workers:

CAPITAL provides those who may not be able to check financial trading data anytime due to work with prompt automatic order service to enable them to command buying and selling timing with ease.



CAPITAL Mobile Winner—Smart Sheet

7. Investment beginners:

CAPITAL has run its financial and wealth management classroom for a long time. We provide at least one relevant seminar on average each week to provide beginners with investment and wealth management related courses and market information. Beginners may enjoy our non-stop teaching and learning services by digital online registration or online viewing.



CAPITAL Investment Consulting Course

CAPITAL GOODi Investment Consulting

8. High asset customers:

The service of professional consultation that CAPITAL provides for our high asset customers has gradually been digitized. We assist our wealth management research team to establish a digital platform to facilitate our customers to interact and consult with our advisers online, communicate with them via messages, interact via multi-party video conference, and conduct financial diagnosis on our online platform to carry out asset allocation properly for our customers, and promptly customize the most suitable financial planning for our customers, which keep gaining our customers' trust and approval.

C. Sustainable Finance

Management Guidelines—Implementing and Deepening Sustainable Finance: CAPITAL will continue to innovate and develop, and actively promote financial instruments and services related to ESG (environmental, social, and corporate governance) to encourage, assist, and urge our customers to identify and respond to impacts by the support and transformation of the environment and social responsibility.

(1) Transformation of Sustainable Development

By digital technology, and with the integration of big data analysis and AI, CAPITAL promotes sustainable finance such as E-counter, One-account Pass, GOODi Smart Financial Management Robot, Smart Choice Winner, and so on. Moreover, we provide our customers with online contract signing and account opening, push exclusive investment consulting, information about preferred individual stocks, and other digital services. Digitization facilitates CAPITAL to seize opportunities, and precisely command the types of our customers to provide them with appropriate services and better satisfy their needs.

1. Key smart creation: Keyword tags are created to facilitate viewers to get the gist of an article, and to rapidly comprehend information about securities. These tags are integrated with our recommendation system to push notifications automatically.
2. Smart translation: A database with three languages, and the translation of five spelling systems has been built to greatly reduce the comparison time of our internal staff, and to effectively lower the possibility of violations of laws or decrees.
3. Meanwhile, in 2021, CAPITAL received patents for the three digital techniques of “New Horizons for Our New Customers,” “Key Smart Creation,” and “Smart Translation.”
4. FinTech is an indispensable key factor for green finance. In 2021, CAPITAL received three patents for “New Horizons for Our New Customers,” “Key Smart Creation,” and “Smart Translation.”
5. We introduce professional big data talents, and have formed a data team. Through the internship opportunities of “industry-academia cooperation,” CAPITAL actively cultivates more students with the information engineering background to engage in the financial industry to improve the development of financial technology in the future.
6. We have successfully built data infrastructure. CAPITAL is the first securities company to be approved by Financial Supervisory Commission R.O.C. (Taiwan) to use the service provided by the platform of “MyData” with National Development Council.

(2) Supporting Sustainable Financial Business with Action

1. Simplifying internal operational procedure to enhance efficiency

By the systematization of back office operation, our branch companies may save the time of checking and accessing written documents. Meanwhile, it may enhance the efficiency of verifying newly-opened accounts and totaling of orders. Moreover, the e-document system may effectively improve the efficiency of each department integrating and making decisions, and rapidly respond to the change of the market.

2. Disclosure of sustainable development information

Led by the Board of Directors, CAPITAL has set up the ESG committee to promote the framework of sustainable development and governance. Additionally, we adopt internationally recognized principles such as TCFD, and SASB, and propose our sustainable development goals by qualitative and quantitative standards to implement and promote measures relevant to sustainable finance.

Furthermore, we have set up the corporate social responsibility section on our official website to disclose the greenhouse gas inventory of our company, and other information to enable investors to command the policies, action plans and performance of issues related to environmental (E), social (S) and governance (G).

3. Incorporating sustainable development into CAPITAL's decision-making and business activities

CAPITAL will use the IR platform—multiple ESG information and responsible investment service—provided by Taiwan Depository and Clearing Corporation to help CAPITAL to comprehend the ESG scores of invested companies when we invest, urge these companies to place importance on ESG to move toward the goal of sustainable development, achieving the requirements of sustainable finance.

In taking charge of selling products, CAPITAL visits management levels in person, call or email them, participate in shareholders' meetings, investors' conferences on a regular basis or occasionally to pay attention to and evaluate the industrial trends, corporate operation, financial situations, corporate governance, major news of invested companies. Additionally, through the aforementioned methods, we learn about whether these companies disclose information properly and whether they conform to ESG-related issues to comprehend their sustainable development strategies.

Meanwhile, to implement the spirit of sustainable development, our business units incorporate environmental (E), social (S), and corporate governance (G) issues into our operational standards in promoting our businesses to thoroughly assist our customers to participate in sustainable financial development.

4. To connect with the international sustainable financial trend, CAPITAL actively supports financial instruments related to the green industry no matter in our self-run business or brokerage. We will continue to evaluate the issuance of ETN with sustainable development concepts or other diverse commodities. Moreover, we invest and take charge of selling green bonds in our sales and self-run departments to provide investment assistance for the green industry. We support sustainable development with action.
5. With respect to investment information, CAPITAL thoroughly provides sustainable financial information such as the performance of constituent stocks with sustainable index to enable investors to comprehend and choose from.

(3) Promotion Results of Sustainable Finance

1. Taking charge of selling sustainable development bonds with a total of NT\$8 billion

Up until 2021, CAPITAL took charge of selling 20 kinds of sustainable development bonds. Among which, 19 of them were green bonds, and one of them was a sustainable development bond. The sales of these bonds were approximately NT\$7.71 billion and US\$11 million, totaling approximately NT\$8 billion.

CAPITAL actively helps issuance companies use raised funds in climate change, energy saving and carbon reduction and other relevant green investment projects.

2. Issuing ESG and ETN with sustainable environment concepts

CAPITAL pioneers in the market to issue ETN with green concepts. We target the A50 constituent stocks of China, eliminate the targets of high carbon emission industries, include companies with high percentage in renewable energy resources and green revenues. Additionally, we integrate sustainable development investment strategies and the trend of sustainable environment concepts to show that CAPITAL responds to sustainable development and finance with action.

(4) Sustainable Financial Development Project

1. Continuing to promote sustainable finance

By the experience of issuing and selling green financial instruments, CAPITAL follows the policies of Taiwan's government and the international trend to observe the investment market and customers' needs. We will continue to research and develop, and promote sustainable development activities, and green financial instruments and services.

2. Continuing to develop digital services

CAPITAL continues to develop digital technology, and help realize the philosophy of sustainable development and finance with information relevant to the development of big data and that of AI.

3. Future prospects

Being a financial and investment organization, CAPITAL will implement its sustainable development strategies and action plans, and continue to promote sustainable financial activities with its experience and abilities to guide enterprises and investors, and to deepen their sustainable development concepts, in which we play the role of promoting sustainable development.

D. Digital Finance

CAPITAL provides customers with e-bank statements to replace paper statements. Additionally, we have promoted the App of e-counter to enable our customers to open a multiple-in-one account. Meanwhile, we promote "CAPITAL Mobile Winner Smart Sheet," "LINE@ social platform," "Smart Choice Winner" and other service Apps. Our customers may enjoy the most complete and thoughtful services with mobile devices and software that they commonly use. We promote the Apps of E-counter, One-account Pass, GOODi Smart Wealth Management Robot, and Smart Choice Winner to enable our customers to sign contracts and open an account online. These Apps push notifications about investment consulting, and their preferred individual stocks, and provide multiple digital services. Among which, the functions of ledgers, and checking revenues from dividends in our One-account Pass are rarely seen in the market. Moreover, the cloud knowledge database of GOODi has been patented.

CAPITAL provides various digital financial services including opening an account (for example, customers may open a multiple-in-one account online via the App of CAPITAL e-counter), transactions, account information, document signing, and electronic certificates to enhance trading convenience for our

customers.

Moreover, FinTech is an indispensable key factor for green finance. CAPITAL integrates big data analysis and AI, and received three patents of “New Horizons for New Users,” “Key Smart Creation,” and “Smart Translation” in 2021. The Apps precisely comprehend the types of customers with automated programs within the shortest time possible to provide them with appropriate services and better satisfy their needs.

In the future, CAPITAL will continue to develop FinTech, and develop relevant Apps and online account opening with AI and big data analysis, smart customer service, and other simplified operational procedures, and promote paperless act to realize sustainable development and the philosophy of friendly environment.

Honors and Awards for Sustainable, Inclusive and Digital Finance

1. Won excellence awards in the 1st “Trust Award” and “Wealth Management Trust Innovation Award for Security Dealers” organized by *Commercial Times* in 2021.
 2. Won excellence awards in “Digital Transformation Model Award,” “Digital Inclusive Award,” “Digital Optimization Award,” and “Digital Information Service Award” in the 1st Digital Finance Award organized by Commercial Times in 2021.
 3. Won the third prize in “Diamond Award for Transaction Volume of Futures Introducing Brokers” in the 7th Futures Diamond Award organized by Taiwan Futures Exchange (TAIFEX) in 2021.
 4. Won the first prize in “Best Commodities Award” of Wealth Management Award organized by Business Today in 2021.
 5. Won the “Best Business Team Award,” “Best Digital Smart System Award,” and “Best Public Welfare Promotion Award” of Wealth Management Awards organized by Wealth Magazine in 2021.
- Additionally, CAPITAL continues to be selected the constituent stock of “Taiwan Sustainable Index (FTSE4Good TIP Taiwan ESG Index)”.

E. Taking Social Responsibility

(1) Promoting commodities and services required for social change and environmental protection

As medical science advances, Taiwan’s birth and death rates have declined year by year while its proportion of the elderly is notably increasing. The economic demand and healthcare costs may rise further following the persistently higher dependency ratio. As Taiwan moves to an aging society, related issues will gradually emerge. Capital Insurance has set its sight on the retirement market. In addition to offering retirement plans such as traditional life insurance and investment-linked insurance policies, we also focus on protection insurance products like medical insurance, disability insurance and others. Capital Insurance aims to assist our clients in developing comprehensive retirement plans which can ensure their financial security and healthcare support in the future.

To respond to the sustainable development of finance in the world, our Department of Wealth Management has strictly selected diverse asset commodities (biotechnology and medicine, alternative energy, green energy architecture, carbon reduction investment, and so on) from around the world to enable investors to allocate diverse investment tools to stably increase the value of their assets and revenues as well. In facing the impact of social change, and the advancement of innovative financial technology, we actively integrate resources, research into big data, and the application of other financial technology, and continue to promote innovation plans. We command future investment trends and opportunities through innovation technology and innovative products and services that cater to social needs.

Our Department of Bonds provides customers with professional quotes, helps them raise resources, and supports the investment of sustainable industries. Additionally, we actively help public companies use raised funds on green investment plans such as climate change, energy saving, and carbon reduction.

(2) Public welfare activities

The brand value of CAPITAL is “Capital Cares for You,” and we have been playing the role of corporate citizen for a long time. In 2021, we held the following public welfare events:

1. “CAPITAL Supports Public Welfare with Love” blood donation drive

CAPITAL would hold blood donation activities each year. The blood donation not only supports public welfare, but also helps disadvantaged groups. Those who have successfully donated blood may receive a small gift handmade by children in Faith Hope Love Center. We pass down happiness and public welfare with our blood.

2. Promoting “CAPITAL Loves Reading Project” to care about rural education. Our employees serve as volunteers to read with elementary school students and tell them stories

After CAPITAL advocated reading in remote areas extensively for 8 years, the staff of our branch companies serve as volunteers, and select good wealth management books to encourage the students at schools that we support to read and acquire basic wealth management education. Additionally, we promote the concepts of wealth management to rural education and teach children to learn about the meanings of money by sharing and reading. Meanwhile, parents are welcome to participate in the event to help root wealth management education in families

Moreover, by participating in these public welfare events, we hope to set an example for other enterprises to follow, and for people to pay attention to rural education, and implement the spirit of social care. We hope to pass on happiness to each corner, inviting the public to care about education for students in rural areas.

The donation has benefited up to 15 elementary schools in Taiwan in 2020 from 9 elementary schools. Up until the end of 2021, a total of 15 elementary schools, and 760 students were benefited by the donation.

CAPITAL Chairman Jiunn-Chih Wang visits schools in remote areas in person every year in addition to providing schools expenses, organizing reading tours in the city, and reading with students with volunteers since the launch of “CAPITAL Loves Reading.” Chairman Wang keeps children company to read, and experience the tour of the city in person in the hope that students in remote areas can receive more care and cultural stimulation.

GRI Content Index

CAPITAL has referred to GRI Standards to report the information during the year of 2021 (from January 1, 2021 to December 31, 2021) quoted from GRI Content Index.

GRI 101: Foundation [GRI 101 excludes any disclosures]

GRI 102: General Disclosures

GRI Standards	Disclosure item	Brief description	Page
GRI 102: General Disclosures 2016			
Organization Overview and Report Initiative			
102-1	Name of the organization	About the Report.	
102-2	Activities, brands, products, and services	II. Enterprise Profile Management strategies and brand management Please also refer to the annual report of the shareholders' meeting in 2021.	14
102-3	Location of headquarters	II. Enterprise Profile Management strategies and brand management Please also refer to the annual report of the shareholders' meeting in 2021.	14
102-4	Location of operations	II. Enterprise Profile Management strategies and brand management Please also refer to the annual report of the shareholders' meeting in 2021.	14
102-5	Ownership and legal form	II. Enterprise Profile Management strategies and brand management Please also refer to the annual report of the shareholders' meeting in 2021.	14
102-6	Markets served	II. Enterprise Profile Management strategies and brand management Please also refer to the annual report of the shareholders' meeting in 2021.	14
102-7	Scale of the organization	II. Enterprise Profile Framework of corporate governance Please also refer to the annual report of the shareholders' meeting in 2021.	19
102-8	Information on employees and other workers	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents	47
102-9	Supply chain	1. CAPITAL has established the "Code of Conduct for Suppliers" regarding environmental protection,	

GRI Standards	Disclosure item	Brief description	Page
		occupational health & safety and labor rights. In case of violation, CAPITAL may supervise the suppliers to improve and correct. The contract may be terminated or rescinded when necessary. CAPITAL may request compensation for any loss or damage caused thereof. 2. CAPITAL selects suppliers based on their social responsibility and ethics conduct to encourage improvements. In 2021, there was no report of any suppliers violating the Code of Conduct.	
102-10	Significant changes to the organization and its supply chain	N/A in 2021.	
102-11	Precautionary principle or approach	III. Management Performance Risk management	28
102-12	External initiatives	N/A in 2021.	
102-13	Membership of associations	III. Management Performance Organization of associations	34
102-14	Statement from senior decision-maker	Manager's philosophy.	01
102-15	Key impacts, risks, and opportunities	II. Enterprise Profile Management strategies and brand management. III. Management Performance Risk management IV. Climate Change	14 28 35
102-16	Values, principles, standards, and norms of behavior	III. Management Performance Legal compliance III. Management Performance Actions taken to stabilize the order of financial market VII. Customers and Society	32 32 、 33 70
102-18	Governance structure	II. Enterprise Profile Framework of corporate governance II. Enterprise Profile Members of Board of Directors II. Enterprise Profile Audit committee II. Enterprise Profile Compensation committee II. Enterprise Profile Risk management committee II. Enterprise Profile Top managers Please also refer to the annual report of the shareholders' meeting in 2021.	19 20 23 23 24 25
102-31	Review of economic, environmental, and social topics	I. Sustainable Strategies	03

GRI Standards	Disclosure item	Brief description	Page
102-40	List of stakeholder groups	I. Sustainable Strategies Stakeholder engagement	11
102-41	Collective bargaining agreements	N/A in 2021.	
102-42	Identifying and selecting stakeholders	I. Sustainable Strategies Stakeholder engagement	11
102-43	Approach to stakeholder engagement	I. Sustainable Strategies Stakeholder engagement	11
102-44	Key topics and concerns raised	I. Sustainable Strategies Identification of materiality	08
102-45	Entities included in the consolidated financial statements	About the Report.	
102-46	Defining report content and topic boundaries	About the Report.	
102-47	List of material topics	About the Report.	
102-48	Restatements of information	N/A in 2021.	
102-49	Changes in reporting	N/A in 2021.	
102-50	Reporting period	About the Report.	
102-51	Date of most recent report	About the Report.	
102-52	Reporting cycle	About the Report.	
102-53	Contact point for questions regarding the report	About the Report.	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report.	
102-55	GRI content index	GRI content index table.	

GRI Standards	Disclosure item	Brief description	Page
102-56	External assurance	Assurance report by the CPA.	
GRI 103: Materiality			
103-1	Explanation of the material topic and its Boundary	I. Sustainable Strategies Comparison of materiality	08
103-2	The management approach and its components	Management approaches in each chapter.	26 、 42 、 47 、 70 、 75 、 79
103-3	Evaluation of the management approach	Management approaches in each chapter.	26 、 42 、 47 、 70 、 75 、 79

GRI 200: Economy

GRI Standards	Disclosure item	Brief description	Page
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed by the organization	III. Management Performance Operational performance	26
201-2	Financial implications, and other risks and opportunities due to climate change	IV. Climate Change	35
201-3	Defined benefit plan obligations and other retirement plans	VI. Employees Comprehensive employee care and welfare	61
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	III. Management Performance Actions taken to stabilize the order of financial market	32
205-3	Confirmed incidents of corruption and actions taken	N/A in 2021.	

GRI 300: Environment

GRI Standards	Disclosure item	Brief description		Page
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	V. Environmental Issues	Energy management	43
302-3	Energy intensity	V. Environmental Issues	Energy management	43
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	V. Environmental Issues	GHG emissions	43
305-2	Energy indirect (Scope 2) GHG emissions	V. Environmental Issues	GHG emissions	43
305-4	GHG emissions intensity	V. Environmental Issues	GHG emissions	43
305-5	Reduction of GHG emissions	V. Environmental Issues	Low carbon strategies and action plans.	44
GRI 307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	In 2021, CAPITAL did not have any major violation of environmental protection laws and regulations.		
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	CAPITAL selects suppliers in accordance with their performance in social responsibility and moral norms. We select suppliers with good performance, and eliminate suppliers with poor performance to encourage all suppliers to take actions to improve their social responsibility and moral norms.		
308-2	Negative environmental impacts in the supply chain and actions taken	In 2021, there was no report of any suppliers violating social responsibility and moral norms requested by the company.		

GRI 400: Society

GRI Standards	Disclosure item	Brief description	Page
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents	47
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	VI. Employees Comprehensive employee care and welfare (2) Perfect employee care system	64
401-3	Parental leave	VI. Employees Comprehensive employee care and welfare (2) Perfect employee care system	64
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-2	Hazard identification, risk assessment, and incident investigation	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-3	Occupational health services	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-4	Worker participation, consultation, and communication on occupational health and safety	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-5	Worker training on occupational health and safety	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	47 66
403-6	Promotion of worker health	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
403-9	Work-related injuries	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66

GRI Standards	Disclosure item	Brief description	Page
403-10	Work-related ill health	VI. Employees Comprehensive employee care and welfare (3) Occupational health and safety management system	66
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents	47
404-2	Programs for upgrading employee skills and transition assistance programs	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents	47
404-3	Percentage of employees receiving regular performance and career development reviews	VI. Employees Healthy team, and perfect mechanism of recruiting, retaining, and cultivating talents	47
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	CAPITAL selects suppliers in accordance with their performance in social responsibility and moral norms. We select suppliers with good performance, and eliminate suppliers with poor performance to encourage all suppliers to take actions to improve their social responsibility and moral norms.	
414-2	Negative social impacts in the supply chain, and actions taken	In 2021, there was no report of any suppliers violating social responsibility and moral norms requested by the company.	
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	VII. Customers and Society	70
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A in 2021.	
417-3	Incidents of non-compliance concerning marketing communications	N/A in 2021.	
GRI 418: Socioeconomic Compliance 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A in 2021.	
GRI 419: Socioeconomic Compliance 2016			

GRI Standards	Disclosure item	Brief description	Page
419-1	Non-compliance with laws and regulations in the social and economic area	In 2021, CAPITAL did not have any major violation in the social or economic area.	

Sustainability Disclosure Topics & Accounting Metrics

Index code	Disclosure index	Disclosure content in 2021						Reference/Page																																				
Diversity and Inclusion																																												
FN-IB-330a-1	Percentage of different genders and ethnic groups (1) Executive management; (2) Non-executive management; (3) Professionals; (4) Other employees.	1. Executive management (Chairman, president, vice president, assistant vice president, and so on): 26 males (accounting for 1.3% of total employees); 17 females (accounting for 0.8% of total employees). 43 people in total (accounting for 2.1% of total employees) 2. Non-executive management (Senior manager, assistant manager, junior manager, section chief and so on): 91 males (accounting for 4.5% of total employees); 137 females (accounting for 6.8% of total employees). 228 people in total (accounting for 11.4% of total employees) 3. Other employees (excluding executive management and non-executive management): 612 males (accounting for 30.6% of total employees); 1,119 females (accounting for 55.9% of total employees). 1,731 people in total (accounting for 86.5% of total employees) 4. Professionals: 2 lawyers; 7 CPAs (qualified).																																										
ESG elements included in organizational activities																																												
FN-IB-410a-1	ESG elements included based on profession category Revenues from (1) sales as an agent, (2) consultation, and (3) securitization trading	In 2021, the total sales amount was NT\$65,142,300. The amount for consultation and securitization trading has not been completely calculated.																																										
FN-IB-410a-2	ESG elements included based on profession category Amount and total of loans or investment	The amount and total of loans or investment with ESG elements included in 2021 are as follows: 1. Domestic targets: (NT/dollars) <table><tr><th>Industry</th><th>Amount and value</th><th>Industry</th><th>Amount and value</th><th>Industry</th><th>Amount and value</th></tr><tr><td>Cement</td><td>400,000,731</td><td>Semiconductor</td><td>2,100,233,648</td><td>Optoelectronics</td><td>341,765,150</td></tr><tr><td>Building materials and construction</td><td>700,000,000</td><td>Food</td><td>200,000,000</td><td>Finance</td><td>3,159,702,382</td></tr><tr><td>Shipping and transportation</td><td>800,000,000</td><td>Plastic</td><td>200,000,000</td><td>Textile fiber</td><td>361,449,800</td></tr><tr><td>Electronic components</td><td>369,899,900</td><td>Computers and peripheral equipment</td><td>1,088,950,480</td><td>Plastic industry</td><td>50,000,000</td></tr><tr><td>Steel industry</td><td>280,000,000</td><td>Chemical industry</td><td>22,515,760</td><td>Electrical and cable</td><td>200,000,000</td></tr></table>						Industry	Amount and value	Industry	Amount and value	Industry	Amount and value	Cement	400,000,731	Semiconductor	2,100,233,648	Optoelectronics	341,765,150	Building materials and construction	700,000,000	Food	200,000,000	Finance	3,159,702,382	Shipping and transportation	800,000,000	Plastic	200,000,000	Textile fiber	361,449,800	Electronic components	369,899,900	Computers and peripheral equipment	1,088,950,480	Plastic industry	50,000,000	Steel industry	280,000,000	Chemical industry	22,515,760	Electrical and cable	200,000,000	
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Index code	Disclosure index	Disclosure content in 2021						Reference/Page
		Automobile	36,457,750	Communications networking	41,804,050	Biotechnology and medicine	50,298,450	
		Electronic channel	24,346,500	Electrical machinery	57,666,480	Agricultural technology	11,994,750	
		Steel	49,014,260	Other electronics	658,012,052	Others	2,544,523,966	
		2. Foreign targets: (NT/dollars)						
		Industry	Amount and value	Industry	Amount and value	Industry	Amount and value	
		Finance	10,267,927,776	Energy	798,585,877	Industry	694,560,723	
		Public utilities	153,673,695	Non-core consumption	435,819,107	Technology	299,710,326	
		Raw materials	72,777,455	Core consumption	279,935,139	Communications	691,699,304	
		Medical health care	488,870,877	REITS	US\$2,920,202			
FN-IB-410a-3	The organization’s description of influence methods of ESG	CAPITAL includes ESG elements into the operational procedures of sales, or loans or investment such as to confirm forms or checklists, and to ensure that before or when staff execute businesses, they evaluate ESG-related elements to ensure that sales, or loan or investment targets conform to ESG standards requested by the company.						
Business Ethics								
FN-IB-510a-1	Total amount of loss caused by fraud, insider trading, the acts of anti-trust, anti-competition, market manipulation, corrupt practice, or other legal litigation related to the finance industry	In 2021, there was no report of such case in CAPITAL.						
FN-IB-510a-2	Description of whistleblowing policies and procedures	CAPITAL has stipulated regulations for the accusation system. Any employee may report any crime, corrupt practice, or the violation of laws and decrees to the company via our accusation hotline and other channels. The acceptance unit of such accusation reports is the Audit Room that has regulated verification procedures for accusation cases, and the protection of whistleblowers.						
Professional Integrity								
FN-IB-510b-1	The number and percentage of employees involving in investment-related investigations,	In 2021, CAPITAL received 2 cases of customer complaints regarding sales clerks stealing and selling customer’s marketable securities, and conducting discretionary accounting operation. As for complaints regarding our						

Index code	Disclosure index	Disclosure content in 2021	Reference/Page
	consumer complaints, private civil litigation or other financial regulation procedures and records	employees' professional ethics, CAPITAL found no case of our sales clerks violating professional ethics upon verification. Therefore, relate this index code a total of employees is 2, accounting for approximately 0.1% of total employees.	
FN-IB-510b-2	The number of mediation and arbitration incidents (categorizing persons involved) related to professional ethics (including duty of care)	In 2021, there was no report of such case in CAPITAL.	
FN-IB-510b-3	The total amount of money loss caused by legal litigation related to professional ethics (including duty of care)	In 2021, there was no report of such case in CAPITAL.	
FN-IB-510b-4	Describing methods of maintaining professional ethics (including duty of care)	The methods adopted by CAPITAL are briefly introduced as follows: 1. The company has stipulated the codes of ethical conduct, regulations on integrity management, operational procedures for integrity management, the code of conduct, and other internal regulations. 2. Newly-recruited employees have signed the code of conduct of the CAPITAL group. 3. CAPITAL's employees have to pass the financial professional ethics examination to become qualified sales clerks. Additionally, they shall participate in on-the-job training on a regular basis. 4. CAPITAL holds educational training on a regular basis. The courses include the law propaganda of integrity management, of prohibited acts by securities practitioners, and of material information and insider trading.	
Systematic Risk Management			
FN-IB-550a-1	Grading of Global Systematically Important Banks (G-SIBs) based on categories	CAPITAL does not have such business activities.	
FN-IB-550a-2	Incorporating the results of compulsory and voluntary pressure tests into the methods of capital adequacy planning, corporate long-term tactic, and other business activities	Every year, CAPITAL conducts the trial calculation for capital adequacy based on the pressure circumstances of business limits of annual operational plans of each department. Additionally, the risk limits of each department are adjusted and allocated in accordance with the results of trial calculation.	
Employee Motivation and Assumption of Risks			
FN-IB-550b-1	Major risk takers Percentage of variable payment in total payment	Variable payment accounts for 32.17% of total payment.	
FN-IB-550b-2	Major risk takers	Although CAPITAL is unable to quantify the percentage, the company's internal regulations on awards and	

Index code	Disclosure index	Disclosure content in 2021	Reference/Page																																				
	Percentage of variable payment applicable to malicious or recapture clause	bonuses have specified that sales clerks shall be investigated by Human Resources Committee in one of the following situations when they cause any loss to customers, or trigger customer disputes and complaints. Additionally, their sales awards shall not be appropriated to them temporarily, and they may apply for the re-appropriation of such awards upon the settlement of these controversial issues. <div><div>1.</div><div>To win sales awards illegitimately by persuading customers to terminate their investment and re-invest several times or to conduct frequent transactions within a short period of time.</div><div>2.</div><div>To violate laws and decrees, self-discipline, and working regulations related to the sales of financial instruments.</div><div>3.</div><div>To violate the company’s internal control and auditing regulations.</div><div>4.</div><div>To fail to get to know customers.</div></div>																																					
FN-IB-550b-3	Discussion about policies regarding the confirmation of value of the third degree assets and liabilities in light of monitoring, controlling and examining dealers	CAPITAL does not have such business activities.																																					
Activity index																																							
FN-IB-000.A	The amount and value of (a) sales as an agent, (b) consultation, and (c) securitization trading	In 2021, the total sales amount was NT\$58,779,350,000. However, the amount for consultation and securitization trading has not been completely calculated.																																					
FN-IB-000.B	Amount and value of self-run investment and loans based on professions	<div>The amount and value of self-run investment and loans in 2021 are as follows:</div> <div><div>1.</div><div>Domestic targets: (NT/dollars)</div><table><tr><th>Industry</th><th>Amount and value</th><th>Industry</th><th>Amount and value</th><th>Industry</th><th>Amount and value</th></tr><tr><td>Cement</td><td>400,000,731</td><td>Semiconductor</td><td>2,100,233,648</td><td>Optoelectronics</td><td>341,765,150</td></tr><tr><td>Building materials and construction</td><td>700,000,000</td><td>Food</td><td>200,000,000</td><td>Finance</td><td>3,159,702,382</td></tr><tr><td>Shipping and transportation</td><td>800,000,000</td><td>Plastic</td><td>200,000,000</td><td>Textile fiber</td><td>361,449,800</td></tr><tr><td>Electronic components</td><td>369,899,900</td><td>Computers and peripheral equipment</td><td>1,088,950,480</td><td>Plastic industry</td><td>50,000,000</td></tr><tr><td>Steel industry</td><td>280,000,000</td><td>Chemical industry</td><td>22,515,760</td><td>Electrical and cable</td><td>200,000,000</td></tr></table></div>	Industry	Amount and value	Industry	Amount and value	Industry	Amount and value	Cement	400,000,731	Semiconductor	2,100,233,648	Optoelectronics	341,765,150	Building materials and construction	700,000,000	Food	200,000,000	Finance	3,159,702,382	Shipping and transportation	800,000,000	Plastic	200,000,000	Textile fiber	361,449,800	Electronic components	369,899,900	Computers and peripheral equipment	1,088,950,480	Plastic industry	50,000,000	Steel industry	280,000,000	Chemical industry	22,515,760	Electrical and cable	200,000,000	
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Index code	Disclosure index	Disclosure content in 2021						Reference/Page
		Automobile	36,457,750	Communications networking	41,804,050	Biotechnology and medicine	50,298,450	
		Electronic channels	24,346,500	Electric machinery	57,666,480	Agricultural technology	11,994,750	
		Steel	49,014,260	Government agencies	5,173,392,070	Other electronics	658,012,052	
		Others	2,544,523,966					
		2. Foreign targets: (NT/dollars)						
		Industry	Amount and value	Industry	Amount and value	Industry	Amount and value	
		Finance	10,267,927,776	Energy	798,585,877	Industry	694,560,723	
		Public utilities	153,673,695	Non-core consumption	435,819,107	Technology	299,710,326	
		Raw materials	72,777,455	Core consumption	279,935,139	Communications	691,699,304	
		Medical health care	488,870,877	REITS	US\$2,920,202	Government agencies	3,366,323,323	
FN-IB-000.C	Amount and value of market making (a) Fixed income, (b) stocks, (c) currencies (d) derivatives; (e) commodities	CAPITAL does not have such business activities.						



Capital Securities Corporation