



2023

Capital Securities Corporation

Sustainability Report

Capital Care 群益關心您

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 2023 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), along with the 17 Sustainable Development Goals of the United Nations, 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, 2023 to December 31, 2023. The information revealed in the financial statements are dated as the same period as the aforementioned ESG Report.
- ✧ The ESG report is published regularly each year. The report for this year was published in June 2024, with the next publication expected in June 2025.

Contact

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Reporting Scope and Boundary

Category	Reporting Boundary	Boundary differences between the Report and the financial statements	External Assurance
Environmental, Social and Corporate Governance	The content covers the operations and services of Capital Securities and its subsidiaries, Capital Investment Management Corporation, Capital Insurance Advisory Corporation, CSC Venture Capital, and CSC Capital Management Corporation, excluding overseas subsidiaries, 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 Corporation, Capital Insurance Advisory Corporation, CSC Venture Capital, and CSC Capital Management Corporation, excluding overseas subsidiaries, Capital Futures and their subsidiaries.	KPMG in Taiwan issued an CPA's assurance report.
GHG Emissions	Capital Securities.	Capital Securities only.	KPMG in Taiwan issued an CPA's assurance report.
Financial Information	Capital Securities.	Capital Securities' parent company only financial statements.	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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Message from the Chairman

Leading the Future of Finance

Capital Securities, as the largest independent securities firm in Taiwan, is committed to integrity, honesty, and professionalism on its path to sustainable development. The Company strives to provide high-value-added financial services that exceed customer expectations, becoming a long-term growth partner for its clients. In terms of our sustainability strategy and goals, Capital Securities upholds the principle of prioritizing "public interest," as reflected in the Company name. The Company continues to invest resources and deepen its focus on three key areas: environmental sustainability, inclusive finance, and ethical business practices. By doing so, Capital Securities seeks to create shared value for the environment, clients, employees, shareholders, and other stakeholders, thereby fulfilling its commitment to sustainable development.

Therefore, when addressing sustainability issues, the Company aims to transfer the brand image of "Capital Care" and the results of its long-term stable operations to the three aspects of ESG. This approach aligns with the different connotations and values represented by Capital Securities' English name "CAPITAL."

- **C**ommitment: The Company supports the Universal Declaration of Human Rights (UDHR) and is committed to following international human rights standards. We have established the Capital Securities Human Rights Policy and the Supplier Human Rights and Environmental Sustainability Commitment to protect and uphold the human rights of our employees, clients, and suppliers.
- **A**mbition: The Company is committed to being a pioneer, actively participating in ESG initiatives, sharing best practices, and leading the industry in sustainable development.
- **P**lanning, **P**erformance, **P**rofit, **P**rofessionalism, **P**assion: The Company actively participates in ESG-related activities, regularly publishes ESG reports to demonstrate progress and achievements, and provides professional investment advice to help clients achieve their financial goals.
- **I**ntegrity, **I**nnovation: The Company follows a code of ethical business conduct and operating procedures. All directors and employees have signed a statement of commitment to ethical business practices, actively fulfilling this commitment.
- **T**eamwork: The Company seeks internal collaboration and external resource sharing to create the best business performance.
- **A**ssiduity: The Company has established a Sustainability Office, which holds regular meetings to evaluate performance and reports periodically to the Sustainability Development Committee to ensure continuous improvement.

- **Leadership:** The Company has established a Sustainability Development Committee under the Board of Directors, composed of the Chairman and two independent directors. This committee is responsible for setting sustainability strategies and goals. It reports the execution results of sustainability activities to the Board of Directors quarterly and presents the Company's sustainability plans and implementation outcomes to shareholders annually. This demonstrates the Company's commitment and determination towards sustainable development.

Looking ahead, to continuously optimize the path to sustainable development, the Company has established a strategy to build Capital Securities' ESG ecosystem, which includes:

1. **Building an ESG Information Platform:** Proactively disclosing the Company's sustainability actions and outcomes through the website of Capital Financial Group.
2. **ESG Evaluation:** Promoting and participating in various evaluations to enhance the Company's corporate image.
3. **Implementing Corporate Carbon Inventory:** In line with the goal of net-zero by 2050, all units within the Group are conducting carbon inventories and obtaining certification from independent third parties.
4. **Deepening Corporate Sustainable Governance Culture:** Strengthening the functions of the Board of Directors and functional committees, setting sustainable development goals, and creating specific plans.
5. **Diversifying ESG Products:** Supporting inclusive finance policies by continuously promoting the Dollar Cost Averaging (DCA) with small amount and launching or listing sustainable financial products.
6. **Stakeholder Engagement:** Implementing responsible investment, diligent governance, and supplier management, while disclosing and collaboratively working towards carbon reduction and transformation to achieve net-zero.
7. **ESG Talent Development:** Promoting sustainability education and training to enhance professional skills and sustainable concepts; continuing to implement industry-academia cooperation and internship programs to cultivate talent.
8. **Sustainable Development Transformation:** Promoting low-carbon and digital transformation to reduce resource consumption, improving digital capabilities, building a secure and efficient information system, and enhancing operational resilience.

The Company will continue to deepen its commitment to inclusive finance by promoting digital transformation with a focus on extreme simplicity, extreme speed, and extreme intelligence, allowing clients to experience the "Capital Care" brand image throughout their investment journey (SDG 9: Industry, Innovation, and Infrastructure). Meanwhile, the Company will strengthen corporate governance and ethical business practices, enhance financial information security, and improve risk management capabilities, continuously creating value for shareholders and society on the path of sustainable development (SDG 8: Decent Work and Economic Growth).

More importantly, Capital Securities will fulfill its duty as a global citizen by continuing to promote various public welfare and environmental sustainability initiatives. These include the 17th consecutive year of organizing the blood donation event "Raise Love and Spread Happiness" (SDG 3: Good Health and Well-being), the 11th consecutive year of hosting the "Capital Securities Love Reading Project" to support education in rural areas (SDG 4: Quality Education), the "Tea Service and Plastic Reduction Campaign" at all locations across Taiwan (SDG 12: Responsible Consumption and Production), and the "Plant a Tree for the Earth" initiative for the second consecutive year (SDG 13: Climate Action). Through these efforts, the Company is actively achieving the United Nations' 17 Sustainable Development Goals.

Chairman, Chou Hsiu-Chen

Special Report on Sustainability Achievements

In 2023, the Company received the following awards and honors:

- 2023 Excellent Digital Financial Service Award
- The “Outstanding Achievements in Talent Development” of the 17th-term Golden Goblet Awards.
- The "Capital Pay" has been awarded the Gold Prize for the "Digital Innovation Award" at the 2023 Commercial Times' Digital Banking Awards.
- "Best Securities Broker Brand for Media Volume Taiwan 2023" from International Business Magazine
- "2023 Most Outstanding Securities Broker in Taiwan" from Global Banking & Finance Review
- Silver Award of "Corporate Sustainability Report," Corporate Sustainability Award, Taiwan Corporate Sustainability Awards (TCSA)
- Gold Award of "2023 Happy Company" of 1111 Job Bank
- Capital Pay and mobile APP won the best "service and solution" of the International Innovation Awards held by Enterprise Asia.
- Listed in the FTSE4Good TIP Taiwan ESG Index
- Recognized as an "2023 Excellent Blood Donation Organization" by the Taiwan Blood Foundation



Chapter 1: Overview and Vision



Management Policy

The Company has established a robust internal control and compliance system, effectively identifying and managing legal and risk-related issues. By actively responding to various challenges and pursuing digital technology and innovative services, the Company aims to build an ESG ecosystem, shape its securities brand strategy, and promote the sustainable development of its operational performance.

Key Results

Incorporation of ESG into Brand Strategy

Diverse Board Composition

Board Performance Evaluation

Ethical Business Practices

The Board and employee integrity commitments

Active Board Participation in Training

Substantiated Whistleblower Cases

Education and training

Operational Performance

Legal Compliance

Administrative penalty by regulatory authorities

Legal Compliance Training

Anti-Money Laundering and Counter-

Terrorism Financing Training

Risk Management

Education and training

Achievements

Deepening and building an ESG ecosystem for mutual benefit

27% independent directors, 27% female directors.

Rated as excellent

100% signing rate

100% participation rate; total of 22 hours
0

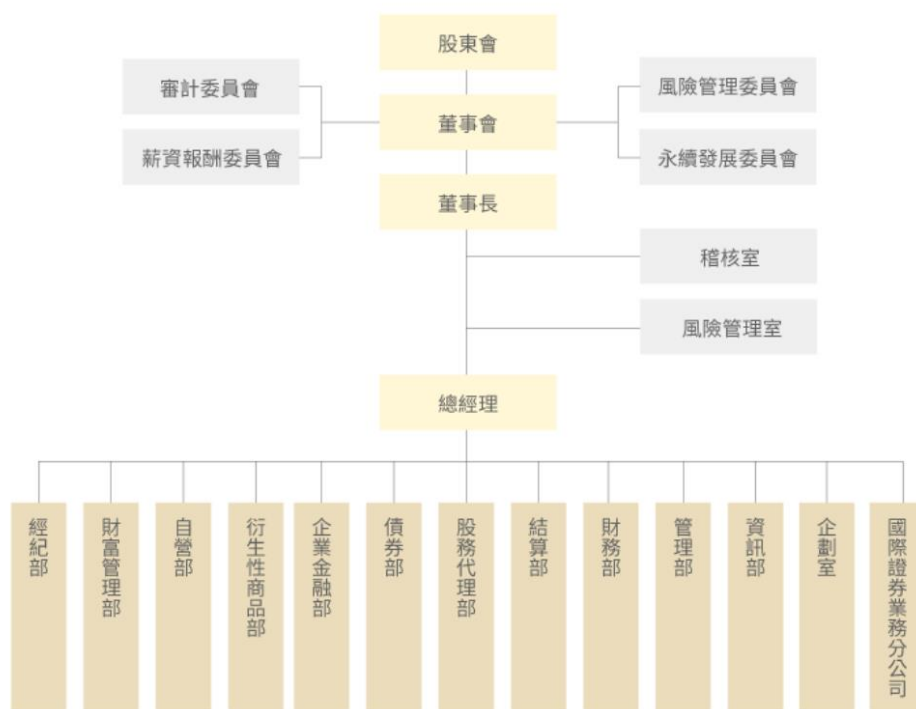
32,107 persons / 40,238 training hours
Significant improvement compared to the previous year

1 case

22,125 persons / 54,500 training hours

1,791 persons / 3,216 training hours

22,889 persons / 60,403 hours in total



股東會	Shareholders Meeting
董事會	Board of Directors
董事長	Chainman
總經理	President
審計委員會	Audit Committee
薪資報酬委員會	Remuneration Committee
風險管理委員會	Risk Management Committee
永續發展委員會	Sustainable Development Committee
稽核室	Auditing Department
風險管理室	Risk Administration Department
國際證券業務分公司	Offshore Securities Unit
企劃室	Corporate Planning Department
資訊部	Information Tech. Department
管理部	Administration Department
財務部	Finance Department
結算部	Settlement & Clearing Department
股務代理部	Registrar Agency Department
債券部	Fixed Income Department
企業金融部	Investment Banking Department
衍生性商品部	Derivatives Department
自營部	Proprietary Trading Department
財富管理部	Wealth Administration Department
經紀部	Brokerage Department

For more information, please visit the "[About Capital - Organizational Structure/Management Team](#)" section.

1.1 An Overview of the Brand: Strategy, Growth, and Future Blueprint

1.1.1 Background and Business Information of Capital Securities

Since its establishment in 1988, Capital Securities has grown from a local firm into a global comprehensive securities company. The Company has achieved significant success in various financial service areas, including brokerage, proprietary trading, underwriting, bonds, and derivatives, thanks to its solid professional foundation and relentless pursuit of innovation. Besides, Capital Securities offers services such as stock affairs agency and wealth management, covering all aspects of the financial market.

Capital Securities has not only established an extensive service network in Taiwan but has also set up key locations in major global financial centers such as Hong Kong and Shanghai, demonstrating its international business vision and strength. The Company adheres to core values of "customer first" and "pursuing public interest," effectively meeting the needs of the financial market and its customers through continuous upgrades in digital technology and a diverse range of innovative financial products and service models.

In recent years, the Company has also actively participated in the promotion of sustainable, green, and inclusive finance, responding to national policies and driving overall sustainable development in society through its products and services. These efforts have not only enhanced Capital Securities' competitiveness in the market but also strengthened the trust and loyalty of its customers.

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: 1,846 as of December 31, 2023.
8. For more information, please visit the "**Service Locations**" section on the official website.

2023 Market Share

Ranking	Brokerage Trading Volume		Financing Balance	
	Securities Company	Market Share	Securities Company	Market Share
1	Yuanta	12.84%	Yuanta	14.63%
2	KGI	11.19%	Fubon	8.58%
3	Fubon	7.08%	KGI	8.46%
4	SinoPac	4.84%	SinoPac	6.57%
5	UBS Securities	4.83%	Mega	5.84%
6	Cathay United	4.00%	Capital Securities	5.15%
7	Merrill Lynch	3.50%	MasterLink	5.10%
8	MasterLink	3.46%	Uni-President	5.09%
9	JPMorgan Chase	3.46%	Hua Nan	4.93%
10	Capital Securities	3.44%	IBF Securities	4.82%

The Capital Group (Company Website-About Capital-Affiliated Companies)
 Capital Investment Management Corporation
 Capital Futures Corporation
 Capital Insurance Advisory Corporation
 CSC Securities (HK) Ltd.
 CSC Futures (HK) Ltd.
 CSC International Holdings Ltd., Shanghai Rep. Office
 CSC Venture Capital Corporation
 CSC Capital Management Corporation

Business Category	Overview	Description
Brokerage	"Connecting Taiwan, Investing Without Borders"	Capital Securities' brokerage business covers all major cities in Taiwan, offering a wide range of services, including TWSE/TPEX securities trading, margin trading, Taiwan stock index and single stock futures, options, and foreign securities trading. The Company also provides flexible financing options through unrestricted purpose loans and the "Capital Pay" service.
Proprietary Trading	"Strategic Experts, Market Leaders"	Traders with extensive research and trading backgrounds handle proprietary trading, covering domestic and international securities trading, market supply and demand adjustments, and partnering with underwriters to act as market makers. The business also engages in hedging through weighted index futures and options to effectively reduce systemic risk and increase operational flexibility.
Bond	"Connecting Capital, A New Financial Perspective"	The Company provides financing, investment, and financial advisory services related to interest rate products, covering both primary and secondary bond markets. Customers include state-owned enterprises and large private corporations. The Company actively quotes and provides services in the government, corporate, and convertible bond markets, offering both domestic and international trading and advisory services to assist customers in financial planning.
Derivatives	"Innovation-Driven, Investment Pioneers"	Focused on the warrants business, the Company uses proprietary trading systems to continuously optimize

Business Category	Overview	Description
		operational performance and risk management. The Company also develops innovative pricing logic to adapt to trading systems and market changes, actively providing a diverse range of structured products to meet investor needs.
Underwriting and Financial Advisory	"Navigators of the Capital Market"	The Company assists companies with public offerings, initial TWSE/TPEX listings, and stock exchange listings, helping businesses successfully enter the capital market. The Company also supports listed companies in planning domestic and international fundraising, such as cash capital increases and convertible corporate bonds, underwrites securities, and provides advisory services for mergers and acquisitions.
Stock Affairs Agency	"Precise Stock Services, Seamless Support"	The Company specializes in providing professional consultation and optimal stock affairs management planning. Our team, with extensive legal expertise and practical experience, delivers high value-added professional services to listed companies. The Company is actively expanding its service scope, pursuing professional, customized, and fully automated online information services.
Wealth Management	"Professional Management, Wealth Enhancement"	The Company offers customers the best investment advice and diversified product portfolios, particularly for high-net-worth individuals, providing comprehensive professional financial advice. Using trusts as an investment platform, the Company also offers financial services aimed at wealth enhancement and asset management.

Revenue of main business

Year	2021		2022		2023	
Main business category	Amount	%	Amount	%	Amount	%
Brokerage	7,824,703	72	5,100,616	90	5,528,245	52
Propriety Trading	2,732,442	25	196,311	4	4,766,977	45
Underwriting	382,153	3	346,285	6	309,887	3
Total	10,939,298	100	5,643,212	100	10,605,109	100

1.1.2 Company's Core Values and Strategic Direction

In 2023, Capital Securities centered its core values on "Extreme Speed, Extreme Simplicity, and Extreme Intelligence" to optimize the digital service experience, enhance the efficiency and accessibility of financial services, and integrate digital technology with innovative thinking, aiming to create a secure and convenient trading environment, driving the deep integration of digitalization and finance. This approach provides customers with a smarter, more convenient, and safer trading experience, helping them achieve their financial goals and diverse needs.

To this end, the Company, in line with stakeholder engagement and sustainable development strategies, focuses on creating shared value with customers, the environment, and stakeholders. By adhering to compliance through robust procedures and management measures, the Company is

committed to offering high-quality products and services that meet customer needs and protect their rights.

Meanwhile, the Company is building an ESG ecosystem, dedicated to environmental stewardship, reducing environmental impact, fulfilling social responsibility, and giving back to society. Through the establishment of an ESG information platform, the Company promotes digital transformation and management, strengthens the culture of corporate sustainable governance, supports inclusive finance and fair treatment of customers, and implements responsible investment and diligent governance, seeking opportunities to enhance overall operational performance.

External Associations and Organizations Participated by Capital Securities

No.	Name of associations and organizations	Financial endorsement	Participation/ Signing/ Membership Holds Strategic Significance
1	Taiwan Securities Association	Yes	Yes
2	Chinese National Futures Association	Yes	-
3	Trust Association of the Republic of China	Yes	-
4	Bills Finance Association, Republic of China	Yes	-
5	Taiwan Stock Affairs Association	Yes	-
6	Securities Analysts Association, Chinese Taipei	Yes	-
7	Financial Planning Association of Taiwan	Yes	-
8	Elite Entrepreneurs Association of Taiwan	Yes	-
9	Securities Firm HR Executives Association	Yes	-
10	Taiwan Private Equity Association	Yes	-
11	Securities Investment Trust and Consulting Association of the Republic of China (SITCA)	Yes	-
12	Taipei Bar Association	Yes	-
13	Taiwan Listed Companies Association	Yes	-
14	Association of Certified Anti-Money Laundering Specialists (ACAMS)	Yes	-
15	Financial Information Sharing and Analysis. Center (F-ISAC)	Yes	-
16	CISO Association	Yes	-

1.1.3 Operational Performance

By the end of 2023, the number of account holders in the Taiwan stock market had reached approximately 12.5 million, with an additional 493,000 new accounts opened. Notably, 31.9% of these new investors were under the age of 30, indicating a growing demand for securities services. In response to this trend, Capital Securities has been actively promoting its brokerage department, which also operates as a securities and futures investment advisory business. The Company has accelerated the development of quantitative trading services and the expansion of foreign currency sub-account

services, thereby enhancing the comprehensiveness and convenience of its financial services.

Moreover, the Company is leveraging its Hong Kong securities platform to expand corporate business in the Southeast Asian market, further extending its international reach and increasing market competitiveness.

However, due to the constantly changing market conditions, Capital Securities has also recognized operational challenges, such as the pressure to cultivate professional talent in securities investment and the price competition in the brokerage business. To overcome these challenges, the Company is focusing on in-depth resource integration, seeking mutual benefits, and constructing an ESG ecosystem as part of its operational strategy. This includes strengthening internal training mechanisms and professional development planning. Besides, the Company is not only committed to improving service efficiency and quality but is also exploring the potential for financial services across different demographic groups. By actively leveraging digital technology and AI, the Company aims to drive innovation, strengthen customer trust, and enhance market competitiveness to seize opportunities in the financial services market.

With collective efforts both within and outside the Company, the year 2023 saw a significant improvement in operational performance compared to the previous year, demonstrating that the strategy is effectively positioning the Company in the financial market and enabling steady progress in its operations.

Unit: NT\$1,000

Analysis of Economic Value Retained			
Item	2023	2022	2021
Direct Economic Value (A)			
Operating revenues	10,605,109	5,643,212	10,939,298
Non-operating net income	1,639,418	1,265,355	1,027,609
Distribution of economic value (B)			
Operating expenses	5,173,524	3,506,031	2,868,969
Employee remuneration and benefits	2,666,228	2,071,830	3,192,785
Donation of academic fund	1,600	1,500	1,500
Social welfare	-	116	70
Share dividends distribution	2,887,308	846,654	3,581,998
Income tax expenses	271,665	489,050	653,993
Economic value retained (A) – (B)	1,244,202	(6,614)	1,181,530

Note 1: All financial figures are denominated in NT dollars, which is a functional monetary currency of the parent company only 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 and CSC Capital Management Corporation; Capital Insurance Advisory Corporation are not included in the consolidated financial statements.

Note 3: For detailed financial information, please refer to Capital Securities' 2023 Annual Report.

1.2 Corporate Governance Structure

The election of directors and independent directors is conducted through a candidate nomination system. In accordance with laws and the Company's articles of incorporation, candidates are proposed to the Board of Directors. The Board evaluates the candidates' educational and professional background, industry experience, and professional capabilities before presenting the list of nominees to the shareholders' meeting, where they are elected in a transparent and fair manner.

1.2.1 Governance by the Board of Directors

The Company is currently governed by its 12th Board of Directors, which consists of 11 members: 8 directors and 3 independent directors, serving a term of three years (June 27, 2022 – June 26, 2025). The current Chairman, Ms. Chou Hsiu-Chen, assumed the role on November 24, 2023. With her extensive experience in the securities industry, strong communication skills among organizational managers, and her broad vision for sustainable development, she leads the Company towards achieving its sustainability goals, benefiting all stakeholders.

For more information, please refer to the "[**About Capital - Organizational Structure/Management Team**](#)" section.

Key Features of the Governance Structure

- Directors who also serve as employee account for 18% of the board.
- Independent directors account for 27% of the board.
- None of the independent directors have served more than three consecutive terms.
- Female directors account for 27% of the board.

In accordance with the "Corporate Governance Best Practice Principles" and the "Regulation and Procedure for Board of Directors Meetings," the Board of Directors holds regular meetings. The performance evaluation of board members includes actual attendance rates (excluding proxies) as a criterion. In 2023, a total of 8 board meetings were held, with an average attendance rate of 86.36%.

Committee Name	Members	Directors	Independent Directors	External Members	Meetings Held	Average Attendance Rate
Audit Committee	3	-	3	-	5	93%
Compensation Committee	3	-	2	1 (Note 1)	7	100%
Risk Management Committee	3	1	2	-	4	100%
Sustainable Development Committee	3	1	2	-	4	100%

Note 1: Jian-San, Yen, CPA.

Note 2: For more information, please refer to the "[**About Capital - Organizational Structure/Management Team**](#)" section.

1.2.2 Independence and Conflict of Interest Prevention

The Company currently has 11 directors, of which 3 are independent directors, representing about 27% of the board. All independent directors meet the requirements set forth by the "Regulations

Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and are restricted from serving more than three consecutive terms. Also, they are not permitted to concurrently hold directorships in more than three other public companies. Over the year, the Board held eight meetings, with independent directors maintaining a 100% attendance rate, demonstrating their full participation in discussions and expression of opinions on all proposals.

Furthermore, in accordance with the "Corporate Governance Best Practice Principles" and "Board Election Rules," the Company strictly controls conflicts of interest between the Company and its directors, as well as among the directors themselves:

- More than half of the board members must not have a spousal or second-degree kinship relationship.
- Directors with a personal interest in any board proposal are required to recuse themselves from discussions and voting.
- If a director represents a legal entity with a conflict of interest, they must also recuse themselves from discussions and voting and cannot act as a proxy for other directors.
- Directors must adhere to self-discipline and refrain from engaging in inappropriate mutual support.
- For directors with conflicts of interest related to a proposal, the board minutes shall clearly record the names of such directors and provide specific reasons for their recusal or non-recusal.

1.2.3 Board Composition and Diversity

The Company currently has 11 directors, of which 3 are female directors, representing about 27% of the board. The Company has established a "Corporate Governance Best Practice Principles," which requires the board to develop an appropriate diversity policy for its operations. The composition of the board considers various aspects of diversity, including but not limited to gender, age, cultural and educational background, and professional experience. Moreover, board members must possess the knowledge, skills, and competencies necessary to perform their duties effectively.

Furthermore, in accordance with the "Board and Functional Committee Performance Evaluation Guidelines," the board's performance evaluation includes self-assessment items related to the board's composition and structure. Through annual board performance evaluations and stakeholder feedback, the Company continues to promote diversity within the board.

Board Diversity Analysis									
Director	Position	Gender	Nationality	Age (Range)	Professional Experience				
					Management	Industry Experience	Finance/ Investment	Information/ Technology	Law
Representative: Chou Hsiu-Chen	Chairman	Female	Taiwan, Republic of China	51~60	v	v	v		
Representative: Lee Wen-Chu	Director & President	Male	Taiwan, Republic of China	61~70	v	v	v		
Representative: Liu Ching-Tsun	Director	Male	Taiwan, Republic of China	71~80	v	v	v		
Representative: Fu Chien-Yi	Director	Female	Taiwan, Republic of China	51~60	v	v	v		

Board Diversity Analysis									
Director	Position	Gender	Nationality	Age (Range)	Professional Experience				
					Management	Industry Experience	Finance/Investment	Information/Technology	Law
Representative: Chu Shu-O	Director	Female	Taiwan, Republic of China	41~50	v	v	v		
Representative: Kuo Yu-Chi	Director	Male	Taiwan, Republic of China	81~90	v	v	v		
Representative: Tsai Yi-Ching	Director	Male	Taiwan, Republic of China	41~50	v	v	v	v	v
Representative: Chang Yi-Ping	Director	Male	Taiwan, Republic of China	51~60	v	v	v		
Hsu Chia-Tung	Independent Director	Male	Taiwan, Republic of China	71~80	v	v	v		
Lee Sheng-Yi	Independent Director	Male	Taiwan, Republic of China	71~80	v	v	v		v
Lin Tsang-Hsiang	Independent Director	Male	Taiwan, Republic of China	61~70	v	v	v	v	

1.2.4 Succession Plan

Given the current board structure, which encompasses diversity in gender, age groups, and professional knowledge covering areas such as management, information/technology, finance, and law, and with its rich academic and industry experience, the board's diversity will be maintained in the future.

Furthermore, the Company maintains close ties with domestic universities, such as National Taiwan University and National Sun Yat-sen University, which are expected to recommend suitable candidates for directors and independent directors. In addition, the Company also references the "Independent Directors Talent Database" provided by the Securities and Futures Institute to identify appropriate board members.

1.2.5 Board Performance Evaluation and Compensation

In accordance with the "Board of Directors and Functional Committees Performance Evaluation Guidelines," an annual performance evaluation is conducted for the **Board of Directors, individual board members, and functional committees. Each evaluation item is rated on a scale from 1 (poor) to 5 (excellent).** The performance evaluation indicators for the Board of Directors and functional committees are also reviewed and adjusted as needed in response to the Company's operational requirements and changes in the internal and external environment.

The results of the annual performance evaluation are reported to the Board of Directors, serving as a reference for improving board operations and for the selection or nomination of directors (including independent directors). Additionally, the performance evaluation results of individual directors are used as a basis for determining their individual compensation. In 2023, the "Corporate Governance Best Practice Principles" were revised to strengthen the correlation between directors' compensation and performance evaluation results, promoting the reasonableness of directors' compensation through oversight mechanisms of investor and shareholder.

Furthermore, every three years, the Company commissions an external professional independent agency or external experts and scholars to conduct a performance evaluation of the Board of Directors. The external recommendations are used to develop and implement improvement plans, continuously enhancing the board's governance operations. More information can be found in the "Corporate Governance" section under **"Board of Directors and Functional Committees Performance Evaluation"** on the Company's website.

The remuneration for the Company's directors primarily consists of transportation and meeting attendance fees, which cover expenses incurred when directors travel to the Company or conduct business negotiations on behalf of the Company. Independent directors receive a monthly salary and meeting attendance fees.

Besides, according to the Company's articles of incorporation, if there are profits in a given fiscal year, up to 3% of the profit may be allocated as directors' compensation, as determined by the Board of Directors.

Performance Evaluation Types	Board of Directors	Members	Functional Committees
Evaluation Aspects	<ul style="list-style-type: none"> • Level of participation in the Company's operations • Enhancement of the Board's decision-making quality • Composition and structure of the Board • Director selection and continuing education • Internal control 	<ul style="list-style-type: none"> • Level of participation in the Company's operations • The Board's decision-making quality • Composition and structure of the Board • Director selection and continuing education • Internal control 	<ul style="list-style-type: none"> • Level of participation in the Company's operations • Understanding of functional committee responsibilities • Quality of functional committee decision-making • Composition and selection of functional committee members • Internal control
Annual Evaluation Results	4.96	4.95	Audit Committee: 4.98; Other Committees: 5

Note: The maximum score is 5 points.

1.2.6 Continuing Education

In accordance with the "Guidelines for the Implementation of Continuing Education for Directors of TWSE/TPEX Listed Companies," the Company facilitated continuing education for all directors in 2023. The training topics included: "Shareholders' Meeting Reforms and Practices," "Case Studies on Legal Responsibilities of Directors and Supervisors," "Anti-Money Laundering," "Principles of Fair Treatment of Customers," "Financial Friendly Service Guidelines," "Net Zero Emission Policies and Carbon Management Trends and Responses," "Green Energy Investments," "Trends in ESG," "Corporate Social Responsibility and Sustainable Governance," "TCFD Climate-Related Financial Disclosures," "Low-Carbon Transition," "Carbon Trading Mechanisms," "Financial Technology," "Corporate Risk Management and Crisis Handling," "Artificial Intelligence," "Sustainable Development Transition in the Securities Industry," "Corporate Risk Management and Integrity Management," "Practical Compliance," and "Protection of Trade Secrets." In total, the directors obtained 113 hours of certified training from internal and external institutions. For more information, please refer to the Market Observation Post System (MOPS).

1.2.7 Monitoring of Sustainable Development Issues

The Board of Directors serves as the highest governing and risk management body and is accountable to the shareholders' meeting. The Board's operations and arrangements under the corporate governance system must ensure that its authority is exercised in accordance with legal requirements, the Company's articles of incorporation, or the resolutions of the shareholders' meeting.

To achieve corporate governance objectives, the main responsibilities of the Board of Directors include: (1) Establishing effective and appropriate internal control systems. (2) Selecting and supervising managers. (3) Reviewing the Company's management decisions and operational plans, and overseeing their implementation. (4) Reviewing the Company's financial goals and monitoring their achievement. (5) Supervising the Company's operational results. (6) Evaluating the performance and compensation standards of managers and business personnel, as well as the compensation structure and system for directors. (7) Supervising and managing the risks faced by the Company. (8) Ensuring the Company complies with relevant regulations. (9) Planning the Company's future development direction. (10) Establishing and maintaining the Company's image and fulfilling social responsibilities. (11) Appointing accountants, lawyers, and other experts. (12) Protecting investors' rights.

In summary, the Board of Directors must oversee the Company's strategic development, monitor the management team, track the processes of the corporate governance system, and manage internal controls and internal audit procedures, ensuring accountability to the Company and its shareholders. The Board must also perform its duties in compliance with laws, the Company's articles of incorporation, or resolutions of the shareholders' meeting. Moreover, the Board is responsible for reviewing annual and quarterly financial statements, assessing the effectiveness of internal control systems, and approving resolutions of various functional committees.

The Company's Board of Directors operates independently and transparently, with both directors and independent directors exercising their authority autonomously. Various functional committees assist the Board in supervising the Company's execution of accounting, auditing, financial reporting processes, financial controls, internal controls, regulatory compliance, and the integrity of investment decisions, all aimed at enhancing corporate governance performance.

Regarding sustainable development issues, the Board of Directors, through meetings, reviews operational business strategies and risk management measures related to sustainability topics. This process ensures that the content of reports, execution challenges, and performance outcomes are effectively monitored, and resources are appropriately allocated. The Board delegates authority to the Sustainable Development Committee and the Sustainable Management Office to address relevant issues between operational business and sustainable development. These units are responsible for drafting and promoting action strategies and risk management measures, confirming short-, medium-, and long-term plans, managing performance evaluation results, and regularly or intermittently reporting to the Board. Relevant resolutions are recorded in the meeting minutes and monitored for progress.

1.3 A New Chapter in Governance and Transparency

1.3.1 Integrity Management

To embed integrity management as part of the Company's DNA, Capital Securities continues to promote and implement integrity management measures. The Board of Directors is responsible for monitoring the implementation of integrity management. To this end, the Company has established the "Integrity Management Committee Regulations" and set up an Integrity Management Committee. This committee is tasked with formulating and overseeing the implementation of integrity management policies, helping to integrate ethical and moral values into the Company's business strategies, and coordinating with legal frameworks to establish anti-corruption measures to ensure ethical business conduct.

- The President serves as the convener and meeting chair of the Integrity Management Committee. Other members include the heads of the Administration Department, Finance Department, Settlement & Clearing Department, Corporate Planning Department, Compliance and Legal Division, Risk Management Department, and personnel designated by the President.
- The resolution passed at the fourth meeting of the 12th Board of Directors mandates that the Integrity Management Committee meets annually, and the meeting results must be reported to the Board of Directors.
- Integrity Management System: This includes the "Integrity Management Guidelines," "Integrity Management Committee Regulations," "Integrity Management Operating Procedures and Code of Conduct," "Corporate Governance Practice Guidelines," "Code of Ethical Conduct," "Business Dispute Resolution Guidelines," "Whistleblower Policy Implementation Guidelines," "Guidelines for Preventing Conflicts of Interest in Concurrently Holding Business Positions," "Management Guidelines for Engaging in Securities Business and Holding Equity Securities Issued by Entities with Substantial Interests," and "Management Guidelines for Lending Non-Purpose Funds and Conducting Transactions with Entities with Substantial Interests."
- The Board of Directors, senior management, and all employees have signed the Integrity Management Policy Compliance Statement, with a 100% signing rate.
- The Company displays its commitment to integrity management on its website. For more information, please visit the Capital Securities website under the section on "**About Capital - Integrity Management.**"

Evaluation Mechanism

The Company has outlined eight forms of unethical behavior in Article 7 of the "Integrity Management Guidelines," which serve as the risk assessment criteria for unethical conduct. In alignment with the ISO 37001 Anti-Bribery Management System, the Company evaluates the effectiveness of internal control over integrity management across eleven aspects, including "Due Diligence," "Financial Controls," "Non-Financial Controls," "Anti-Bribery Commitments," "Gifts, Hospitality, Donations, and Other Equivalent Benefits," "Whistleblower System," "Rewards and Penalties, and Appeals System," "Education and Training," "Organization," "Regulations and Systems," and "Monitoring."

- For 2023, the overall risk assessment indicated low risk, with strong control over the environment. The Integrity Management Committee reported these findings to the Board

of Directors, revealing that no major incidents of unethical behavior occurred in 2023, and the risk of unethical behavior was assessed as low.

Education and Training

In 2023, the Company conducted 10 online courses on various topics, such as securities laws, integrity management-related regulations, business dispute resolution guidelines, prohibited behaviors for securities professionals, corporate sustainability, human rights policies, whistleblower system introduction, financial consumer protection law overview and case studies, internal significant information handling, and insider trading regulations. A total of 32,107 participants attended these courses, accumulating 40,238 training hours, with each course averaging over one hour of training per participant.

- As for Board of Directors training, in 2023, the Company organized courses on integrity management and corporate governance practices for the Board, with a participation rate of 100% and a total of 22 training hours.

Whistleblower System

A comprehensive whistleblower system has been established to actively prevent unethical behavior and encourage both internal and external individuals to report unethical or improper conduct. Plus, the system also includes whistleblower protection measures, ensuring that the identity and content provided by the whistleblower are kept strictly confidential and not disclosed in a manner that could identify the individual. Furthermore, the whistleblower is protected from dismissal, demotion, salary reduction, harm to their lawful rights and interests, or any other adverse treatment as a result of their report.

- In 2023, there were five whistleblower cases. However, after thorough investigation, it was confirmed that none of these cases fell under the conditions specified by the "Guidelines for the Implementation of the Whistleblower System" and did not involve any unethical behavior. The Company has provided appropriate responses and handled these cases accordingly.

Year	2022	2023
Number of Whistleblower Cases	1	5
Number of Verified Cases	0	0

- The Company has established various reporting channels, including a dedicated whistleblower hotline, email, and a special postal mailbox, all of which are publicly announced. For more information, please refer to "[About Capital - Integrity Management.](#)"

Matters for Whistleblowing

Criminal Behavior: Acts that infringe on the Company's rights and are punishable under the laws of the Republic of China (Taiwan).

Fraudulent Conduct: Unethical behavior as defined by the Company's "Integrity Management Operating Procedures and Code of Conduct."

Violations of Laws: Acts that infringe on the Company's rights and violate financial-related laws or regulations issued by the Financial Supervisory Commission.

Email: Complaint@capital.com.tw

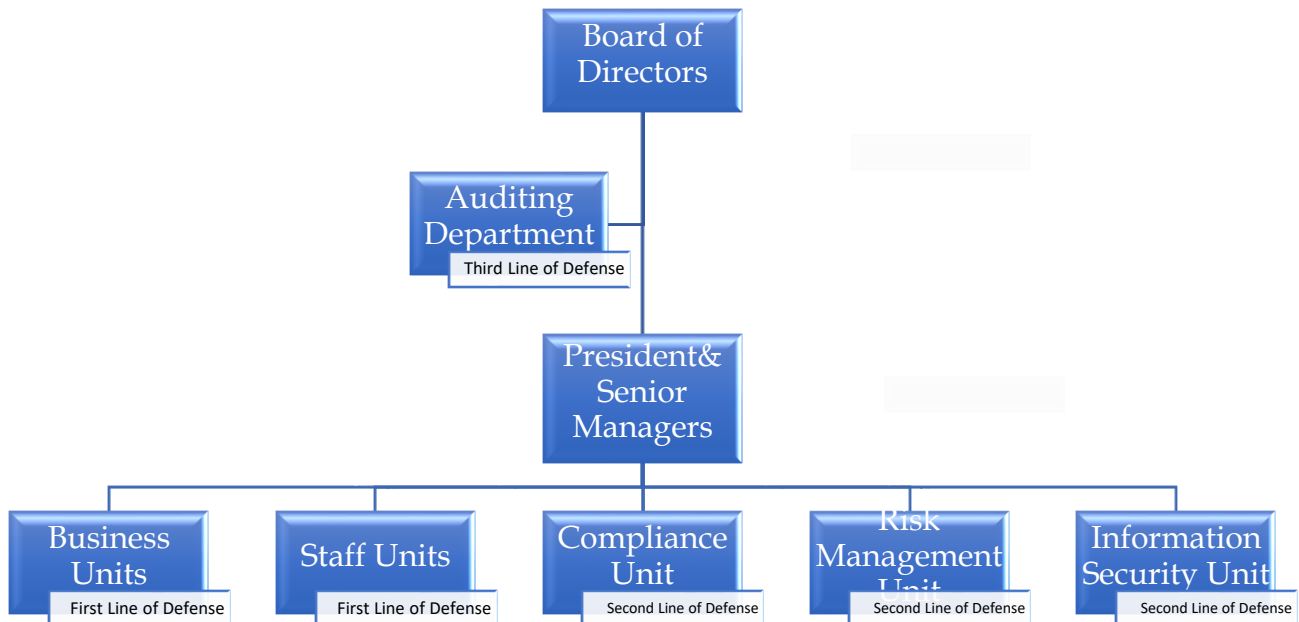
Hotline: 02-87123780

Mailing Address: "Capital Securities Corporation Whistleblower Mailbox," 11F, No. 156, Sec. 3, Minsheng East Road, Songshan District, Taipei City 10596, Taiwan.

Procedures for Handling Verified Cases

1. Immediately require the respondent to cease the relevant behavior and take necessary preventive or emergency response measures.
2. The relevant department shall propose corrective measures, with the investigating unit tracking the improvements until completion.
3. For cases involving significant violations or those posing a risk of substantial harm to the Company, the relevant department must report the corrective measures and progress to the Audit Committee.
4. If necessary, pursue legal action to seek damages in order to protect the Company's reputation and interests.

Capital Securities Three Lines of Defense Responsibilities Diagram



1.3.2 Risk Management

The Board of Directors, management at all levels, and all employees collectively participate in, adhere to, and promote the risk management system to effectively manage operational risks. Through this risk management system, the identification, measurement, monitoring, response, and reporting of

potential risks are implemented, ensuring that risks are disclosed in an accurate, comprehensive, and thorough manner. This approach enables the Company to achieve stable operational performance within its risk tolerance, protect stakeholders, and pursue sustainable development goals.

Risk Management Policy

The Company's risk management policy is formulated based on the operational plans or annual budgets approved by the Board of Directors and the business regulations of various business units. It estimates business objectives and sets the risk control limits (risk appetite) for each business. The risk management unit measures risk-adjusted return on capital (RAROC) and assesses the impact on the Company's capital adequacy ratio, providing a feasibility report for consideration by the Chairman and the President, and reporting to the Risk Management Committee.

Risk Management System

The Company emphasizes on risk management by establishing risk management policies and systems, building a risk management organization with professional personnel, technology and skills, and procedures, and implementing management measures. This is supported by regular and occasional, qualitative and quantitative identification, assessment, and monitoring mechanisms to ensure that the organization effectively controls risks within acceptable scope.

Board of Directors

As the Company's highest authority for risk management, monitoring, and decision-making, the Board determines the risk management policy, risk appetite, and limits, supervises the operation of the risk management system, and evaluates its performance.

Risk Management Committee

Operates according to the "Risk Management System" and the "Risk Management Committee Charter" approved by the Board of Directors. The Committee ensures that the Company's operational strategic objectives are achieved while maintaining various risks within the Company's tolerable range. It establishes and implements the risk management system and promptly responds to the Company's latest exposure status and proposes appropriate measures.

Risk Management Unit

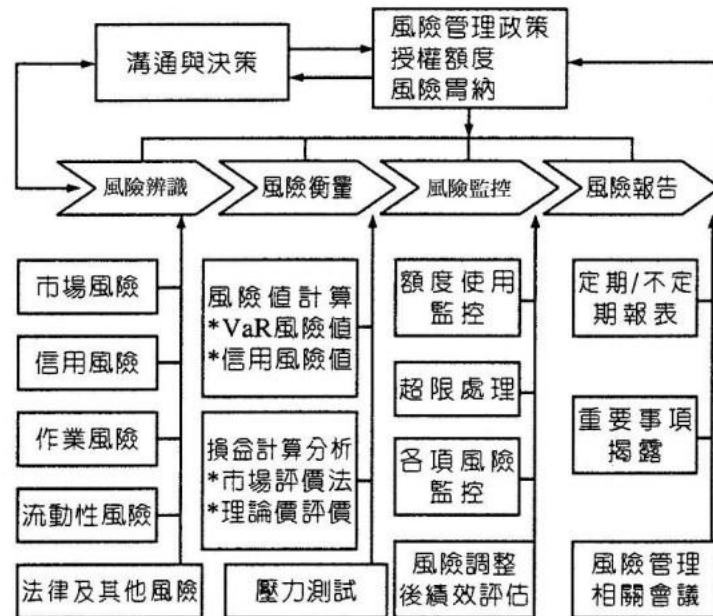
Acting as the second line of defense with an independent role, this Unit follows the "Risk Management System" and the resolutions of the Board of Directors and the Risk Management Committee. It is responsible for promoting the planning of the risk management system, and executing activities related to the identification, measurement, monitoring, and response to risks. This Unit uses objective and rigorous qualitative and quantitative models to quantify market, credit, and operational risks, and promptly compiles and reports risk management information and trends to ensure that risks remain within the Company's tolerable range.

The Company has established a "Risk Management System" to control various types of risks. This system includes relevant guidelines and operational procedures with mechanisms like governance, organization, strategy and measures, risk identification, assessment methodologies, objective measurement, monitoring, and reporting to serve as the foundation for daily risk management activities.

The Risk Management Unit regularly issues risk reports that provide accurate, comprehensive, and detailed analysis of exposure levels and the results of risk monitoring. These reports offer feedback on the implementation and effectiveness of risk management measures. Meanwhile, the unit conducts scenario analyses and stress tests periodically or as needed to assess the potential financial impacts

of risks. Based on these assessments, the unit proposes risk management measures such as avoidance, reduction, sharing, or assumption of risk. These recommendations are then presented to the Risk Management Committee and the Board of Directors to assist in formulating risk management plans and action strategies, ensuring that the Company effectively manages risks and opportunities, optimizes resource allocation, and keeps risks within tolerable range, thereby protecting the interests of stakeholders.

風險管理流程



風險管理流程	Risk Management Process
溝通與決策	Communication and Decision-Making
風險管理政策	Risk Management Policy
授權額度	Authorization Limits
風險胃納	Risk Appetite
風險辨識	Risk Identification
風險衡量	Risk Assessment
風險監控	Risk Monitoring
風險報告	Risk Reporting
市場風險	Market Risk
信用風險	Credit Risk
風險值計算	Value-at-Risk (VaR) Calculation
*VaR 風險值	*VaR
*信用風險值	*Credit Risk Value
額度使用監控	Monitoring of Limits Usage
定期/不定期報表	Regular/Occasional Reports
超限處理	Over-limit Handling

作業風險	Operational Risk
流動性風險	Liquidity Risk
損益計算分析	Profit and Loss Analysis
*市場評價法	*Market Valuation Method
*理論價評價	*Theoretical Valuation Method
各項風險監控	Monitoring of Various Risks
重要事項揭露	Disclosure of Significant Matters
法律及其他風險	Legal and Other Risks
風險調整後績效評估	Risk-Adjusted Performance Evaluation
壓力測試	Stress Testing
風險管理相關會議	Risk Management-Related Meetings

Company Risk Identification

The Company primarily faces the following types of risks: market risk, credit risk, liquidity risk, operational risk, legal risk, and other risks. Through risk identification, assessment, measurement, and monitoring processes, a "Daily Risk Management Report" is produced and provided to the President and Chairman to keep them informed of the Company's latest risk status. In accordance with the "Operating Procedures for Detecting Business Risks," regular meetings are held to analyze market changes and report on future operational directions to facilitate decision-making and implementation.

Types of Risks	Impact Description	Risk Mitigation Strategies
Market Risk	Due to domestic and international issues, unexpected market changes or the occurrence of potential risks may lead to losses that exceed capital adequacy ratios and loss limits.	<p>To manage these risks, the Company has established control mechanisms for operational limits and risk value thresholds across various business activities:</p> <ul style="list-style-type: none"> • For Stocks: Risk values are calculated using the variance-covariance method and validated through backtesting. The one-day VaR is calculated with a 99% confidence interval. • For Bonds: Risk values are controlled using basis point (bp) value as a reference, and the one-day VaR is also calculated with a 99% confidence interval to manage positions. • For Derivatives: Risk values are controlled based on Delta and Gamma values, with a one-day VaR calculated at a 99% confidence interval to manage positions. • For Warrant Business: The execution of buy-sell quotes and hedging operations is strictly regulated, with controls on issuance volume, pricing, and concentration. • Each Business Unit: Utilizes approved hedging tools such as Futures, Options, and Swaps to adjust risk values as needed, ensuring the effective implementation of the risk management system.
Credit Risk	The risk of economic loss arises when the issuer or counterparty fails to fulfill contractual obligations.	<p>To mitigate this risk, the Company sets credit limits for issuers and counterparties based on the credit rating requirements mandated by competent authorities and the credit rating information provided by rating agencies.</p> <ul style="list-style-type: none"> • For Stock Credit Trading Limits: Managed according to competent requirements. • For Derivatives: The credit exposure of counterparties is calculated daily. If the exposure exceeds limits, the counterparty is required to provide qualified collateral or reduce positions. • For Bonds: Investments are limited to positions with a certain credit rating or higher. The Company monitors significant information, fundraising activities, and the operational status of issuers to assess credit default risks. If a bond's credit rating is likely to fall below the investment threshold, the Company will request to sell the position. If liquidity issues prevent immediate sale, bad debt provisions will be made based on the probability of default. • For Stock Financing Loans: Managed according to the Company's customer credit policies, the management of stock/securities collateral, and the maintenance margin requirements set by competent authorities.

Types of Risks	Impact Description	Risk Mitigation Strategies
Liquidity Risk	The primary concerns include funding allocation and market liquidity.	<p>For funding allocation, the Company diversifies among financial institutions and utilizes various fundraising channels. Based on business needs, careful planning is conducted in advance to ensure that funding requirements are met, with daily monitoring of fund usage. Besides, special event simulations are performed to analyze and prepare for abnormal funding demands that may arise due to systemic risks.</p> <p>Regarding liquidity risk for different positions, the Company establishes guidelines based on factors such as issuance volume, trading volume, and counterparties. Dynamic monitoring is conducted according to market conditions to manage the liquidity risk of these positions.</p>
Operational Risk	Conflict of interest or failure to adhere to internal control systems or operating procedures would lead to potential risks and resulting in economic loss for the Company.	<ul style="list-style-type: none"> Establish operating procedures and control points as outlined by the internal control system. <ul style="list-style-type: none"> ➤ The third line of defense, Auditing Department, conducts audit activities according to the audit cycle. ➤ The Auditing Department issues audit reports, which are reviewed by the President and the Chairman after the business unit provides an improvement plan. The business unit is then required to implement corrective actions. ➤ The Auditing Department would follow up to ensure that the business unit effectively implements the improvement plan. Employees are required to obtain fidelity insurance to mitigate the risk of significant losses caused by malicious negligence. The Risk Management Department is responsible for categorizing incidents such as material market system failures and accounting errors, accumulating data in a database, and subsequently developing models to quantify operational risk losses.
Legal Risk	The Company's business, activities, or operations that do not comply with legal regulations may result in penalties from competent authorities.	<ul style="list-style-type: none"> The Auditing Department and the Compliance and Legal Division are responsible for conducting audits and supervision to ensure that all relevant departments of the Company strictly adhere to the regulations set by the competent authorities. Review the legality of all contracts to ensure the protection of the Company's rights and interests. Provide education and training to all employees on the latest regulatory updates to reinforce compliance discipline and reduce the risk of violations. Strictly adhere to regulations concerning anti-terrorism financing, anti-money laundering, personal data protection, and fairness in customer service, as prioritized

Types of Risks	Impact Description	Risk Mitigation Strategies
		by competent authorities in recent years, and allocate appropriate resources and implement action plans accordingly.
ESG and Climate Risks	<ul style="list-style-type: none"> Taiwan's 2050 Net Zero Emission Pathway and Strategy Green Finance Action Plan 3.0 Sustainable Development Roadmap Guidelines for Identifying Sustainable Economic Activities Risk Management Practices Principles Responsible Investment Requirements Climate Risk Impact Response Regulations for the Preparation and Reporting of Sustainability Reports by TWSE Listed Companies Regulations Governing Information to be Published in Annual Reports of Public Companies Other Sustainability-Related Regulations 	<ul style="list-style-type: none"> The Company has established the "Sustainable Development Practices Principles," the "Responsible Investment Guidelines," and other related sustainability regulations or guidelines for implementation. Regarding climate change risk, the Company gradually follows the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the reference guidelines and examples published by the Securities Association, to regularly disclose potential financial impacts caused by climate risks. Given that Capital Securities is located in Taiwan, an island nation with a highly variable climate, limited resources, and frequent earthquakes, the Company also considers international carbon neutrality agreements for greenhouse gas emissions, Taiwan's 2050 Net Zero Emission Pathway and Strategy, the Green Finance Action Plan 3.0, the Climate Change Response Act, and the Risk Management Practices Principles. These regulations and trends are used to assess the "transition risks" faced by industries, clients in proprietary trading, underwriting, and investment financing, as well as the "physical risks" arising from extreme weather conditions. The Company conducts scenario analysis and stress tests based on domestic and international guidelines and models, and formulates strategies to address the financial impacts of climate change, such as digital finance, green finance, and internal transformation plans, along with corresponding risk management measures. The Company actively collects data from scenario analysis and stress tests, enhances staff awareness and expertise in climate change and ESG, builds a climate risk database, monitors industries and clients involved in proprietary trading, underwriting, and investment financing, reduces data gaps, and improves qualitative/quantitative methodologies.
Earthquake Risk	Given that the headquarters and most of the business locations are based in Taiwan, which lies on the Pacific Ring of Fire with frequent seismic activity, there is a possibility of an earthquake with a magnitude of 7.0 or higher on the Richter scale.	<ul style="list-style-type: none"> The Company has implemented the ISO 22301 Business Continuity Management System, which includes establishing emergency response plans and measures for earthquake risks. The detailed procedures are outlined in the "Earthquake Response and Handling Procedures," which serve as the internal guideline for employees to follow in the event of an earthquake. Moreover, to ensure that employees are familiar with these mechanisms and procedures, the Company conducts at least one practical drill annually. Prior to the

Types of Risks	Impact Description	Risk Mitigation Strategies
	Such an event would not only severely impact the Company's assets and employees but also affect the financial markets and the profitability of customers' operations, which in turn could indirectly influence the Company's operational profitability.	<p>drill, a plan is developed in accordance with the procedures and emergency response plans and measures. During the drill, dedicated personnel oversee and initiate the process, monitor employees' execution, and assess the implementation stages. The differences and the degree of implementation between the procedures and the emergency response plans and measures are compared. Then, a review meeting is held afterward to identify areas for improvement, and a report on the drill's outcomes is produced to guide subsequent improvement measures. This process ensures the feasibility of the emergency response plan, employee familiarity, and continuous strengthening of the management system.</p> <ul style="list-style-type: none"> Regarding the potential impact on the financial market and customers' operational profitability, which could indirectly affect the Company's operational profitability, this year, the Company first predicted the impact of the securities market's profits and losses on the Company's investment income. After conducting scenario analysis and forecasts, the potential investment loss is estimated to be between NT\$80 million and NT\$100 million, which the Company's financial structure and capital adequacy ratio can still bear. This data will be used as an important reference for the Company's business units in investment risk assessment, response measures, and risk diversification.
Capital Adequacy	Operational risk	Regular detection measures are implemented, with annual stress testing of capital adequacy based on the business limits set by each department's annual operational plan. This process is aimed at optimizing the risk management system, serving as the basis for capital adequacy planning and the Company's strategies.
Information Security	Security incidents involving theft, alteration, damage, loss, or leakage of customers' data and confidential information	<ul style="list-style-type: none"> Establish and implement an information security policy and related management measures, continually strengthening the information security management system. Set effectiveness measurement targets and conduct internal audits twice a year, along with audits by an independent third party, to review the implementation of the information security management system and recommend improvements. Conduct at least one annual management review meeting chaired by the President to report, discuss, and decide on issues related to the information security management system, performance evaluation, trend issues, progress tracking, and technical upgrades. Continuously promote various information security protection mechanisms and measures, such as information security promotion, social engineering exercises,

Types of Risks	Impact Description	Risk Mitigation Strategies
		regular reviews of systems, software, and permissions, as well as the deployment of Data Loss Prevention (DLP), firewalls, antivirus software, behavior and trace monitoring, and endpoint device control.
Other Risks	Given the impact of natural disasters, man-made disasters, and information and communication-related disasters, such as the challenges posed by being located on an island with variable climate, limited resources, and frequent earthquakes, all these factors would impact on the continuity and stability of the Company's operations.	The "Corporate Business Continuity Management Guidelines" have been established, and these guidelines outline various emergency response systems and mechanisms, including organization and membership, notification procedures, assessment methodologies, emergency response plans, resource and support management, simulation exercises, and post-event reviews and improvements.

Education and Training

The Company has implemented a top-down approach in planning risk education and training. Regular sessions are conducted on relevant laws, regulations, systems, and case studies to help all employees understand the types of risks and corresponding management measures. The aim is to integrate risk management concepts into business activities, operations, and procedures. Special emphasis is placed on the importance of identifying, assessing, monitoring, and responding to potential risks. This process involves reporting from department heads to the risk management unit, which then reports to the President, with regular updates provided to the Risk Management Committee and the Board of Directors.

- Participation rate in risk management and internal control training for directors: 100%.
- Risk management and internal control training for all employees is detailed in the table below.

Target	Number of Trainees	Training Hours
Management	764	5,625
General Staff	21,847	51,239
New Employees	278	3,539
Total	22,889	60,403

1.3.3 Legal Compliance

Capital Securities ensures that all legal compliance matters related to its business activities are thoroughly reviewed not only by the respective business departments but also with the assistance of the Compliance and Legal Division. This approach ensures effective management and adherence to relevant laws and regulations across all business operations, activities, and processes.

Legal Compliance Framework

The Company has established a "Compliance and Legal Division" as the dedicated unit responsible for promoting and ensuring legal compliance within the organization. This department has formulated the "Legal Compliance Risk Management, Assessment, and Independent Reporting Guidelines" and the "Guidelines for the Content and Procedures of Legal Compliance Assessment." These guidelines are responsible for identifying relevant laws and regulations applicable to the Company's operations, activities, and processes, as well as for planning, managing, implementing, and evaluating the legal compliance system to ensure its effective operation.

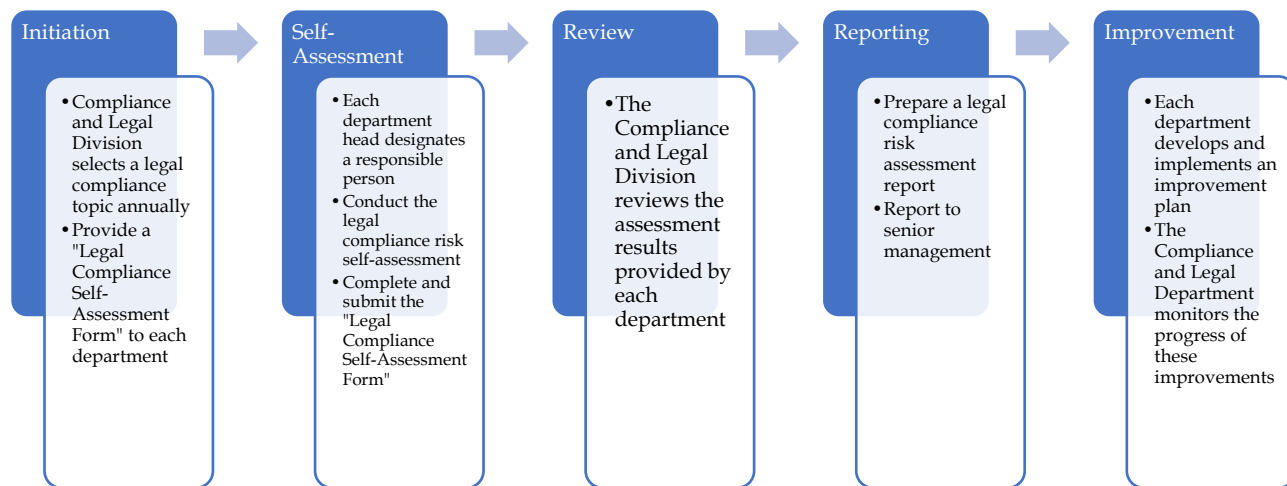
The head of the Compliance and Legal Division also serves as the Chief Compliance Officer for the headquarters, overseeing all legal compliance matters within the Company and providing regular reports to the Board of Directors. Through self-assessment of legal compliance, this Department supervises the implementation of legal compliance across all departments.

Legal Compliance Self-Assessment Procedure

In accordance with the "Guidelines for the Content and Procedures of Legal Compliance Assessment," the Compliance and Legal Division conducts legal compliance assessments. Each department is required to designate personnel to review and respond to legal compliance issues through a self-assessment process. The Compliance and Legal Division then compiles these responses into a Legal Compliance Risk Assessment Report, providing senior management and the Board of Directors (specifically during the 12th Board's 6th and 9th meetings) with timely, effective,

comprehensive, and accurate insights into the legal compliance risks faced by the Company.

Besides, if there are major customer complaints or incidents where business operations, activities, or processes may be at risk of violating laws and regulations, or if penalties have been imposed by regulatory authorities, the Compliance and Legal Division will carry out unscheduled legal compliance risk audits.



Employee Feedback

The Company 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 compliance in relation to the preceding interior regulations shall immediately notify the Company in accordance with the provisions stipulated in the preceding internal regulations.

In cases where legal compliance risks cannot be reported according to the internal regulations mentioned above, employees may report to the Compliance and Legal Division within five days of becoming aware of the issue, in accordance with the Company's "Legal Compliance Risk Management, Assessment, and Independent Reporting Procedures." If the incident is determined to constitute a major violation as defined by the Company's "Major Incident Handling and Reporting Mechanism Management Procedures," or if it poses a significant risk of loss that could jeopardize the Company's operations, the Compliance and Legal Division will independently report the matter to the President.

Education Training and Publicity

- The Compliance and Legal Division regularly or as needed communicates updates on external regulatory changes to the relevant departments. Monthly follow-ups are conducted to ensure timely adjustments to internal regulations, helping to ensure that the Company's business operations, activities, and procedures comply with legal requirements.
- The average in-service legal compliance training time for the Chief Compliance Officer and personnel of the Compliance and Legal Division was 32.25 hours, totaling 129 hours of training in 2023.
- The Company provided an average of 29.48 hours of legal compliance training per employee, with a total of 22,125 persons accumulating 54,500 training hours in 2023.

Legal Compliance Status

In the current year, if fines amounting to over NT\$500,000 are considered as the threshold for major penalty cases, there was one for such case. The penalty was imposed due to the Company's violation of internal control systems and the Money Laundering Control Act. It was found that the Company failed to adequately manage and monitor transactions in accounts of internal personnel, did not properly implement warrant business risk management according to the designated responsibility levels, and allowed a head of Proprietary Trading, who also served as a trader, to continue purchasing stocks through a designated proxy despite having reached the suspension threshold due to investment losses. Moreover, the transactions were not included in the trader's investment review, indicating a failure to effectively implement internal control systems and audit mechanisms. This violated Paragraph 2, Article 2 of the Regulations Governing Securities Firms, as well as Subparagraph 3, Article 5 of the Regulations Governing Anti-Money Laundering of Financial Institutions, leading to a fine of NT\$980,000.

For the corrective actions taken in response to this case and details on the causes and corrective measures for other non-major penalties, please refer to pages 65 to 67 of the Company's 2023 Annual Report.

Money Laundering Control Act and Counter-Terrorism Financing Act

Management System

To comply with the Money Laundering Control Act, Counter-Terrorism Financing Act, Regulations Governing Anti-Money Laundering of Financial Institutions, and other related regulations, the Company has implemented a "risk-based approach" to its anti-money laundering and counter-terrorism financing management system. The Company has established a risk assessment and operational framework for anti-money laundering and counter-terrorism financing, which is rigorously executed to conduct risk classification. The assessment covers factors such as customer profiles, products and services, geographic locations, and transaction or payment channels to evaluate inherent risks without any control measures in place. Based on the results of this inherent risk assessment, appropriate risk mitigation measures are established.

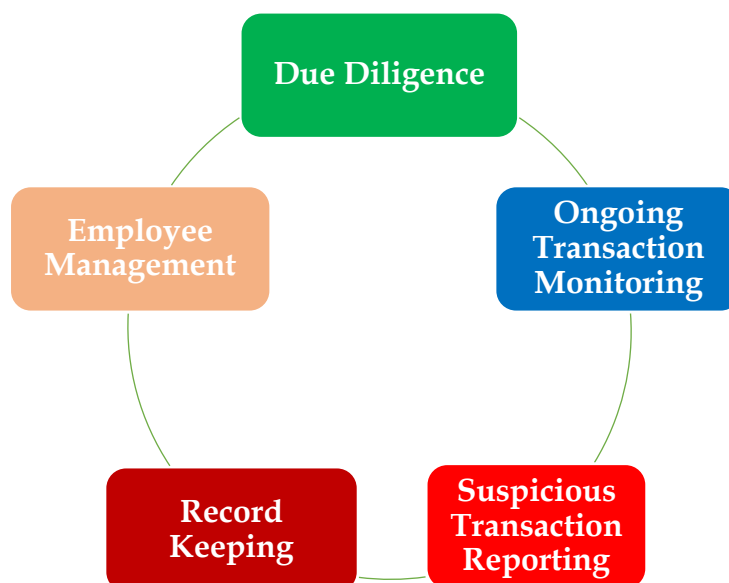
After implementing risk mitigation measures, the Company assesses whether the remaining risks fall within its risk tolerance range, ensuring that the risks are effectively reduced for the resources invested.

Finally, the Company regularly reviews critical issues related to preventing anti-money laundering, combating counter-terrorism financing and proliferation financing, conducts educational training and awareness promotion, and continuously improves its management systems.

In 2023, reports on anti-money laundering and counter-terrorism financing were presented at the sixth and ninth meetings of the twelfth Board of Directors, enabling senior management and the Board to gain timely, effective, comprehensive, and accurate insights into the risks faced by the Company regarding money laundering, terrorism financing, and proliferation financing.

Besides, the Company issued a joint internal control statement on anti-money laundering and counter-terrorism financing, signed by the Chairman, President, Chief Auditor, and the officer in charge of anti-money laundering and counter-terrorism financing. This statement can be viewed in the "Corporate Governance" section of the Company's website under "Anti-money Laundering and Counter-terrorism Financing Internal Control System Statement."

Anti-Money Laundering and Counter-Terrorism Financing Procedures



Due Diligence

- Customer identity verification
- Validation of customer identity
- Confirmation and filing of account opening documents
- Name and title verification
- Risk assessment for money laundering and terrorism financing
- Decision to approve or decline account opening
- Related operations for information system

Ongoing Monitoring

- The system automatically performs a fuzzy matching check of customer names against lists, generating a notification for suspected money laundering. This notification is sent to the department supervisor or their designated personnel for verification.
- Regular reviews are conducted, with re-evaluation procedures initiated based on different risk levels. This includes assessing high-risk customers, significant recent changes in transaction patterns, and whether customer transactions are inconsistent with their identity or income.

Ongoing Transaction Monitoring

A risk-based methodology is established, where if a customer's transactions meet the system's predefined money laundering patterns, an automatic monitoring form is generated for approval. The department supervisor reviews the customer's case, following the method for identifying suspicious transactions (potential money laundering), and provides an assessment of the transaction's legitimacy along with their opinion.

Suspicious Transaction Reporting

For transactions identified as potential money laundering/terrorism financing by the suspicious

transaction report, if there is a reasonable suspicion that the customer is indeed involved in money laundering or terrorism financing, the case is processed through the reporting procedures. After review and approval, the report is submitted to the Ministry of Justice Investigation Bureau .

Record Keeping

- All activities related to anti-money laundering and counter-terrorism financing are documented, including audit trails for queries and confirmations.
- All inquiries and verifications must include a judgment outcome.
- The above records must be retained for the legally required duration.

Employee Management

The Company has established a careful and appropriate process for the recruitment and appointment of employees. The internal information system, along with external agency systems, assists in verifying whether the applicants possess any specific identities.

Risk Assessment

The Company stipulates that comprehensive consideration must be given to the customer's background, occupation, socio-economic activities, geographic location, and the organizational type and structure of non-individual customers to identify the risks of money laundering, terrorism financing, and proliferation financing. It is explicitly stated that if a customer or their beneficial owner has a specific status, they are to be classified as a high-risk customer, and enhanced measures must be taken to verify their identity or continuously monitor them. This includes obtaining department supervisor approval before establishing or adding new business relationships. Furthermore, if a customer is identified as an individual, legal entity, or group subject to sanctions under the Anti-Terrorism Financing Act, the Company shall decline to establish a business relationship.

Information Technology Support

In response to the regulatory requirements for anti-money laundering and counter-terrorism financing, and considering the often time-consuming Know Your Customer (KYC) process during account opening, which leads to significant labor hours and prolonged customer waiting times, Capital Securities has introduced digital technology to address these challenges. The Company has developed an anti-money laundering database and created a proprietary matching program, a computerized tool that automates the transliteration and similarity scoring of names. This system allows for one-click access to information such as joint credit information, records in the clearing house, and whether the account opener is on any anti-money laundering blacklists.

This approach not only facilitates the screening of targeted lists but also significantly reduces the time required for individual case reviews by staff and supporting departments, saving up to 80% of the time. In practical terms, the average time to process one case used to be around 15 minutes, but with the introduction of digital technology, this time has been reduced to approximately 3 minutes per case, greatly enhancing overall operational efficiency.

Looking forward, the Company plans to continue optimizing its information systems to further reduce false positives during the risk assessment process, accelerate manual search operations, and fully implement anti-money laundering and counter-terrorism financing measures with the support of information technology.

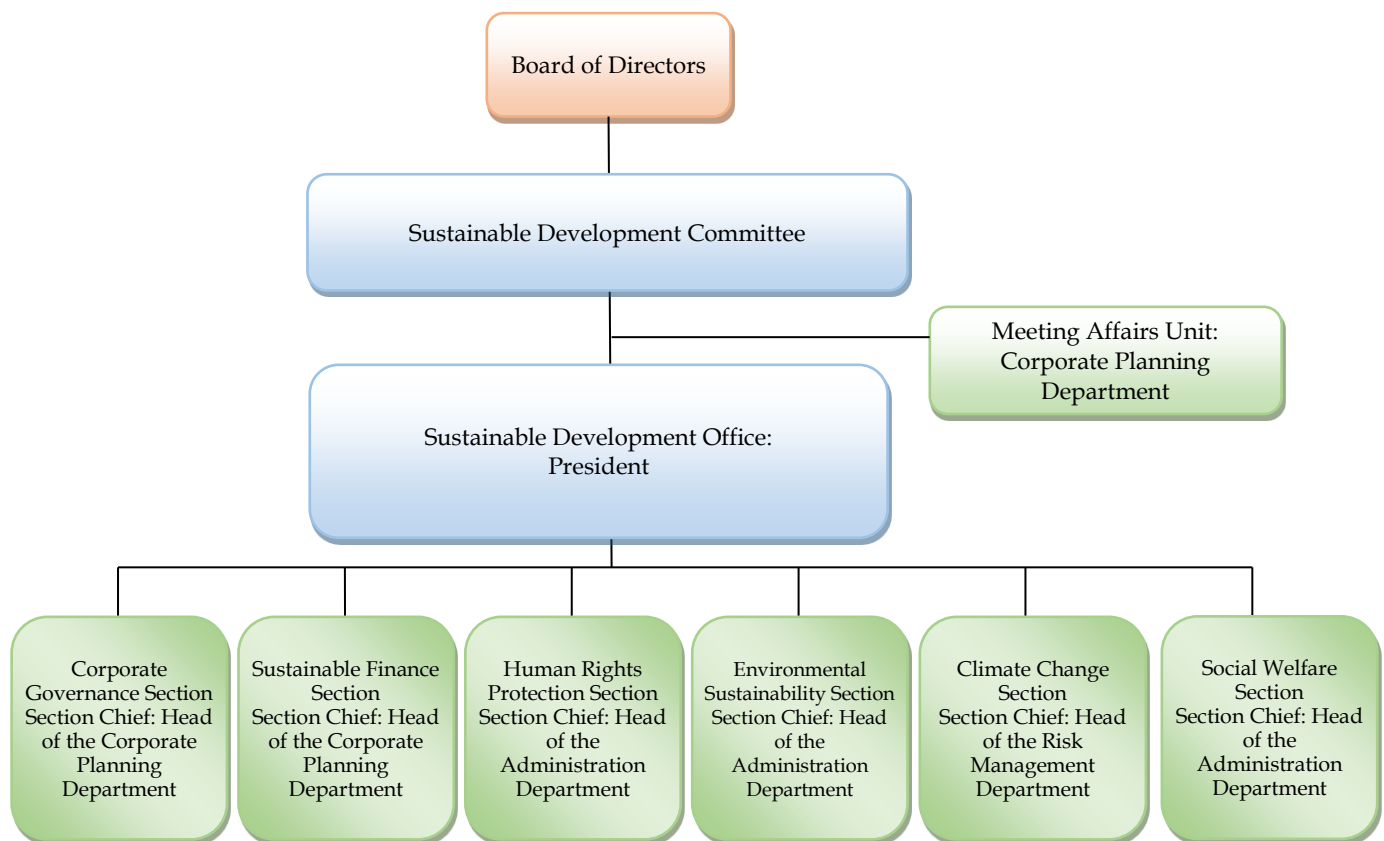
Education Training and Publicity

- The Compliance and Legal Division regularly or as needed communicates updates on the Money Laundering Act, the Counter-Terrorism Financing Act, and the Regulations Governing Anti-Money Laundering of Financial Institutions to relevant departments, and conducts timely education and training.
- Additionally, the Company has strengthened its internal control system for anti-money laundering and counter-terrorism financing, particularly enhancing staff's professional sensitivity to ensure real-time monitoring, improve operational quality, and rigorously implement account and transaction monitoring procedures.
- In 2023, the Company conducted anti-money laundering and counter-terrorism financing training, with an average of 1.8 training hours per employee, totaling 1,791 persons and 3,216 training hours. (Total number of employees: 1,849).
- The Company also encourages employees to obtain domestic and international professional certifications to enhance their anti-money laundering and counter-terrorism financing capabilities. As of the end of 2023, two employees have obtained the Certified Anti-Money Laundering Specialist (CAMS) certification.

Chapter 2: Core Strategy for Sustainable Development



Key Results	Achievements
Implementation and Supervision by the Sustainable Development Committee	Four (4) meetings held this year
Stakeholder Engagement	Conducted stakeholder communication report
Response to the United Nations' 17 Sustainable Development Goals (SDGs)	Implemented communication with all stakeholders
Completion Rate of the 2023 Sustainability Plan	Achieved 100%



2.1 Organizational Structure and Leadership

Capital Securities has established the Organizational Charters for Sustainable Development Committee. Through the Sustainable Development Committee, the Company supervises related sustainable development issues, effectively advancing the goals of sustainable development. Additionally, being structurally subordinate directly to the Board of Directors further demonstrates the Company's firm commitment to sustainable development at the governance level.

- Composition and Leadership of the Committee**

The members of the Sustainable Development Committee for this session were directly appointed by a resolution of the Board of Directors, which assigned three directors, namely the Chairman and two independent directors. This arrangement, where the majority of the committee members are independent directors, is designed to ensure the Committee's independence, to broadly incorporate opinions, and to effectively carry out supervisory responsibilities.

Furthermore, the practice of reporting quarterly to the Board of Directors enhances the board's ability to thoroughly supervise the execution progress and achievement rate of goals related to environmental protection, social responsibility, and corporate governance. This ensures that the Board of Directors actively engages in sustainability efforts and assumes its role as the ultimate bearer of risks associated with these areas. Additionally, with the Chairman personally serving as the convener, this not only symbolizes the Company's commitment to sustainability but also demonstrates a resolve to deeply integrate sustainable development into the Company's operational decisions.

• Refinement of the Meeting Convening Process

To ensure that the action plans decided by the Sustainable Development Committee are effectively advanced, and to respond to the continuous emergence of new challenges and opportunities in sustainable development, the Chairman convenes and presides over the meetings quarterly. Additionally, the members support the advancement of sustainable development vigorously through 100% attendance and active participation in discussions.

Each resolution is decided by the Chairman after soliciting unanimous consent or the agreement of a majority of the members present, ensuring that decisions are made following thorough discussions and reasonable consensus. These decisions are then entrusted to the Sustainable Development Office for drafting and implementation. Additionally, the discussions and decisions of the meetings are meticulously recorded to enhance transparency and provide reference value for future decision-making.

Key Discussion Proposals for the Year 2023	
Meeting Date	Proposals
03/27/2023	<ol style="list-style-type: none"> 1. The operation of the Sustainable Development Committee. 2. Discussion on implementation of ESG in the securities and futures industry
05/03/2023	<ol style="list-style-type: none"> 1. Periodic Report on ESG Implementation in the Securities and Futures Industry. 2. Report on the Execution Status of the Sustainable Development Promotion Plan. 3. Report on the Execution Status of "Greenhouse Gas Inventory and Verification. " 4. "TCFD Climate-Related Financial Disclosures" Report.
08/16/2023	<ol style="list-style-type: none"> 1. Periodic Report on ESG Implementation in the Securities and Futures Industry. 2. Report on the Execution Status of the Sustainable Development Promotion Plan. 3. Report on the Execution Status of "Greenhouse Gas Inventory and Verification" (Including Subsidiaries). 4. Deliberation of the Annual Sustainability Report for Year 2022.
11/09/2023	<ol style="list-style-type: none"> 1. Periodic Report on ESG Implementation in the Securities and Futures Industry. 2. Report on the Execution Status of the Sustainable Development Promotion Plan. 3. Report on the Execution Status of "Greenhouse Gas Inventory and Verification" (Including Subsidiaries). 4. Report on the Implementation of ESG in Each Department.

• Establishment and Operation of the Sustainable Development Office

The Sustainable Development Committee has established the Sustainable Development Office, headed by the President as the Chief Executive Officer. This structure ensures comprehensive support and collaboration from all business sectors of the Company. The office is further divided into six working groups: Corporate Governance, Sustainable Finance, Human Rights Protection, Environmental Sustainability, Climate Change, and Social Welfare. Each group is tasked with deepening the exploration and practical action in their respective

fields of sustainable development, ensuring the precise implementation of sustainability strategies tailored to address specific issues.

Meanwhile, to ensure the effective operation of these functional groups, department heads serve as section chief, directly leading and coordinating team tasks. They select colleagues with the requisite professional knowledge to form teams that are both sustainability-aware and diverse. Furthermore, by convening meetings every two weeks, tight collaboration and effective communication between the President, section chiefs, and section members are facilitated. This structure allows for the planning of action plans and management measures, regular monitoring of execution progress, and continuous adjustment or improvement of strategies, ensuring the achievement of sustainability goals.

Capital Securities, through the collaborative efforts of the Sustainable Development Committee, Sustainable Development Office, and working groups, has established a comprehensive and complete governance organization and operational process for sustainable development. This not only demonstrates the Company's firm commitment to sustainability but also lays a solid foundation for achieving long-term sustainability goals. Moreover, it strengthens the Company's capacity to face challenges in environmental protection, social responsibility, and corporate governance, creates value for stakeholders, fulfills the expectations of sustainable development, and aims to become a leading benchmark in the field of sustainability.

2.2 Selection and Prioritization of Material Topics

From stakeholder opinions, global trends, industry characteristics, internal and external business activities, and international standards such as the Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and the United Nations' 17 Sustainable Development Goals (SDGs), relevant sustainability issues are gathered.

Illustration:

Step 1: Communication and Analysis

Step 2: Identification and Assessment

Step 3: Prioritization and Confirmation

- **Stakeholder Communication Outcomes Display**

The Company identifies stakeholders such as employees, customers, shareholders/investors, suppliers, and government agencies based on the five principles of the AA1000 Stakeholder Engagement Standard (2015) (Dependency, Influence, Tension, Responsibility, and Diverse Perspectives), and also considers stakeholders listed by industry peers.

To progress towards the goal of becoming a benchmark for sustainable development and to respect the rights and interests of stakeholders, the Company collects feedback and key references through various communication channels. This also serves as an indispensable criterion for the Company to continuously adjust its sustainability goals and action plans.

Stakeholders	Target Group	Concerned Issues	Communication Method	Communication Frequency	Communication Achievements
Employees	All Employees	Legal Compliance Integrity Management Generational transition Occupational safety and health Promotion of human rights policy	Employee Welfare Committee Meetings	Nonscheduled	<ul style="list-style-type: none"> • Convened labor-management meetings. • Established an employee suggestion mailbox and a reporting mailbox. • Conducted Employee Welfare Committee meetings. • Performed 2 office safety and work environment inspections for employees. • Organized 4 health consultation events. • Hosted a series of workplace health activities and health promotion lectures. • Conducted physical examination activities.
			Labor-Management Meeting	Quarterly	
			Employee Suggestion and Reporting Mailbox	At any time	
			Education and Training	Nonscheduled	
Customers	Business Customers	Legal Compliance Risk management Fair Treatment of Customers Integrity Management Digital Financial Innovation Technology and Services Sustainable Finance	Company Website	At any time	<ul style="list-style-type: none"> • Sent out a total of 5,792 satisfaction surveys, with 5,265 valid responses received, achieving a 91% response rate. Of these, 99% of customers indicated that their issues were resolved based on their feedback. • Held 22 investment and financial management seminars. • Hosted 36 Capital Lectures. • Produced 150 video tutorials. • Conducted at least 40 university lectures and industry-academic cooperation programs. • Disclosed information about financial products and market conditions on the Company's website.
			Customer Visit Meetings	At any time	
			Business Unit Contact	At any time	
			Senior Management Visits	At any time	
			Telephone, Email, or Other Contact Methods	At any time	

Stakeholders	Target Group	Concerned Issues	Communication Method	Communication Frequency	Communication Achievements
Shareholders/Investors	Shareholders/Other Investors	Information Security Operational Performance Risk Management Fair Treatment of Customers Integrity Management Digital Financial Innovation Technology and Services Sustainable Finance	Market Observation Post System	At any time	<ul style="list-style-type: none"> Held one annual general meeting of shareholders. Conducted four corporate briefings. Disclosed relevant information in the annual report, sustainability report, and on the Company's website. Disclosed significant company information in real-time through the Taiwan Stock Exchange's "Market Observation Post System." Established an investor relations contact on the Company's website.
			Investor Briefing/Seminar	At least four times per year	
			Company Website Stakeholder Section	At any time	
			Shareholders' Meeting	At least once per year	
			Telephone, Email, or Other Contact Methods	At any time	
Suppliers	Equipment Service Providers	Information Security Integrity Management Sustainable Finance Promotion of Human Rights Policy Greenhouse Gas Emissions Management	Procurement/Business Requirement Unit	At any time	<ul style="list-style-type: none"> Partner suppliers signed ESG clauses or commitments. Green Procurement Contact Explanations Disclosure of information on the Company's website or in the stakeholders' section. Conducted audits on outsourced suppliers for legally mandated operations.
			Company Website (Stakeholder Section)	At any time	
			Visits, Self-Evaluation, or Audits	At least once per year	
			Integrity Management Channel (Reporting Mailbox)	At any time	

Stakeholders	Target Group	Concerned Issues	Communication Method	Communication Frequency	Communication Achievements
Government Agencies	Local Government Agencies or Business Purpose Agencies	Information Security Legal Compliance Operational Performance Fair Treatment of Customers Sustainable Finance Greenhouse Gas Emissions Management Climate Change Risk and Opportunities Social Welfare Activities or Programs	Official Documents	Nonscheduled	<ul style="list-style-type: none"> Each unit conducted a legal compliance self-assessment and risk assessment at least once per year. Reported on legal compliance to the board of directors every six months. A monthly summary report was provided to business units, highlighting key legislative amendments and their impact on business operations, along with notifications to remind business units to adjust their operations accordingly to comply with the latest laws and regulations Conducted legal education and training. Directors participated in discussion sessions, lectures, and training courses organized by government agencies. Participated in association activities and meetings.
			Regulatory Authority Seminars	Nonscheduled	
			Association Discussions	Nonscheduled	
			Company Website	At any time	

• Identification and Assessment of Material Topics

The President, acting as the Chief Executive Officer of the Sustainable Development Office, presides over internal meetings, inviting various working groups and members to assess the "positive/negative impacts" and "actual/potential impacts (likelihood of occurrence)" of each focused issue. After integrating stakeholder feedback, the prioritization of material topics from 2022, and the advice of consulting experts, the information is consolidated and analyzed to determine the order of reporting the most significant impacts. This report is then presented to the Sustainable Development Committee, serving as a crucial guideline for decisions on material topics.

• Prioritization and Confirmation of Material Topics

Upon reviewing the order of reports on the most significant impacts presented by the Sustainable Development Office, the Sustainable Development Committee also considered the Company's sustainability plan goals and action plans, as well as advice from consulting experts. The committee resolved to select 15 material topics (as listed in the table below) as the focal points for resource allocation by Capital Securities. Additionally, these topics will be addressed in various chapters of this report, outlining management policies, action plans, and management measures.

2022 Rankings	2023 Rankings	Material Topics	Positive/negative impact	Actual/potential impact	Total
1	1	Information Security	82	80	162
2	2	Legal Compliance	82	79	161
3	3	Operational Performance	78	70	148
4	4	Risk Management	78	68	146
5	5	Operational Sustainability	79	65	144
6	6	Fair Treatment of Customers	71	68	139
-	7	Integrity Management	75	64	139
7	8	Digital Financial Innovation Technology and Services	70	67	137
8	9	Sustainable Finance	69	64	133
-	10	Generational Transition	65	63	128
10	11	Occupational Safety and Health	66	61	127
11	12	Promotion of Human Rights Policy	63	59	122
12	13	Greenhouse Gas Emissions Management	62	55	117
13	14	Climate Change Risk and Opportunities	62	53	115
14	15	Social Welfare Activities or Programs	57	54	111

Note: In order to clarify the purpose and scope of the material topics for this year, the following measures were taken:

- Adjustment of material topic terminology: The material topics from 2022, "Operational Performance (Shareholder Equity)," "Human Rights Assessment," "Occupational Safety and Labor Health," "Greenhouse Gas Emissions," and "Public Welfare Activities and Charitable Donations," have been adjusted this year to "Operational Performance," "Promotion of Human Rights Policy," "Occupational Safety and Health," "Greenhouse Gas Emissions Management," and "Social Welfare Activities or Programs," respectively.

2.3 Comparison of Material Topics

Based on the prioritization of significant issues, corresponding to international standards such as the **Global Reporting Initiative (GRI)**, **Task Force on Climate-related Financial Disclosures (TCFD)**, **Sustainability Accounting Standards Board (SASB)**, and the **United Nations' 17 Sustainable Development Goals (SDGs)**, as outlined in the table below.

Item	Corresponding GRI Specific Topics	Value Chain Impact					Impact Aspects			United Nations Sustainable Development Goals SDGs	Corresponding Chapters
		Internal	External								
		Employees	Customers	Shareholders Investors	Suppliers	Government Agencies	E	S	G		
Information Security	GRI 418	□	□	△	□	△		Potential			5.1
Legal Compliance	Customized topic	□	○	□	△	△			Potential	SDG 5	1.3
Operational Performance	GRI 201	□	○	□	○	△			Actual	SDG 12	1.1
Risk Management	Customized topic	□	△	△	○	△			Potential		1.3
Operational Sustainability	Customized topic	□	□	△	□	△		Potential			5.1
Fair Treatment of Customers	GRI 417	□	□	△		△		Actual		SDG 8 SDG 12	7.2
Integrity Management	GRI 205	□	○	△	○	△			Potential		1.3
Digital Financial Innovation Technology and Services	GRI 203		○		○			Actual		SDG 8 SDG 17	5.2
Sustainable Finance	GRI 201 GRI 203	□	△	△		△		Actual		SDG 8 SDG 12 SDG 17	3.1
Generational Transition	GRI 401 GRI 402 GRI 404 GRI 405	□		△				Actual		SDG 5 SDG 8	6.1
Occupational Safety and Health	GRI 403	□		△	○	△		Potential			6.2
Promotion of Human Rights Policy	Customized topic	□		△	○	△		Actual		SDG 5 SDG 8	6.2
Greenhouse Gas Emissions Management	GRI 305	△		△	○	△	Actual			SDG 13	4.2 4.6
Climate Change Risk and Opportunities	GRI 201	△		△		△	Potential		Potential	SDG 12 SDG 13	3.2
Social Welfare Activities or Programs	GRI 203	△		△				Actual		SDG 8 SDG 12 SDG 17	7.3

□ Direct: △ Indirect: ○ Business

- Note 1: The GRI Standards specify two dimensions to describe the evaluation of the "degree of impact on the Company", such as positive and negative impacts, and the "likelihood of occurrence", such as actual and potential risks, of a particular GRI topic.
- Note 2: 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.
- Note 3: The Sustainable Development Committee resolved to respond to SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals) of the 17 United Nations Sustainable Development Goals (SDGs), and the Company continuously endeavors to echo the aforementioned SDGs.

2.4 Future Sustainability Plan

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
Information Security	Customer data and transaction data are fundamental to the Company's core operations, and the robustness of information security and personal data protection is crucial in responding to impacts.	<ol style="list-style-type: none"> Continuously maintain the effectiveness of management systems. Number of information security incidents Number of personal data breaches. 	<ol style="list-style-type: none"> Maintain the validity of ISO 27001 and BS 10012 certifications. Number of information security incidents is zero (0). Number of personal data breaches is zero (0). 	Achieved 100%	<ol style="list-style-type: none"> Follow the Financial Action Plan and best practices in cybersecurity governance to strengthen information security management standards and the maturity of cybersecurity governance. Fully align the information environment with the goal of "zero trust." Continuously promote board member participation in information security-related areas Digitize information security and personal data protection measures. 	<ol style="list-style-type: none"> Continuously enhance the maturity of information security governance. Gradually build a "zero trust" system within the information environment. Increase the level of board member participation in the field of information security. Digitize information security and personal data protection measures.
Legal Compliance	The securities industry is highly regulated, and adherence to laws and competent authority requirements is essential. The robustness and implementation of legal compliance are critical.	<ol style="list-style-type: none"> Continuously strengthen the legal compliance mechanism. Internalize compliance awareness among all company personnel. 	<ol style="list-style-type: none"> The board of directors supervises the assessment of legal compliance risks. Conduct six comprehensive legal compliance 	Achieved 100%	<ol style="list-style-type: none"> Have the board of directors conduct supervision of legal compliance risk assessments. Conduct eight (8) comprehensive legal compliance education and training sessions. 	<ol style="list-style-type: none"> Enhance the board of directors' supervision of legal compliance risk assessments. Continuously strengthen compliance awareness among all company personnel.

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
			education and training sessions.			3. Establish a root cause analysis mechanism for customer complaints and include it as an item in legal compliance risk assessments.
Operational Performance	Continued efforts to achieve operational performance goals, maintain a sound financial structure, and cultivate a robust forward-looking image are essential. These efforts ensure there are sufficient resources and stakeholder support for the Company to drive sustainable development and transformation.	Achieve budgeted profit targets.	Achieve budgeted profit targets.	Budgeted profit targets achieved	Achieve budgeted profit targets.	Achieve budgeted profit targets.
Risk Management	Risk management in the financial markets is of paramount importance. Only by accurately identifying and controlling various risks and proactively responding to impacts can the Company ensure a stable operational condition and gain the trust and confidence of its customers.	Continuously prepare for risk management issues and optimize regulatory systems.	Promote amendments to the risk management regulations and systems.	Achieved 100%	<ol style="list-style-type: none"> Promote the optimization of risk management regulations and establish a crisis management mechanism for risk events. Enhance capital adequacy ratio and improve the efficiency of capital utilization. Explore the establishment of a 	<ol style="list-style-type: none"> Incorporate mechanisms for responding to and controlling various emerging risks into relevant risk management regulations and systems. Enhance the functionality of risk management systems and models, along with the expansion of databases and other management tools, to

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
					risk database for major events.	monitor various risks under different scenarios.
Operational Sustainability	In the event of unforeseen market incidents that result in corresponding impacts, the Company, under a robust emergency response system, can maintain stable and continuous operations, thus ensuring the protection of customer rights and interests.	<ol style="list-style-type: none"> Continuously maintain the effectiveness of management systems. Number of annual exceedances of minimum tolerance downtime. 	<ol style="list-style-type: none"> Maintain the validity of the ISO 22301 certification. Number of annual exceedances of minimum tolerance downtime is zero (0). 	Achieved 100%	<ol style="list-style-type: none"> Strengthen the resilience of core information systems to ensure uninterrupted operation. Achieve the goal of uninterrupted information services throughout the year. 	<ol style="list-style-type: none"> Continuously enhance the resilience of core information systems to ensure uninterrupted operation. Achieve the goal of uninterrupted information throughout the year.
Fair Treatment of Customers	In response to the competent authority's initiative to promote the principle of fair treatment in the financial services industry, adopting this as a core value of the Company aligns with trends in financial consumer protection. This alignment also presents opportunities to enhance the offerings of securities products and services.	Promote discount programs for all demographic groups for products or services.	Adjust handling charges to accommodate financially disadvantaged groups.	The handling charge for the Dollar Cost Averaging (DCA) in Taiwan stocks is adjusted to NTD one (1); the handling charge rate for the Dollar Cost Averaging (DCA) in U.S. stocks is 0.16%. All other handling charges are better than standard trading rates.	<ol style="list-style-type: none"> Enhance board members' awareness and participation in activities related to the principle of fair treatment of customers. Conduct customer fair treatment education and training. Strengthen the supervision of the Company's adherence to customer fair treatment guidelines. Optimize operational processes. Explore improvements to accessibility facilities at business locations. 	<ol style="list-style-type: none"> Have the board members deeply participate in and supervise the implementation of the fair treatment of customers principle. Conduct customer fair treatment education and training. Implement mechanisms for closing customer complaints and conducting root cause analysis. Strengthen customer evaluation processes for investors.

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
					6. Strengthen matters related to the protection of customer rights and interests. 7. Continuously promote anti-fraud initiatives and financial literacy.	5. Optimize accessibility facilities at business locations. 6. Continuously promote anti-fraud initiatives and financial literacy.
Integrity Management	The Company's core operations involve customer funds and assets. Only through integrity, honesty, self-discipline, and a robust management system can the Company impact customer trust and maintain its reputation in the market.	1. Enhance the professionalism of the board of directors and senior executive 2. Strengthen the board's oversight mechanisms.	1. Enhance the professionalism of the board of directors and senior executives. 2. Strengthen the board's oversight mechanisms.	Achieved 100%	1. Enhance the professionalism of the board of directors and senior executives. 2. Strengthen the board's oversight mechanisms.	1. Enhance the professionalism of the board of directors and senior executives. 2. Strengthen the board's oversight mechanisms.
Digital Financial Innovation Technology and Services	By leveraging digitalization, the Company promotes innovative development in technology and services, benefiting financial products and services and enhancing its own competitiveness.	1. User questionnaire survey for digital financial services (electronic transactions/APP). 2. Electronic transaction volume. 3. Proportion of online account openings to the total number of company customers.	1. Distribute 5,000 user questionnaire surveys. 2. Electronic transaction volume accounts for 80% of total transaction volume. 3. Online account openings constitute 80% of the total number of company customers.	Achieved 100%	1. Continuously increase the proportion of electronic order placements. 2. Continuously increase the proportion of digital service cases. 3. Continuously strengthen smart order strategies on the electronic trading platform. 4. Promote friendly service functions for	1. Provide customers with diversified digital trading services. 2. Continuously introduce friendly service functions for disadvantaged groups.

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
					disadvantaged groups.	
Sustainable Finance	In response to the policy requirements of the Green Finance Action Plan and risk management practices, the Company incorporates aspects of environmental protection, social responsibility, and corporate governance into its internal control mechanisms for proprietary trading and underwriting. By leveraging financial power, this promotes industrial transformation and achieves the benefits of sustainable finance.	Continuously direct funding into activities related to sustainable development to assist enterprises in promoting sustainable transformation.	Direct funds into activities related to sustainable development and conduct internal company courses to promote the enterprise's sustainable transformation.	Achieved 100%	<ol style="list-style-type: none"> 1. Establish an ESG information platform. 2. Direct funds into sustainable development activities and conduct internal and enterprise-wide courses to promote sustainable transformation. 3. Continuously expand inclusive finance measures and friendly financial services. 4. Strengthen employees' digital and information capabilities. 5. Optimize the responsible investment management system and blacklist. 6. Explore ESG strategic alliances with industry peers. 	<ol style="list-style-type: none"> 1. Continuously optimize the ESG information platform. 2. Direct funds into sustainable development activities and conduct internal and enterprise-wide courses to promote sustainable transformation. 3. Continuously expand inclusive finance measures and friendly financial services. 4. Continuously enhance and strengthen employees' digital and information capabilities. 5. Supervise the implementation of the responsible investment management system and the blacklist. 6. Deepen collaboration in ESG strategic alliances with industry peers. °

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
Generational Transition	Colleagues are the cornerstone of the Company's operations. By pioneering diverse recruitment methods, properly caring for employees, and perfecting an environment conducive to retaining and nurturing talent, achieving both horizontal and vertical circulation and an inclusive atmosphere, the Company can ensure stable and forward development.	Prepare generational transition operational mechanisms and execution capabilities.	Establish generational transition operational mechanisms and execution capabilities.	Achieved 100%	Establish generational transition operational mechanisms and execution capabilities, such as strengthening the recruitment of high-quality talent, promoting industry-academia cooperation, and diversifying the operations of Capital Financial University.	Establish generational transition operational mechanisms and execution capabilities.
Occupational Safety and Health	The Company's operations rely heavily on the support of its colleagues. By establishing a friendly workplace that ensures the physical and mental well-being of employees, colleagues can work with peace of mind, confidence, and dedication.	<ol style="list-style-type: none"> 1. Number of occupational accidents among employees. 2. Continuously promote health education and occupational safety training. 	<ol style="list-style-type: none"> 1. Zero occupational accidents among employees. 2. Promote health education and occupational safety training courses. 	Achieved 100%	<ol style="list-style-type: none"> 1. Achieve zero occupational accidents among employees. 2. Offer diverse courses on health education and occupational safety training. 3. Increase resources and avenues for medical care or health consultations. 4. Conduct workplace environment and facility inspection activities. 	<ol style="list-style-type: none"> 1. Achieve zero occupational accidents among employees. 2. Continuously promote health education and occupational safety training courses. 3. Continuously improve workplace environments and facilities. 4. Continuously maintain resources and avenues for medical care or health consultations. 5. Diversify health activities and management measures.

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
Promotion of Human Rights Policy	Regardless of international conventions and standards or national policy requirements, the Company embraces human rights as a core corporate cultural value. By implementing fairness, preventing discrimination, and protecting rights, it establishes a continuous driving force for sustainable development.	<ol style="list-style-type: none"> Promote internal human rights policies within the Company. Have suppliers sign commitment to human rights policies. Promote human rights education and training for suppliers. Conduct annual evaluation surveys for major suppliers. 	<ol style="list-style-type: none"> Zero (0) child labor under the age of 15. Hold labor-management meetings quarterly in accordance with the law. Ensure that at least one-third of managerial positions under the Securities and Exchange Act are held by either gender. Achieve a 50% completion rate for internal human rights education and training among employees. Require suppliers to sign a commitment to human rights policies. Require key suppliers to independently conduct relevant human rights policy education and training and sign the "Supplier Commitment to Human Rights and Environmental 	Achieved 100%	<ol style="list-style-type: none"> Promote the improvement of Company's internal human rights policy. Have suppliers sign a commitment to human rights policies. Promote human rights advocacy and implementation among suppliers. Conduct evaluation questionnaires with key suppliers. Establish human rights due diligence. Collaborate with disadvantaged groups. 	<ol style="list-style-type: none"> Continuously optimize and improve the Company's internal human rights policy. Have suppliers sign a commitment to human rights policies. Promote human rights advocacy and implementation among suppliers. Continuously encourage key suppliers to complete evaluation questionnaires and promote improvements. Continuously advance the establishment of human rights due diligence. Pursue diverse collaborations with disadvantaged groups.

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
			Sustainability Clauses." 7. Ensure the completion of evaluation questionnaires by key suppliers.			
Greenhouse Gas Emissions Management	Since laws and regulations, government agencies and industries are actively promoting the trend, the only way to meet the expectations of stakeholders is to fully invest in resources to control and achieve emission reduction targets.	1. Prepare capabilities for greenhouse gas inventory and verification. 2. Promote green procurement strategies.	1. Independently complete the internal greenhouse gas inventory of the Company, followed by a preliminary assessment by a verification body. 2. Establish a green procurement mechanism. 3. Set green procurement targets for renovation projects, equipment, and office supplies.	Achieved 100%	1. Implement greenhouse gas emission reduction measures and achieve reduction targets. 2. Increase the scope and proportion of green procurement.	1. Implement greenhouse gas emission reduction measures and achieve reduction targets. 2. Continuously increase the scope and proportion of green procurement.
Climate Change Risk and Opportunities	Climate change is an urgent issue that is driving regulatory and governmental efforts to promote industrial transformation. The Company must establish management systems, implement analysis and testing to meet challenges, transform risks into opportunities, achieve strategic goals, and satisfy the expectations of stakeholders.	Independently publish a Task Force on Climate-related Financial Disclosures (TCFD) report and disclose it externally.	1. Complete the compilation of the Task Force on Climate-related Financial Disclosures (TCFD) report. 2. Publish it on the official website for public disclosure.	Achieved 100%	1. Continue compiling and externally disclosing the Task Force on Climate-related Financial Disclosures (TCFD) report. 2. Quantify financial risks for investment and financing in industries more sensitive to climate	1. Continuously compile and externally disclose the Task Force on Climate-related Financial Disclosures (TCFD) report. 2. Optimize the quantification of financial risks for investment and financing, along with

Material Topic	Impact Description	Performance Indicators	2023 Goals	2023 Achievement Status	Short-term Goals	Medium to Long-term Goals
					change; and to introduce climate scenario analysis tools. 3. Establish climate change risk management measures for investment and financing to align with sustainable finance evaluations.	scenario analysis tools. 3. Continuously adjust the climate change risk management mechanism to align with regulatory requirements and company policies.
Social Welfare Activities or Programs	As a benchmark in the financial industry, Capital Securities actively promotes public welfare activities and charitable donations to foster a culture of social care.	1. Organize or sponsor public welfare activities. 2. Encourage employees to participate in volunteer activities. 3. Continuously promote volunteer services.	1. Organize or sponsor one (1) public welfare activity 2. Encourage employees to participate in two (2) volunteer activities. 3. Continuously promote five (5) volunteer service events.	Achieved 100%	1. Organize or sponsor public welfare activities. 2. Encourage employees to participate in volunteer activities. 3. Continuously promote volunteer services. 4. Continuously promote the tea offering initiative. 5. Procure products from local or disadvantaged industries.	1. Actively organize or sponsor public welfare activities. 2. Establish measures to deepen employee involvement in volunteer activities. 3. Continuously promote the diversification of volunteer services. 4. Continuously evaluate increasing the procurement of products from local or disadvantaged industries.

Chapter 3: The Practice of Sustainable Finance



Management Policy

Capital Securities, in response to the financial impacts of climate risks and opportunities, has established a governance framework and developed climate strategies. By utilizing green finance and responsible investment management measures, the Company effectively leverages its financial influence to promote sustainable green transformation among customers and industries. The Company regularly reviews progress against indicators and targets, ensuring continuous improvement and effective management of activities related to identifying and responding to relevant impacts.

Key Results	Achievements
Compilation of the Task Force on Climate-related Financial Disclosures (TCFD) Report	Achieved
Establishment of Responsible Investment Management System	Achieved
Guidance for Green Enterprises IPO/SPO	Organized, the first in Taiwan
Guidance for Green Enterprises' Emerging Stock Market Listing	Achieved
Inclusion of ESG Factors in Underwriting Business Revenue	Approximately NT\$77.3 million
ESG-Related Investment Amount	Approximately NT\$18.2 billion

3.1 Sustainable Finance Strategies and Action Plans

In Taiwan's financial services industry, sustainable finance has become a crucial force in promoting environmental protection and sustainable development. Capital Securities, with its forward-looking strategies and concrete actions, has achieved a leadership position in this field, demonstrating a strong commitment to environmental responsibility and social value.

3.1.1 Strategy Overview

Capital Securities' sustainable finance strategy is built on three major pillars: responsible investment, diligent governance and product or service design, and digital transformation. This strategy not only aligns with national policies and international trends but also responds to the growing demand from customers and markets for sustainable, green, and socially responsible financial products and services.

- **Responsible Investment:** Capital Securities has formulated the "Responsible Investment Guidelines" to ensure that all investment decisions consider Environmental, Social, and Governance (ESG) factors, thereby supporting the business activities of green enterprises or social enterprises. Additionally, sustainability development issue assessments are incorporated into the underwriting process, underwriting advisory, and investment and financing procedures. This includes evaluating how well companies disclose and provide information on sustainability issues, as well as monitoring and tracking any violations or penalties imposed by competent authorities.
- **Diligent Governance and Product or Service Design:** By implementing the responsibilities of "Stewardship for Institutional Investors," Capital Securities incorporates the execution of sustainable operations into investment considerations, encouraging investment targets to prioritize sustainable development and transformation, thereby amplifying the impact of sustainable finance. Additionally, the Company actively promotes financial products or bonds related to environmental protection and social responsibility, supporting the growth of green or social enterprises.
- **Digital Technology:** Leveraging digital technology and innovation, such as diverse applications, digital platforms, online trading and electronic statements, RPA automated processes, and supporting national digital applications, Capital Securities drives transformation both within the organization and externally.

Capital Securities will continue to deepen its practice of green finance, not only by strengthening the Responsible Investment Guidelines but also by forming a sustainable development alliance outside the financial holding system. This alliance will bring together resources and strengths from the securities industry to jointly promote the green transformation of Taiwan's financial sector, moving toward a more sustainable and greener future. Capital Securities is committed to becoming a model in the green finance sector, making significant contributions to environmental protection and social responsibility through concrete strategies and actions.

3.1.2 Action Plans

Promoting Net-Zero Transformation: Actively incorporating climate change and greenhouse gas emissions within the scope of due diligence, adopting the Partnership for Carbon Accounting Financials (PCAF) international methodology to review investment and financing positions and partner companies, and encouraging the development of concrete sustainability transformation plans.

Enhancing Transparency and Credibility of Sustainable Financial Services: Evaluate financial

products or services related to sustainable development; subsequently, the Company will also consider incorporating the "Guidelines for Identifying Sustainable Economic Activities" for engagement disclosure in investment and financing activities.

Deepening Sustainable Financial Products or Services: Capital Securities actively supports green investment projects focused on climate change, energy conservation, and carbon reduction. The Company sets ESG performance targets for departments and senior managers, establishing itself as a key role in the green finance sector.

3.2 Confronting Climate Change

3.2.1 Climate Change Governance Status

Organization	Chairperson/ Convener	Meeting Frequency	Role in Climate Governance
Board of Directors	Chairman	At least once per quarter (can be convened as needed)	As the highest governance body for climate-related issues, it is responsible for overseeing climate-related risk management and approving climate strategies and targets.
Sustainable Development Committee	Elected by all committee members to serve as convener	At least once per year (To achieve the government's 2050 net-zero carbon emission target, the Sustainable Development Committee meets quarterly, in accordance with the Corporate Governance Practice Principles for Securities Firms, to track the progress and implementation of greenhouse gas inventory and verification processes).	<ul style="list-style-type: none"> Subordinate to the Board of Directors Review climate and environmental trend issues, formulate and promote climate change action strategies and risk management measures, and regularly track implementation outcomes, and report to the Board of Directors.
Risk Management Committee	Chairman	At least once per quarter (can be convened as needed)	<ul style="list-style-type: none"> Subordinate to the Board of Directors Supervise the implementation of climate-related risk management systems and climate-related targets, integrate and coordinate key risk management matters, regularly review the execution of climate risk assessments, and report to the Board of Directors.

The Board of Directors is the highest governance body for climate change-related issues, responsible for supervising strategies, risk management, and targets. It also incorporates climate issues into business strategies, continually monitoring and responding to carbon reduction policies. Through a risk management mechanism, the Board leads from the top down in direction and supervision effectiveness, while implementation and progress reporting, along with obstacles, are managed from the bottom up. This approach ensures continuous improvement in the management cycle, such as regularly reviewing climate change strategies and risk management measures, confirming report content, execution barriers, and performance outcomes. This facilitates effective supervision of progress and resource allocation, approval of climate risk management policies, and oversight of the Company's exposure to climate risks, ensuring the establishment of an appropriate risk appetite and

the maintenance of an effective climate risk management system.

The Board of Directors has established a Sustainable Development Committee and a Risk Management Committee. The Sustainability Development Committee further comprises a Sustainability Management Office and working groups to oversee climate-related issues. They regularly review climate and environmental trends and the identification results from various units, and they develop and promote climate change action strategies and risk management measures. They confirm short, medium, and long-term plans and manage performance evaluation results to facilitate subsequent reporting to the Board of Directors. This not only symbolizes the Company's commitment to climate governance but also reflects its determination to deeply integrate sustainable development into its strategic decision-making.

The Sustainability Management Office, headed by the President who serves as the President, has established a Climate Change Section led by the Head of the Risk Management Department as the Section Chief. This team coordinates tasks and focuses on identifying and assessing the risks and opportunities associated with climate change. They assist in developing relevant quantification methods and indicators, and further developing management measures dedicated to mitigating or adapting to climate change impacts. The strategy, action plans, and risk management policies regarding the Company's impacts are regularly reported to the President. The execution goals are set according to the Company's operational status and reported annually to the Board of Directors along with climate-related performance results

The Risk Management Committee, chaired by the Chairman of the Company, assists the Board of Directors in supervising the implementation of climate-related risk management systems. It establishes annual risk limits and monitoring threshold indicators, and reviews the Company's risk management policies and framework to ensure alignment with short-term objectives and long-term development. The committee integrates and coordinates common risk management issues across departments, communicates critical risk management matters, and aids in achieving the Company's goals and operational strategies. Meetings are held at least quarterly, with resolutions reported to the Board of Directors.

The Risk Management Department is responsible for the communication and coordination among various departments, covering risks such as market, credit, liquidity, operational, legal, reputation, climate risks, and other risks related to securities brokerage operations. It executes the planning, implementation, and integration of the Company's risk management. This includes regular reviews of the Company's short, medium, and long-term development goals and performance indicators. The department also supervises the Company's management of impacts due to climate change, formulates policies to address climate impacts, and identifies potential opportunities and policy directions for market transformation. Reports are made regularly to the President and quarterly to the Board of Directors on climate-related performance results, enhancing the Company's resilience to climate challenges and implementing the philosophy of sustainable development management.

Through various external educational trainings, seminars, and lecture sharing, the Board of Directors develops and enhances their knowledge, awareness, and capabilities regarding climate awareness, risk management, and the construction of sustainable finance. By staying abreast of international trends and regulatory changes, they can effectively respond to or implement measures that support decision-making in climate strategy.

3.2.2 Strategic Scenarios for Climate Change

Identification of Climate Risks and Opportunities

The Company, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), has implemented financial and operational impact assessments of climate-related risks and opportunities. This assessment considers national net-zero emission policies, industry-specific developments, and external consultants' recommendations. It defines short-term (2023) as within one year, medium-term (2030) as 1 to 10 years, and long-term (2050) as over 10 years, which serve as the time frames for estimating potential impacts.

The overall results of the identification of climate-related risks and opportunities for the year 2023 are as follows:

A. Levels of Climate-Related Risks and Opportunities

重大性排序							氣候相關風險與機會 等級	衝擊程度
發生可能性	5 (極高)	6	7	8	9	10		
	4 (高)	5	6	7	8	9	接近無影響(1)	2 至 3
	3 (中)	4	5	6	7	8	輕微影響(2)	4 至 5
	2 (低)	3	4	5	6	7	中度影響(3)	6 至 7
	1 (極低)	2	3	4	5	6	高度影響(4)	8 至 9
		1 (接近沒有)	2 (低)	3 (中)	4 (高)	5 (嚴重)	嚴重影響(5)	10
重大性評估								

重大性排序	Materiality Prioritization
發生可能性	Likelihood of Occurrence
極高	Extremely High
高	High
中	Medium
低	Low
極低	Extremely Low
接近沒有	Nearly None
嚴重	Severity
重大性評估	Materiality Assessment

氣候相關風險與機會等級	Levels of Climate-Related Risks and Opportunities
衝擊程度	Impact Degree
接近無影響(1)	Nearly No Impact (1)
輕微影響(2)	Minor Impact (2)
中度影響(3)	Moderate Impact (3)
高度影響(4)	High Impact (4)
嚴重影響(5)	Severe Impact (5)

B. Climate-Related Risk Matrix

氣候相關風險重大性排序結果					
發生可能性	5 (極高)				
	4 (高)		⑱	③、⑦	①、②、 ⑭、⑮
	3 (中)		④	⑥、⑧、⑨、 ⑪、⑫、 ⑬、⑳	⑤、⑩、 ⑰、㉑
	2 (低)		⑯、⑰		
	1 (極低)				
		1 (接近沒有)	2 (低)	3 (中)	4 (高)
重大性評估					

氣候風險	
1	提高溫室氣體排放定價
2	強化排放量報導義務
3	現有產品和服務的要求及監管
4	面臨訴訟風險
5	以低碳商品替代現有產品和服務
6	對新技術的投資失敗
7	低碳技術轉型的成本
8	客戶行為變化
9	市場訊息不確定
10	原物料成本上漲
11	消費者偏好轉變
12	產業污名化
13	利害關係人的關注與負面回饋日益增加

14	颱風、洪水等極端天氣事件嚴重程度提高(SSP2-4.5)
15	颱風、洪水等極端天氣事件嚴重程度提高(SSP5-8.5)
16	降雨(水)模式變化和氣候模式的極端變化(SSP2-4.5)
17	降雨(水)模式變化和氣候模式的極端變化(SSP5-8.5)
18	平均氣溫上升(SSP2-4.5)
19	平均氣溫上升(SSP5-8.5)
20	海平面上升(SSP2-4.5)
21	海平面上升(SSP5-8.5)

	氣候相關風險重大性排序結果	Results of the Materiality Prioritization of Climate-Related Risks
	發生可能性	Likelihood of Occurrence
	極高	Extremely High
	高	High
	中	Medium
	低	Low
	極低	Extremely Low
	接近沒有	Nearly None
	嚴重	Severity
	重大性評估	Materiality Assessment

	氣候風險	Climate Risks
1	提高溫室氣體排放定價	Increased greenhouse gas pricing
2	強化排放量報導義務	Strengthened reporting obligations for emissions
3	現有產品和服務的要求及監管	Regulatory requirements for existing products and services
4	面臨訴訟風險	Legal action risks
5	以低碳商品替代現有產品和服務	Replacement of existing products and services with low-carbon alternatives
6	對新技術的投資失敗	Investment failures in new technologies
7	低碳技術轉型的成本	Costs of low-carbon technology transformation
8	客戶行為變化	Changes in customer behavior
9	市場訊息不確定	Market information uncertainty
10	原物料成本上漲	Rise in raw material costs
11	消費者偏好轉變	Shifts in consumer preferences
12	產業污名化	Industry stigmatization
13	「利害關係人的關注與負面回饋日益增加	Increasing stakeholder concerns and negative feedback
14	颱風、洪水等極端天氣事件嚴重程度提高(SSP2-4.5)	Increased severity of extreme weather events such as typhoons and floods (SSP2-4.5)

15	颱風、洪水等極端天氣事件嚴重程度提高(SSP5-8.5)	Increased severity of extreme weather events such as typhoons and floods (SSP5-8.5)
16	降雨(水)模式變化和氣候模式的極端變化(SSP2-4.5)	Changes in rainfall patterns and extreme climate variations (SSP2-4.5)
17	降雨(水)模式變化和氣候模式的極端變化(SSP5-8.5)	Changes in rainfall patterns and extreme climate variations (SSP5-8.5)
18	平均氣溫上升(SSP2- 4.5)	Rise in average temperatures (SSP2-4.5)
19	平均氣溫上升(SSP5- 8.5)	Rise in average temperatures (SSP5- 8.5)
20	海平面上升(SSP2- 4.5)	Sea level rise (SSP2-4.5)
21	海平面上升(SSP5- 8.5)	Sea level rise (SSP5- 8.5)

C. Climate-Related Opportunities Matrix

氣候相關機會重大性排序結果					
發生可能性	5 (極高)				
	4 (高)			①、③、 ⑭	
	3 (中)	⑥、⑧	⑤、⑬、 ⑮、⑰、 ⑱	②、④、 ⑯	⑨
	2 (低)				⑦、⑩、 ⑪、⑫
	1 (極低)				
		1 (接近沒有)	2 (低)	3 (中)	4 (高)
重大性評估					

氣候機會	
1	回收再利用
2	轉用更高效率的建築物
3	減少用水量和耗水量
4	使用低碳能源
5	採用獎勵性政策
6	使用新技術
7	參與碳交易市場
8	轉變至非集中式能源
9	開發和/或增加低碳商品和服務
10	開發氣候調適和保險風險解決方案

11	開發新產品和服務的研發與創新
12	業務活動多元化
13	消費者偏好轉變
14	進入新市場
15	善用公部門獎勵辦法
16	獲得需要投保的新資產和地區
17	參與可再生能源項目並採用節能措施
18	能源替代/ 多元化

	氣候相關機會重大性排序結果	Results of the Materiality Priority of Climate-Related Opportunities
	發生可能性	Likelihood of Occurrence
	極高	Extremely High
	高	High
	中	Medium
	低	Low
	極低	Extremely Low
	接近沒有	Nearly None
	嚴重	Severity
	重大性評估	Materiality Assessment

	氣候機會	Climate Opportunities
1	回收再利用	Recycling and Reuse
2	轉用更高效率的建築物	Transitioning to more efficient buildings
3	減少用水量和耗水量	Reducing water use and consumption
4	使用低碳能源	Utilizing low-carbon energy sources
5	採用獎勵性政策	Adopting Incentive Policies
6	使用新技術	Employing new technologies
7	參與碳交易市場	Participating in carbon trading markets

8	轉變至非集中式能源	Transitioning to decentralized energy systems
9	商品和服務開發和/或增加低碳	Developing and/or enhancing low-carbon products and services
10	開發氣候調適和保險風險解決方案	Developing climate adaptation and insurance risk solutions
11	開發新產品和服務的研發與創新	Researching and innovating new products and services
12	業務活動多元化	Diversifying business activities
13	消費者偏好轉變	Shift in Consumer Preferences
14	進入新市場	Entering new markets
15	善用公部門獎勵辦法	Utilization of Public Sector Incentive Programs
16	獲得需要投保的新資產和地區	Acquisition of New Assets and Regions Requiring Insurance
17	參與可再生能源項目並採用節能措施	Participation in Renewable Energy Projects and Adoption of Energy Efficiency Measures
18	能源替代/多元化	Energy Substitution/Diversification

D. Major Climate Risks and Opportunities Issues

Our company utilizes two indicators, "Materiality Assessment" and "Likelihood of Occurrence," to categorize the levels of climate-related risks and opportunities through a two-dimensional matrix approach. This enables us to prioritize those risks and opportunities categorized as "High Impact" and above.

● Major Transformational Climate Risk Issues

<ul style="list-style-type: none"> Climate Risk: Policy and Regulation - Increase in Greenhouse Gas Emission Pricing Risk Category: Operational Risk 	
Manifest and Latent Risks	Financial Impact Assessment Scenarios
<p>> Short to Medium-term Risks: In accordance with the Climate Change Response Act and its related regulations, the scope of greenhouse gas emissions disclosures includes emissions from the Company's investment targets or collaborative customers. Additionally, based on the Company's reported greenhouse gas emissions, a carbon fee is levied by law, altering the financial expenditure structure of certain companies, thereby affecting investment returns and operational risks.</p> <p>> Long-term Risks: To comply with Taiwan's 2050 net-zero carbon emissions policy, continuous implementation of effective energy conservation and carbon reduction measures is maintained to minimize the impact on the organization's overall greenhouse gas emissions.</p>	<p>(1) Increased operational costs due to the Financial Supervisory Commission's requirement for the securities industry to annually disclose climate change results reports. The Company will need to cover regulatory costs, and failure to comply may also result in administrative penalties.</p> <p>(2) Following the ISO14064-1 greenhouse gas inventory guidelines, and conducting greenhouse gas inventory verification, the estimated annual cost for the verification agency's services will increase by NT\$110,000/year.</p> <p>(3) To meet the net-zero emissions trend, regulations continue to impose strong energy conservation and carbon reduction requirements to achieve carbon reduction targets, increasing operational costs. Failure to meet carbon reduction targets or low carbon levels may not meet market expectations, affecting business development and earnings.</p>

<ul style="list-style-type: none"> Climate Risk: Policies and Regulations - Strengthening Emission Reporting Obligations Risk Categories: Operational Risk, Reputational Risk 	
Manifest and Latent Risks	Financial Impact Assessment Scenarios
> Medium and Long-term Risks: <ol style="list-style-type: none"> Due to the impact of climate change and changes in natural resources on the overall economic environment, or physical risk events that reduce the operating costs or profits of investment targets, this may lead to fluctuations in the prices of the Company's investment positions. Collaborating suppliers may be affected by natural disasters and environmental factors, leading to disruptions in essential services such as electricity and internet, thereby impacting service delivery. Extreme climate events and changes in natural resources, caused by extreme weather, can result in damage to business premises, buildings, or equipment, as well as personnel injuries, leading to operational disruptions. 	<ol style="list-style-type: none"> Due to climate change and variations in natural resources, extreme weather events, particularly severe flooding, can lead to operational interruptions or damage to facilities at business location or investment targets, resulting in increased operational costs for the Company. Natural disasters caused by extreme weather can lead to service interruptions at cooperative suppliers, indirectly impacting the Company's operations, reducing profitability, and potentially increasing the risk of default.

● Major Physical Climate Risk Issues

<ul style="list-style-type: none"> Climate Risk: Physical Risks - Increased severity of extreme weather events such as typhoons and floods Risk Category: Operational Risk, Credit Risk, Market Risk 	
Manifest and Latent Risks	Financial Impact Assessment Scenarios
> Medium and Long-term Risks: <ol style="list-style-type: none"> Due to the impact of climate change and changes in natural resources on the overall economic environment, or physical risk events leading to increased operating costs or reduced profitability of investment targets, the prices of the Company's investment positions may fluctuate. Collaborating suppliers may be affected by natural disasters and environmental factors, leading to disruptions in essential services such as electricity and internet, thereby impacting service delivery. Extreme climate events and changes in natural resources, caused by extreme weather, can result in damage to business premises, buildings, or equipment, as well as personnel injuries, leading to operational disruptions. 	<ol style="list-style-type: none"> Due to climate change and variations in natural resources, extreme weather events, particularly severe flooding, can lead to operational interruptions or damage to facilities at business location or investment targets, resulting in increased operational costs for the Company. Natural disasters caused by extreme weather can lead to service interruptions at cooperative suppliers, indirectly impacting the Company's operations, reducing profitability, and potentially increasing the risk of default.

● Major Climate Opportunity Issues

Climate Opportunity: Resource Efficiency - Recycling and Reuse	
Manifest and Latent Opportunities	Financial Impact Assessment Scenarios
> Short-term Opportunities: Reducing operational costs helps to decrease carbon emissions, contributes to environmental sustainability, and enhances the overall image of the Company.	
> Medium and Long-term Opportunities <ol style="list-style-type: none"> Purchase environmentally labeled and recyclable products to engage in the circular economy. Continuously implement energy-saving and carbon reduction measures to reduce the impact of the Company's overall greenhouse gas emissions. 	<ol style="list-style-type: none"> Reducing the use of non-recyclable waste will help decrease carbon emissions and carbon tax expenses, thus reducing operational costs such as waste disposal fees. The Company primarily purchases goods that meet green environmental certification and are from sustainable development enterprises, which can reduce operational or maintenance costs in the long term.
Climate Opportunity: Resource Efficiency - Reduction of Water Usage and Consumption	
Manifest and Latent Opportunities	Financial Impact Assessment Scenarios
> Short-term Opportunities: Reducing operational costs helps to decrease carbon emissions, contributes to environmental sustainability, and enhances the overall image of the Company.	Reducing water usage will help decrease carbon emissions and carbon-related expenses, thus lowering operational costs, such as water bills.

> Medium and Long-term Opportunities Continuously implement energy-saving and carbon reduction measures to reduce the impact of the Company's overall greenhouse gas emissions.	
Climate Opportunity: Product/Service - Development and/or Expansion of Low-Carbon Goods and Services	
Manifest and Latent Opportunities	Financial Impact Assessment Scenarios
> Short and Medium-term Opportunities: (1) By enhancing operational efficiency through digitalization, reducing operational costs, and mitigating the impacts of climate change on company operations and business locations; or by adopting a carbon reduction mindset, developing low-carbon service models becomes an opportunity to attract customers. (2) As awareness of climate change increases among customers/consumers, their investment/consumption preferences shift towards environmentally friendly companies, reducing investments in securities with high carbon emissions or high energy consumption. > Long-term Opportunities Contributing to environmental sustainability and enhancing the Company's image.	(1) In response to the context of climate change, develop or offer products and services that align with a low-carbon economy, creating investment opportunities and diversifying revenue streams. (2) Due to climate change issues, there is an increased demand for sustainability from customers/consumers, promoting related products or services, creating new business opportunities, and enhancing the Company's image in sustainable management.
Climate Opportunity: Market - Entering New Markets	
Manifest and Latent Opportunities	Financial Impact Assessment Scenarios
> Short and Medium-term Opportunities: (1) As awareness of climate change increases among customers/consumers, their investment/consumption preferences shift towards environmentally friendly companies, reducing investments in securities with high carbon emissions or high energy consumption. (2) The investment portfolio includes climate change-related products, helping to grasp market trends and increase operational flexibility.	(1) Developing investment opportunities in new markets to diversify revenue sources. (2) Seizing new market opportunities by focusing on customers and consumers' concerns about climate change issues and their preferences for green financial products and services, continually developing green finance products centered around sustainable development.

Strategies and Measures for Addressing Climate Change Risks and Opportunities

Based on the identification results, the Company has summarized three major climate strategies and response measures.

Low Carbon Economy - Incorporating ESG Factors

● Responsible Investment

In addition to having a set "Responsible Investment Guidelines" as a reference for compliance, our company's business units (underwriting, bonds, brokerage, proprietary trading, and derivatives) also incorporate ESG-related issues into the evaluation process when selecting investment targets. This includes considering the compliance, current status, transformation actions, and plans of the investment targets in terms of environmental protection and social responsibility. The Company avoids investing in blacklisted enterprises to reduce ESG risks and actively supports the development of green or social enterprises, even fostering small and medium-sized enterprises and their green transformation. Furthermore, we engage in stakeholder dialogue to expand the impact of sustainable finance.

Investments regularly monitor, analyze, and evaluate the sustainability-related information of investment targets. Should risks related to ESG issues arise during the investment period, an immediate review and assessment will be conducted to determine if there are any improvements or plans related to the investment target, and to evaluate adjustments to the investment strategy or quotas.

● Underwriting Guidance

Based on the "Corporate Finance Department Business ESG (Environmental, Social, and Governance) Case Handling, Guidance, and Investment Sustainable Management Assessment Regulations" and "Corporate Finance Department ESG Case Handling, Guidance, and Investment Sustainable Management Assessment Indicator Table," ESG factors are integrated into business decisions such as underwriting case handling, underwriting guidance, and investment processes. The assessment covers environmental protection (climate change, carbon reduction, corporate attitudes and behaviors towards environment and waste management, pollution situations, water consumption, energy consumption), social aspects (corporate behavior and attitudes towards customers, employees, local communities, government, other human rights issues, labor rights, integrity management), and corporate governance (management, administration, performance, and incentives, shareholder rights) to implement sustainable development assessment and risk management for enterprises.

Additionally, by actively participating in or assessing green and sustainable industries through methods such as Initial Public Offerings (IPOs) or Secondary Public Offerings (SPOs), the Company assists green enterprises in raising the necessary funds for their operations, thereby supporting their sustainable development.

Key Results

In 2023, we hosted the IPO for Desiccant Technology Co., Ltd., the first company in Taiwan to apply for a listing in the technology business and green energy environmental protection category. The Company is also a pioneer in Taiwan, specializing in the development of pollution control equipment and treatment processes for VOCs (Volatile Organic Compounds) in the semiconductor

The Company actively undertakes green and sustainable businesses, collaborating with customers to indirectly promote and implement the concept of a circular economy. We contribute to waste reduction in industrial production and protection of the Earth's ecology. We recognize the importance of advancing the circular economy and actively practice this in our operations, including setting specific targets, providing financial planning, and professional advice to help corporate customers achieve a transition to a circular economy, ensuring that the concept is effectively implemented in operations.

Key Results

In 2023, the Company hosted the strategic new listing of APEX Wind Power Equipment Manufacturing Company Limited on the Emerging Stock Board. The Company is a manufacturer of underwater foundations for offshore wind turbines, part of the green energy supply chain. We are also actively assisting this customer in progressing towards an IPO, jointly working towards Taiwan's 2050 sustainable net-zero goal.

Low Carbon Transition - Digital Technology and Innovation

Digital technology offers our company an excellent opportunity for transformation towards green and sustainable operations. We are actively building a "New Digital Services Ecosystem" that includes stable and personalized transaction systems, sophisticated data analytics platforms, and the development of diverse app applications. This initiative aids in the development and promotion of green financial products, attracting customers who wish to invest in achieving sustainable

development goals, and establishing us as a benchmark in the domestic securities industry. It also promotes operational efficiency, reduces greenhouse gas emissions, and manages operational risks more effectively.

Detailed information can be found in Chapter 5 of this report, "Intertwined Future of Digital Finance and Sustainable Development."

Environmental Sustainability

Capital Securities acknowledges the impacts of climate change and environmental challenges due to greenhouse gas emissions. Committed to fulfilling its corporate environmental responsibilities, the Company diligently conducts greenhouse gas inventories to accurately monitor emissions. Utilizing international circular management methodologies, it implements rolling adjustments to its greenhouse gas reduction action plans and initiatives. Additionally, the Company has issued greenhouse gas inventory and voluntary reduction declarations along with related regulations, such as the "Environmental Protection Regulations." Internally, it continuously promotes various green management measures, greenhouse gas inventories, and verifications.

Strategic Aspect	Corresponding Climate Risks/Opportunities	Response Measures
Low-Carbon Economy - Integrating ESG Issues into the Investment Process	<ul style="list-style-type: none"> Develop and/or increase low-carbon products and services Enter new markets 	<ol style="list-style-type: none"> Timely adjust investment positions, increase the investment portfolio in net-zero carbon emission or green enterprises, and diversify climate-related investment risks. Incorporate anticipated assessments of climate change and corporate transformation into investment strategy identification and management. Carefully evaluate whether potential investment targets fulfill corporate governance, environmental protection, and social responsibilities to enhance investment benefits and strengthen stakeholder engagement activities. With the advent of the low-carbon era, the demand for capital in industries such as green energy, circular economy, and sustainability trends is increasing. Actively seek to undertake guidance cases and support related green industries financially to seize business opportunities. Seize new market opportunities by focusing on customers' and consumers' concerns about climate change and their preferences for green financial products and services. Continue to develop green financial products centered around sustainable development as the main target.
Low-Carbon Transformation - Continuous Optimization of Digital Financial Services	<ul style="list-style-type: none"> Develop and/or increase low-carbon products and services 	<ol style="list-style-type: none"> Continuously plan and optimize digital operations or services. Enhance operational efficiency through digitalization, reduce company operating costs, and mitigate the impact of climate change on company operations and locations; or in response to carbon reduction initiatives, develop low-carbon service models as an opportunity to attract customers.
Environmental Sustainability	<ul style="list-style-type: none"> Increase greenhouse gas emission pricing Strengthen emission reporting obligations Intensify the severity of extreme weather events such as typhoons and floods Recycling and reuse Reduce water usage and consumption 	<ol style="list-style-type: none"> Utilize the Company's greenhouse gas management system to conduct greenhouse gas inventory operations, commission an external assurance agency for limited assurance, and compile the overall greenhouse gas emissions status of the organization; set emission reduction targets and low-carbon action plans, regularly review the effectiveness of implementation, and make appropriate adjustments. Regularly review the Company's overall energy consumption and greenhouse gas emissions results, gradually replace products with energy-saving and environmental protection labels, set energy-saving periods to save electricity; promote waste reduction measures, reduce the use of non-recyclable waste; and continue to promote water-saving measures by installing or replacing water-saving equipment. The Company's procurement targets primarily products that meet green environmental protection labels or are from sustainable development enterprises; sustainability issues are included in the evaluation criteria for procurement suppliers. Conduct flood risk and probability assessments for operational bases and

		<p>company assets. For operational bases with a high probability of flooding, plans are made to adjust their locations upon lease expiration, and emergency response procedures for extreme weather events are established.</p> <p>(5) To mitigate risks to business operations, real estate values, and repair costs due to climate change and natural resource variability, future operational base setups and real estate investments will take climate change risk factors into account.</p>
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Climate Scenario Analysis and Stress Testing

Climate Risk Analysis Items

Recent international developments reveal significant agreements reached at the COP28 climate summit, aligning with the framework of the 2015 Paris Agreement to mitigate severe impacts of climate change. However, the agreements specify only the deadlines and targets for carbon reduction, lacking detailed descriptions of how these goals will be achieved. Taiwan, aiming to meet its 2050 net-zero emissions target, has been progressively revising regulations such as the "Climate Change Response Act" and "Greenhouse Gas Emission Inventory Registration and Verification Management Regulations." These legal reforms are increasingly stringent in specifying carbon reduction targets, yet their practical implementation remains unfulfilled. While global issues have been identified and solutions and consensus are gradually emerging, the process is exceedingly slow. For instance, Taiwan's carbon pricing and the EU's Carbon Border Adjustment Mechanism (CBAM) are still immature in their collection and operational processes. Based on the current background, the climate scenario will be thus established.

Item	Risk Category	Description	Analysis Period	Climate Scenario
(1)	Physical Risk	Business Location Disaster Potential Risk	2030 2050	SSP3-7.0
(2)	Physical Risk	Impact of Natural Disasters on Business Continuity Activities and Revenue		SSP3-7.0
(3)	Transition al Risk	Variations in Carbon Emissions from Investment Positions, Comparing the Impact of Carbon Costs on Position Profit and Loss		NGFS

Potential Disaster Risk at Business Locations.

Based on the National Science and Technology Center for Disaster Reduction (NCDR) disaster potential maps, the potential disaster risks related to climate change at our company's operational locations for the year 2023 were analyzed. Each location's risk was assessed by comparing their geographical positions to determine if they are situated in high-risk areas and the types of disasters they may face. This evaluation includes an assessment of the climate risks at each business location and an evaluation of the potential impacts on business interruption, equipment damage, and loss of owned real estate.

- A. For projects with potential for flooding, debris flows, and large-scale landslides, areas 'directly within potential zones' are designated as high-risk areas. For soil liquefaction potential projects, areas classified as 'high potential zones' are also designated as high-risk areas.
- B. An inventory of potential impacts on the Company from extreme rainfall due to climate change in the coming period, using the IPCC AR6 high emission scenario SSP3-7.0 and analyzing the probability of 24-hour rainfall amounts reaching 500mm: **(For the climate change-related disaster potential analysis table, please refer to the Company's 2023 Task Force on**

Climate related Financial Disclosures (TCFD) report.)

- All business locations are not located in areas with potential risks of debris flows and large-scale landslides.
- For areas with a high potential for flooding, 8.3% of owned assets and 5.0% of non-owned assets are located there, and the flood simulation maps all show flood depths of less than 1 meter.
- In areas with a high risk of soil liquefaction, 33.3% of owned assets and 20.0% of non-owned assets are located, potentially showing significant signs of liquefaction such as sand boiling or substantial subsidence.

C. Risk Response Strategies

- Due to the business location comprising both owned and non-owned assets, and the absence of significant disasters in recent years, no direct asset impairment has occurred. However, to mitigate the risk of operational interruptions, continuous monitoring of high-risk areas will be maintained through the National Disaster Prevention and Rescue Science and Technology Center website data, ensuring the establishment of comprehensive contingency or backup mechanisms.
- Although the Company has not experienced risks of increasing severity in extreme weather events such as typhoons and floods, as identified previously, or other events caused by extreme climate conditions, it is estimated that the maximum loss to fixed assets (including real estate and equipment) would be approximately NTD 31 million (referencing the Q4 2023 financial report) in case such events occur. This amount is considered within the financial capacity of the Company to absorb. For non-owned asset business location in high-risk areas, the locations will be progressively evaluated and adjusted upon lease expiration; owned asset sites will continue to be monitored. In the future, when establishing business location and investing in owned real estate, disaster potential risks will also be considered.
- To reduce the disaster risk at business location caused by climate change, the Company will progressively improve disaster prevention measures at each site (such as inspecting drainage or water barriers) while also raising disaster prevention awareness among internal staff and conducting regular drills. These efforts are aimed at enhancing the Company's resilience to climate-related disasters and mitigating the risks associated with climate change.

Impact of Natural Disasters (Drought) on Continuous Operations Affecting Business Income (Online/Offline Brokerage Service Fees)

Several drought events in Taiwan's history have been primarily influenced by reduced rainfall in the spring. The drought¹ in 2021 was due to a brief plum rain season in 2020 and the absence of typhoons making landfall or approaching during the typhoon season. The two most important water collection seasons for the reservoirs in the western half of Taiwan experienced less rainfall. Although it was hoped that the spring rains from February to April would alleviate the drought, factors such as the La Niña phenomenon caused the plum rain front to develop further north, leading to high temperatures and scarce rainfall in May. Consequently, reservoir water levels continued to decline, with no hope for replenishment.

¹ The spring rainfall in 2021 was the lowest on record.

High temperatures drive up electricity demand, including the need for renewable energy sources such as hydroelectric and solar power. Taiwan's mountainous terrain is steep, and its rivers are short and rapid, resulting in significant fluctuations in river flow. Water is difficult to store, and in recent years, global climate change has exacerbated the disparity between wet and dry periods. Droughts have led to insufficient water supply, compromising the power generation capacity of hydroelectric plants. With the decommissioning of Nuclear Power Plants 1² and 2³, and the uncertain extension of Nuclear Power Plant 3⁴, if nuclear power is phased out entirely, droughts would severely impact the stability and reliability of energy supply. Referring to the severe drought⁵ encountered in 2021, prolonged drought conditions indirectly led to the inconvenience of rolling blackouts across Taiwan.

- A. To address the impact of energy shortages caused by extreme climate-induced droughts, potentially leading to operational interruptions at business sites, the Company uses the IPCC AR6 high-emission scenario SSP3-7.0 to estimate the number of rolling blackouts during the summer peak period (May to September). It assesses the potential impact on commission income, with the commission fees calculated based on the average daily fees over the past ten years.
- B. Analysis results show that the average number of power outage days per year is one, and the proportion of lost commission fees relative to the annual average commission fees is as follows in the table:

單位:百萬元	2023年度	2022年度	2021年度	2020年度	2019年度	2018年度	2017年度	2016年度	2015年度	2014年度
	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費	經紀手續費
夏季尖峰時期 (5~9月)單日平均	2.60	2.02	4.54	21.29	11.40	15.59	12.23	8.05	9.62	12.28
年平均單日	2.29	2.11	3.82	19.42	11.71	13.85	11.72	7.92	9.80	11.58
夏季尖峰時期 (5~9月)單日平均/ 年總收占比	0.31%	0.26%	0.33%	0.30%	0.27%	0.31%	0.29%	0.28%	0.27%	0.29%

單位:百萬元	Unit: Million NTD
夏季尖峰時期(5~9月)單日平均	Average daily during peak summer period (May to September)
年平均單日	Average daily per year
夏季尖峰時期(5~9月)單日平均/年總收占比	Average daily during peak summer period (May to September) / Annual total revenue
經紀手續費	Brokerage fees

² Reactor 1 of Nuclear Power Plant 1e was decommissioned on December 5, 2018 (operational from 1978 to 2018), and Reactor 2 was decommissioned on July 15, 2019 (operational from 1979 to 2019).

³ Reactor 1 of Nuclear Power Plant 2 was decommissioned on December 27, 2021 (operational from 1981 to 2021), and Reactor 2 was decommissioned on March 14, 2023 (operational from 1983 to 2023).

⁴ Reactor 1 of Nuclear Power Plant 3 is scheduled to be decommissioned on July 26, 2024 (operational from 1984 to 2024), and Reactor 2 is scheduled for decommissioning on May 17, 2025 (operational from 1985 to 2025).

⁵ On May 13 and May 17, 2021, there were two instances of power rationing, as recorded by Taiwan Power Company.

C. Risk Response Strategies

- Although the instability of energy supply due to drought is an uncontrollable factor, our company can still support each other with neighboring business locations and personnel, achieving remote office work or assisting customers with online transactions. Meanwhile, the need for uninterruptible power supplies and emergency response systems (such as generators) is evaluated to minimize losses from trading suspensions.

Changes in carbon emissions for investment positions, comparing the impact of carbon cost expenditures on the profitability of these positions.

According to the Securities Association, the REMIND-MAGPIE model from the Integrated Assessment Models (IAMs) is uniformly adopted. Analysis is conducted based on the proprietary positions of our company. Based on the PCAF (Partnership for Carbon Accounting Financials) carbon accounting methodology, the Company evaluates the process for calculating GHG emissions across various asset classes of financial institutions' investment and financing activities. It assesses the impact of carbon fee expenses on profit or loss based on the magnitude of increase or decrease in the Company's carbon emissions (For relevant parameters, refer to our company's 2023 TFCF (Task Force on Climate-related Financial Disclosures) Report).

Risk Response Strategies are as follows:

- The daily fluctuations in market prices of investment positions are unpredictable, influenced by factors such as political and economic conditions, industry factors, policies and regulations, and operational risks of companies, including market, credit, and liquidity risks. The Company regularly reviews its existing warning and stop-loss mechanisms, and adjusts its investment strategies on a rolling basis to minimize value impairment and exposure.
- The Company will continue to mitigate financial impacts derived from climate risk factors through a diversified investment portfolio. Additionally, based on scenario analysis results, the Company will reassess its risk tolerance and asset risk pricing, implementing risk monitoring for investment management related to climate risks.
- The Company's investment and financing processes have incorporated ESG assessment procedures. It regularly evaluates factors such as ESG scores, total greenhouse gas emissions of investment positions, and changes in ESG-related risks of investment targets, which serve as a basis for adjusting investment positions.
- Continue to refine and enhance the investment assessment process, focusing on the latest developments and trends in ESG issues, and analyzing the sustainability of investment targets. By understanding related policies and regulations, the Company ensures the professionalism and timeliness of its investment policy.
- Incorporate ESG assessments into the risk management process, controlling risks by tracking the development of ESG-related controversies among investment targets, ensuring that the ESG performance of invested companies meets goals and requirements.
- Continue to focus on the invested companies and strengthen engagement activities.

3.2.3 Climate Change Risk Management Mechanism

Risk Management Framework

The Company has established a complete risk management organizational framework, systems, and management regulations. The risk management system is designed to establish mechanisms for risk identification, measurement, supervision, and control, structuring an overall risk management system. Regular evaluations and development of risk contingency strategies are conducted for each type of risk. The scope of risk covers market risk, credit risk, liquidity risk, operational risk, climate risk, information security risk, as well as legal and other risks, tailored according to the characteristics of the industry and the operational challenges faced by the Company.

Climate risk refers to transformation risks related to low-carbon transition due to climate change, which may impact the Company's finances, strategy, operations, products, and reputation. It also includes physical risks caused by extreme weather conditions due to climate change, affecting the Company's finances and operations.

Three Lines of Defense for Climate Change Internal Control

The Company, to implement risk management and internal controls effectively, follows the "Securities Firm Risk Management Practice Guidelines" and the Company's "Risk Management System." This ensures that each unit, according to its nature, has clear responsibilities and functions within the overall risk and control framework, enhances the management of climate-related risks, and improves the operation and coordination of internal controls

By reporting upwards, the Company ensures that the Board of Directors and all management levels are aware of the overall climate risk profile. Through downward communication, it confirms that the objectives and regulatory policies of climate risk management are implemented across relevant departments and at all staff levels. Additionally, by coordinating interdepartmentally, the Company facilitates collaborative division of labor

First Line of Defense (Business Units)

Departments, within their functions and business scope, bear responsibility for the risks associated with their daily business activities. They are accountable for continuously identifying, assessing, controlling, and mitigating various risks that climate-related hazards pose to their operations.

Second Line of Defense (Risk Management, Legal Compliance, Information Security):

These units must closely cooperate with business units to ensure that risks are appropriately managed. They are also responsible for effectively monitoring the first line of defense's implementation of climate risk management.

Third Line of Defense (Audit Unit):

This unit evaluates the effectiveness of the first and second lines of defense in monitoring climate risks and provides timely recommendations for improvement.

Risk Management Process:

According to Article 4 of the Company's "Risk Management Regulations," the risk management process includes risk identification, risk measurement, risk monitoring, risk reporting, and risk

response measures.

- **Risk Identification:** Based on industry characteristics, the primary risks the Company may face in its operations include market risk, credit risk, liquidity risk, operational risk, climate risk, information security risk, as well as legal and other risks. Climate risk management should identify the interconnections with other risks (such as credit risk, market risk, liquidity risk, and operational risk), and adopt differentiated risk management measures based on the identified or assessed severity or order of climate risks.
- **Risk Measurement:** Based on identified climate risks, establish assessments and scenario analyses, evaluating and disclosing the potential financial impacts of physical and transition risks on the Company. Analyze the impacts of climate-related risks on finances, strategy, operations, products, and investments over different periods (short, medium, and long-term). Continuously evaluate changes in climate-related risks associated with investment targets as a basis for adjustments.
- **Risk Monitoring:** Based on the nature of the business, establish measurable and actionable indicators and objectives for climate risks and opportunities, and regularly monitor their exposure and changes.
- **Risk Reporting:** The significance, likelihood, management measures, and performance outcomes of climate change risks identified by each unit are consolidated into the Sustainable Development Committee's "Climate Change Working Section." Subsequent discussions, strategy formulation, and risk management measures are reported to the Sustainable Development Committee for review and development of climate action strategies and risk management measures. The committee confirms short, medium, and long-term plans and evaluates management performance results. Finally, these are reported to the Board of Directors to oversee the implementation and effectiveness of the climate change action strategies and risk management measures, ensuring effective control of significant climate risk issues.
- **Risk Response:** For the climate risks identified and assessed, appropriate response measures are implemented, including setting up low-carbon transition plans, negotiating with investment targets, and undertaking responsible investment measures to mitigate these risks.

Risk Management Mechanisms and Practical Measures

Responsible Investment

- **Investment Risk Management**

To fulfill the responsibilities of "institutional investor stewardship," the Company has established the "Responsible Investment Guidelines." In addition to focusing on the profitability and growth of investment targets in proprietary investments, these guidelines include evaluating the execution of sustainable operations. This approach emphasizes the importance of ESG considerations, leveraging sustainable finance to foster the sound development of both the Company and the investee companies.

- **Investment Decision-Making Process**

- A. Incorporate ESG issues into the investment analysis and decision-making process, prohibit investment in controversial industries, such as companies with significant environmental lapses, human rights violations, major social controversies, or serious corporate governance issues, as well as those designated by competent authorities under anti-money laundering or counter-terrorism financing regulations, or those

involved in pornography or gambling industries.

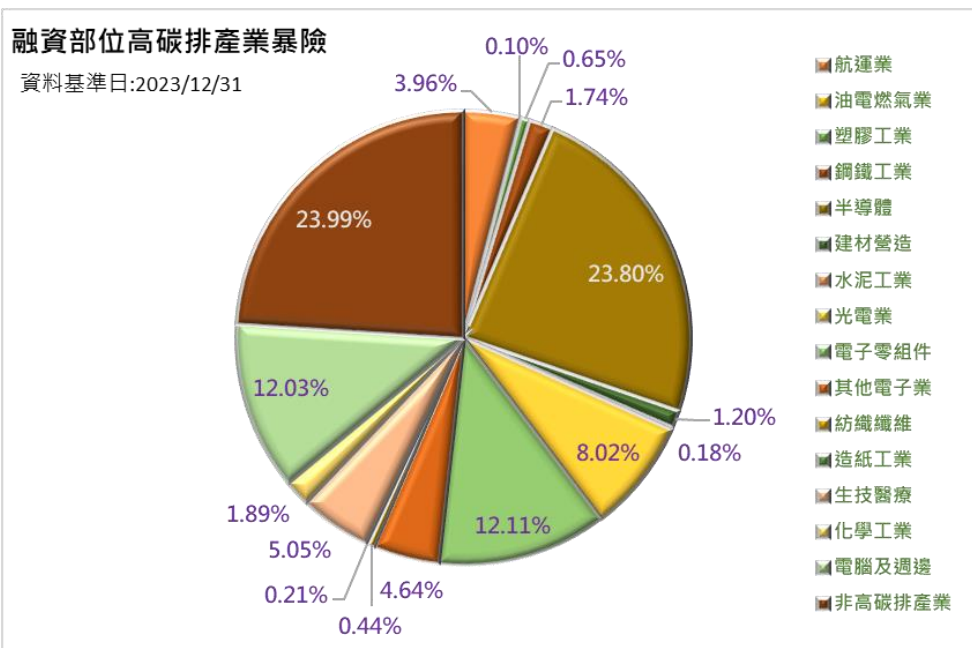
- B. During the investment decision-making process, reference and utilize professional institutional screening criteria, including corporate governance evaluation systems, Bloomberg ESG assessments, or multiple indicators such as the Central Depository IR platform.
- C. Support for indices and ETF components that are beneficial for the development of ESG issues, such as constituents of the FTSE4Good TIP Taiwan ESG Index from the Taipei Exchange or sustainable development bonds, constituents of the TWSE Corporate Governance 100 Index or the Dow Jones Sustainability Index, are automatically considered within the investable range
- D. Review whether investment targets adequately disclose or provide information regarding ESG issues.

● **Post-investment management**

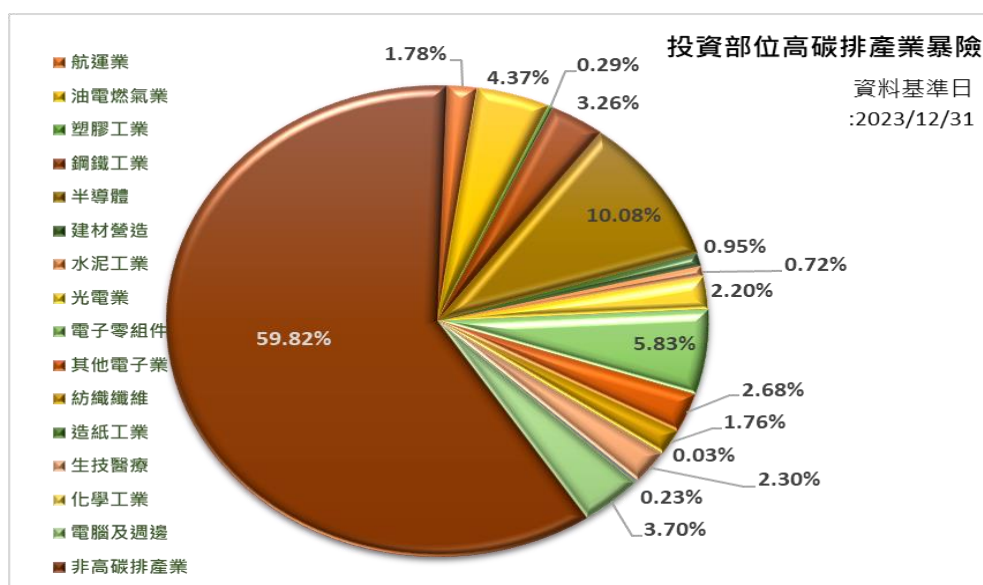
- A. Continuous monitoring, analysis, and evaluation of relevant information regarding investment targets should be maintained to ensure their adherence to ESG responsibilities and assess the appropriateness of diligent governance actions. This includes attending shareholders' meetings, formulating and participating in voting decisions, attending briefings, conducting site visits, or holding meetings and other engagement activities.
- B. Concurrently encourage invested companies to take necessary measures to mitigate their ESG risks, and when necessary, engage in discussions with these companies to achieve the set objectives.
- C. Review investment targets at least semi-annually and summarize the execution status of ESG-related investments in reports to the Sustainable Development Committee, followed by presentations to the Board of Directors. If an investment target involves prohibited investment standards or experiences significant negative ESG impacts, evaluate the target's improvement status or plans and the Company's corresponding measures, such as adjusting investment strategies or limiting exposure.
- D. If significant anomalies or special circumstances are found in the investment targets, immediate assessment and response measures should be taken, reported to the Sustainable Development Committee, and then submitted to the Board of Directors.

● **Investment Portfolio Overview**

Regularly conduct investment industry distribution analysis to strengthen investment decision-making and climate-related risk management mechanisms.



融資部位高碳排產業暴險	Exposure to High Carbon Emission Industries in Financing Positions
資料基準日:2023/12/31	Reference Date: December 31, 2023
航運業	Shipping Industry
油電燃氣業	Oil, Electricity, and Gas Industries
塑膠工業	Plastics Industry
鋼鐵工業	Steel Industry
半導體	Semiconductor Industry
建材營造	Building Materials and Construction
水泥工業	Cement Industry
光電業	Optoelectronics Industry
電子零組件	Electronic Components
其他電子業	Other Electronics Industries
紡織纖維	Textile Fibers
造紙工業	Paper Manufacturing
生技醫療	Biotechnology and Healthcare
化學工業	Chemical Industry
電腦及週邊	Computers and Peripherals
非高碳排產業	Non-High Carbon Emission Industries



投資部位高碳排產業暴險	Exposure to High Carbon Emission Industries in Investment Positions
資料基準日: 2023/12/31	Reference Date: December 31, 2023
航運業	Shipping Industry
油電燃氣業	Oil, Electricity, and Gas Industries
塑膠工業	Plastics Industry
鋼鐵工業	Steel Industry
半導體	Semiconductor Industry
建材營造	Building Materials and Construction
水泥工業	Cement Industry
光電業	Optoelectronics Industry
電子零組件	Electronic Components
其他電子業	Other Electronics Industries
紡織纖維	Textile Fibers
造紙工業	Paper Manufacturing
生技醫療	Biotechnology and Healthcare
化學工業	Chemical Industry
電腦及週邊	Computers and Peripherals
非高碳排產業	Non-High Carbon Emission Industries

綠色債券		
債券	檔數	部位金額
國內債券	11	1,949,999,995
外國債券	3	488,082,568
合計	14	2,438,082,563
占總債券部位		6.10%

Green Bonds			Currency: New Taiwan Dollar Reference Date: December 31, 2023
Bonds	Number of bond issues	Position amount	
Domestic Bonds	11	1,949,999,995	
Foreign Bonds	3	488,082,568	
Total	14	2,438,082,563	
Proportion of Total Bond Positions		6.10%	

● Underwriting and Advisory

When conducting operations based on business characteristics, in addition to adhering to the regulations set by the competent authorities and our company, we select high-quality companies and incorporate risk decision-making considerations based on industry and operational status, business activities, financial condition, corporate governance, compliance status, and the Company's execution of ESG sustainable management.

Operational Risk Management

The resilience of the Company's organization and operations has become a key factor in sustainable development. Capital Securities conducts regular operational impact analyses and risk assessments annually to preemptively prepare for the worst-case scenarios. The Company strives to restore services within a one-hour recovery time objective and regularly conducts scenario-based drills, such as information system backup drills, business process recovery exercises, and disaster response drills. Lastly, it continuously maintains the effectiveness of international certification (ISO 22301:2019) to ensure the continuity of its operations.

3.2.4 Climate Change Indicators and Objectives

Climate Risk and Opportunity Indicators and Objectives

Climate Risk and Opportunities		Indicators and Targets	Short/Mid/Long Term ⁶	Implementation Status
Environmental Sustainability	Increase the pricing of greenhouse gas emissions	For Scope 1 and Scope 2, the greenhouse gas emission intensity by 2030 should be reduced by 10% compared to the base year of 2023, requiring an average annual reduction of 1.43%.	Short and medium terms	According to the 2023 implementation results of the Company's low-carbon action plan, greenhouse gas emissions from Scope 1 and Scope 2 were reduced by 4.84% compared to last year, exceeding the annual reduction target.
	Strengthen the obligation to report emissions			
	Saving and	Allocate budget to continuously	Short and	Replaced 106 LED light

⁶ Short-term (2023) refers to within one year, medium-term (2030) refers to one to ten years, and long-term (2050) refers to more than ten years.

Climate Risk and Opportunities		Indicators and Targets	Short/Mid/Long Term ⁶	Implementation Status
	Carbon Reduction	implement replacement mechanisms for high-energy-consuming equipment and operations.	medium terms	fixtures, 2 split-type air conditioners, and 2 inkjet office machines, collectively saving 64,285 kWh per year.
	Extreme Weather Events	(1) Continuously assess the potential and risk of flooding for real estate assets and business locations. (2) Regularly train colleagues in emergency response mechanisms.	Short and medium terms	(1) To mitigate the impact of climate change on business location, disaster prevention measures at each site will be progressively improved, such as reviewing drainage or water barrier systems. (2) Additionally, efforts will be made to enhance disaster awareness among staff and conduct regular drills, such as organizing two fire safety and evacuation training sessions.
Environmental Sustainability	Reduce Waste Output	Plan the waste reduction targets from 2023 to 2030, aiming to decrease waste volume annually, with an expected reduction of 7% by 2030 relative to 2023.	Short and medium terms	In 2023, there was a 5.3% reduction in emissions compared to 2022, surpassing the annual target of a 1% reduction.
	Reduce Water Usage and Consumption	Plan the water usage targets from 2023 to 2030, aiming to decrease water consumption annually, with an expected reduction of 7% by 2030 relative to 2023.	Short and medium terms	Due to a 1.81% increase in the number of people in 2023 compared to 2022, although the average water usage per person decreased by 1.68%, the total water usage increased by 0.09%, failing to meet the annual target of a 1% reduction.
Low Carbon Transition, Low Carbon Economy	Develop and/or Increase Low-Carbon Goods and Services	(1) Continuously optimize or increase digital operations or service offerings. (2) Review mechanism for the financial indicators and operational conditions of sustainable development investment targets. (3) Incorporate anticipated assessments of climate change and corporate transformation into investment strategies.	Short, medium, and long terms	(1) By integrating app functionalities, the launch aims to replace traditional cumbersome operational workflows, reducing commuting-related carbon emissions and paper consumption. This not only helps mitigate the greenhouse effect but also enhances operational efficiency. (2) Leveraging the resource integration of the Capital Financial Group, in collaboration

Climate Risk and Opportunities		Indicators and Targets	Short/Mid/Long Term ⁶	Implementation Status
				<p>with investment consulting and futures research teams, online research resources are provided to cultivate a high-quality digital financial services ecosystem. This initiative merges financial services with customer consumption scenarios, effectively enhancing satisfaction.</p> <p>(3) In addition to the established "Responsible Investment Guidelines" as a compliance framework, business units (underwriting, bonds, brokerage, proprietary trading, and derivatives) also incorporate ESG-related issues into their evaluations when selecting investment targets.</p>
	Enter New Markets	<p>(1) Strive for the development of the green finance market.</p> <p>(2) Develop green financial products centered on sustainable development as the core target.</p> <p>(3) Enhance engagement activities and adjust investment positions as appropriate.</p>	Short, medium, and long term	<p>During underwriting case handling, underwriting guidance, and investment and financing processes, the Company actively participates in or evaluates businesses related to green and sustainable industries. It regularly reviews whether the investment and financing target companies appropriately disclose and provide information on ESG issues, whether they have violated regulations or have been penalized by competent authorities, and conducts tracking reviews.</p>

Greenhouse Gas Emissions and Plans

In 2022, the Company initiated the establishment of a greenhouse gas management system and conducted its first inventory (voluntary inventory). In 2024, KPMG was commissioned to perform assurance on the greenhouse gas emissions from all our business locations in Taiwan for the year 2023, following the ISAE 3410 standard.

Regarding the greenhouse gas emissions of the investment positions, refer to the table below:

2023 Greenhouse Gas Emissions Analysis		
Financial Carbon Emissions (Investment Positions)	235,799.05	tCO ₂ e
Carbon Emissions and Carbon Intensity of Investment and Financing Positions WACI	18.5	tCO ₂ e per million revenue

Note 1: The scope of the investment position inventory includes Capital Securities and its subsidiaries.

Note 2: The greenhouse gas emissions from investment positions are not within the scope of assurance by the accounting firm.

Additionally, detailed information about greenhouse gas emissions and plans can be found in Chapter 4, "Protector of the Environment," of this report.

Investment Portfolio Carbon Emissions

2023 Financial Carbon Emissions			
Asset Class	Category	Investment Position - Amount (Thousand NTD)	Financial Carbon Emissions (tCO ₂ e)
Listed Equities	OCI (Current)	234,789.41	1,875.67
	PL (Current)	9,219,109.99	23,790.05
Listed Equities Total		9,453,899.40	25,665.72
Corporate Bonds	AC (Non-current)	5,311,806.78	59,785.95
	OCI (Current)	15,288,280.28	74,401.57
	PL (Current)	28,997,119.02	75,945.81
Total Corporate Bonds		49,597,206.07	210,133.33
Grand Total		59,051,105.46	235,799.05

Mechanism Refinement

In the future, Capital Securities will further refine its internal management of responsible investments. This includes setting investment limits or quotas, establishing and managing lists of high-risk or highly sensitive industries, improving review processes, managing post-investment activities, and engagement guidelines, as well as setting responsible investment goals.

Chapter 4: Protector of the Environment



Management Policy

Capital Securities, in response to the National Net Zero Emission Policy and to utilize the influence of the securities industry, actively promotes the greenhouse gas inventory and verification from itself, from which it develops strategies and action plans for energy conservation and carbon reduction, and supervises the progress of implementation in order to identify and deal with the related impact activities.

Key Results

Percentage of increase/decrease in energy use intensity over the previous year

Percentage of increase/decrease in greenhouse gas emission intensity over the previous year

Percentage of increase/decrease in waste over the previous year

Violation of environmental laws and regulations

Love the Earth Plastic Reduction Counter

Amount of Green Procurement

Achievements

47.33% ↓

49.35% ↓

5.3% ↓

0

106,986 plastic bottles

NT\$34,704,000

4.1 Sustainable Green Transformation Milestones

- (1) In 2021, the ESG Committee - environmental functional sections were established.
- (2) In June 2022, the greenhouse gas (GHG) inventory and verification plan was established and supported by the Board of Directors' report.
- (3) In June 2022, the greenhouse gas inventory team was established.
- (4) In October 2022, a group-wide GHG training workshop was organized.
- (5) In 2022, the Environmental Sustainability Section was established independently.
- (6) In May 2023, the Company-wide greenhouse gas inventory was completed.
- (7) In June 2023, pre-evaluation by international verification organizations was completed.
- (8) In June 2023, Capital Securities issued its first greenhouse gas inventory report.
- (9) In June 2023, Capital Securities issued its first report regarding Task Force on Climate-Related Financial Disclosures (TCFD).
- (10) In 2023, the Statement on Greenhouse Gas Inventory and Voluntary Reduction was signed.
- (11) In April 2024, GHG inventory data and report were assured by CPAs.

4.2 Greenhouse Gas Policy and Strategy

Capital Securities voluntarily proposes the Statement on Greenhouse Gas Inventory and Voluntary Reduction, which is publicly disclosed on the Company's official website for the sake of public credibility.

Capital Securities Corporation

Statement on Greenhouse Gas Inventory and Voluntary Reduction

We are aware that the climate and environment of the earth are continuously deteriorating due to the impact of greenhouse gases, and Capital Securities, as one of the citizens of the earth, shall fulfill its corporate responsibility and in accordance with the United Nations Framework Convention on Climate Change and the Paris Agreement and other relevant international norms, hereby commits itself to the Company's greenhouse gas emission baseline inventory work, in order to facilitate the accurate control and management of the current situation of greenhouse gas emissions, and to promote the voluntary reduction of greenhouse gas emission based on the results of the inventory.

Capital Securities Corporation

President: Lee, Wen-Chu

Capital Securities is aware of the impact of climate change and environmental ecology by greenhouse gases, in order to fulfill the corporate responsibility for environmental protection, we are committed to the greenhouse gas inventory, to truly control the status of greenhouse gas emissions, and to adjust

the greenhouse gas emission reduction action plans and plans in a rolling manner through the P-D-C-A cycle of improvement management methodology, and to put forward the following commitments to environmental sustainability:

1. Continuously promote the implementation measures to reduce greenhouse gas emissions.
2. Actively evaluate and utilize renewable energy.
3. Comply with national environmental protection laws and regulations.
4. Follow the national net-zero carbon emission target.

4.3 Energy Conservation and Innovation

The Company has adopted a management system and a series of energy conservation measures to improve the energy mechanism, in order to effectively manage energy consumption and enhance efficiency, while helping to reduce operating costs, and also achieve environmental care and sustainable development commitments. It is expected that by the end of 2030, the average annual reduction will be 1.43% compared with the base year.

Base Year	Short-term Target (2024)	Mid-term Target (2025)	Long-term Target (2030)
2023	1.43% reduction from base year	2.86% reduction from base year	10% reduction from base year

First, we have adopted a systematic approach to manage and supervise energy use and efficiency within the organization, and then regularly identify opportunities for improvement and evaluate the effectiveness of energy-saving measures and controls to ensure that resources are invested in a way that achieves the expected benefits. In addition, we regularly review the utilization of contracted capacity annually to ensure the implementation and effectiveness of low-carbon strategies and action plans.

Energy Saving Measures	Environmental protection recognition	Quantity	Energy Saving Benefits (kWh/year)	Resources Invested (NT\$)
Replacement of LED lighting fixtures	Energy Saving Label	106 sets	14,195	92,644
Replacement of air-conditioning equipment	Energy Saving Label	2 sets	1,752	57,000
Replacement of multifunction printers	Dust Free	2 sets	48,338	107,280
Total			64,285	256,924

The Company's energy usage is mainly comprised of outsourced electricity used in the course of business services at each of its operating locations, and a small amount of gasoline and diesel fuel consumed by its company vehicles and emergency generators.

1. Boundary: All business locations in Taiwan.
2. Base year: 2023.
3. The types and amounts of energy used are, in descending order, outsourced electricity, diesel fuel, and gasoline, and the respective energy consumption is analyzed in the table below.

Capital Securities' Energy Use Analysis Over the Years					
Year		2021	2022	2023	Unit
Energy type	Outsourced electricity	7,876,856	9,890,058	9,815,408	kWh
	Diesel fuel	1,012	4,982	2,222	Liter
	Gasoline	12,194	12,527	12,428	Liter
Energy consumption		28,777.03	36,171.59	35,801.88	Gigajoule (GJ)
Energy intensity		2.63	6.41	3.38	Gigajoules (GJ) / per NT\$ 1 million in revenue
Percentage of increase/decrease in energy intensity over the previous year		Decrease of 35.26%	Increase of 143.72%	Decrease of 47.33%	

- Note 1: In 2022, with reference to ISO 14064-1 and the requirements of the Greenhouse Gas Protocol, the diesel fuel consumption of generators in the Dunnan Office (Stock Agency Department) and the head office, as well as the public power consumption, are included in the scope of the inventory, so it is significantly increased.
- Note 2: Energy intensity is calculated using operating revenue (millions of revenue/NT\$) as the denominator (rounded to the second decimal place).
- Note 3: Energy consumption was converted according to the "Energy Products Unit Calorific Value Table" in the 2020 Energy Statistics Handbook of the Energy Administration, Ministry of Economic Affairs (MOEA), electricity: 860 kcal/kWh, diesel: 8,400 kcal/liter, gasoline: 7,800 kcal/liter.

Business Locations and Employee Response and Change

The accumulation of awareness and consensus among employees is the key to achieving energy conservation. Therefore, we regularly organize training, response, and awareness-raising activities for employees to educate them on how to adopt energy-saving measures in their daily work. At the same time, through bonuses and competitions, employees are implicitly involved in energy management, which is accepted by employees and leads to the formation of a corporate culture.

- Encouraging employees to walk up and down the stairs to minimize elevator use.
- Encouraging employees to turn off unnecessary lighting and air conditioning.
- In office areas where air conditioning is used, we inspect and keep windows and doors closed.
- Setting the advertising sign boards on the outside walls of branch offices to turn off after 12:00 a.m. to avoid wasting energy.
- Each department is responsible for area management, turning off electrical equipment and air-conditioning during off-duty hours, weekends and consecutive holidays; and controlling the use of electrical equipment and air-conditioning before starting work at 07:30 and after finishing work at 17:00 each day.
- Energy-saving mode is activated on all multifunction printers, making them remain dormant after a certain amount of time without use.
- Energy saving management of air conditioning equipment:
 - (1) Air-conditioning chilled water units to control the temperature of outlet water and chilled water by 1 degree Celsius higher; indoor air-conditioning temperature to be fixed at 26 degrees Celsius.
 - (2) Installation of small air-conditioning units to replace large air-conditioning units during

off-peak hours.

(3) Regular cleaning and maintenance to maintain operational efficiency.

- Enhancing the efficiency of the use of company vehicles, such as encouraging shared transportation, switching to public transportation, and regular inspection and maintenance.
- Occasionally promoting energy conservation efficiency and environmental protection concepts to employees through activities, e-mails, or other means.

4.4 Valuing Blue Gold: Sustainable Utilization of Water Resources

In the face of the severe challenge of increasing global water scarcity, the Company is committed to promoting the sustainable management of water resources to ensure that while water resources create economic value for the Company, they can also be properly and reasonably utilized and protected.

4.4.1 Establishment of water resources management

The Company has established a water resources management target and conducts regular monitoring of all departments and business locations within the organization to assess the potential for water saving, which is expected to be reduced by an average of 1% per annum compared to the base year by the end of 2030.

Base Year	Short-term Target (2024)	Mid-term Target (2025)	Long-term Target (2030)
2023	1% reduction from base year	2% reduction from base year	7% reduction from base year

The Company's water consumption has no significant impact on water resources.

- 100% of the Company's water sources are tap water, and there is no use of groundwater or other sources of water supply. The sources of water in Taiwan, the main operating area, are from the Taiwan Water Corporation and the Taipei Water Department.
- The Company's wastewater is domestic wastewater, which is mainly used for drinking water, air-conditioning systems, cleaning, etc. It is used by employees and customers, and the wastewater is legally discharged to the sewage system after use, or discharged into the effluent system according to the requirements of the local community to comply with the standards for discharging domestic wastewater.

4.4.2 Active Publicity and Education

In addition to organizing regular publicity and education activities to explain the correct concepts of water use, we also post water conservation slogans near water-using equipment to cultivate the habit of water conservation. In particular, the severe water shortages in the spring and summer seasons of the past few years have increased employees' awareness of the issue of water scarcity, and have encouraged the implementation of water-saving measures in the workplace and at home.

4.4.3 Continuous Improvement

We continue to seek management systems, new equipment and technology to improve water conservation and efficiency. For example, we install water-saving devices to regulate water output, replace old water-consuming equipment, use water-conserving equipment with water-saving labels, and even evaluate the introduction of intelligent equipment and energy-saving monitoring facilities to facilitate the more precise management of water resources usage.

The above measures can effectively enhance the efficiency of water resources usage and contribute to the protection of water resources, demonstrating the Company's strong commitment to the sustainable development of the environment.

Tap Water Consumption Analysis			
Year	2021	2022	2023
Water consumption (kWh)	25,160	52,374	52,422
Increase/decrease over the previous year	Decrease of 14%	Increase of 108%	Increase of 0.092%
Number of employees in the whole organization	1,977	1,876	1,910
Average water consumption per person (kWh/person)	12.73	27.93	27.45

Note 1: The significant increase in 2022 data is due to the new inclusion of allocation of public water consumption at the Dunnan Office (Stock Agency Department) and the head office in the water consumption inventory.

Note 2: The source of data is the water bill and the water consumption allocation table of the building.

Note 3: The number of employees in the whole organization increased by 1.81% in 2023 compared to that in 2022, which led to an increase in total water consumption, but the success of water conservation resulted in a decrease in the average water consumption per person.

4.5 Resource and Waste Management: Turning Crisis into Opportunity

4.5.1 Waste Management

Capital Securities has been actively implementing waste management and setting targets in an attempt to promote a high level of recycling economy by turning waste into resources to minimize environmental impacts to address resource scarcity and environmental pollution issues. In addition, Capital Securities is also contributing to the achievement of greenhouse gas emission reduction targets, which are expected to be reduced by an average of 1% per year by the end of 2030 as compared to the base year.

Base Year	Short-term Target (2024)	Mid-term Target (2025)	Long-term Target (2030)
2023	1% reduction from base year	2% reduction from base year	7% reduction from base year

4.5.2 Classification and Reduction of Wastes

The Company operates in the financial services industry, and its waste is mainly domestic waste. The Company strictly implements the strategy of waste reduction at source and waste recycling classification, and requires its employees to distinguish between general waste and resource recycling,

with the former being transported to the incineration plant by the local property management company of the building or a qualified waste disposal company for treatment, and the latter being handled by the professional and qualified recycling company for proper disposal of the recyclables.

In promoting the greenhouse gas inventory project, to ensure the completeness and correctness of waste statistics, the Company conducts regular measurements of all its waste, and the types and data are listed below.

Capital Securities' Waste Analysis				Unit: metric tons
Type	Item	Treatment method	2022	2023
Non-recyclable	General waste	Incineration	67.4838	60.5561
Recyclable	Confidential documents	Water soluble treatment	39.57	40.85
Total weight of waste			107.0538	101.4061
Recycling Rate			37%	40%
Usage increase/decrease from the previous year			-	Decrease of 5.6477
Percentage of increase/decrease over the previous year			-	Decrease of 5.3%
Number of operating locations in Taiwan			1,876	1,910
Average water consumption per person (kWh/person)			57.0649	53.0921

4.5.3 Education and Employee Participation

In view of the waste statistics, the Company has implemented recycling activities for waste through publicizing and encouraging measures to help reduce waste generation, which in turn results in the reduction of greenhouse gas emissions.

4.5.4 Continuous Improvement and Collaboration

The Company continuously tracks and evaluates the effectiveness of waste management. At the same time, the Company actively cooperates with other enterprises to jointly promote the recycling of resources and circular economy issues.

Actual Case

Capital Securities cooperates with recycling vendors and paper makers to recycle waste water-soluble paper pulp into environmental toilet paper, with a total of 40.85 metric tons in 2023, which reduces carbon emissions by 236.93tCO₂e. At the same time, the use of 1 metric ton of recycled paper is equivalent to the reduction of cutting 20 trees, which reduces carbon emissions by about 5.8tCO₂e.

The Company's waste paper→Transported by recycling vendors→ Weighed at the destruction center→Made into paper bricks→Sent to paper mills→Water-soluble to make pulp→Environmentally friendly toilet paper

Actual Case

Capital Securities and ACUO, the leading manufacturer of water dispensers, have jointly organized the "Tea Offering" campaign. Since September 2023, Capital Securities has launched the "Capital Securities Tea Offering Station" in each of its business locations, and installed "Love the Earth Plastic Reduction Counter" in the water dispensers to allow customers and employees to bring their own containers of water and at the same time, they can recognize the amount of bottles they have

reduced for the Earth, and feel proud of their efforts in caring for the environment and reducing plastics to love the Earth.

By the end of 2023, a total of 106,986 plastic bottles have been reduced, resulting in a reduction of carbon emissions by 13 tCO₂.

(※A 600ml plastic bottle produces about 0.121 kgCO₂e of greenhouse gas emissions.)



4.6 Firm Steps on the Road to Carbon Reduction

The Company has established a greenhouse gas inventory executive team, which is responsible for issues such as improving energy efficiency, energy conservation measures, evaluating the use of renewable energy, greenhouse gas inventory and emission control, and emission reduction measures. In addition, the Company conducts bi-weekly reports and discussions on issue impacts in the Environmental Sustainability Section under the Sustainable Management Office, and then reports quarterly to the Sustainable Development Committee on issue trends, action plans, and target achievement status.

In the end, the Sustainable Development Committee makes a resolution and reports or discusses the content to the Board of Directors, so that it can effectively supervise the progress and resource investment. It is expected that by the end of 2030, the Scope 1 and Scope 2 emissions will be reduced by an average of 1.43% per annum compared with the base year.

Base Year	Short-term Target (2024)	Mid-term Target (2025)	Long-term Target (2030)
2023	1.43% reduction from base year	2.86% reduction from base year	10% reduction from base year

The Company continues to promote the ISO14064-1 greenhouse gas inventory, and has commissioned a third-party verification organization in 2023 to assess the completeness and correctness of the inventory information in advance, and has been assured of its completion by KPMG Taiwan in April 2024, reaching a new milestone in greenhouse gas information management

and greenhouse gas emission reduction.

Capital Securities' Greenhouse Gas Emissions Analysis Unit: tCO ₂ e			
Year	2021	2022	2023
Direct Greenhouse Gas Emissions (Scope 1)	30.36	447.24	357.23
Indirect Greenhouse Gas Emissions (Scope 2)	3,954.18	5,034.04	4,858.63
Total	3,984.54	5,481.28	5,215.86
Greenhouse Gas Emission Intensity (tCO ₂ e/million in revenue)	0.364	0.971	0.492
Emission intensity increase/decrease percentage over the previous year	Decrease of 36.1%	Increase of 166.84%	Decrease of 49.35%

- Note 1: The 2022 data is the total of all GHG emission sources, which are inventoried with reference to ISO 14064-1 and the requirements of the Greenhouse Gas Protocol. The increase in GHG emissions in Scope 1 is due to the addition of emergency generator diesel fuel consumption and fugitive emission sources (refrigerant, septic tanks, and fire extinguishers) to the scope of the inventory. The increase in GHG emissions in Scope 2 is due to the inclusion of the Dunnan Office (Stock Agency Department) and the head office's public electricity consumption allocation in the power consumption inventory.
- Note 2: The source of data is the electricity bill, electricity allocation table of the building, and gasoline voucher.
- Note 3: Scope 1 emission factor is based on "Greenhouse Gas Emission Factor Management Table (Version 6.0.4) of Ministry of Environment, Executive Yuan".
- Note 4: The power factor is based on the power emission factor announced by the Energy Administration of the Ministry of Economic Affairs (0.495kgCO₂e/kWh in year 2022).
- Note 5: Emission intensity is calculated using operating revenue (million in revenue/ NT\$) as the denominator (rounded to the third decimal place).

4.6.1 Green Procurement

Starting from the Company's procurement system, the Company promotes the requirement at the procurement stage that suppliers provide products that meet the standards of green products such as environmentally friendly, energy-saving, and green building materials labels, or environmentally friendly products with the same performance and less impact on the environment, such as recycled materials and low-pollution products. Meanwhile, we also pay attention to the improvement of resource use efficiency of various office and electrical equipment, and actively supervise and implement them at the end of the process.

Procurement Category	Green Procurement Label	Amount of Green Procurement(NT\$)	Percentage of Green Procurement
Repair and maintenance	1. Green Building Material Label 2. Fire Prevention Label 3. Environmental Protection Label 4. Energy Saving Label 5. Water Saving Label	1,114,000	3.6%
Equipment	1. U.S. Energy Star Label 2. Energy Saving Label 3. Environmental Protection Label 4. North American UL EcoLogo	25,515,000	27.2%
Office Supplies	Overseas PEFC label	1,418,000	28.9%
Others	1. Carbon Reduction Label Insurance Service 2. Carbon Reduction Label Transportation Service 3. Rent-to-Own	6,657,000	9.9%
Total		34,704,000	17.7%

4.6.2 Other Green Transformation Campaigns

In addition to the environmental protection measures mentioned above, Capital Securities has been actively promoting other green transformation campaigns, which are briefly described below:

Three major digitization measures to help promote green transformation

- **The first measure is to digitize account opening.**

We promote the opening of securities accounts, the opening of e-accounts, the opening of trust accounts, the opening of 3-in-1 accounts (credit, securities lending, and borrowing) through our webpage and APPs, and other online account opening channels, which helps reduce the overall greenhouse gas emissions from customers' transportation and waiting at the counter.

- **The second measure is to digitize transactions.**

We offer service-based/transaction-based APPs, such as the promotion of “Capital Securities Mobile Winner Smart Transaction” and “LINE@ Social Community Platform”, which not only reduce the use of paper and care for the environment, but also contribute to the benefits of greenhouse gas reduction. To date, our APPs have been downloaded nearly one million times, with a growth rate of 90% in the last two years.

- **The third measure is to digitize reconciliation of accounts.**

We provide customers with electronic statements for all financial products and continue to promote them through various activities, striving to effectively reduce energy and resources such as printing paper, ink, and multifunction printer energy consumption, as well as to promote greenhouse gas emissions reduction and reduce the impact of environmental pollution.

- **At the same time, in order to facilitate the use of digital technology by all customer groups, reduce their waiting time, and realize the goals of financial inclusion and fair treatment of customers, we have designed easy-to-understand explanatory videos and instructional videos to explain and demonstrate online account opening and electronic transactions. In addition, we provide warm instructional explanations at each of our operating locations in order to implement digital equality.**

Green Digital Transformation within the Organization

- **Announcing various information via online bulletin boards and reducing photocopying of paper information**
- **Actively promoting the adoption of electronic signature mechanism.**
- **Without violating the management system, we promote the improvement of resource use efficiency, such as: recycling and reuse of non-confidential or non-customer information documents, encouraging electronic files to replace paper, replacing fax paper with e-mail, and other digital green measures.**

Chapter 5: Intertwined Future of Digital Finance and Sustainable Development



Management Policy

Capital Securities is committed to promoting digital technology and innovative services based on the digital financial cornerstones of information security, personal data protection, and business continuity, thereby contributing to the achievement of green financial goals and the realization of its own green transformation performance.

Key Results	Achievements
Number of Personal Data Security Incidents	0
Number of Information Security Incidents	0
Information Security and Personal Data Education and Training	100% completion rate for all staff
Penalties imposed by competent authorities on information security or personal data incidents.	0
Number of business interruptions	0
Number of digital financial patents	Continuous Maintenance of 6 patents
Percentage of electronic orders	82%
Effectiveness of Capital Pay (“sub-account”) promotion	227,000 accounts, with a cumulative account balance of NT\$32.42 billion
Percentage of total market share	54.9%
Successful participation in the My Data program	Achieved
Introduction of RPA (Robotic Process Automation) technology	Achieved

5.1 Cornerstone of Digital Finance - Protector of Customer Data and Lifeblood of Business Operations

5.1.1 Management Structure and Organization

The Company has formulated the “Information Security Policy”, “Personal Data Protection Policy” and “Business Continuity Management Policy”, which are approved by the Board of Directors. In accordance with the relevant laws and regulations on personal data protection, the requirements of the Association and international standards, the Company establishes a system for information security, personal data protection, and business continuity management, as well as related management standards, procedures, and management measures, to ensure the confidentiality, integrity, and usability of the Company's sensitive information and customer data. In addition, we combine various resources to ensure that under certain circumstances, the Company can maintain its operational standards, reduce the risk of operational disruptions, and enhance the resilience of the organization.

5.1.2 Management System Introduction

The Company's information security, personal data protection and business continuity governance structure has established a top-down management system, with reporting, auditing and accountability from one level to the upper one, in order to appropriately protect operational confidentiality and customers' personal data, and to avoid any damage to their confidentiality, integrity, accuracy and usability.

- The Board of Directors is the highest supervisory unit for information security and personal data protection; at the same time, our Director, Mr. Yi-Jing Tsai, has a background in information technology and information security, and is capable of substantively supervising the Company's overall information security, personal data protection, and business continuity management measures, performance, and future plans.

- Director Yi-Jing Tsai's Professional License Profile
- Personal Data Internal Assessor Certificate under Taiwan Personal Information Protection and Administration System, Ministry of Economic Affairs
- Personal Data Administrator Certificate under Taiwan Personal Information Protection and Administration System, Ministry of Economic Affairs
- Class-C Technician Certificate of Computer Software Designer, Ministry of Labor
- Leading Auditor of ISO/IEC 27001:2022 Information Security Management System (ISMS) CQI & IRCA

- Information Security Consultation Section: In order to strengthen the Board of Directors' professional, technical, and other management knowledge of information security, personal data protection, and business continuity, the Information Security Consultation Section has been established. The Information Security Consultation Section, which employs external information security professionals, serves as the Board of Directors' resource for consultation on information security and personal data protection. Depending on the needs of the Company's internal and external issues, members of the Information Security Consultation Section may be convened to hold meetings and issue advisory opinions or recommendations to the Board of Directors for their consideration, so as to facilitate the substantive supervision of the Company's overall management system,

measures, performance and planning for information security, personal data protection and business continuity.

- The Company has established an interdepartmental “Management Review Committee” as the highest executive organization for the information security, personal data protection and business continuity management system, which consists of the President and the top executives of all departments, and holds management review meetings on a regular basis.
 - The Management Review Committee is responsible for reviewing policies, maintaining management systems, establishing management measures, tracking and auditing management performance, and promoting and controlling related activities of the information security and personal data protection management systems.
- The Company has a Chief Information Security Officer at the Vice President level who coordinates the promotion and implementation of information security policies and the allocation of resources, and reports annually to the Board of Directors on the status of information security implementation. The Compliance Officer of the head office directs and coordinates matters related to the personal data protection, and places the personal data protection as one of the items in the assessment of the compliance with laws and regulations, and reports annually to the Board of Directors on the status of implementation.
- The Management Review Committee has established functional sections:
 - The Information Security Incident Response Section, with the President as its Commander, is responsible for emergency notification to the Commander and members of the Response Section in the event of an information security incident, and for internal and external notification and handling of information security incidents.
 - The Information Security Implementation Section, convened by the President, is responsible for (1) consolidating the promotion of interdepartmental information security protection policies, (2) allocating resources, (3) ensuring the division of authority and responsibility and the hierarchy of accountability, (4) supervising department heads in the execution of daily operations, and (5) evaluating the overall effectiveness of the implementation of the policy on a regular basis, which serves as an assessment of the performance of the relevant departments and personnel.
 - Business Continuity Section and Crisis Response Section, with the President as the Commander, are responsible for emergency response in the event of a disruption to the Company's operations, deciding whether or not to evacuate employees or activate off-site server rooms and offices to minimize the risk of disruption to business continuity.

Meanwhile, we have introduced ISO 27001 Information Security Management System (ISMS), BS 10012 Personal Information Protection Management System (PIMS), and ISO 22301 Business Continuity Management Systems (BCMs). Through the PDCA (Plan-Do-Check-Act) cyclical quality management framework, the Company continuously improves and strengthens its management systems, measures and performance in information security, personal data protection and business continuity management, and proposes future plans.

The Company's information security, personal data protection and business continuity management systems have been certified by the British Standards Institution (BSI), and are subject to regular annual audits and re-audits every three years. As of the end of December 2023, the Company has continued to ensure the validity of ISO 27001 Information Security Management System (ISMS), BS 10012 Personal Information Protection Management System (PIMS), and ISO 22301 Business Continuity Management Systems (BCMs) certificates.

- **Key Results**

- **The first securities company in Taiwan to pass ISO 27001:2022 certification**

In response to the announcement of the new 2022 version of the ISO 27001 Information Security Management System (ISMS) international standards, the Company proactively planned, promoted, and executed the conversion in 2023, and successfully completed the conversion in January 2024, becoming the first securities company in Taiwan to pass the ISO27001:2022 certification.



5.1.3 Information Security Governance Maturity Assessment

The purpose of the information security governance maturity assessment is to enable the Company to identify the strengths and weaknesses of its information security governance structure, organization, management systems and measures, and professional capabilities, and to help the Company understand its current state of information security governance, its level, and the areas that can be further improved, which in turn facilitates the Company's formulation of strategies and action plans for continuous improvement.

Therefore, in a series of key items, such as cyber risk, intelligence management and cooperation, cyber security, outsourcing and dependent relationship management, and information security incident management and response, the Company reviews, investigates, and analyzes through specific methodologies and the use of risk assessment models or frameworks to further quantitatively assess the maturity level of the Company's information security governance.

In particular, as a financial service provider, the Company places great importance on customer data and financial market stability, which are the cornerstones of the Company's operations. In view of this, the Company's maturity level of information security in 2023, in cooperation with the Taiwan Stock Exchange, is higher than that of the industry's average.

- **Key Results**

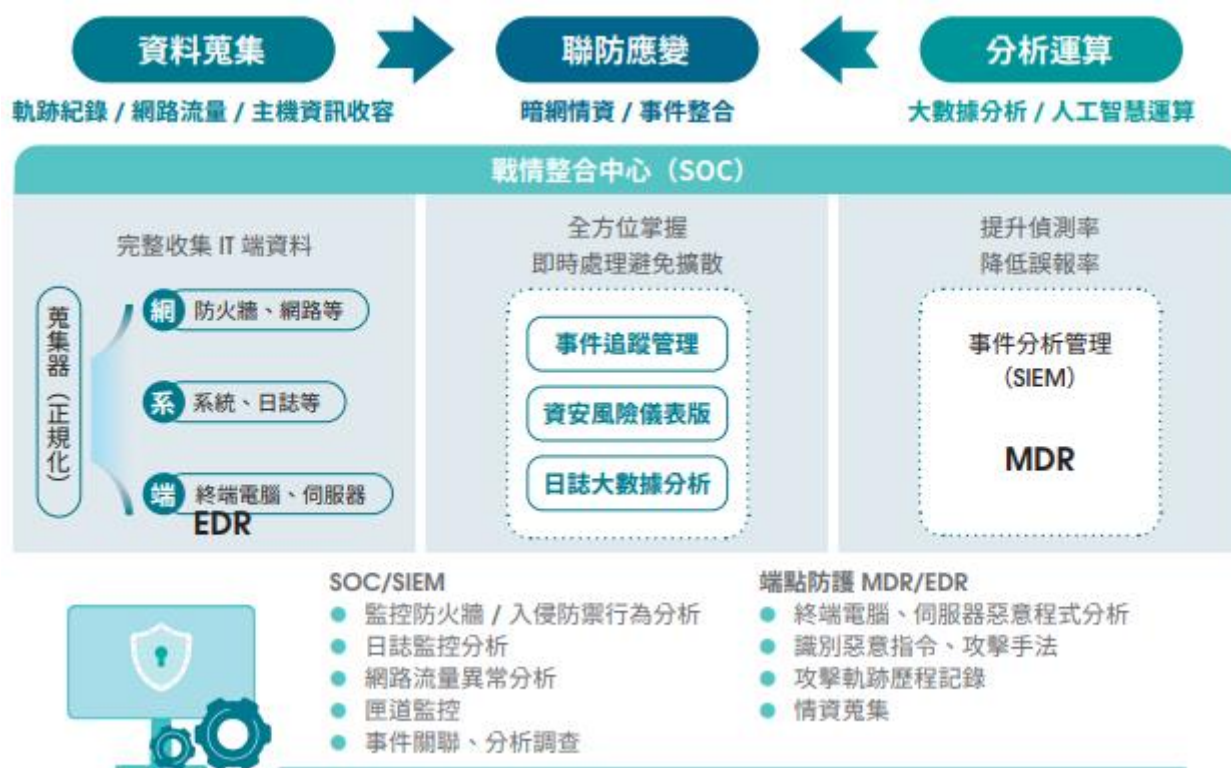
- **The assessment results are better than the average of the securities industry.**

5.1.4 Information Security Intelligence and Joint Defense

The Company implements an information security intelligence and joint defense system at three levels:

- Assigning specialists to work with the Financial Information Sharing and Analysis Center (F-ISAC) to share emerging information security intelligence; at the same time, following F-ISAC's recommendations and evaluating the results to formulate countermeasures.

- Introducing the Security Information and Event Management (SIEM) platform to enhance the detection, analysis and investigation capabilities through digital technology and automation platforms, and to provide correlation analysis and alerts on risks such as internal abnormal behaviors and external cyberattacks, as well as to facilitate immediate response measures and gain time for response.



資料蒐集	Data Collection
軌跡紀錄 / 網路流量 / 主機資訊收容	Trace Recording / Network Traffic / Host Information Containment
聯防處變	Joint Defense and Incident Response
暗網情資 / 事件整合	Dark Web Intelligence / Incident Integration
分析運算	Analytical Computation
大數據分析 / 人工智慧運算	Big Data Analysis / Artificial Intelligence Computation
戰情整合中心 (SOC)	Security Operations Center (SOC)
完整收集 IT 端資料	Comprehensive Collection of IT Data
防火牆、網路等	Firewall, Network, etc.
系統、日誌等	Systems, Logs, etc.
終端電腦、伺服器	Endpoint Computers, Servers
蒐集器 (正規化)	Collectors (Normalization)
全方位掌握	Comprehensive Grasp
即時處理避免擴散	Real-Time Processing to Prevent Spread
事件追蹤管理	Incident Tracking and Management
資安風險儀表板	Cybersecurity Risk Dashboard
日誌大數據分析	Big Data Log Analysis
提升偵測率	Improve Detection Rate
降低誤報率	Reduce False Positive Rate

事件分析管理	Security Information and Event Management
監控防火牆 / 入侵防禦行為分析	Firewall Monitoring / Intrusion Prevention Behavior Analysis
日誌監控分析	Log Monitoring and Analysis
網路流量異常分析	Network Traffic Anomaly Analysis
匝道監控	Gateway Monitoring
事件關聯、分析調查	Incident Correlation, Analysis, and Investigation
端點防護	Endpoint Protection
終端電腦、伺服器惡意程式分析	Malware Analysis for Endpoint Computers and Servers
識別惡意指令、攻擊手法	Identify Malicious Commands, Attack Techniques
攻擊軌跡歷程紀錄	Attack Path History Recording
情資蒐集	Threat Intelligence Collection

- The Company cooperates with an external information security company to set up the Situation Integration Center, which monitors internal and external information security events 24 hours a day, 7 days a week.

- **Key Results**

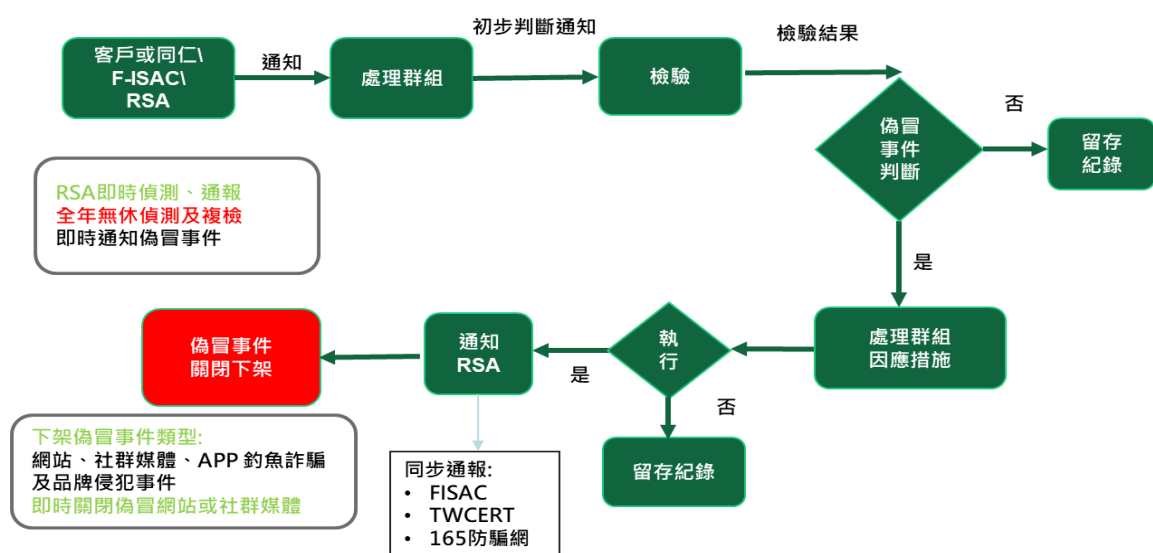
- **F-ISAC intelligence sharing, totaling 53 cases; immediately analyzing and investigating, and promptly implementing countermeasures to protect the Company from impacts.**
- **Number of notifications and information security incidents in 2023**

The Company has cooperated with an external information security company on the SOC/SIEM protection mechanism, and the number of notification events has decreased quarter by quarter.

In 2023, the SOC notification event information totaled 530 items, 0 information security events. Relevant notification cases or abnormal behavior tracks were analyzed and identified to quickly find out the source of the event and complete the process in time, so as to achieve real-time risk warning and blocking.

5.1.5 Results of External Counterfeit Detection and Shutdown

In order to respond to the government's anti-fraud policy and to immediately deal with external counterfeiting events, such as phishing attacks or fraudulent mobile applications, to prevent customers' personal data from being stolen, and to meet the objectives and requirements of the principles of fair treatment of customers, the Company formally completed the introduction of the external counterfeit detection and shutdown service (**RSA Anti-counterfeiting System**) in 2023, carrying out the year-round real-time monitoring and the immediate shutdown of external counterfeiting events.



客戶或同仁	Customers or Employees
通知	Notification
RSA 即時偵測、通報	RSA real-time detection and notification
全年無休偵測及複檢	Year-round detection and review
即時通知偽冒事件	Real-time notification of counterfeiting events
處理群組	Handling Group
初步判斷通知	Initial judgment of the notification
檢驗	Inspection
檢驗結果	Inspection Result
事件判斷	Event judgment
儲存紀錄	Record keeping
通知 RSA	Notification to RSA
偽冒事件關閉下架	Shutdown of counterfeiting events
執行	Execution
處理群組因應措施	Countermeasures of the Handling Group
下架偽冒事件類型:	Types of the shutdown counterfeit events.
網站、社群媒體、APP 釣魚詐騙及品牌侵犯事件	Website, Social Media, App Phishing Scams and Brand Infringement Incidents
即時關閉偽冒網站或社群媒體	Immediate shutdown of counterfeit websites or social media platforms
留存紀錄	Record keeping
同步通報:	Synchronized Notification:
165 防騙網	165 Anti-fraud website

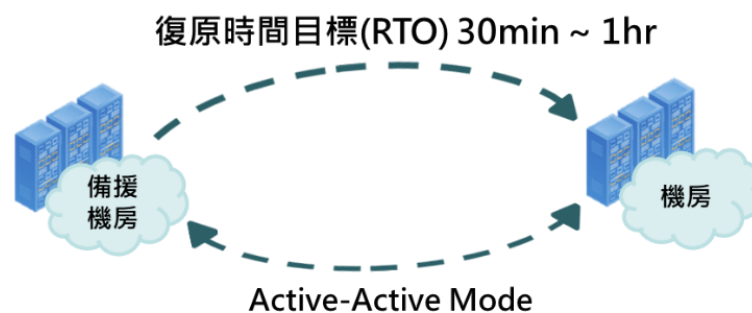
• Key Results

- Successful shutdown of 1 counterfeit event.

5.1.6 Business Continuity

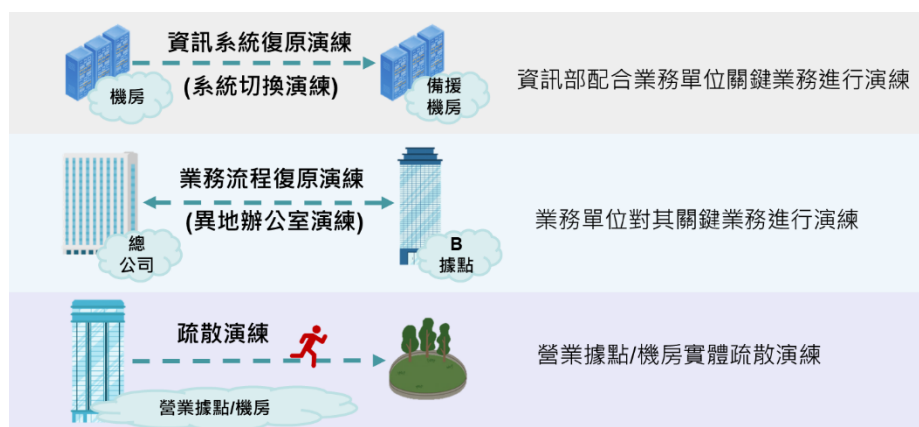
The resilience of a company's organization and operations has become the key to its sustainable development. Capital Securities regularly conducts operational impact analyses and risk assessments every year in order to prepare for the worst-case scenarios that may be faced, and strives to resume service provisions within one hour of the recovery time target, thereby maintaining the Company's business continuity.

- To protect our operations from major incidents and effectively minimize the extent and duration of the impact, the Company has developed emergency response procedures and plans based on the eleven high-risk factors identified in the risk assessment, and has set up dedicated sections to fulfill their roles and tasks in the plans.
- The Company has implemented core systems for business continuity, resilience capability assessment and off-site backup switching drill.



復原時間目標	Recovery Time Objective
備援機房	Backup Server Room
機房	Server room

- The Company regularly conducts scenario-based drills every year, including information system backup drills, business process recovery drills, and disaster event response drills. Through repeated drills, the Company develops crisis resilience and strengthens the resilience of the organization's business continuity, so as to ensure that the core business systems, personnel, and key businesses can maintain operations in the event of a disaster.



資訊系統復原演練 (系統切換演練)	Information System Recovery Drill (System Switching Drill)
資訊部配合業務單位關鍵業務進行演練	The Information Department conducts the drills in coordination with the business unit's key operations.

業務流程復原演練	Business Process Recovery Drill
(異地辦公室演練)	(Off-site Office Drill)
業務單位對其關鍵業務進行演練	Business units conduct drills for their key businesses.
總公司	Head Office
B 據點	Location B
疏散演練	Evacuation Drill
營業據點/機房	Business Locations/ Server Rooms
營業據點/機房實體疏散演練	Business Locations / Server Room Physical Evacuation Drills

- Through the ISO 22301 Business Continuity Management System, we set up target measurements and evaluations, conduct internal audits and external audits, and hold management review meetings to confirm the effectiveness of the Business Continuity Management System and to maintain the consistency of the Company's business strategy direction.
- The Company maintains the ISO 22301 International Certification for Business Continuity Management System to ensure the organization's business resilience.

5.1.7 Education Training and Publicity

The Company organizes general education and training for all employees and professional training for dedicated staff to strengthen the Company's internal information security, personal data protection, and business continuity awareness, and encourages employees to obtain international certificates.

	Information security	Personal data protection	Business continuity
Directors	15.5 hours		66 hours
All employees	<ul style="list-style-type: none"> • 1,328 participants • Completion rate of 74% • Training hours: 4 hours 	<ul style="list-style-type: none"> • 1,569 participants • Completion rate of 85% • Training hours: 1 hour 	<ul style="list-style-type: none"> • 1,341 participants • Completion rate of 73% • Training hours: 1 hours
Dedicated staff	<ul style="list-style-type: none"> • 4 participants • Completion rate of 100% • Training hours: 88 hours 	<ul style="list-style-type: none"> • 35 participants • Completion rate of 100% • Training hours: 1 hours 	<ul style="list-style-type: none"> • 1 participant • Completion rate of 100% • Training hours: 10 hours
International certificates	12 international certificates	1 international certificate	1 international certificate

Social Engineering Drills

In order to enhance the information security awareness of all employees and prevent the intrusion of malicious programs through social engineering, the Company conducts social engineering drills for all employees on a regular basis every year, or conducts drills and tests from time to time to simulate the external phishing mails to be sent to the employees' mailboxes when necessary.

In 2023, all employees of the Company have completed social engineering drills, with a completion rate of 100%. For employees who have not passed the test, we have notified the department head and strengthened the implementation of information security education and training courses and performance tests, and prioritized them as the focus of the next drill.

5.1.8 Security Incident Response Mechanism

The Company has clearly established rules for notification and handling of information security and personal data security incidents, setting the level of impact for security incidents and setting up corresponding emergency response mechanisms. Upon receipt of a security incident notification, the Company follows the prescribed operational procedures, emergency response organization, emergency response measures, and follow-up corrective and preventive discussions and implementation, so as to learn from the experience and avoid the occurrence of security incidents.

If customer data is involved, we inform the parties concerned of the facts of the incident and the countermeasures in an appropriate manner in accordance with the relevant laws and regulations on the personal data protection, and contact the parties concerned in order to ensure the rights and interests of the customers.

- **Key Results**

- In 2023, there were no information security incidents and no personal data security incidents (theft, tampering, damage, destruction or leakage).
- In 2023, there were no operational disruptions.

5.2 Facilitator of Digital Technology and Innovation

Digital technology provides the Company with an excellent opportunity to transform itself into a green and sustainable enterprise by improving operational efficiency, reducing greenhouse gas emissions, and managing operational risks more effectively. At the same time, digitalization can help the Company develop and promote green financial products, attract customers who intend to contribute to the goal of sustainable development through investment, and become a benchmark for the securities industry in Taiwan.

5.2.1 Utilizing Data Platform to Optimize Customer Services and Platform Performance

With the rapid development of digital technology, Capital Securities has actively embraced digital transformation, integrating innovative technology from core business to customer service, and in particular, demonstrating forward-thinking and excellence in the in-depth integration of data analysis and customer service. Capital Securities has constructed a “Digital New Service Circle” to provide a stable and personalized trading system, a refined data analysis platform, and the development of multiple apps from the perspective of the “customer,” placing the interests and needs of customers at the top of the priority list to provide tailor-made financial service solutions.

5.2.2 Development of diversified Apps to Promote Customer Experience

- For the trading type, we have developed our own “Mobile Winner” order placing APP, which allows customers to easily trade domestic and foreign stocks, futures and options; at the same time, the strong system support provides rapid order placing and 7 kinds of programmed smart orders.....and other services.

- For management type, the integrated service of “Capital Securities Eagle” APP is designed as “Salesperson's Manager” and “Customer's Manager”, which integrates the use of diversified tools.
 - “Capital Securities Eagle” APP, providing a visual display of the current investment status and weighting of all commodities, allows customers to easily monitor the current status of their overall asset allocation and investment planning in respect of securities, domestic and overseas futures and options, sub-brokerage trades, trusts, warrants, bonds and other products at a single glance.
- **Key Results: The percentage of electronic orders of the Company continues to climb and has reached 82% in 2023.**



<p>TzuChi Kao 2023 年 11 月 24 日,09:19 裝置: Google Pixel 7a 裝置語言: 繁體中文 應用程式版本代碼: 10469 應用程式版本名稱: 3.1.0 Android 版本: Android 14 (SDK 34) 選股功能真的強</p>	<p>TzuChi Kao November 24, 2023,09:19 Device: Google Pixel 7a Device Language: Traditional Chinese App Version Code: 10469 App Version Name: 3.1.0 Android version: Android 14 (SDK 34) Stock picking is really powerful!</p>
<p>Chen Xin 2024 年 4 月 10 日,13:18 裝置: Asus ZenFone Max Pro M2 (ZB631KL) (WW)/Max Pro M2 (ZB630KL) (IN) 裝置語言: 繁體中文 應用程式版本代碼: 126 應用程式版本名稱: 2.7.9 Android 版本: Android 9 (SDK 28) 這軟體超好用,app 能作到閃電下單,太棒了,功能完善 盤後資訊太神啦 評論人:別轉啦-於 2023 年 8 月 22 日編輯</p>	<p>Chen Xin April 10, 2024,13:18 Device: Asus ZenFone Max Pro M2 (ZB631KL) (WW)/Max Pro M2 (ZB630KL) (IN) Device Language: Traditional Chinese App Version Code: 126 App Version Name: 2.7.9 Android version: Android 9 (SDK 28) The software is great, the app is great for quick ordering, it's awesome, it's perfect! The after-hours information is amazing! Comments by: Don't turn it - Edited on August 22, 2023</p>

5.2.3 Deep Integration of Data Analysis and Customer Service

In this era of information explosion, data is one of the most valuable resources, therefore, the Company has invested heavily in the construction of data platforms and utilized advanced data analysis technology to analyze customer behavior in order to provide customers with more suitable services and product combinations, which are more attentive and efficient.

➤ Key Results

- **After-hours database optimization**

Through the integration and value-added application of after-hours data, we provide customers with intelligent stock selection and push services. Among them, we utilize data integration and analysis technology to build a customized platform for customers so that they can easily access valuable investment information, enhance their investment decision-making ability, and strengthen their investment portfolio returns.

- **Establishment of the Think Tank Platform Sharing Program**

Through cooperation with the Group's investment consulting and futures research teams, we provide online research resources, including live video and audio streaming services, to customers in need. We are committed to data analysis and research to create a high-quality digital financial services ecosystem that integrates financial services with customer consumption and effectively enhances customer satisfaction.

- **Intelligent Push Function**

Based on customers' inventory and self-selected stocks, we analyze and provide real-time and personalized information push notification, so that customers can keep abreast of the latest portfolio updates for better investment evaluation.

5.2.4 Fully Integrated Financial Services Experience

In Capital Securities' digital financial ecosystem, the “Capital Pay” service solves the pain points of customers' financial flow management by expanding various digital service functions, such as trusts, sub-brokerage trades, and Dollar Cost Averaging (DCA), and integrating all product trades, account inquiries, and other functions in a one-stop service.

We have combined the cash flow and account management of domestic and international stock market, fund and trust transactions with the digitalization of “Capital Securities e-Counter”, an innovative service that not only simplifies customer operations and enhances the digital experience, but also provides a safer and more convenient way to make investments.

By the end of 2023, the number of accounts has reached 227,000 and the account balance has accumulated to NT\$32.42 billion, accounting for 54.9% of the total market balance, making it the number one securities firm in Taiwan in terms of the opening of sub-accounts.

➤ Key Results “Digital Finance Labs”

- **Introduction of Strategic Building Block Tools**

The Company provides customers and even employees, even if they have no knowledge of digital or information programming, with building blocks of strategies such as XQ and NoCode, so that they can freely and flexibly formulate trading strategies and intelligent services, which enhances the convenience of smart trading and service automation, and also promotes fairness of customer service and echoes the promotion of digital equality.

- **Smart Order Center**

The Company establishes a platform for centralized management of smart orders, provides customized strategy services, and integrates market trading experience to offer strategy-related stock selection functions so that customers can easily formulate investment strategies. At the same time, it optimizes and simplifies the interface for using and placing orders, so that customers can easily manage their investment portfolios and have easy access to the use of digital technology.

5.2.5 Automated Process Innovation

Acceleration of Automated Processes and Efficiency Improvement through RPA Technology

Capital Securities actively introduces RPA (Robotic Process Automation) technology to realize automated process innovation, improve operational efficiency, reduce costs and error rates, and bring new impetus to various processes in the securities industry. This demonstrates the Company's insightful strategy to drive future financial service innovation through digital technology, and also reflects Capital Securities' insistence on improving service quality, protecting customers' rights and interests, and achieving the goals of sustainable finance, digital finance, and fair treatment of customers.

Automation Innovation Led by RPA

The Company has transformed the original time-consuming workflow, which was easily affected by human factors, into a fast and precise automated operation through RPA, which improves internal operation efficiency, enhances customer experience and reduces error rate.

➤ Key Results

- **Accurate and Efficient SBL Balance Reconciliation**

With regard to SBL balance reconciliation, we utilize RPA technology to transform daily post-closing data reconciliation from a cumbersome burden to an efficient process with a low error rate, which greatly enhances management strength and reliability of the results.

- **Accuracy of Overseas Bond Settlement**

In cross-border transactions, we utilize RPA technology to automate the settlement of overseas bonds, which reduces the degree of manual involvement, significantly shortens the settlement time, and improves the accuracy of processing.

5.2.6 Digital Account Opening and Green Finance Practice

Focusing on centralized account opening operations with a large back office for clearing, we are taking a step forward in the practice of green finance and the green transformation of our organization.

The Company strives to be at the forefront of digital technology and innovation, and actively promotes digitization within the organization, taking a big step forward to promote its own green transformation and the realization of green finance.

➤ Key Results

• Benefits of centralized account opening operations with a large back office

- (1) Implementation of the principles of fair treatment of customers: Data is digitized and electronically transmitted directly to the system for storage through APIs, which implements the mechanism of no storing of personal data in endpoints and system privilege management, promotes the control and protection of personal data, and protects the rights and interests of customers.
- (2) Promotion of friendly financial services: We strengthen the timely notification of account opening status so that customers, salespersons, and branch offices can better understand the status of account opening.
- (3) Spirit of environmental protection: We have electronicized our securities and sub-brokerage credit and quota review forms, as well as account opening documents and checking documents. We have also strengthened our data storage control to significantly reduce the space for physical files and file retention, and to revitalize the use of resources.

By centralizing the account opening operations through a large back-office, we have achieved a fully electronic account opening process. Customers can complete the account opening procedures in one single step through the digital platform, from filling in information to submitting for review and approval, without the need for a single piece of paper, which serves the dual objectives of environmental protection and business development.

At the same time, the digitization of the process significantly reduces the time required for account opening and verification, and enhances the smoothness of the account opening process and customer experience.

5.2.7 Responding to national policies and utilizing My Data to deepen the digital technology field

The Company has joined the national My Data program, which is currently applied in the online quota adjustment application process, where customers can provide proof of financial strength through My Data.

Benefits of My Data

- Reducing the time required for customers to apply for trading limit adjustments.
- Increasing customer satisfaction with the online application process.
- Reducing the number and complexity of manual uploading of documents by customers.
- Strengthening the control of data security and personal data protection.

By simplifying the operation process and integrating the technology, we have successfully reduced the time required for customers to apply for trade limit adjustments, and made it easier for customers to apply for financial proofs without having to commute to various governmental agencies and wait for the documents, which has greatly enhanced customers' experience and satisfaction.

In addition, it reduces the number of manual uploads of documents by customers, promotes process automation and high efficiency, and strengthens the security control measures for data security and personal data protection, which further enhances customers' trust in the Company, and facilitates the continuity of customer relationships and business engagements.

Chapter 6: Dialogue of Diversity and Inclusion



Management Policy

The Company's operation depends on the motivation and support of its employees. The Company can cope with future development and impact only if it emphasizes labor rights and interests, takes good care of its employees, creates a friendly workplace environment, improves the mechanism for employing, retaining and nurturing talents, and promotes mobility in the system.

Key Results

Number of Occupational Safety Incidents
 Number of labor law violations
 Number of training hours on sexual harassment prevention
 Number of training hours on human rights policies and procedures
 Linkage between ESG Performance and Compensation
 Generation Alternation Promotion Program
 Level of Industry Lecturer Participation
 Industry-academia cooperation internship to regular job

Achievements

0
 0
 560.3 hours
 802 hours
 100% setup and goal setting
 Seven measures are actively implemented
 Partnership with 3 universities to hold at least 40 classes
 Retention rate of 44%.

6.1 Talent Recruitment and Development

The Company's effective recruitment strategy attracts talent and actively retains key personnel, while providing diversified training and development opportunities to support the continuous growth of employees.

6.1.1 Recruitment Strategy

The Company has been deeply engaged in Taiwan for a long time and insists that “employees are the key cornerstone of the company”. In terms of salary and bonus, promotion system, training mechanism, employee welfare and care, and smooth communication channels, we strive to establish a comprehensive and sound system and high-quality conditions, and we are also committed to providing a more friendly workplace environment, so as to create a reputation and brand in the employment market. By actively participating in various fields, we hope to make our employees feel happy, attract talents, recruit talents, and retain talents to join our big family of diversity and integration.

Analysis of New hires and Leavers

Gender	Age group	Number of new hires	New hire rate	Number of departed employees	Turnover rate
Male	29 years and younger	81	18.12%	93	20.81%
	30 - 39 years	26	10.32%	25	9.92%
	40 - 49 years	20	4.61%	12	2.76%
	50 years and older	10	1.40%	20	2.81%
	Sub-total	137	20.12%	150	22.03%
Female	29 years and younger	92	20.58%	75	16.78%
	30 - 39 years	12	4.76%	26	10.32%
	40 - 49 years	9	2.07%	21	4.84%
	50 years and older	5	0.70%	32	4.49%
	Sub-total	118	10.13%	154	13.22%

Note 1: It is based on the end date of the reporting period, December 31, 2023. 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 number of all employees as the denominator.

Diversified Professional Team Structure

Composition Category		2023		Total	Percentage	2022		2021	
		Male	Female			Male	Female	Male	Female
Age	Under 30 years	216	231	447	24.20%	243	237	279	277
	30 - 50 years	277	409	686	37.14%	266	452	275	498
	50 years or older	189	525	714	38.66%	181	509	175	498
Total		682	1,165	1,847	100%	690	1,198	729	1,273
Educational background	Senior high school (vocational) and below	65	224	289	15.65%	78	239	89	266
	Universities and colleges (including universities, colleges, technical colleges)	493	842	1,335	72.28%	495	864	522	907
	Master	124	99	223	12.07%	116	95	117	100
	PhD	0	0	0	0.00%	1	0	1	0
Total		682	1,165	1,847	100%	690	1,198	729	1,273
Function	Supervisory position	84	97	181	9.80%	86	95	88	87
	Non-supervisory position	598	1,068	1,666	90.20%	604	1,103	641	1,186
Total		682	1,165	1,847	100%	690	1,198	729	1,273
Contract Type	Non-fixed Term Employment/Full-time Employment	674	1,154	1,828	98.97%	678	1,193	722	1,254

Composition Category		2023		Total	Percentage	2022		2021	
		Male	Female			Male	Female	Male	Female
	Fixed Term Employment/ Part-time Employment	8	11	19	1.03%	12	5	7	19
Total		682	1,165	1,847	100%	690	1,198	729	1,273
Others	Physical and mental disabilities	7	5	12		N/A	N/A	N/A	N/A
	Ethnic minority	N/A	N/A	N/A		N/A	N/A	N/A	N/A
	Foreign nationality	1	0	1		1	0	1	0

Note 1: Based on the number of employees as of December 31, 2023, the end date of the reporting period.

Note 2: There was no significant change in the total number of employees during the reporting period.

Note 3: Physically and mentally disabilities include general employees and visually impaired massage therapists.

6.1.2 Growth Path: All-round Cultivation and Generation Alternation

The Company provides solid learning channels and strives to move towards the development strategies of digital technology, financial brokerage, and green and sustainable human resources.

For the business and duties of different departments, we regularly organize corresponding functional education and training to enhance the professional ability of employees in their work positions, and provide all-round functional training for positions.

We also provide flexible course combinations, flexible course schedules, and measures to enrich training specialties and categories. The Company offers digital learning channels, professional license incentives, and education and training subsidies, in the hope that employees can achieve a win-win situation in terms of job function training and personal career development through diversified learning methods.

Diversified Training and Development

Capital Securities endeavors to promote the professional and skill development of its employees at all stages of their careers through comprehensive and diversified training programs. The core of our education and training centers around the following areas:

Comprehensive Professional Training Program

A series of training programs are designed for new employees, professionals and supervisors, including professional skills upgrading, leadership development and cross-departmental collaboration.

Category	Internship Training	New Salesperson Training	Counter Supervisor & Manager Trainee Training
Training Content	Centralized Diversified Training Courses Practical Training Completion Report Transfer to full-time staff as needed	Four-phase centralized training courses Verification of post centralized training business results Completion Report	Issue Reports Cross-departmental Collaboration and Exchange Supervisory Skills Training Supervisor Practical Internship Completion of training and promotion
Results	Number of participants: 134 persons Number of participants completing training: 129 persons Completion rate: 96.3%	Number of participants: 120 persons Number of participants completing training: 101 persons Completion rate: 84.2%	Number of participants completing training: 10 persons Number of participants promoted: 10 persons

In addition, the Company regularly invites experts and scholars to give lectures to keep employees abreast of market trends.

On-the-job Training and External Education

All departments plan and implement their own on-the-job education and training according to specific business needs, covering key areas such as marketing, financial management and legal compliance.

Employees are encouraged to attend external training, such as courses offered by the Taiwan Academy of Banking and Finance and other professional organizations, to enhance their financial professional knowledge and business skills.

Digital Learning and License Acquisition Support

An E-learning platform has been constructed to provide a variety of courses, including information security, personal data protection, labor safety and health education, anti-money laundering and counter-terrorism financing, and promotion of laws and regulations, to increase the convenience and efficiency of learning.

Participants: 1,569 for personal data protection, 1,538 for anti-money laundering and counter-terrorism financing, 4,314 for promotion of laws and regulations, 1,571 for the Financial Consumer Protection Act and fair treatment of customers, 1,479 for business disputes, 1,557 for prohibited acts of securities industry employees, 1,543 for the Regulations for Handling Material Information, 1,443 for the Management of Insider Trading, 1,592 for the integrity management, and 1,596 for the self-assessment test of legal compliance.

LINE@ is used to communicate effectively with the trainees. When conducting post-course satisfaction and feedback surveys, SurveyCake cloud-based questionnaire service is used, which not only enhances the convenience of trainees in filling out the surveys, but also greatly saves the time of the organizers in conducting the surveys.

At the same time, we encourage employees to obtain financial licenses according to their job requirements by providing incentives for professional exams and subsidies for registration fees for certification exams.

Career Development and ESG Facilitation

Through Capital Finance University and other in-house training organizations, we provide key employees with a trainee program that covers management and leadership training.

Regular seminars are held on health and fitness, gender equality, etc. In terms of green and sustainable finance, Capital Securities actively trains carbon emission seed instructors, promotes financial inclusion training programs, and encourages its employees to participate in the training of reading volunteers in remote villages and seminars on their own financial management, in order to promote their overall personal and professional development.

Through this series of training and development strategies, Capital Securities not only enhances the professional competence of its employees, but also continuously strengthens their competitiveness through lifelong learning opportunities, thereby promoting the overall improvement of the Company's operations, and demonstrating the Company's continuous investment in and commitment to the development of its employees.

Group \ Item		Participants (A)	Total training hours(B)	Average hours(B/A)
Position	Non-supervisory position	1,572	76,167.88	48.45
	Supervisory position	277	17,144.38	61.89
Contract Type	Non-fixed Term	1,827	92,950.94	50.88
	Fixed Term	22	361.32	16.42
	Full time	1,827	92,950.94	50.88
	Part time	22	361.32	16.42
Gender	Male	681	30,792.84	45.22
	Female	1,168	62,519.42	53.53
Course Type	External training	1,849	33,240.30	17.98
	Internal training	1,849	60,071.96	32.49

Note: Based on the statistics of the Company's standardized physical/online courses, excluding the arrangements made by department heads for departmental planning and individual employees' independent learning and growth plans.

6.1.3 Generation Alteration - Talent Cultivation and Accumulation

Campus Talent Development Strategy

Industry Lecturer Program

The Company offers a seminar program at the School of Business. A professional faculty is dispatched to introduce the structure of the capital market, explain the different business contents of securities firms, and share the relevant practical experience by the heads of the Company's underwriting, business, trading units and subsidiaries, so as to enable students to learn about the operation of the securities and futures industry in advance, and to make use of the time during their studies to refine their financial-related knowledge in preparation for entering the job market.

Assigned Industry Instructors for 2023

- In cooperation with Tamkang University, we conducted 14 classes on “Asset Management Operations for Sustainable Management”, with 16 instructors and 59 students.
- Instructors of National Taiwan University of Science and Technology, with 4 classes, 3 hours per class, and 84 students in 2023.

Campus Recruitment

Through campus recruitment activities, we directly enter the campus to allow students to have direct access to and understand the life, work and future career development of the financial and securities industry.

Partner Schools: National Taiwan University, National Chengchi University, etc.

255 students have participated and 5 students graduated and joined the Company.

Financial Internship Program

NTU Guide Internship Program

In cooperation with National Taiwan University (NTU), we encourage students to participate in internships to prepare for the job market and plan for their careers in advance. We act as a guide to provide internships, corporate mentors, and a comprehensive internship program.

On February 20, we sent back information about internship positions; the university announced the internship positions in March-June;

From March to June, students are allowed to apply for internships, and the school arranges matchmaking and interviews. The internship period is July-August.

Industry-academia cooperation

The Company actively cooperates with schools in the hope that students can gain early exposure to financial practices, improve their adaptability, integrate what they have learned with practical work, and understand and clarify their future development.

Partner Schools: National Taiwan University of Science and Technology, Tamkang University, Soochow University, etc.

There were 134 students who participated in the internship program. 59 students graduated and were transferred to full-time positions after completion of the program, with a retention rate of 44%.

Capital Information Star - A place for practicing professional knowledge and skills in the field of information technology

- In-house sharing sessions and technology exchange sessions
- Analyzing the Company's operation mode and industrial culture
- Participating in system development projects and gaining practical experience.
- Sharing of learning outcomes and experiences

Partner schools: National Taiwan University of Science and Technology, Tamkang University, Soochow University, etc.

27 students participated in internships

After completion of training, 8 students graduated and were transferred to full-time positions, with a retention rate of 30%.

Campus Competition

Simulation Trading Competition

In order to help students from the School of Business understand the trading patterns of the Taiwan stock market and to enhance their practical experience and future competitiveness in the workplace, the Company has cooperated with the universities in organizing the "Stock Investment Simulation Competition", which is a combination of theoretical and practical activities to help students understand the financial industry and the stock market of Taiwan, through the sharing of experience

and the teaching of skills by instructors from the industry and supplemented by online simulated trading competitions and intraday odd-lot trades.

Cultivation of Trainees

Capital Finance University

We have planned a three-month program to train the Group's outstanding talents in cross-departmental coordination, presentation skills, management and leadership skills, and to cultivate the spirit of teamwork to nurture future leaders.

- Understanding the business content, rules and regulations, vision and core values of all departments of the Company.
- Cultivating teamwork skills through division of labor in small groups
- Learning the knowledge required for supervisory positions
- Developing professional skills in digital technology

Since the inception of the program, a total of 395 trainees have participated in the program, and 236 trainees have been promoted to supervisors.



6.1.4 Performance and Compensation: Recognition and Motivation

Fair and Transparent Performance Appraisal Mechanism

Capital Securities is committed to establishing a fair, reasonable and effective performance appraisal mechanism, which not only evaluates the performance of employees in a fair and transparent manner, but also serves as an important platform for work communication.

The performance appraisal mechanism regularly evaluates the performance of all supervisors and employees on a rolling basis, covering a wide range of general and professional functions and their corresponding weightings.

We emphasize fairness and transparency in the design and implementation of performance appraisals to ensure that the process is free of discrimination, unfairness, and impropriety on the basis of race, class, language, ideology, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marital status, physical or mental disability, astrological sign, blood type, or prior union membership.

Regardless of gender, type of employment, or supervisory or non-supervisory positions, the performance appraisals are as follows:

Group		Item	Total number of the Company's employees	Number of employees under performance appraisals	Percentage
Position	Non-supervisory position		181	173	95.58%
	Supervisory position		1,666	1,504	90.28%
Gender	Male		682	590	86.51%
	Female		1,165	1,087	93.30%

Note: Employees on fixed-term contracts and non-fixed-term contracts during the probationary period are excluded from the annual performance appraisal process.

The results of performance appraisals are directly linked to employees' promotion opportunities, salary adjustments and bonus payments to motivate performance and provide necessary counseling support. The management team proactively provides employees with job coaching, necessary resources and career counseling to support their career development.

At the same time, we ensure that employees are informed of the details of performance appraisals in a timely manner so that they can make timely adjustments to their career plans in accordance with changes in the Company's business strategies, objectives and management measures.

Compensation and Recognition: Fair and Reasonable Salary Structure

Capital Securities has established sound compensation policies, systems and programs to ensure the fairness and reasonableness of salaries and compensation and to motivate employees to improve their performance and share the results of operations with the Company.

Board of Directors	Discussing and resolving the salary policy, system, and annual salary plan.
Remuneration Committee	<ul style="list-style-type: none"> Responsible for regularly reviewing and ensuring the fairness and reasonableness of the Company's salary policy and system. Annual salary adjustment; year-end bonus and festival bonus payment. Overall salary structure strategy, considering the annual profitability of the Company and all departments, the performance of employees, the social price index, the salary level of the industry, as well as the employee reward and penalty records, to ensure the comprehensiveness and fairness of the salary plan.
Senior Management	Salaries, supervisors' bonuses and allowances comprise fixed salaries, and year-end bonuses and festival bonuses comprise variable salaries, which are reviewed by the Remuneration Committee and approved by the Board of Directors, taking into account the industry standards, academic and professional qualifications, positions and responsibilities, performance, rewards and penalties, as well as the correlation between the Company's operating performance and risks.

Managers and above	Salaries, year-end and festival bonuses are approved by the Remuneration Committee with reference to the industry standards, the performance of employees, the degree of participation and contribution to the Company's operations, the commitment of responsibilities, the status of performance, rewards and penalties, as well as the correlation between the Company's operating performance and risks, and are reported to the Board of Directors for consideration or approval.
General Employees	<ul style="list-style-type: none"> Salaries are approved by the President and are based on the industry standards. The variable salaries of year-end and festival bonuses are calculated by evaluating the performance of employees, the degree of participation and contribution to the Company's operation, and the status of performance, rewards and penalties.
New hires	<ul style="list-style-type: none"> The salaries are determined by reference to industry standards, taking into account academic qualifications, work experience, and job responsibilities. The starting salaries are not differentiated by gender.

Salary Analysis for Employee Category and Gender						
Category	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Supervisory Position	1.30	1	1.31	1	1.19	1
Non-Supervisory Position	1.02	1	1.04	1	1.08	1
New hires	1.13	1	0.96	1	1.09	1
Non-Fixed Term Employees	1.15	1	1.16	1	1.15	1
Fixed- Term Employees	0.78	1	0.98	1	1	1

Note 1: Formula for the ratio = (average monthly basic salary for male and female/average monthly basic salary for female), with female salary expressed as 1.

Note 2: Supervisory level: supervisors of section level (inclusive) or above.

Linkage between ESG Performance and Remuneration

In order to fulfill the Company's operational objectives and sustainable development goals, the Company has amended the “Regulations Governing the Implementation of KPIs for Performance Management Indicators” to incorporate the performance measurement indicators for departments and their senior managers into sustainable development (ESG) issues, such as sustainable finance assessment, corporate governance assessment, greenhouse gas inventory, financial inclusion and responsible financial services, ESG talent cultivation, ESG investment portfolios, green bond underwriting positions, and volunteer leave, among others.

Through the performance management mechanism, the departments and their senior managers' sustainability (ESG) performance are closely linked to their variable salaries (year-end bonuses, performance bonuses and remuneration).

Departments	Performance Indicators
Proprietary Trading Department	<ul style="list-style-type: none"> Incorporating environmental protection, social responsibility and corporate governance into investee company evaluations and documenting them in investment analysis reports. Serving as LP of ESG-based ETFs or holding at least two ESG-based ETFs per quarter.
Derivatives Department	Departmental Energy Saving and Carbon Reduction - Actual Accumulated Water and Electricity Expenses/Targeted Accumulated Water and Electricity Expenses.
Investment Banking Department	Number of cases with a score of 60 on the IPO Corporate Governance Self-Assessment Report or top 50% on the SPO Corporate Governance Assessment results.
Fixed Income Department	Underwriting positions for NTD denominated green bonds (ESG) amounted to at least NTD 2.5 billion.
Corporate Planning Department	<ul style="list-style-type: none"> Performance evaluation of the Board of Directors, Audit Committee and Sustainable Development Committee. Completion of the ESG information reporting system on a quarterly basis. Completion of the annual sustainability report. Completion of the annual sustainability financial assessment. Corporate Governance Assessment results.
Compliance and Legal Division	Organizing educational training courses or promotional activities related to financial consumer protection, fair treatment of customers, and financial friendly service for two sessions.
Stock Agency Department	Number of customers participating in E-meeting/E-notice programs.
Risk Management Department	<ul style="list-style-type: none"> Sustainability Finance Assessment Questionnaire Response. TCFD Financial Disclosure for Climate Change Risk Planning.
Finance Department	Departmental Energy Saving and Carbon Reduction - Total Paper Consumption to Current Month / Total Paper Consumption to Same Period of Last Year.
Wealth Management Department	Increase in the number of tradable products, and the introduction of selected products with ESG issues, in addition to the existing or new products that have been traded.
Settlement & Clearing Department	Departmental Energy Saving and Carbon Reduction - Saving on departmental electricity expenses.
Brokerage Department	Monthly U.S. stock deposits of 100 accounts.
Information Tech. Department	<ul style="list-style-type: none"> Completion of the online application service project. Completion of the project on digitalization of paper-based operations. Paperless reporting project.
Management Department	<ul style="list-style-type: none"> Reporting to the Board of Directors quarterly on the implementation of greenhouse gas inventories. Activities or operations of financial inclusion and responsible financial services. Improvement of volunteer leave mechanism.
Auditing Department	Departmental Energy Saving and Carbon Reduction - Accumulated printing cost and paper cost for the current year / Accumulated printing cost and paper cost for the previous year.



6.2 Labor Rights and Employee Care

6.2.1 Respect and Rights: Labor Human Rights Protection

Capital Securities firmly believes that employees are the core strength of the Company's success, not only as key drivers of business operations, but also as important assets in shaping the Company's brand image and operational development. To this end, the Company's "Human Rights Policy" was approved at the 3rd meeting of the 12th Board of Directors to actively support the United Nations Universal Declaration of Human Rights, the International Bill of Human Rights, the United Nations Global Compact, the Declaration on Fundamental Principles and Rights at Work by the International Labor Organization, the Ten Principles of the United Nations Global Compact (UNGC), and the International Labor Conventions, among others. The Company supports the spirit and basic principles of human rights protection and complies with labor laws and regulations.

Therefore, with the goal of sustainable development and the fulfillment of corporate social responsibility, we actively implement the concept of labor human rights, dedicate ourselves to employee care, comply with labor laws, protect employee dignity and enhance labor rights and interests, which constitutes not only the cornerstone of the formulation and implementation of our internal policies, but also the driving force for the promotion of our human rights policies.

The Company is committed to creating a friendly environment of fairness, diversity and respect for all employees. We insist on acting in accordance with the Labor Standards Act and related laws to ensure that there is no discrimination in recruitment and treatment based on personal characteristics such as race, class, language, ideology, religious beliefs, political affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, physical and mental condition, astrological sign, blood type, or previous union membership. Any form of exploitation or other unlawful employment practices are strictly prohibited.

In the future, we will continue to strengthen the supervision mechanism to ensure the effective implementation of labor policies, safeguard the basic human rights of employees, and work together to achieve the Company's goal of sustainable development.

Capital Securities attaches great importance to the opinions and feelings of employees on the development of the organization or various operations, and adequately provides smooth and diversified communication channels or complaint mechanisms, such as the sexual harassment hotline, integrity channels, employee opinion mailboxes, and labor-management meetings, etc., which can be conducted through e-mail, telephone, and direct appointment for face-to-face interviews, etc. At the same time, in order to allow employees to readily and easily put forward their opinions or suggestions, we regularly or occasionally conduct continuous publicity for all employees to ensure that they fully understand and dare to use the communication channels or complaint mechanisms. We assist our employees in resolving issues related to remuneration, treatment, fairness and reasonableness, and other rights and interests, so that their opinions can be dealt with as soon as possible. We also promote the optimization of regulations and systems, enhance the rights and interests of all employees, make improvements and eliminate problems, and facilitate unobstructed communication in the workplace.

The total number of hours of training on human rights policies or procedures (including the two conventions course, labor rights, children and adolescents, health, and association) was 802, with a completion rate of 87%; the total number of hours for the sexual harassment prevention courses was 560.3, with a completion rate of 92%. In the future, we will continue to strengthen the promotion and work with departmental supervisors to achieve the goal of completion rate of 100%.

6.2.2 Care Practices: Comprehensive Employee Care Measures

Employee care and consideration is the corporate culture of the Company. Continuous and proactive planning and design of various welfare measures is a feedback and commitment to employees, realizing a win-win situation for both the Company and the employees, and is a practical realization of corporate social responsibility. Therefore, the highest guiding principle of protecting labor rights and interests can be achieved through comprehensive and diversified employee care and welfare measures and activities.



Category	Goals	Measures
Employee Holiday	Allowing employees to take a full rest, take care of their family and life, and after work, relax physically and mentally and build up their leisure life and interests.	Implementing a five-day workweek; other holidays are handled in accordance with labor laws and regulations.
Employee Travel		Subsidies for employees' domestic and overseas travel.
Financial Subsidy		The “Regulations Governing the Establishment of Recreational and Public Welfare Clubs and Funding Subsidies” have been established to encourage employees to develop the habit of engaging in sports activities and public welfare activities.
Health Checkups and Advocacy & Counseling	Continuously caring for and tracking the health of employees	<ul style="list-style-type: none"> Regularly organizing employee health checkups or health checkup tours throughout Taiwan. Inviting doctors from Cathay General Hospital to provide on-site health consultation services, and to visit the Company on a regular basis to provide consultation services such as employee health education, health promotion and health guidance...etc., for a total of 4 times in 2023.
Welfare & Bonus Subsidy	Comforting, supporting and assisting employees in all aspects, so that they can work with peace of mind.	<ul style="list-style-type: none"> Subsidies for marriage, bereavement, hospitalization and childbirth. Cooperating with a variety of appointed stores.
Employee Counseling Services		The Company provides assistance with legal or psychological problems.

Category	Goals	Measures
Employees and Dependents Insurance	Implementing the protection of employees' rights and interests in the performance of their duties.	<ul style="list-style-type: none"> Providing group insurance for employees' life insurance, accident insurance, accidental medical insurance and occupational accident insurance. Providing low cost self-funded group insurance for employees' dependents, such as term life insurance, accident insurance, medical insurance, and cancer insurance. - The number of users reached 111.
Advocacy and Education and Training	Ensuring employees' awareness of healthy exercise and diet.	<ul style="list-style-type: none"> Organizing seminars on “Office Exercise”, “Office Stretching Exercise”, “Training for Office Workers”, and “Healthy Plate” from time to time to educate employees on the concepts of maintaining a healthy exercise and diet. Establishing the “Capital Securities Health Education Center” area to provide health education related information from time to time.
Other Programs	Building up the cohesion of employees towards the Company and providing diversified employee care and welfare programs.	<ul style="list-style-type: none"> Providing visually impaired therapist massage activities. Birthday celebration activities. Selection of MVP of the year.



Gender Equality and Family Care Measures Upgraded



Based on the concept of “implementing gender equality, maternity protection, and work-life balance”, Capital Securities, in today's workplace environment, provides gender equality and family care measures, which has become an important strategy for the Company to attract and retain talents. Capital Securities fully recognizes the importance of respecting gender equality and supporting employees' family responsibilities. Therefore, we have implemented a series of gender equality and family care measures to take care of our employees' needs in all aspects, to improve the overall quality of work and life, and to set an example of a more humane and friendly work environment.

Flexible Working Hours	In 2023, a total of 25 employees applied for this program.
Family Care Leave	<ul style="list-style-type: none"> This leave is granted to employees who need to take care of their families in case of vaccination, serious illness, or other major accidents. The number of days of family care leave was increased from seven to fourteen per year to give employees more time to care for and spend with their families and family values.
Assisted Reproduction Care Leave	The leave is granted to female employees who undergo assisted reproduction treatment and suffer from physical discomfort during the latter part of the treatment.
Breastfeeding Room	We actively create a friendly workplace environment and assist in creating a friendly environment for employees to continue breastfeeding, so as to facilitate employees to take care of both their work and child-rearing responsibilities. The breastfeeding rooms are private, safe, well lit and ventilated, and are equipped with basic facilities such as backrest chairs, tables, electrical outlets, breastmilk storage refrigerators and covered garbage cans.
Mothers' Care Packages	In order to take care of newborns, the Group provides mother's care packages, which include pressure-relieving carrier bags, bottle sets, drooling wipes, and other practical items. In 2023, a total of 10 kits have been distributed.
Maternity Safety Labels	We protect the safety of pregnant employees in the workplace, with a badge and pin as a reminder to all employees to carefully maintain the comfort and safety of pregnant employees, emphasizing the importance of workplace collaboration and humanistic care.

Expert or Rights Seminar	We have invited experts or organized in-house seminars on gender equality and encouraged employees to participate, with a total of 1,745 participants completing the training in 2023.
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Employee Welfare Expense Analysis

Unit: NT\$ thousand			
Expenses	2021	2022	2023
Salary expenses	2,854,918	1,765,126	2,377,543
Labor and national health insurance	181,052	164,380	155,476
Pension	97,407	90,397	79,279
Other welfare expenses	59,408	51,927	53,930
Total Employee Welfare Expenses	3,192,785	2,071,830	2,666,228
Number of Employees	1,989	1,926	1,871
Average Employee Salary Expenses	1,435.35	916.47	1270.73
Growth Rate of Salary Expenses	41.37%	-38.17%	34.70%
Average Employee Welfare Expenses	1,605.22	1,075.72	1425.03
Growth Rate of Welfare Expenses	39.53%	-35.11%	28.69%

Note 1: The calculation period is 2023/1/1~12/31.

Note 2: The number of employees is calculated by adding the number of directors to the average number of employees for the whole year.

Note 3: Salary expense and employee welfare expense were slightly adjusted for 2022.

Summary of Non-pay Leave for Child-rearing and the Reinstatement

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)
Female	27	4	2	50%	1	50%	2
Male	32	3	2	67%	0	0%	0
Total	59	7	4	57%	1	50%	2

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.

6.2.3 Healthy and Friendly Workplace

Occupational Safety and Health Management System

Capital Securities has established a comprehensive occupational safety and health management system in strict compliance with the Occupational Safety and Health Act, and is committed to continuously improving the work environment to ensure the health and safety of its employees, adopting the continuous improvement approach based on the international cyclical management methodology of P-D-C-A (Plan-Do-Check-Act), with a dedicated occupational safety and health director to supervise the business.

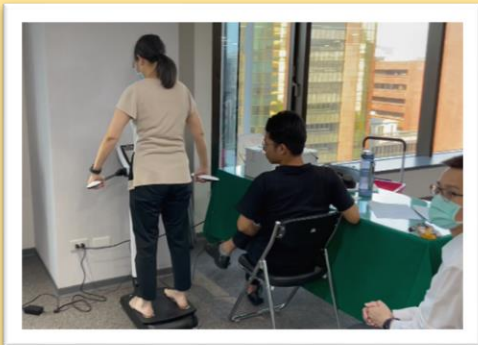

In order to ensure compliance with occupational safety and health related laws and regulations, hazard identification and risk assessment are conducted from time to time based on changes or anomalies in operational activities. According to the results of these assessments, we conduct appropriate risk management measures, such as risk transfer, risk mitigation or enhancement of existing management measures, in order to continually seek to implement the best possible improvement strategies.

In addition, Capital Securities holds quarterly labor-management meetings, which focus on a number of key issues, including the development, management and implementation of occupational safety and health programs, safety and health education and training, health promotion activities, implementation of preventive measures, investigation and reporting of occupational hazards, and performance evaluation of on-site safety and health management. Through these measures, the Company continuously strengthens its safety and health management to ensure a healthy and friendly workplace environment for all employees.

Moreover, in 2023, the Company specifically subsidized vaccination expenses to properly take care of employees' health, with a total subsidy amount of NT\$284,750 for 288 employees.

Capital Securities has taken the following measures to realize a healthy and friendly workplace environment for its employees:

Category	Content
Workplace Environmental Control	<ul style="list-style-type: none"> • Providing a bright and clean workplace environment, and conducting regular inspections and continuous optimization of the safe working environment in the employees' offices. • Providing employees with safety and protective equipment necessary for their safety and health. • Establishing a fire prevention manager in accordance with the Fire Services Act and its enforcement rules; at the same time, dedicated employees inspect the workplace from time to time, including all fire prevention equipment and measures. • Formulating tobacco hazards prevention measures to establish a smoke-free environment. • Providing sufficient first aid medication and equipment, and setting up first aid personnel to handle first aid matters. • Obtaining the British Standards Institution (BSI) ISO 22301 certification for business continuity management, which aims to ensure that in the event of a company emergency, the impact on people and the Company is minimized.
Site Liability Insurance	<p>Our business locations and all branch offices are insured against the following.</p> <ul style="list-style-type: none"> • Commercial Fire Insurance. • Electronic Equipment Insurance. • Public accident liability insurance.

Category	Content
Publicity and Education Training	<ul style="list-style-type: none"> Formulating "Occupational Safety and Health Education and Training Rules" and organizing safety and health related courses on a regular basis. Promoting and offering employee health knowledge based on the advice of professional doctors. Organizing health promotion seminars and providing employees with health care information from time to time, so that employees can obtain correct and effective health and safety information. Regularly organizing fire drills, and the fire prevention manager receives lectures and refresher training on a regular basis. Setting up a "Capital Securities Health Education Center" area to provide health education related information from time to time. The Company's EIP announced the "Workplace Vitality Exercise" for the reference of all employees to promote health and physical fitness. <div>   </div>
Occupational Safety and Health Personnel and Programs	<ul style="list-style-type: none"> Establishing an occupational safety and health officer and a first aid officer in accordance with the "Occupational Safety and Health Act". Formulating and promoting the "Human Factored Hazard Prevention Program" to prevent work-related musculoskeletal injuries and diseases. Formulating and promoting the "Disease Prevention Plan for Unusual Work Loads" to plan and take necessary safety and health measures for the prevention of diseases caused by unusual work loads, such as shift work, night work, and long hours of work.

If employees are injured on duty, the Company shall grant sick leave for such injuries in accordance with the laws and regulations and the actual situation, and assist in applying for occupational accident compensation under the labor insurance, and in 2023, there were no occupational accidents and no cases of occupational diseases.

Employee Occupational Accident Statistics								
Item	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
Statistics	1,385,456	173,182	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 reinstate work due to occupational injuries for one day or more.

Note 4: Total loss days: The number of days during which the worker cannot reinstate 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 reinstate work

Workplace Violence Complaint Handling Committee

Capital Securities has established the “Workplace Violence Complaint Handling Committee” to protect all employees in the course of performing their duties from bullying or violence by supervisors or coworkers who take advantage of their position or status to treat them inappropriately, or from customers, service recipients, or other related parties who use physical assault, verbal abuse, intimidation, or threats to cause mental or physical injuries, or even life-threatening injuries.

In order to balance the number of members in terms of level, position, and gender, the Committee is currently composed of the head of the Auditing Department, the head of the Compliance and Legal Division, the heads of the relevant departments, and general employees. The percentage of non-supervisory employees in the Committee is 42.9%, and more than half of the members are female. The motions of the “Workplace Violence Complaint Handling Committee” are submitted to the Chairman of the Board of Directors for approval after the members have discussed and resolved the motions among themselves.

Psychological Counseling Resources

In order to assist employees in maintaining work-life balance and building a better workplace, the Company has constructed a counseling platform (Employee Assistance Programs (EAPs)) that integrates external social resources and company club activities to provide resources for “psychological counseling,” “medical prevention and treatment,” and “legal counseling” to promote employees' physical and mental health and enhance their work efficiency.

The Company cooperates with external non-profit professional psychological counseling organizations to provide free counseling services to assist employees in solving family, workplace relationship and legal problems by means of a counseling hotline or one-on-one meetings. The Company emphasizes work-life balance and actively plans a series of measures for a happy workplace.

Education and Awareness Training

Course Content Overview	Total number of hours	Total number of employees trained	Effectiveness Evaluation Mechanism
Occupational Safety and Health Supervisor Training	243	26	Obtaining the Certificate of Competence
Fire Prevention Management Training	45	7	Obtaining the Certificate of Competence
Safety and Health Training for First Aiders	125	20	Obtaining the Certificate of Competence
General Labor Safety and Health Training	3,858	1,286	Passing online tests
BCM Evacuation Drill for Head Office	130	65	According to the “Business Continuity Management Key Points”, a review meeting is held after the completion of the test or drill to confirm the achievement of the target and to propose improvement plans based on the situation.
Dunnan Skyscraper Evacuation Drill	18	9	
Fire Safety and First Aid Training Lecture	87	29	Practical Exercise

Course Content Overview	Total number of hours	Total number of employees trained	Effectiveness Evaluation Mechanism
Basic First Aid Course	26	26	Passing online tests
Use of Fire Fighting Equipment	35	35	Passing online tests

Behavior Recognition

- (1) “Healthy Workplace Certification-Health Start Label” by the Health Promotion Administration, Ministry of Health and Welfare, Executive Yuan: Encouraging to strive to promote a smoke-free workplace environment and to actively promote workplace health promotion by obtaining the Healthy Workplace Certification-Health Start Label (validity period: 2019~2024).
- (2) “Taiwan i Sports Certification Label” by the Sports Administration, Ministry of Education.

6.3 Communication and Retirement: Support from Entry to Retirement

6.3.1 Channels to Speak Out: Effective Communication and Complaint 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, we conduct continuous advocacy to all colleagues on a regular or nonscheduled 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, Administration 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.
Employee comments box	<ul style="list-style-type: none"> According to the Employee Comments Box Guidelines, the direction of the proposal includes: (1) to propose specific and practical innovations or improvements to the business content, operational processes, administrative measures, rules and regulations, and risk control; (2) to make proposals for the violation of the legal rights and interests of individuals, or to affect the personal integrity, personal freedom, dignity, physical and mental health, or personal

Communication Channel	
Item	Content description
	<p>safety of individuals, or to interfere with the work of individuals, as a result of the violation of the laws and regulations, abuse of power, discrimination, or mistreatment of employees by other employee of the Company; and (3) any other proposal related to official duties or the protection of the legal rights and interests of individuals, and which can be proved to be necessary and justifiable.</p> <ul style="list-style-type: none"> The regulations and procedures related to the Employee Comments Box are formulated and submitted by the Human Resources Office of the Administration Department for approval. The head of the Auditing Department shall be responsible for the implementation of the regulations and procedures, and the head of the Administration Department shall be the first substitute. Confidentiality mechanism: <ul style="list-style-type: none"> I. All supervisors and colleagues who handle employee comments box proposals shall be obligated to keep confidential the contents of the proposal and the colleagues who make the proposal. If there is any violation of the confidentiality principle, the violator shall be examined by the Personnel Review Committee and dealt with according to the relevant work rules of the Company. II. Employee comments box is encrypted throughout the process to avoid being intercepted and read; it is also stored in an encrypted way in the database, so that unauthorized persons cannot access the information. Authorized management personnel shall use specific account passwords and verification certificates, and can only view relevant information after verification. Upon acceptance of a proposal, the proposal may be forwarded to the relevant units for investigation, evaluation, or deliberation in an anonymous manner as necessary; if the operation process of the unit or individual involved is sufficient to affect the Company's risk control or jeopardize the efficiency or operation, the proposal shall be approved by the President and forwarded to the risk control unit and the audit unit for completion of the audit and improvement recommendations before being submitted to the Chairman.
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 members are selected 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 funds are sufficient enough to continuously support and promote care for employees and welfare measures.
Labor-management meeting	<ul style="list-style-type: none"> In accordance with the "Regulations Governing Labor-Management Meetings," labor-management meetings shall be held quarterly, and in 2023, a total of four labor-management meetings have been held. 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. During the current year, the Company has been actively discussing in the meetings on the issues of self- paid vaccinations and travel subsidies, staff salary adjustment progress, employing visually impaired therapists massage services, and social responsibility related activities.
Sexual harassment dedicated hotline	<ul style="list-style-type: none"> We formulate 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 Administration 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.

6.3.2 Secure Retirement: Comprehensive Retirement Planning and Support

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 calculated in accordance with the "Employee Retirement Guidelines" approved by the Board of Directors, and to be paid within 30 days from the date of retirement.

The pension expenses determined in 2023 and 2022 under the Pension Reserve Allocation Guidelines were in the amount of NT\$ 77,428 and NT\$ 83,406,000 respectively, and a total of 37 people retired in 2023. **We are holding a special retirement ceremony to extend our sincere blessings to the partners who have worked hard alongside us.**



Chapter 7: Bridges of Society



Management Policy

Capital Securities aims to provide a wide range of financial products and services to all sectors of society and communities, emphasizing “people-oriented and caring services”, implementing the principles of fair treatment of customers, and protecting the rights and interests of customers, in order to continue to serve as a trustworthy and satisfactory partner for our customers.

Key Results

Customer Questionnaire Response Resolution Rate
Financial Ombudsman Institution Complaint Cases
Board of Directors' Participation in Fair Treatment of Customers Supervision and Stakeholder Engagement
Accessibility Measures for the Physically and Mentally Challenged at Business Locations
Web Accessibility Inspection of the Company's Website
Average Waiting Time for Customer Service

Achievements

99%
Completion rate of 100%
4 meetings of the Board of Directors
Achieved 90%
Obtained Accessibility Label
19 dedicated lines / average waiting time of 30 seconds

7.1 Warm Light of Financial Inclusion

Capital Securities is committed to the promotion of financial inclusion and the implementation of the core concept of fair treatment of customers, demonstrating the leadership of financial institutions in the practice of social responsibility. Through organizational restructuring, clear strategic planning, specific action plans, and enhancement of actual results, the Company continues to introduce diversified financial products and services tailored to meet the needs of different sectors of society or different communities, to strengthen society's financial literacy and utilization of financial services, and to create “people-oriented and caring services” from the perspective of customers, to enhance the quality of life and to promote the well-being of society.

7.1.1 Digitalization Strategy for Financial Inclusion

The Company regards financial inclusion as a major goal for sustainable development, and strategically adopts the strategy of fully promoting digital technology and innovative services, with **digital equality** as the core, and “Extreme Speed”, “Extreme Simplicity”, and “Extreme Intelligence” as the action plans to achieve the vision of “Providing Financial Services that Exceed Customers' Expectations”

7.1.2 Results of Digitalization in Promoting Financial Inclusion and Friendly Financial Services

- Digital Branding: We continue to optimize “Speedy, Fix Trade” and “New Super Winner” to provide customers with efficient and fast trading services; “CAPITAL Pay” payment tool to pay for a variety of financial products; and “Capital Pay” to simplify customers' payment methods.
- Constructing a “New Digital Service Circle”: From the perspective of the “customer,” we have developed a variety of APP applications to provide stable and personalized digital services, such as “Mobile Winner” and “Capital Securities Eagle,” so that all groups of people can widely access and use digital technology according to their habits. The automated transaction mechanism of smart orders simplifies the transaction process.
- Knowledge promotion through intelligence: With “Capital Securities Morning”, the Company has deepened the functions of “AI Anchor” and “Intelligent Investment Consulting” to provide 24-hour real-time digital content and retrieve personalized information; and launched “NO CODE”, which allows customers to program what they want to enjoy the service without the need for IT background knowledge, making it easier for them to embrace digital technology. “Intelligent Push” and 'Trend Channel' analyze big data to provide recommendations to customers;
- Social media channels to promote the popularization of financial knowledge: YouTube, APP, and online course area, through digital online registration or viewing, provide at least one financial-related seminar a week on average, create diversified channels for customers to access financial knowledge, lower the threshold of financial information popularization, and make the financial knowledge education service uninterrupted.
- In response to the national policy, we use My Data to deepen the digital technology field, simplify the process of customer application and data provision, and strengthen the protection of customer data.
- Accessible Digital Services: The Company's website has built a friendly financial service area,

making the message page more concise, with an easy-to-use interface and large font size, and introducing key features, especially customer service hotline information, so that customers can obtain assistance quickly. The Company's website has also passed the Web Accessibility Certification and has been awarded the Accessibility Label. The Company's Apps can be adjusted in terms of font size and voice services to help people with physical and mental disabilities to access information and enjoy the financial service experience.

- Capital Securities has increased the utilization rate of digital technology, with young people between the ages of 18 and 34 and senior citizens over the age of 65 gradually increasing their utilization rate, achieving digital equality, and reducing the digital gap between different groups.

7.1.3 Implementation of Friendly Financial Services for Different Ethnic Groups

Capital Securities proposes a variety of friendly financial service measures for different groups, such as students, senior citizens, and the physically and mentally challenged people, so that they can enjoy financial services and experiences closer by.

➤ Financial Education Outreach and Experience Spreading for Student Communities

➤ Industry Lecturer Program

The Company actively participates as lecturers, and in 2023, our colleagues have actively visited schools, such as the National Taiwan University of Science and Technology, Tamkang University, and Soochow University, to share the financial and securities business, with at least 40 or more courses, such as options, asset management operations, capital market practices, and visits to business locations. The program helps students to understand the business and the talents required, to cultivate a pool of high-quality financial talents, and to realize the social feedback concept of enhancing youth's sustainable workforce.

➤ Industry-academia Cooperation

The Company actively collaborates with schools on industry-academia cooperation, aiming to provide students with early exposure to financial practices, improve their adaptability, integrate what they have learned with practical work, and better identify their future development. 134 students from the National Taiwan University of Science and Technology, Tamkang University, and Soochow University participated in industry internships in 2023, and 59 students transferred to full-time positions after graduation, with a retention rate of 44%.

➤ Derivatives Management

Derivatives are characterized as high-risk financial products. In order to protect students and senior citizens, the former is still required to be at least 20 years of age to open an account online. We would rather give up profits than to ensure that students are assumed to have a certain level of financial knowledge before conducting any business dealings.

➤ Senior Citizens

- Dedicated hotline service: We actively train our staff at all of our business locations and have dedicated staff to assist with account opening and trading services

- Strengthening the evaluation and analysis of the suitability of commodities, setting up risk assessment mechanisms and enhancing risk explanations.
- Providing diversified low-risk financial products and services.
- Implementing caring service measures: Derivatives are characterized as high-risk financial products, and we have strengthened our internal checking mechanism for senior citizens. For those very old customers whose profit and loss from trading do not exceed the established standards, we proactively ask for cross-departmental cooperation in caring for them to ensure that senior citizens conduct their business with free will, with full understanding, and with full capacity to act.

➤ **Physically and Mentally Challenged People**

- Dedicated hotline service:
 - ✧ We have actively trained our staff at all of our business locations and have assigned dedicated staff to assist the physically and mentally challenged to open accounts and provide trading services.
 - ✧ Providing voice ordering, manual withdrawal...etc. for the visually impaired customers.
- We provide accessibility measures at our business locations, such as...:
 - ✧ 90% of our business locations have incorporated accessibility measures for the physically and mentally challenged, such as lowered counters.
 - ✧ Providing multi-language services, such as Mandarin, Taiwanese, and English, etc.

➤ **Remote rural areas**

To reduce urban-rural disparity and popularize financial education, Capital Securities has organized the “Capital Securities for Reading” for the 10th consecutive year, sponsoring 16 rural schools in 13 counties and cities, with an annual investment of NT\$1.6 million, and 71 volunteers and 347 hours of volunteer work.

The Company has long been advocating reading in remote areas, selecting excellent financial books, encouraging schoolchildren to read and basic financial education, sharing reading methods, promoting the concept of financial management to the education of remote areas, teaching children to understand the meaning of finance, and encouraging the participation of parents of schoolchildren, so that financial education takes root in the family.



➤ **Technical Assistance-Carbon Emission Counter**

The Company has set up a sustainable development section on its website, in which the public is provided with free access to the daily carbon emission counter, so that people who care about the environment and society can participate in supporting the government's net-zero emission target.

7.2 Mindset and Approach of Caring for "Customer's Rights and Interests"

Capital Securities has stipulated the principles of “fair treatment of customers”, which includes the 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, friendly services, implementation of integrity management, and others. From the Board of Directors down, we have made customer care a culture that is practiced throughout the Company's daily business, operations, and activities.

7.2.1 Beyond Service: Self-Supervision of Customer Care

The Company understands that customer trust and support is the foundation of the Company's sustainable operation. In order to realize the spirit of fair treatment of customers, from the Board of Directors to the staff, we actively carry out the beliefs of honesty, integrity, incorruption, and ethics, and upgrade fair treatment of customers as a company culture, deepening it into the services, products, activities, and operational processes, so that we can treat every customer with integrity and fairness.

Organizational Chart

Board of Directors
Customer Fair Treatment Committee:
President as Convener
Corporate Planning Department, Legal Compliance Unit, Brokerage Department, Wealth Management Department, Fixed Income Department, Derivatives Department, and Settlement & Clearing Department.
Duties and Responsibilities:
(1) Setting goals for the principles of fair treatment of customers.
(2) Drafting and tracking short- and medium-term plans.
All Business Units

The Board of Directors has set an example of fairness, honesty, trustworthiness and transparency as the highest code of conduct for directors in the execution of their duties and has established the “Customer Fair Treatment Committee”, which is convened by the President and comprises the heads of the Corporate Planning Department, Legal Compliance Unit, Brokerage Department, Wealth Management Department, Fixed Income Department, Derivatives Department, and Settlement & Clearing Department, among other departments. The Committee is responsible for setting goals and short- and medium-term plans for the Company's principles of overall customer fair treatment,

tracking the progress of implementation, and promoting the fulfillment of fair treatment of customers. In addition, the “Integrity Management Committee” has been established in accordance with the “Integrity Management Best Practice Principles” to promote honesty, integrity, incorruption and ethical beliefs throughout the Company.

It is expected that from 2024 onwards, the Company will further promote organizational restructuring in terms of consolidating planning and enhancing the efficiency of organizational execution, and will incorporate fair treatment of customers into the sustainable financial assessment as an important part of sustainable development. Therefore, fair treatment of customers management and supervision will be upgraded to the level of a sustainable development organization to achieve short-, medium-, and long-term goals and plans, which will be submitted to the Board of Directors for review and supervision on a regular basis. In addition, the “Customer Fair Treatment Committee” under the Board of Directors will be responsible for the implementation of specific plans, in order to implement the business philosophy of prioritizing the "public's rights and interests".

Results of supervision by the Board of Directors

Principles of Fair Treatment of Customers	Item	Reinforcement Content	Supervision Results
Implementation of the Principle of Integrity Management	Frequency and Level of Supervision of the Integrity Management Committee	Convening the Integrity Management Committee annually and presenting the results of the meeting to the Board of Directors.	The Board of Directors supported and approved the 4th and 10th Meetings of the 12th Session of the Board of Directors
	Evaluation of Board of Directors' Performance	Detailed discussion of performance evaluation issues of the Board of Directors and the Functional Committees.	The Board of Directors supported and approved the 5th, 10th and 11th Meetings of the 12th Session of the Board of Directors
	Internal control of personnel recruitment	Pre-screening mechanism to ensure that employees are not convicted of major crimes before employment.	The Board of Directors supported and approved the 5th Meetings of the 12th Session of the Board of Directors
	Stakeholder Engagement	Ensuring fair treatment of customers and integrity management issues, regularly engaging with customers through channels, and presenting the results to the Board of Directors.	The Board of Directors supported and approved the 5th and 10th Meetings of the 12th Session of the Board of Directors
	Strengthening the supervision by the Board of Directors	Amending the “Corporate Governance Best Practice Principles” to strengthen the correlation between directors' remuneration and performance evaluation results.	The Board of Directors supported and approved the 7th Meetings of the 12th Session of the Board of Directors
Principle of Duty of Care and Loyalty	Customer Data Protection and Information Security	Report on Customer Data Protection and Information Security Issues Discussion and Core System Operational Capability Assessment.	The Board of Directors supported and approved the 4th and 10th Meetings of the 12th Session of the Board of Directors

Principles of Fair Treatment of Customers	Item	Reinforcement Content	Supervision Results
Principle of Professionalism of Sales Personnel	Promoting Organizational Restructuring	Promoting organizational restructuring so that our sales staff can better specialize in their own business and enhance customers' rights and interests.	The Board of Directors supported and approved the 8th Meetings of the 12th Session of the Board of Directors
Complaint Protection Principle	Streamlining complaint handling procedures and categorizing complaint patterns	Amending the “Guidelines for Handling Business Disputes” to refine the complaint handling procedures and categorize the types of complaints, and to effectively allocate resources to achieve timely, proper and effective resolution of customers' complaints or dissatisfaction, so as to ensure that the complaint cases can be handled in a satisfactory manner and to avoid the recurrence of similar incidents in the future.	The Board of Directors supported and approved the 8th and 12th Meetings of the 12th Session of the Board of Directors

Early Warning Mechanism for Financial Products or Services

Capital Securities has established the following early warning mechanism to ensure the provision of products or services that are suitable for customers and to fulfill the requirements of the principles of fair treatment of customers.

1. For foreign structured products, the Foreign Structured Products Review Committee is convened to review the products or services launched; for investment products, the suitability for customers is evaluated according to the characteristics of each type of investment financial product. In addition, the unit that submits the application for the launch of the product is required to fill in the “Financial Product Pre-sale Launch Review Form” and submit it to the Product Review Committee for a paper review.
2. The digital trading interface is designed with a number of warnings to ensure the control of trading risks.
3. For different risks faced by various business operations, we have established a cost-effective business operation model by utilizing three lines of defense to supervise, evaluate, and control risk procedures and standards in order to balance between safety and efficiency.

7.2.2 Caring without Boundaries: Protector of Customers' Rights and Interests

In 2023, the Company has initiated a series of improvement and implementation measures to continue to strengthen the management of fair treatment of customers with a humble attitude, so that customers can enjoy a better financial service experience.

Principles of Fair Treatment Of Customers	Item	Reinforcement Content
Principle of Fairness in Contract Making	<ul style="list-style-type: none"> • Strengthening internal control mechanism • Strengthening the 	<ul style="list-style-type: none"> • It is explicitly stated that salespersons shall not overstate or induce investors to enter into contracts.

Principles of Fair Treatment Of Customers	Item	Reinforcement Content
	content and presentation of contract terms	<ul style="list-style-type: none"> The important contents of contracts are marked in bold or italicized bold. We have added and amended provisions in favor of financial consumers.
Principle of Duty of Loyalty	<ul style="list-style-type: none"> Strengthening internal control mechanism Personal data protection and information security 	<ul style="list-style-type: none"> Strengthening the control and implementation of the obligation to regularly check the disclosure of information or the avoidance of conflict of interest. Introducing external counterfeit detection and shutdown services to strengthen the risk control mechanism of suppliers. Maintaining the validity of international certificates of ISO 27001 Information Security Management System, BS 10012 Personal Information Management System and ISO 22301 Business Continuity Management System. For the ISO 27001 Information Security Management System, we are the first domestic securities company to pass the certification of conversion to ISO 27001:2022.
Principle of honesty in advertising and solicitation	<ul style="list-style-type: none"> Strengthening internal control mechanism Responding proactively to anti-fraud 	<ul style="list-style-type: none"> The “Regulations Governing the Production and Dissemination of Promotional Materials for Advertising, Business Solicitation, and Sales Promotional Activities” are established to ensure the truthfulness of advertisements and solicitations. We proactively disseminate anti-fraud information to investors through various media channels to achieve awareness-raising.
Principle of Suitability of Products or Services	<ul style="list-style-type: none"> Strengthening the Suitability Checks of Products or Services for the Elderly Introducing data system applications Derivatives management 	<ul style="list-style-type: none"> In the review of the suitability of products and services, we have added control items for senior customers to match their characteristics or risks and to protect their interests. Through systematic analysis, we provide financial products and services that are suitable for customers. Derivative products are characterized as high-risk financial products, and transactions involving students and senior citizens are strictly controlled to protect the interests of customers.
Principle of Notification and Disclosure	<ul style="list-style-type: none"> Notification Content and Clear Risk Disclosure 	<p>For responsible sales staff:</p> <ul style="list-style-type: none"> Important contents and risk disclosures shall be adequately described. The content of the disclosure and risk disclosure shall be written down as the basis for mutual communication, and at the same time shall be specific, clear, concise, straightforward, easy to

Principles of Fair Treatment Of Customers	Item	Reinforcement Content
		understand, and sufficient.
Principle of Balancing Compensation and Performance	<ul style="list-style-type: none"> • Strict control of moral hazard 	Strengthening the compensation assessment factors for sales staff, with the greatest weighting given to “non-financial indicators”, which accounted for approximately 80% of the total.
Principle of Complaint Protection	<ul style="list-style-type: none"> • Strengthening business dispute management 	“Guidelines for Handling Business Disputes” and operational procedures are approved by the Board of Directors to fulfill the statutory deadline for replying to customers.
Principle of Professionalism of Sales Personnel	<ul style="list-style-type: none"> • Systematic management of project capacity and regular management. • Professional competence and licensing resources for sales staff 	<ul style="list-style-type: none"> • Through the digital system, we control the qualifications, registration, changes, cancellation and financial licenses required for our sales staff. • Continuously improving the professional competence of sales staff, in addition to internal courses, encouraging the invitation of lecturers, participation in external training and financial license certification.
Principle of Friendly Service	<ul style="list-style-type: none"> • Digitalization for Friendly Service • Providing Accessibility Measures at Business Locations • Elderly investor care service measures • Anti-fraud publicity 	<ul style="list-style-type: none"> • Introducing data system applications. • Reducing the complexity of repeated data provision by customers in line with My Data policies and practices. • Optimizing customer service manpower and dedicated hotline. • Including accessibility measures for the physically and mentally challenged in 90% of our business locations. • Providing multi-language services, such as Mandarin, Taiwanese, and English. • Derivatives are characterized as high-risk financial products, and it is internally mandatory to conduct face-to-face care and interviews to ensure that senior investors have free will, full understanding, and full capacity to act before engaging in business transactions. • Strengthening cooperation with the requirements of the Financial Supervisory Commission and the National Police Agency to promote anti-investment fraud to customers in order to safeguard customers' funds.
Principle of Implementation of Integrity Management	<ul style="list-style-type: none"> • Strengthening the Functions of the Integrity Management Committee 	The Integrity Management Committee regularly reviews the Company's implementation of integrity management and reports to the Board of Directors. Article 7 of the Company's “Integrity Management Best Practice Principles” sets out the types of unethical behaviors and the characteristics of the Company's industry, and a total of eight unethical behaviors have been identified, which all business units are required to conduct regular self-assessments.

7.2.3 Heart to Heart: Demonstrating Sincere Care in Every Interaction

Capital Securities is not only limited to surveying customer service satisfaction, but also requires problem solving, investigation and analysis in order to seek fundamental solutions.

To this end, the Company has established a customer service survey and improvement mechanism whereby, upon completion of a customer service, the customer will be surveyed to provide feedback on the extent to which the service has resolved the problems.

• Key Results

In 2023, the Customer Service Center conducted a total of 5,792 surveys, of which 5,265 questionnaires were returned as valid, representing a high percentage of 91%, and 99% of which reached the goal of achieving customer recognition feedback.

In order to optimize customer service manpower and hotlines, a total of 19 dedicated customer service lines have been set up, with an average waiting time of 30 seconds for customers.

From the statistics, it can be clearly seen that Capital Securities places great importance on customer service, and is fully committed to resolving, handling or answering questions for its customers with professionalism, enthusiasm and dedication to the best of its endeavors.

Listening and Responding: Building Bridges of Customer Trust

While Capital Securities seeks to maximize the interests of its customers, the emphasis is on the spirit of continuous improvement, implementation and tracking to prevent the damage of customers' interests and the aggravation of risk levels.

Customer Complaint Procedures

If a dispute arises from the products or services, the customer may file a complaint by telephone, email, or in person at a service counter in accordance with the “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, content of the complaint, and the proposed handling process and plan, and submit it to the President, and send a copy to the Auditing Department and the Compliance and Legal Division.

Detailed Operational Procedures

Complaints or comments from customers	Resolved on the same day	-	-	-	-	-	->	Consolidating all cases every six months and proposing tracking, improvement and prevention plans.	Approval by the President
	Not resolved on the same day	Notification and Control Procedures	System Management & Tracking	->	Closed within one month	->	->		
		Reporting customer contacts		->	Not closed for more than one month	System alerts	Department Head Report Tracking		
				Direct coordination by the legal compliance unit	President				
Cases referred by the Financial Supervisory Commission and from the Financial Ombudsman Institution			System Management & Tracking	Periodic summary report on the progress of execution	Supervision				

Every year, the Risk Management Committee regularly reviews and analyzes the recent customer complaint cases and categorizes them into risk types, and devotes resources and manpower to the special demand complaint or customer complaint cases, so as to ensure that customer complaints are resolved appropriately.

In the meantime, the annual major complaint cases and customer complaints are clearly disclosed in the sustainability report, and the solutions and progress of implementation are explained in detail to demonstrate the importance and reflection on customer opinions and complaints.

- **Key Results**

- A total of 24 complaint cases were filed with Financial Ombudsman Institution, with a completion rate of 100%.
- One case of violation of advertising and marketing regulations by sales staff; corrective and preventive measures have been implemented.
- Financial inspection projects in the sales business found internal control deficiencies, totaling 1 case with a fine of NT\$240,000, and corrective and preventive measures have been implemented.

7.2.4 Active Investment in Anti-Fraud Manpower and Resources to Protect Customer Assets

- Active response to anti-fraud: We use government or self-produced anti-fraud videos, documents, and advertisements to clearly explain how to identify the Company's behaviors so that investors can recognize fraudulent messages, and we even invest resources in actively promoting anti-fraud messages to investors through various media exposure channels to achieve awareness-raising.
- Anti-fraud promotion: We cooperate with the requirements of the Financial Supervisory Commission and the National Police Agency to widely promote anti-fraud to our customers in order to safeguard customers' funds.

7.2.5 Education Training and Publicity

- Professional competence and license resources of staff: To continuously improve the professional competence of sales staff, in addition to internal courses, the Company also encourages the invitation of lecturers, participation in external training and financial license certification. To this end, the Company has invested a total of NT\$7,251,000 in education and training, with 3,999 attendees participating in external training for various professions, with an average training rate of 216%. 131 internal training sessions were held, with a total of 60,072 hours of internal courses and 33,240 hours of external courses.
- Each month, the department heads notify the securities staff at all business locations of the important laws and regulations.
- The Company compiles annual complaint cases and customer grievances, and categorizes the common patterns of customer complaints as the focus of the Company's education and training. For example, in 2023, the Company held two sessions on business dispute handling procedures and the law on prohibited behaviors for securities staff, with 3,036 participants and 3,036 hours of attendance, while the Brokerage Department arranged for 4 sessions in 2023 for managers and counter supervisors, in an effort to avoid the possibility of recurrence in the future.

7.3 Pathways of Social Care Responsibility Practices

Capital Securities, with the brand value of “Capital Care,” has taken on the role of a corporate citizen by organizing a series of important activities in 2023 to fulfill its corporate social responsibility.



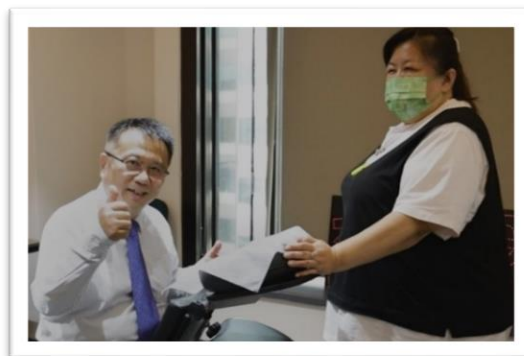
“Capital Jumps Up! 2023 Happiness Corporate Games “

With the theme of “Capital Jumps Up!” and the connotation of “Family Day,” nearly 400 employees and family members from Central Taiwan participated in the event. The event included a badminton tournament, a fun competition, etc. The event integrated the theme of sustainable development, encouraging all employees to bring their own water cups for environmental protection and love for the earth, and providing circular cups on site to realize the concept of environmental protection and social responsibility. At the same time, “Capital Jumps Up!” was created as the key visual, and we actively integrated the Group's resources to link up with blood donation activities and the annual ESG desk calendar, so as to allow all employees to show their personal characteristics and express their own influence.



Visually Impaired Therapist Massage

Due to the outbreak of Covid-19 pandemic, our “Visually Impaired Therapist Massage” activities were suspended; however, Capital Securities has always been mindful of the long-term cooperation with our visually impaired friends. Until 2023, when the national epidemic prevention policy was reduced, the visually impaired therapist massage activities were re-launched. In addition to providing opportunities for employees to relieve their stress, Capital Securities also takes care of the underprivileged groups in society, allowing visually impaired massage therapists to have a more stable income prospect. We are committed to fulfilling our corporate social responsibility and caring for the well-being of the underprivileged groups in society.



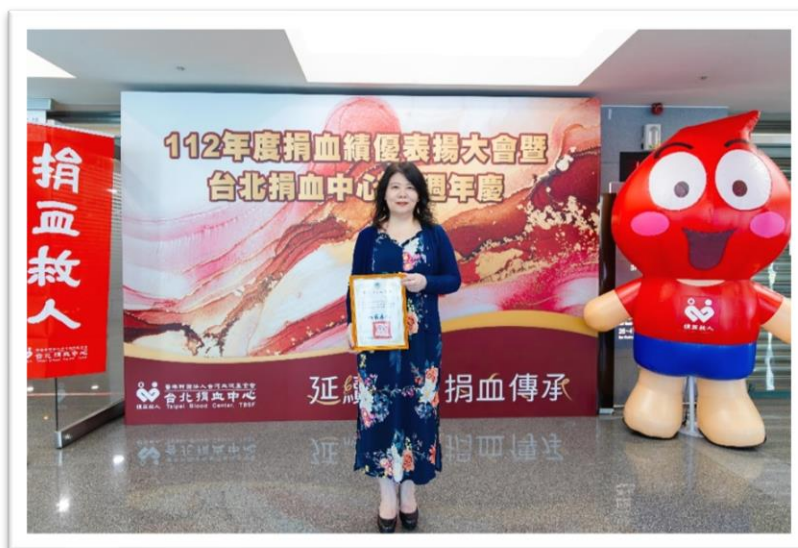
“Giving Love Together, Delivering Happiness for the Public Good” Blood Donation Program

In 2023, the blood donation program “Giving Love Together, Delivering Happiness for the Public Good” officially entered its 16th year, and was successively held in 18 business locations throughout Taiwan. This has been an annual event for Capital Group, and has become a regular public service activity for our employees. 387 company volunteers have been summoned to serve in the event, and this year's event even called on young volunteers to jump up and shout out the slogan, “Capital jumps up and donates blood together!”

At the same time, we also set up a dedicated blood donation website to provide the public with easy access to information about the time, content and location of the event, and actively encouraged the public to participate in the blood donation program through newspapers or social media, sharing of information at business events, cooperation with local social welfare organizations and choosing a location with easy access to public transportation. In particular, we purchased 2,000 pieces of essential oil donut soap and eco-friendly wheat utensils made by the children of the Faithful Hope Love Charity Center and used them as gifts to call on the public to donate blood in the hope of increasing the willingness to donate blood and contributing to environmental protection and social welfare in the meantime.



This year, a total of 739 people donated 1,133 bags of blood. Since the inception of the program, nearly 20,000 bags of blood have been donated. Putting into practice the concept of "donating a bag of blood saves a life", we have not only performed professionally in the workplace, but also spared no effort in our social care responsibilities, and we have been awarded the "Blood Donation Outstanding Organization" for many years in a row.



Professional Cooperation on “ESG Tree Planting and Carbon Sink”

In response to the call of the social enterprises “Green Hope Spring” and the “Online UBrand of United Daily News”, Capital Securities, together with Taitung residents, gave a different gift to Taiwan through the “Tree Planting Activity”. We sponsored the planting of 10 *Diospyros philippensis* trees, a native species of Taiwan, at the Green Tree Avenue demonstration site in Zhenxing Village, Chishang Township, where the conversion of the land from betel nut trees has allowed us to conserve soil and water and capitalize on the value of the land in the future. We hope that people from all walks of life can pay attention to sustainability issues and plant a better future for Taiwan.

Key Results

A 10-year-old *Diospyros philippensis* tree can absorb 180 kgCO₂, reduce 472 kgCO₂e, and produce 94,551 kg of oxygen per year, and it can also retain 352 metric tons of groundwater and reduce approximately 1,895 kg of soil erosion. We have planted hope and made commitments to protect the land and reduce greenhouse gas emissions for decades and even centuries, echoing the spirit of the United Nations Sustainable Development Goals (SDGs) No. 17, and realizing the goals of green finance and sustainable finance.



“Capital Securities for Reading” Caring for the education of the remote areas

Capital Securities has been organizing “Capital Securities for Reading” charity activities for 10 consecutive years, and has been widely promoting reading in remote areas for a long time, selecting excellent financial books and encouraging reading and basic financial education for schoolchildren. The staff of the Company's business locations are trained in the volunteer training program and

actually read with the children to promote financial concepts to the rural education and teach the children the meaning of money. Parents are also welcome to participate in the program so that financial education can be rooted in the family.

“Capital Securities for Reading” Volunteer Training Course

Capital Securities invited Ms. Chien-Ya Chiu, CEO of the Shiou-Ping Education Foundation and founder of the “Children's Financial Management X Education X School”, to conduct a volunteer training program for the Company's employees. The program used board games to guide the establishment of financial concepts, learning the skills of picture book accompanying reading, and the sharing of financial picture books, in order to enhance the ability to interact with children.



At the same time, the Company has been further promoting the concepts of green finance and sustainable development. Therefore, this year, we have added the element of sustainable development to our activities, caring for the environment and pursuing social harmony, in the hope of creating a balanced and sustainable LOHAS homeland.

“Dacheng Elementary School” Volunteer Accompanying Reading Activity

Dacheng Elementary School in Sanxia District, New Taipei City, is a remote elementary school and one of the earliest partner elementary schools of “Capital Securities for Reading” Program. In order to turn around the future of underprivileged children, the program focuses on improving the reading ability of the children together with the school administration.



Tien-Hsun Lai, Principal of Dacheng Elementary School, shared his experience.

We have been cooperating with “Capital Securities for Reading” for more than 8 or 9 years, and Capital Securities volunteers come to the school to read with us face-to-face, which is much more loving and sensational than just giving books to the students. In addition, with the donation from Capital Securities, at least a quarter of Dacheng's library is subsidized by Capital Securities, and there is also a section of books that are color-coded, which is based on the students' different

learning abilities and language skills.



Yan-Yuan Chen, Director of Academic Affairs of Dacheng Elementary School, shared his experience.

With the financial support from Capital Securities, the school has introduced the “Literacy Measuring Instrument” and the “Reading Comprehension Test” to test children's reading comprehension ability by grading books to find out which books are suitable for them to read, and with the cultivation of reading habits, most of the children's reading abilities have been significantly improved.



In 2023, the number of sponsored schools increased to 16, expanding to 13 counties and cities, with 763 students benefiting from the program annually and more than 3,000 students benefiting from the program accumulatively. The amount of donation was NT\$1.6 million, and the number of volunteers involved was 71, with the number of hours spent on the program amounting to 347.

“City Tour” Bridges the Gap between Urban and Rural Areas

Capital Securities organizes the “City Tour” every year, sponsoring students from remote areas to experience the urban areas. In 2023, Capital Securities invited school children to visit Taipei 101 and the Taipei World Trade Center Exhibition Hall 1, so that they can visit Taipei from different perspectives and get to know different industries. We light a lamp for them to brighten the path of their growth together. Through our participation in public welfare, we hope to throw a brick to attract jade, emphasize on the issue of urban-rural disparity, fulfill our responsibility of sustainable finance, and pay attention to the education of children in remote areas in a joint effort.



Turn Off the Lights for 1 Hour on Earth Day and Plant Trees to Love the Earth

In response to the “Turn off the Lights for 1 Hour” campaign, the Company has turned off the lights for 1 hour at its head office and 52 branch offices across Taiwan. Moreover, on its corporate website, the Company called on its customers and employees to jointly respond to the event by saving electricity and caring for the Earth, demonstrating that the Company's promotion of sustainability is no longer just a slogan, but is also a serious implementation of the goals of sustainable development and sustainable finance. Not only do we contribute to the capital market, but we also contribute to the sustainability of the earth, and we hope that the future society will benefit from the benefits of the Capita Financial Group.



Moving forward to the Lujiao Creek Wetland to protect the earth and maintain the water environment

In 2023, the Company responded to the Commonwealth Magazine's call to “do something for the Tamsui River” and actively fulfilled the Tamsui River Convention. We took our employees to the Lujiao Creek Wetland to support environmental protection and love for the earth through a series of activities such as water quality monitoring, aquatic organism observation, bird survey, identification of local native species, and removal of the *Mikania micrantha*, a strong invasive species. Through on-site exploration and experience, we have the opportunity to educate our employees and their families on the importance of biodiversity and maintaining the ecological balance of the wetlands.

Through this activity, we hope to arouse the public's awareness of water resources and environmental conservation, protect local native species, safeguard biodiversity, and internalize environmental care as part of our daily lives.



Appendix

1. Statistics Related to Sustainable Finance

In accordance with the “Responsible Investment Regulations” and the “Stewardship obligations of institutional investors,” and based on the Company's proprietary trading decisions under its internal control system, the Company includes the implementation of sustainable management in its proprietary investment considerations. In addition to focusing on the profitability and growth of investment targets, the Company shall also urge its investment targets to emphasize environmental, social, and governance issues in order to achieve a sustainable financial impact.

Through attending shareholders' meetings, exercising voting rights, making on-site visits, e-mail correspondence, telephone or video conferences, and participating in investor conferences, the Company appropriately discusses sustainability-related issues with the management of its investment target companies and assists in green and sustainable transformation.

In accordance with the “Voting Policy,” before exercising the right to vote (including electronic voting) at a shareholders' meeting, participants should consider sustainability factors such as environmental protection, employees, human rights, social responsibility, legal compliance, negative news, and corporate governance, so as to internally achieve non-violation of the requirements of the “Voting Policy.”

1.1 Underwriting Revenue Incorporating ESG Factors

In terms of underwriting business, the Company actively provides IPO (counseling customers to apply for listing on the Taiwan Stock Exchange and Taipei Exchange) and SPO (secondary market fundraising) services to green energy and environmental protection and sustainability-related industries, and incorporates ESG factors into business decision-making considerations such as underwriting, underwriting counseling, and investment processes in accordance with the “Responsible Investment Regulations,” the “ESG (Environmental, Social, and Corporate Governance) Case Acceptance, Counseling, and Investment Sustainability Evaluation Practice Regulations” and the “ESG Case Acceptance, Counseling, and Investment Sustainability Evaluation Indicator Table” of the Corporate Finance Department, in order to implement corporate sustainability assessment and risk management.

Unit: NT\$

Industry	Underwriting Revenue	Percentage
Green Energy and Environmental Protection	19,585,356	25.3%
Maritime Transportation	1,787,560	2.3%
Electronics, Information Services, Optoelectronics	1,475,900	1.9%
Cement Industry	1,200,000	1.6%
Chemical Industry	360,000	0.5%
Electrical and Mechanical Industry	360,000	0.5%
Hospitality and Tourism	240,000	0.3%
Biotechnology and Medical Industry	240,000	0.3%
Food Industry	180,000	0.2%
Subtotal	25,428,816	32.9%
Bond Underwriting	51,937,050	67.1%
Subtotal	51,937,050	67.1%
Total	77,365,866	100%

1.2 Loans/Investments Incorporating ESG Factors

Domestic Targets (NT\$)

Industry	Total Amount	Including ESG Amount	Industry	Total Amount	Including ESG Amount
Cement Industry	425,096,231	425,096,231	Semiconductor Industry	3,008,782,183	2,872,576,474
Sports & Leisure	190,774,090	102,288,500	Food Industry	34,134,600	85,363,740
Maritime Transportation	589,640,199	405,124,620	Rubber Industry	115,458,370	60,223,250
Green Energy & Environmental Protection	546,219,117	577,208,253	Computer and Peripheral Equipment Industry	612,857,417	377,917,300
Steel & Iron Industry	810,811,152	480,200,520	Chemical Industry	132,614	7,246,810
Automobile Industry	224,243,825	123,511,170	Communication Networks Industry	570,198,707	135,388,310
Electronics Channel Industry	413,644,587	78,172,700	Electrical & Mechanical Industry	62,405,644	21,243,225
Trading & Department Store	11,783,190	-	Other Electronics	1,839,300,477	1,780,653,784

Industry	Total Amount	Including ESG Amount	Industry	Total Amount	Including ESG Amount
Optoelectronics	164,234,070	163,521,422	Electronic Components Industry	671,653,633	495,896,838
Finance & Insurance	2,300,590,848	2,183,687,615	Hospitality & Tourism Industry	95,269,267	98,582,805
Textile & Fiber	630,677,600	630,677,600	Information Services	45,010,350	61,312,314
Plastics Industry	1,349,258,157	1,349,258,157			
Electrical Appliances and Cables	144,688,399	144,648,930			
Biotech & Medical	458,303,227	189,182,978			
Digital Cloud Industry	50,570,300	50,570,300			
Others	5,409,026,055	5,304,924,210			

Foreign Targets (NT\$)

Industry	Total Amount	Including ESG Amount	Industry	Total Amount	Including ESG Amount
Financial Services	15,223,439,880	15,223,439,880	Industrial	961,813,635	961,813,635
Public Utilities	285,668,505	285,668,505	Science & Technology	879,853,846	879,853,846
Medical & Healthcare	936,091,872	936,091,872	Communications	1,202,477,240	1,202,477,240
Energy	322,146,465	322,146,465	Non-Core Consumption	582,166,225	582,166,225
Core Consumption	236,146,576	236,146,576			

1.3 Sustainability Development Bond Underwriting

Unit: NT\$

Unit: NT\$			
Sustainability Bond	Issuer	Types of Sustainability Bonds	Amount of Underwriting
TSMC 112-1	TSMC	Green Bond	1,200,000,000
TSMC 112-2			700,000,000
FENC 112-3	FENC	Green Bond	700,000,000
UMC 112-1	UMC	Green Bond	500,000,000
Taipower 112-3	Taipower	Green Bond	630,000,000
Taipower112-5			1,300,000,000
Taipower 112-6			400,000,000
FETnet 112-3	FETnet	Social Responsibility Bond	700,000,000
FETnet 112-2			100,000,000
Total			6,230,000,000

2. Statistics of Group Affiliated Companies

2.1 Structure of Capital Financial Group's New Hires and Departed Employees

Company name	Gender	Age	Number of new hires	New hire rate	Number of departed employees	Turnover rate
Capital Investment Management	Male	29 years and younger	3	37.50%	1	12.50%
		30 - 39 years	2	25.00%	0	0.00%
		40 - 49 years	1	6.67%	1	6.67%
		50 years and older	1	7.69%	0	0.00%
		Sub-total	7	26.92%	2	7.69%
	Female	29 years and younger	3	37.50%	2	25.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	2	13.33%	0	0.00%
		50 years and older	0	0.00%	0	0.00%
		Sub-total	5	27.78%	2	11.11%
Capital Insurance Advisory	Male	29 years and younger	0	0.00%	0	0.00%
		30 - 39 years	2	50.00%	2	50.00%
		40 - 49 years	0	0.00%	1	8.33%
		50 years and older	0	0.00%	1	16.67%
		Sub-total	2	14.29%	4	28.57%
	Female	29 years and younger	0	0.00%	0	0.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	1	8.33%	0	0.00%
		50 years and older	0	0.00%	0	0.00%
		Sub-total	1	12.50%	0	0.00%
CSC Venture Capital	Male	29 years and younger	0	0.00%	0	0.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	0	0.00%	0	0.00%
		50 years and older	0	0.00%	0	0.00%
		Sub-total	0	0.00%	0	0.00%
	Female	29 years and younger	0	0.00%	0	0.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	0	0.00%	0	0.00%
		50 years and older	1	100.00%	0	0.00%
		Sub-total	1	50.00%	0	0.00%
CSC Capital Management	Male	29 years and younger	0	0.00%	0	0.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	0	0.00%	0	0.00%
		50 years and older	0	0.00%	0	0.00%
		Sub-total	0	0.00%	0	0.00%
	Female	29 years and younger	0	0.00%	1	100.00%
		30 - 39 years	0	0.00%	0	0.00%
		40 - 49 years	0	0.00%	0	0.00%
		50 years and older	0	0.00%	0	0.00%
		Sub-total	0	0.00%	1	100.00%

Note 1: It is based on the end date of the reporting period, December 31, 2023.

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.

2.2 Diversity of Capital Financial Group's Employees

Capital Investment Management

Employee category		Male	Female	Total	Percentage
Age	Under 30 years	5	3	8	18.18%
	30 - 50 years	11	12	23	52.27%
	50 years or older	10	3	13	29.55%
Total		26	18	44	100%
Educational background	Senior high school (vocational) and below	0	0	0	0.00%
	Universities and colleges (including universities, colleges, technical colleges)	4	8	12	27.27%
	Master	22	10	32	72.73%
	PhD	0	0	0	0.00%
Total		26	18	44	100%
Function	Supervisory position	8	1	9	20.45%
	Non-supervisory position	18	17	35	79.55%
Total		26	18	44	100%
Contract Type	Indefinite Employment / Full Time	26	18	44	100%
	Fixed-Term Employment / Full Time	0	0	0	0%
Total		26	18	44	100%

Note 1: The point in time for calculation is December 31, 2023.

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

Capital Insurance Advisory

Employee category		Male	Female	Total	Percentage
Age	Under 30 years	0	0	0	0.00%
	30 - 50 years	10	6	16	72.73%
	50 years or older	4	2	6	27.27%
Total		14	8	22	100%
Educational background	Senior high school (vocational) and below	2	0	2	9.09%
	Universities and colleges (including universities, colleges, technical colleges)	9	7	16	72.73%
	Master	3	1	4	18.18%
	PhD	0	0	0	0.00%
Total		14	8	22	100%
Function	Supervisory position	2	2	4	18.18%
	Non-supervisory position	12	6	18	81.82%
Total		14	8	22	100%
Contract Type	Indefinite Employment / Full Time	14	8	22	100%
	Fixed-Term Employment / Full Time	0	0	0	0%
Total		14	8	22	100%

Note 1: The point in time for calculation is December 31, 2023.

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

CSC Venture Capital

Employee category		Male	Female	Total	Percentage
Age	Under 30 years	0	0	0	0.00%
	30 - 50 years	2	2	4	80.00%
	50 years or older	1	0	1	20.00%
Total		3	2	5	100%
Educational background	Senior high school (vocational) and below	0	0	0	0.00%
	Universities and colleges (including universities, colleges, technical colleges)	0	2	2	40.00%
	Master	3	0	3	60.00%
	PhD	0	0	0	0.00%
Total		3	2	5	100%
Function	Supervisory position	1	0	1	20%
	Non-supervisory position	2	2	4	80%
Total		3	2	5	100%
Contract Type	Indefinite Employment / Full Time	3	2	5	100%
	Fixed-Term Employment / Full Time	0	0	0	0%
Total		3	2	5	100%

Note 1: The point in time for calculation is December 31, 2023.

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

CSC Capital Management

Employee category		Male	Female	Total	Percentage
Age	Under 30 years	0	0	0	0.00%
	30 - 50 years	1	1	2	100.00%
	50 years or older	0	0	0	0.00%
Total		1	1	2	100%
Educational background	Senior high school (vocational) and below	0	0	0	0.00%
	Universities and colleges (including universities, colleges, technical colleges)	0	1	1	50.00%
	Master	1	0	1	50.00%
	PhD	0	0	0	0.00%
Total		1	1	2	100%
Function	Supervisory position	0	0	0	0%
	Non-supervisory position	1	1	2	100%
Total					
Contract Type	Indefinite Employment / Full Time	1	1	2	100%
	Fixed-Term Employment / Full Time	0	0	0	0%
Total		1	1	2	100%

Note 1: The point in time for calculation is December 31, 2023.

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

2.3 Types, Targets, Regions and Total Hours of Training Courses of Capital Financial Group

Company name		Capital Investment Management			Capital Insurance Advisory		
Item		Size (A)	Total training hours (B)	Average hours (B/A)	Size (A)	Total training hours (B)	Average hours (B/A)
Group							
Rank	Non-supervisory position	35	609	17.40	17	565	33.24
	Supervisory position	9	164	18.22	5	139.5	27.9
Contract Type	Indefinite	44	773	17.57	22	704.5	32.02
	Fixed term	0	0	0	0	0	0
	Full time	44	773	0	22	704.5	32.02
	Part time	0	0	0	0	0	0
Gender	Male	26	436	16.77	14	385	27.50
	Female	18	337	18.72	8	319.5	39.94
Course category	External training	44	251	5.70	22	41	1.86
	Internal training	44	522	11.86	22	663.5	30.16
Company name		CSC Venture Capital			CSC Capital Management		
Item		Size (A)	Total training hours (B)	Average hours (B/A)	Size (A)	Total training hours (B)	Average hours (B/A)
Group							
Rank	Non-supervisory position	4	97.5	24.38	2	29.5	14.75
	Supervisory position	1	7	7.00	0	0	0
Contract Type	Indefinite	5	104.5	20.9	2	29.5	14.75
	Fixed term	0	0	0	0	0	0
	Full time	5	104.5	20.9	2	29.5	14.75
	Part time	0	0	0	0	0	0
Gender	Male	3	25.5	8.5	1	10	10
	Female	2	79	39.5	1	19.5	19.5
Course category	External training	10	74	7.4	2	6	3
	Internal training	10	30.5	3.05	2	16.5	8.25

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.

2.4 Performance Evaluation of Capital Financial Group

Company name		Capital Investment Management			Capital Insurance Advisory		
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
Group							
Rank	Non-supervisory position	35	30	85.71%	18	16	88.89%
	Supervisory position	9	9	100%	4	4	100%
Gender	Male	26	22	84.62%	14	13	92.86%
	Female	18	17	94.44%	8	7	87.5%

Company name		CSC Venture Capital			CSC Capital 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	4	3	75%	2	2	100%
	Supervisory position	1	1	100%	0	0	100%
	Gender						
	Male	3	2	66.67%	1	1	100%
	Female	2	2	100%	1	1	100%

2.5 Summary of Capital Financial Group's Non-pay Leave for Child-rearing and the Reinstatement

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 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
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

2.6 Benefit Items of Capital Financial Group

Benefit Item	Utilization			
	Capital Investment Management	Capital Insurance Advisory	CSC Venture Capital	CSC Capital Management
Insurance	Personal Accident Medical Insurance for 10 employees	Personal Accident Medical Insurance for 1 employee	0	0
Retirement System	0	1	0	0

3. Bloomberg Gender-Equality Index Related Statistics

Categories of Staff	Male	Female
Senior Management	10	13
Mid-level Managers	55	47
Entry-level Managers	50	101
IT / Engineering Related Employees	126	51
All Other Employees	441	953

Item	Percentage of Female Staff (%)	Target
Female Employees	68.36%	No less than 50% by 2030
Employee Senior Management (of total senior management positions)	56.52%	At or no less than 50% by 2030
Employee Mid-level Management (of total mid-level management positions)	46.08%	At or up to 50% by 2030
Employee Entry-level Management (of total entry-level management positions)	66.89%	No less than 50% by 2030
IT/Engineering Related Positions	28.81%	At or up to 50% in 2030

Year	Number of staff at the end of the year	Number of internal promotions			
		Male	Female	Total	Percentage (%)
2023	1,847	101	183	284	15.38%
2022	1,888	115	219	334	17.69%
2021	2,002	111	211	322	16.08%

Categories of Staff	2023	2022	2021
	Ratio of Male to Female	Ratio of Male to Female	Ratio of Male to Female
Senior Management	1:0.82	1:0.76	1:0.72
Mid-level Managers	1:0.98	1:1.02	1:1.01
Entry-level Managers	1:0.86	1:0.84	1:0.87
Other Employees	1:0.93	1:0.95	1:0.97
Target	To maintain or achieve a pay ratio of male to female close to 1:1 by 2030.		

4. GRI Standards Content Index

Capital Securities has reported the information for the period of 2023 (January 1, 2023 to December 31, 2023) as referenced in the GRI Standards in the GRI Content Index.

GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
GRI 2 : General Disclosures 2021			
2-1	Organizational details	About the Report	1
2-2	Entities included in the organization's sustainability reporting	About the Report	1
2-3	Reporting period, frequency and contact point	About the Report	1
2-4	Restatements of information	N/A in 2023.	
2-5	External assurance	Appendix: 9. Assurance Report and Verification Statement	
2-6	Activities, value chain and other business relationships	1.1.1 Background and Business Information of Capital Securities 1.1.2 Company's Core Values and Strategic Direction	11 13
2-7	Employees	6.1.1 Recruitment Strategy	106
2-8	Workers who are not employees	N/A in 2023.	
2-9	Governance structure and composition	1.2.1 Governance by the Board of Directors	16
2-10	Nomination and selection of the highest governance body	1.2.1 Governance by the Board of Directors	16
2-11	Chair of the highest governance body	1.2.1 Governance by the Board of Directors	16
2-12	Role of the highest governance body in overseeing the management of impacts	1.2.7 Monitoring of Sustainable Development Issues 2.1 Organizational Structure and Leadership	20 39
2-13	Delegation of responsibility for managing impacts	1.2.7 Monitoring of Sustainable Development Issues 2.1 Organizational Structure and Leadership	20 39
2-14	Role of the highest governance body in sustainability reporting	1.2.7 Monitoring of Sustainable Development Issues	20
2-15	Conflicts of interest	1.2.2 Independence and Conflict of Interest Prevention 1.3.1 Integrity Management	16 21
2-16	Communication of critical concerns	1.2.7 Monitoring of Sustainable Development Issues 1.3.2 Risk Management 4.6 Firm Steps on the Road to Carbon Reduction 5.1 Intertwined Future of Digital Finance and Sustainable Development 7.2.1 Beyond Service: Self-Supervision of Customer Care	20 23 88 92 131

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
2-17	Collective knowledge of the highest governance body	1.2.6 Continuing Education	19
2-18	Evaluation of the performance of the highest governance body	1.2.5 Board Performance Evaluation and Compensation	18
2-19	Remuneration policies	1.2.5 Board Performance Evaluation and Compensation 6.1.4 Performance and Compensation: Recognition and Motivation	18 111
2-20	Process to determine remuneration	1.2.5 Board Performance Evaluation and Compensation	18
2-21	Annual total compensation ratio	Please see pages 26 to 28 of the 2023 Annual Report.	
2-22	Statement on sustainable development strategy	Message from the Chairman	5
2-23	Policy commitments	1.1.2 Company's Core Values and Strategic Direction 1.3 A New Chapter in Governance and Transparency 3.1 Sustainable Finance Strategies and Action Plans 3.2 Confronting Climate Change 4.2 Greenhouse Gas Policy and Strategy 5.1 Intertwined Future of Digital Finance and Sustainable Development 5.2 Facilitator of Digital Technology and Innovation 6.2.1 Respect and Rights: Labor Human Rights Protection 7.1 Warm Light of Financial Inclusion 7.2 Mindset and Approach of Caring for "Customer's Rights and Interests"	13 21 57 58 82 92 100 115 127 131
2-24	Embedding policy commitments	1.1.2 Company's Core Values and Strategic Direction 1.3 A New Chapter in Governance and Transparency 3.2 Confronting Climate Change 4.2 Greenhouse Gas Policy and Strategy 5.1 Intertwined Future of Digital Finance and Sustainable Development 5.2 Facilitator of Digital Technology and Innovation 6.2.1 Respect and Rights: Labor Human Rights Protection 7.1 Warm Light of Financial Inclusion 7.2 Mindset and Approach of Caring for "Customer's Rights and Interests"	13 21 58 82 92 100 115 128 131
2-25	Processes to remediate negative impacts	1.3.1 Integrity Management 6.3.1 Channels to Speak Out: Effective Communication and Complaint Channels 7.2 Mindset and Approach of Caring for "Customer's Rights and Interests"	21 123 131
2-26	Mechanisms for seeking advice and raising concerns	1.3.1 Integrity Management 6.3.1 Channels to Speak Out: Effective Communication and Complaint Channels 7.2 Mindset and Approach of Caring for "Customer's Rights and Interests"	21 123 131
2-27	Compliance with laws and regulations	1.3.3 Legal Compliance For detailed facts on the causes of the penalty cases and improvement measures, please refer to pages 65 to 67 of the 2023 Annual Report.	32
2-28	Membership associations	1.1.2 Company's Core Values and Strategic Direction	13

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
2-29	Approach to stakeholder engagement	2.2 Selection and Prioritization of Material Topics	41
2-30	Collective bargaining agreements	N/A in 2023.	
GRI 3 : Material Topics			
3-1	Process to determine material topics	2.2 Selection and Prioritization of Material Topics	41
3-2	List of material topics	2.3 Comparison of Material Topics	46
3-3	Management of material topics	2.4 Future Sustainability Plan See the chapters and sections of this report.	47

GRI 200: Economy

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.1.3 Operational Performance	14
201-2	Financial implications and other risks and opportunities due to climate change	3.2 Confronting Climate Change	58
201-3	Defined benefit plan obligations and other retirement plans	6.3.2 Secure Retirement: Comprehensive Retirement Planning and Support	125
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	4.5 Resource and Waste Management: Turning Crisis into Opportunity 7.3 Pathways of Social Care Responsibility Practices	86 138
203-2	Significant indirect economic impacts	3.1 Sustainable Finance Strategies and Action Plans 3.2 Confronting Climate Change 4.6 Firm Steps on the Road to Carbon Reduction 5.2 Facilitator of Digital Technology and Innovation 7.1 Warm Light of Financial Inclusion	57 58 88 100 128
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	We have included corruption in the risk assessment of integrity management and legal compliance, and made a risk assessment report, and then strengthened the effectiveness of the internal control system based on the results of the assessment; this has been implemented in all of our business locations in Taiwan in 2023.	
205-2	Communication and training about anti-corruption policies and procedures	1.3 A New Chapter in Governance and Transparency 100% of our suppliers have signed the ESG commitment terms and conditions.	21

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
205-3	Confirmed incidents of corruption and actions taken	1.3 A New Chapter in Governance and Transparency There were no incidents of corruption during the current year.	21

GRI 300: Environment

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	4.3 Energy Conservation and Innovation	83
302-3	Energy intensity	4.3 Energy Conservation and Innovation	83
302-4	Reduction of energy consumption	4.3 Energy Conservation and Innovation	83
302-5	Reductions in energy requirements of products and services	4.3 Energy Conservation and Innovation 4.6 Firm Steps on the Road to Carbon Reduction	83 88
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88
305-2	Energy indirect (Scope 2) GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88
305-3	Other indirect (Scope 3) GHG emissions	3.2 Confronting Climate Change	58
305-4	GHG emissions intensity	4.6 Firm Steps on the Road to Carbon Reduction	88
305-5	Reduction of GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88

GRI 400: Society

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	6.1.1 Recruitment Strategy	106
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Care Practices: Comprehensive Employee Care Measures	116
401-3	Parental leave	6.2.2 Care Practices: Comprehensive Employee Care Measures	116
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	6.3.1 Channels to Speak Out: Effective Communication and Complaint Channels	123 116

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
		6.2.2 Care Practices: Comprehensive Employee Care Measures	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	6.2.3 Healthy and Friendly Workplace	120
403-2	Hazard identification, risk assessment, and incident investigation	6.2.3 Healthy and Friendly Workplace	120
403-3	Occupational health services	6.2.3 Healthy and Friendly Workplace	120
403-4	Worker participation, consultation, and communication on occupational health and safety	6.2.2 Care Practices: Comprehensive Employee Care Measures 6.2.3 Healthy and Friendly Workplace	116 120
403-5	Worker training on occupational health and safety	6.2.2 Care Practices: Comprehensive Employee Care Measures 6.2.3 Healthy and Friendly Workplace	116 120
403-6	Promotion of worker health	6.2.2 Care Practices: Comprehensive Employee Care Measures 6.2.3 Healthy and Friendly Workplace	116 120
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.2.3 Healthy and Friendly Workplace	120
403-9	Work-related injuries	6.2.3 Healthy and Friendly Workplace	120
403-10	Work-related ill health	6.2.3 Healthy and Friendly Workplace	120
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	6.1.2 Growth Path: All-round Cultivation and Generation Alternation	107
404-2	Programs for upgrading employee skills and transition assistance programs	6.1.2 Growth Path: All-round Cultivation and Generation Alternation 6.2.2 Care Practices: Comprehensive Employee Care Measures	107 116
404-3	Percentage of employees receiving regular performance and career development reviews	6.1.4 Performance and Compensation: Recognition and Motivation	111
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	6.1.1 Recruitment Strategy	106
405-2	Ratio of basic salary and remuneration of women to men	6.1.4 Performance and Compensation: Recognition and Motivation	111
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	7.2 Mindset and Approach of Caring for “Customer’s Rights and Interests”	131
417-2	Incidents of non-compliance concerning product and service information and labeling	7.2 Mindset and Approach of Caring for “Customer’s Rights and Interests”	131
417-3	Incidents of non-compliance	7.2 Mindset and Approach of Caring for “Customer’s	131

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
	concerning marketing communications	Rights and Interests”	
GRI 418: Socioeconomic Compliance 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1 Intertwined Future of Digital Finance and Sustainable Development N/A in 2023.	92

Customized Topics

GRI Standards	Disclosure item	Brief description of chapters or contents	Page
Customized	Legal Compliance	1.3.3 Legal Compliance	32
Customized	Risk Management	1.3.2 Risk Management	23
Customized	Business Continuity	5.1 Intertwined Future of Digital Finance and Sustainable Development 5.1.6 Business Continuity	92 98
Customized	Human Rights Policy Promotion	6.2.1 Respect and Rights: Labor Human Rights Protection	115

5. United Nations Sustainable Development Goals (SDGs) Comparison Table

Goals	Major Topics	Disclosure Items for GRI Standards		Overview of Chapter or Content	Page
5 Gender Equality	Legal Compliance	2-27	Compliance with laws and regulations	1.3.3 Legal Compliance	32
	Generational transition	401-1	New employee hires and employee turnover	6.1.1 Recruitment Strategy	106
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Care Practices: Comprehensive Employee Care Measures	116
		401-3	Parental leave	6.2.2 Care Practices: Comprehensive Employee Care Measures	116
		405-1	Diversity of governance bodies and employees	6.1.1 Recruitment Strategy	106
		405-2	Ratio of basic salary and remuneration of women to men	6.1.4 Performance and Compensation: Recognition and Motivation	111
	Promotion of human rights policy	2-23	Policy commitments	6.2.1 Respect and Rights: Labor Human Rights Protection	115
8 Decent Work and Economic Growth	Fair Treatment of Customers	417-1	Requirements for product and service information and labeling	7.2 Mindset and Approach of Caring for “Customer’s Rights and Interests”	131
		417-2	Incidents of non-compliance concerning product and service information and labeling	7.2 Mindset and Approach of Caring for “Customer’s Rights and Interests”	131
		417-3	Incidents of non-compliance concerning marketing communications	7.2 Mindset and Approach of Caring for “Customer’s Rights and Interests”	131
	Digital Financial Innovation Technology and Services	203-2	Significant indirect economic impacts	5.2 Facilitator of Digital Technology and Innovation	100
	Sustainable Finance	-	-	3.1 Sustainable Finance Strategies and Action Plans	57
				3.2 Confronting Climate Change	58
				4.6 Firm Steps on the Road to Carbon Reduction	88
	Generational transition	402-1	Minimum notice periods regarding operational changes	6.3.1 Channels to Speak Out: Effective Communication and Complaint Channels 6.2.2 Care Practices: Comprehensive Employee Care Measures	123 116
		404-1	Average hours of training per year per employee	6.1.2 Growth Path: All-round Cultivation and Generation Alternation	107
		404-2	Programs for upgrading employee skills and transition assistance programs	6.1.2 Growth Path: All-round Cultivation and Generation Alternation	107 116

Goals	Major Topics	Disclosure Items for GRI Standards		Overview of Chapter or Content	Page
				6.2.2 Care Practices: Comprehensive Employee Care Measures	
		404-3	Percentage of employees receiving regular performance and career development reviews	6.1.4 Performance and Compensation: Recognition and Motivation	111
	Promotion of human rights policy	2-23	Policy commitments	6.2.1 Respect and Rights: Labor Human Rights Protection	115
	Social Welfare Activities or Programs	203-1	Infrastructure investments and services supported	7.3 Pathways of Social Care Responsibility Practices	138
12 Responsible Consumption and Production	Operational Performance	201-1	Direct economic value generated and distributed	1.1.3 Operational Performance	14
	Fair Treatment of Customers	-	-	7.1 Warm Light of Financial Inclusion	128
	Sustainable Finance	203-2	Significant indirect economic impacts	3.1 Sustainable Finance Strategies and Action Plans	57
				3.2 Confronting Climate Change	58
				4.6 Firm Steps on the Road to Carbon Reduction	88
	Climate Change Risk and Opportunities	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Confronting Climate Change	58
	Social Welfare Activities or Programs	203-1	Infrastructure investments and services supported	7.3 Pathways of Social Care Responsibility Practices	138
13 Climate Action	Greenhouse Gas Emissions Management	305-1	Direct (Scope 1) GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88
		305-2	Energy indirect (Scope 2) GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88
		305-3	Other indirect (Scope 3) GHG emissions	Chapter 3: The Practice of Sustainable Finance	56
		305-4	GHG emissions intensity	4.6 Firm Steps on the Road to Carbon Reduction	88
		305-5	Reduction of GHG emissions	4.6 Firm Steps on the Road to Carbon Reduction	88
	Climate Change Risk and Opportunities	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Confronting Climate Change	58
17 Partnerships for the Goals	Digital Financial Innovation Technology and Services	-	-	5.2 Facilitator of Digital Technology and Innovation 7.1 Warm Light of Financial Inclusion	100 128
	Sustainable Finance	-	-	3.1 Sustainable Finance Strategies and Action Plans	57
				3.2 Confronting Climate Change	58
				4.6 Firm Steps on the Road to Carbon Reduction	88
	Social Welfare Activities or Programs	203-1	Infrastructure investments and services supported	7.3 Pathways of Social Care Responsibility Practices	138

6. Appendix of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

Item No.	Disclosure Indicator	Disclosure Content	Chapter/ Page No.
1	Explain the oversight and governance of climate-related risks and opportunities by the board of directors and management.	3.2 Confronting Climate Change	58
2	Explain how the identified climate risks and opportunities impact the company's business, strategy, and financial performance (short-term, medium-term, long-term).	3.2 Confronting Climate Change	58
3	Explain the financial impact of extreme weather events and transition actions.	3.2 Confronting Climate Change	58
4	Explain how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	3.2 Confronting Climate Change	58
5	If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	3.2 Confronting Climate Change	58
6	If there are transition plans to manage climate-related risks, explain the content of these plans and the indicators and targets used to identify and manage physical and transition risks.	3.2 Confronting Climate Change	58
7	If internal carbon pricing is used as a planning tool, explain the basis for price setting.	The Company did not use Internal Carbon Pricing as a planning tool in the year 2023.	
8	If climate-related targets are set, explain the covered activities, scope of greenhouse gas emissions, planning periods, and annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the sources and quantities of carbon offsets or RECs.	3.2 Confronting Climate Change 4.6 Firm Steps on the Road to Carbon Reduction The Company did not use offset or Renewable Energy Certificates (RECs) in the year 2023.	58 88
9	Greenhouse Gas Inventory and Assurance Status.	4.6 Firm Steps on the Road to Carbon Reduction Appendix: 9. Assurance Report and Verification Statement	88

The above information can also be found in the Company's 2023 Annual Report on pages 54 to 57.

7. Sustainability Disclosure Indicators

Based on the sustainability disclosure indicators for the financial and insurance industry set forth in Appendix 1-3 of Article 4 of the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” and the sustainability disclosure indicators for securities firms set forth in Article 2 of the “Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms”, the disclosure requirements are summarized in the table below:

Item	Disclosure Indicator	Disclosure Content	Reference Chapter & Section/Page
1	(1) Number of information leakage incidents. (2) Percentage of information leakage incidents related to personal data. (3) Number of customers affected by the information leakage incidents.	5.1 The Cornerstone of Digital Finance - Protector of Customer Data and Lifeblood of Business Operations In 2023, there were no information leakage incidents; therefore, the percentage of information leakage incidents related to personal data was 0%, and the number of customers affected by the information leakage incidents was 0.	92
2	1. Number of loans and loan balances made to promote small business and community development. 2. Number of loans and loan balances made to assist small and medium-sized enterprises to raise funds in the capital market.	1. The Company is not engaged in lending business and this indicator is not applicable. 2. One case in 2023; totaling NT\$0.8 billion.	
3	Number of participants in financial education for the underprivileged who lack access to securities services.	6.1.3 Generation Alteration - Talent Cultivation and Accumulation 7.1 Warm Light of Financial Inclusion 7.3 Pathways of Social Care Responsibility Practices	109 128 138
4	Products and services of each business that are designed to create environmental or social benefits.	Chapter 3: The Practice of Sustainable Finance 5.2 Facilitator of Digital Technology and Innovation 7.1 Warm Light of Financial Inclusion	56 100 128

8. Sustainability Disclosure Topics & Accounting Metrics

Indicator Code	Disclosure Indicator	Disclosure Content	Page
Diversity and Inclusion			
FN-IB-330a-1	Percentage of gender and racial / ethnic group representation for (1) executive management; (2) non-executive management; (3) professionals; and (4) all other employees.	<ol style="list-style-type: none"> Executive management (Chairman, president, vice president, assistant vice president, and so on): 21 males (accounting for 1.14% of total employees); 19 females (accounting for 1.03% of total employees). 40 people in total (accounting for 2.17% of total employees) Non-executive management (Senior manager, assistant manager, junior manager, team leader and so on): 94 males (accounting for 5.09% of total employees); 142 females (accounting for 7.69% of total employees). 236 people in total (accounting for 12.78% of total employees) Other employees (excluding executive management and non-executive management): 567 males (accounting for 30.70% of total employees); 1,004 females (accounting for 54.36% of total employees). 1,517 people in total (accounting for 85.07% of total employees) Professionals: 2 lawyers; 1 CPA (qualified). 	
ESG elements included in organizational activities			
FN-IB-410a-1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	For underwriting revenue, please see Appendix 1.1 Underwriting revenue incorporating ESG factors; The amount for consultation and securitization trading has not been completely calculated.	145
FN-IB-410a-2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Appendix: 1.2 Loans/Investments Incorporating ESG Factors	146
FN-IB-410a-3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	Appendix: 1. Statistics related to sustainable finance	145
Business Ethics			
FN-IB-510a-1	Total amount of monetary losses as a result of legal proceedings associated with fraud,	Capital Securities had no such cases in 2023.	

Indicator Code	Disclosure Indicator	Disclosure Content	Page
	insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations		
FN-IB-510a-2	Description of whistleblower policies and procedures	In accordance with the “Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets”, the Company has established the “Guidelines Governing the Implementation of the Whistleblower System” under which any person who is aware of any crime, fraud, or violation of laws and regulations within the Company may report such crime, fraud, or violation of laws and regulations to the Whistleblower Hotline. The acceptance unit and the investigation unit is the Auditing Department, which shall register and record the report after receiving the report, check whether the report is accepted or not according to the report documents, records or notes and relevant information, and keep the identity of the whistleblower confidential, and shall not jeopardize the whistleblower's rights and interests to which the whistleblower is entitled under the law, contract, or custom, and shall safeguard the whistleblower from other unfavorable punishments due to the report.	
Professional Integrity			
FN-IB-510b-1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	In 2023, there was no report of such case in Capital Securities.	
FN-IB-510b-2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	In 2023, there was no report of such case in Capital Securities.	
FN-IB-510b-3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	In 2023, there was no report of such case in Capital Securities.	
FN-IB-510b-4	Description of approach to ensuring professional integrity, including duty of care	The methods adopted by Capital Securities 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.	

Indicator Code	Disclosure Indicator	Disclosure Content	Page
		<ol style="list-style-type: none"> 2. Newly-recruited employees have signed the code of conduct of the CAPITAL group. 3. Capital Securities' 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 Securities holds educational training on a regular basis. The courses include the law propaganda of integrity management, of banned acts for securities dealers, and of major news and insider trading, a total of 19 sessions. 5. The Company conducts risk assessment on integrity management and legal compliance and prepares a risk assessment report, and then strengthens the effectiveness of the internal control system based on the results of the assessment. 	
Systematic Risk Management			
FN-IB-550a-1	Global Systemically Important Bank (G-SIB) score, by category	Capital Securities does not have such business activities.	
FN-IB-550a-2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	<ul style="list-style-type: none"> • The Company's Risk Management System clearly defines stress testing as the process of simulating and measuring the impact of abnormal market movements on portfolio value changes and the impact of the Company's financial resources maximization on the capital adequacy ratio as a basis for formulating countermeasures. At this stage, the stress testing analysis of the investment portfolio is divided into two types of scenarios: historical scenario simulation and hypothetical scenario simulation, each with different scenarios. Historical scenarios are based on the largest changes in stock market indices and bond market interest rates over the past five years. Hypothetical scenarios are based on the impact of financial resources utilization on the capital adequacy ratio or the impact of other potentially significant events on changes in portfolio value. • Stress testing is conducted at least once a quarter. The results are reported to the Risk Management Committee and relevant countermeasures for potential abnormal losses are reported based on the results of the stress testing. • The Company sets operating limits and VaR upper limits for each business to ensure compliance with the capital adequacy ratio and loss upper limits, detects operating risks on a regular basis, and conducts capital adequacy calculations every year under stress testing situations based on the business limits in each department's annual operating plan, which serves as the basis for capital adequacy planning and corporate strategy. • The market risk, credit risk, and operational risk of each type of risky assets of the Company are calculated based on the capital adequacy ratio of securities firms. According to the annual operating plans submitted by each department and the status of the risky capital utilized by each department in the past, the capital adequacy ratio of the entire company is considered to be maintained at least at 220%, which is used as the basis for allocating the risky capital to each 	

Indicator Code	Disclosure Indicator	Disclosure Content	Page
		department.	
Employee Motivation and Assumption of Risks			
FN-IB-550b-1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Variable payment accounts for 20.67% of total payment.	
FN-IB-550b-2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	<p>Although Capital Securities is unable to quantify the percentage, the Company's internal regulations on awards and 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.</p> <ol style="list-style-type: none"> 1. 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. 2. To violate laws and decrees, self-discipline, and working regulations related to the sales of financial instruments. 3. To violate the Company's internal control and auditing regulations. 4. To fail to get to know customers. 	
FN-IB-550b-3	Discussion of policies around supervision, control and validation of traders' pricing of Level 3 assets and liabilities	Capital Securities does not have such business activities.	
Activity index			
FN-IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	The amount of underwriting business in 2023 was approximately NT\$47.99 billion; as for consulting and securitization transactions, the statistics have not been fully collected yet.	
FN-IB-000.B	(1) Number and (2) value of proprietary investments and loans by sector	Appendix: 1. Statistics related to sustainable finance	145
FN-IB-000.C	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	<p>(a) Fixed income: None. (b) Equity: NT\$446,252,893,620. (c) Currency: None. (d) Derivatives: NT\$76,266,504,000. (e) Commodity products: None.</p>	

9. Assurance Report and Verification Statement

Limited Assurance Report for Sustainability Report



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會計師有限確信報告

群益金鼎證券股份有限公司 公鑒：

本會計師接受群益金鼎證券股份有限公司（以下簡稱「群益金鼎證券」）之委託，對群益金鼎證券民國一一年度（2023年度）永續報告書（以下簡稱「報告書」）中所揭露之確信標的資訊（以下簡稱「確信標的資訊」）執行有限確信程序並出具報告。

確信標的資訊與適用基準

群益金鼎證券依據「上市公司編製與申報永續報告書作業辦法」第四條所規定之金融保險業應加強揭露之永續指標（以下簡稱「金融保險業永續揭露指標」）及「證券商編製與申報永續報告書作業辦法」第二條所規定證券商應加強揭露之永續指標（以下簡稱「證券商永續揭露指標」）所揭露之確信標的資訊及其適用基準詳列於附件一。

管理階層之責任

群益金鼎證券應設定其永續績效和報導目標，包括辨識利害關係人及重大性議題，並依前述適用基準編製及允當表達民國一一年度（2023年度）報告書內所涵蓋之確信標的資訊，且負責建立及維持與報告書編製有關之必要內部控制，以確保報告書所報導之確信標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依據財團法人會計研究發展基金會所發布之確信準則3000號「非屬歷史性財務資訊查核或核閱之確信案件」規劃並執行工作，以對第二段所述之確信標的資訊是否存有重大不實表達出具有限確信報告。另，本會計師執行有限確信時，對與有限確信攸關之內部控制取得必要之瞭解，以設計當時情況下適當之有限確信程序，惟其目的並非對群益金鼎證券民國一一年度（2023年度）永續報告書之相關內部控制設計或執行之有效性提供任何確信。

獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則，維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

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所執行程序之彙總說明

本會計師係針對第二段所述之確信標的資訊執行有限確信工作，主要執行之確信程序包括：

- 取得群益金鼎證券民國一一二年度（2023 年度）報告書，並閱讀其內容；
- 訪談群益金鼎證券管理階層及攸關員工，以瞭解用以蒐集及產出確信標的資訊之相關作業流程與資訊系統；
- 基於對上述事項所取得之瞭解，就報告書揭露之特定資訊執行分析性程序，或於必要時檢視核對相關文件，以獲取足夠及適切之有限確信證據。

上述確信程序係基於本會計師之專業判斷，包括辨識確信標的資訊可能存有重大錯誤或不實表達之範圍並評估其潛在風險，設計足夠且適切之確信程序暨評估確信標的資訊之表達。本會計師相信此項確信工作可對本確信報告之結論提供合理之依據。惟本會計師對於有限確信案件風險之瞭解及考量低於對合理確信案件者，所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小，因此有限確信案件中取得之確信程度明顯低於合理確信案件中取得者。

先天限制

群益金鼎證券民國一一二年度（2023年度）報告書內容涵蓋非財務資訊，對於該等資訊之揭露內容可能涉及群益金鼎證券管理階層之重大判斷、假設與解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

結論

依據所執行之程序及所獲取之證據，本會計師並未發現第二段所述確信標的資訊有未依適用之適用基準編製而須作重大修正之情事。

其他事項

本確信報告出具後，群益金鼎證券對任何確信標的或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

安侯建業聯合會計師事務所

會計師：

黃郁婷
吳政諤



事務所地址：台北市信義路五段七號六十八樓

民國一一三年六月十四日

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附件一：確信標的資訊彙總表

編號	報告書對應章節	確信標的資訊	適用基準
1	附錄-7.永續揭露指標	■ 2023 年度無發生資訊外洩事件，故與個資相關的資訊外洩事件佔比為 0%，受資訊外洩事件影響的客戶數為 0。	■ 金融保險業永續揭露指標編號一 ■ 證券商永續揭露指標編號一 資訊外洩事件數量、與個資相關的資訊外洩事件占比、因資訊外洩事件而受影響的顧客數
2	附錄-7.永續揭露指標	■ 群益金鼎證券無相關業務得不揭露對促進小型企業及社區發展的貸放件數及貸放餘額。	■ 金融保險業永續揭露指標編號二 對促進小型企業及社區發展的貸放件數及貸放餘額
		■ 2023 年度為 1 件；總計新臺幣 800,000,000 元。	■ 證券商永續揭露指標編號二 協助中小型企業於資本市場籌資之件數及金額
3	6.1.3 世代交替-人才養成與累積	■ 業界講師計畫： -與淡江大學合作進行「永續經營的資產管理運作實務」授課，共計 14 堂課程，授課業師共 16 人次；學生共 59 位。 -台科大的業師，2023 共有 4 堂，每堂 3 小時；學生共 84 位 ■ 產學合作：參與實習 134 位。 ■ 群益資星：參與實習 27 位。	■ 金融保險業永續揭露指標編號三 對缺少銀行服務之弱勢族群提供金融教育之參與人數 ■ 證券商永續揭露指標編號三 對缺少證券服務之弱勢族群提供金融教育之參與人數
	7.3 社會關懷責任的實踐路徑	■ 群益愛閱讀：2023 年達 763 人受惠，累積達 3,000 位以上學童受惠。	
4	3.2 迎戰氣候變遷	■ 2023 年主辦華懋科技 IPO 案，為國內第一家以科技事業暨綠能環保類股申請上市之公司，該公司亦是台灣率先投入半導體產業 VOCs(揮發性有機氣體) 製程廢氣處理及污染防治設備研發的專業公司。 ■ 2023 年主辦前端風電於興櫃戰略新版掛牌，該公司為離岸風電水下基礎製造廠商，為綠能產業鏈。本公司亦積極輔導該客戶邁向申請上市之路，共同打造臺灣 2050 永續淨零。	■ 金融保險業永續揭露指標編號四 ■ 證券商永續揭露指標編號四 各經營業務為創造環境效益或社會效益所設計之產品與服務

編號	報告書對應章節	確信標的資訊	適用基準
	7.1 普惠金融的溫暖光芒	<ul style="list-style-type: none"> ■ 身心障礙人士 <ul style="list-style-type: none"> • 專人專線服務： <ul style="list-style-type: none"> - 各營業據點積極培訓同仁，並均配置專人協助身心障礙人士開戶及交易服務。 - 提供視障者語音下單、人工出金…等專線服務。 • 營業據點提供無障礙措施，如： <ul style="list-style-type: none"> - 營業據點已達 90% 納入身心障礙者之便利措施，如降低櫃台。 - 提供多元語言服務，如國語、台語、英文等。 ■ 高齡族群 <ul style="list-style-type: none"> • 專人專線服務：各營業據點積極培訓同仁，並均配置專人協助開戶及交易服務 - 強化商品合適度評估分析，設置風險評估機制與加強風險說明， - 提供多元低風險之金融商品及服務。 - 落實關懷服務措施：衍生性商品定性為高風險金融商品，內部強化高齡者的交易檢查機制，對於交易損益未逾設定標準的超高齡客戶，主動協請跨部門合作進行關懷，確保高齡投資者出於自由意思、充分理解且完全行為能力之前提，方可進行業務往來。 	

Assurance Report on Greenhouse Gas Statement



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溫室氣體聲明確信報告

群益金鼎證券股份有限公司 公鑒：

本執業人員受託執行群益金鼎證券股份有限公司（以下簡稱「群益證券」）民國一一二年一月一日至十二月三十一日溫室氣體盤查報告書（以下簡稱「溫室氣體聲明」）之類別1直接溫室氣體排放與類別2能源間接排放（以下簡稱「類別1及類別2」）之有限確信案件詳列於附件一。

公司對溫室氣體聲明之責任

群益證券之責任係依照國際標準組織(International Organization for Standardization, ISO)發布之「ISO14064-1:2018組織層級溫室氣體排放及移除量化及報告附指引之規範」（以下簡稱「ISO14064-1」）編製溫室氣體聲明，且設計、付諸實行及維持與溫室氣體聲明編製有關之內部控制，以確保溫室氣體聲明未存有導因於舞弊或錯誤之重大不實表達。如群益證券溫室氣體聲明所述，溫室氣體之量化受先天不確定性之影響，主要係因用以決定排放係數之科學知識並不完整，以及報導之數值須彙總不同溫室氣體之排放。

執業人員之獨立性及品質管理

本執業人員已遵循會計師職業道德規範有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密與專業行為。本事務所適用品質管理準則1號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之書面政策及程序。

執業人員之責任

類別1與類別2- 有限確信

本執業人員之責任係依照確信準則3410號「溫室氣體聲明之確信案件」規劃及執行類別1與類別2之有限確信案件，基於所執行之程序及所獲取之證據，對第一段所述群益證券溫室氣體聲明是否未存有重大不實表達取得有限確信，並作成有限確信之結論。

依確信準則3410號之規定，有限確信案件工作包括評估群益證券採用ISO14064-1編製溫室氣體聲明之妥適性、評估溫室氣體聲明導因於舞弊或錯誤之重大不實表達風險、依情況對所評估風險作出必要之因應，以及評估溫室氣體聲明之整體表達。有關風險評估程序（包括對內部控制之瞭解）及因應所評估風險之程序，有限確信案件之範圍明顯小於合理確信案件。

本執業人員對第一段所述群益證券溫室氣體聲明之類別1與類別2所執行之程序係基於專業判斷，該等程序包括查詢、對所執行流程之觀察、文件之檢查、分析性程序、量化方法與報導政策之評估，以及與相關紀錄之核對或調節。基於本案件情況，本執業人員於執行上述程序時：

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1. 已透過查詢，取得對群益證券與排放量化及報導攸關之控制環境及資訊系統之瞭解。但並未評估特定控制作業之設計、取得該等控制作業付諸實行之證據或測試其有效性。
2. 已評估群益證券建立估計方法之適當性及一致性。然而，所執执行程序並未包含測試估計所依據之資料或單獨建立執業人員之估計，以評估群益證券所作之估計。
3. 已實地訪查 2 個據點，以評估排放源之完整性、資料蒐集方法、排放源資料及該等據點所適用之攸關假設。對於執行實地訪查據點之選擇，已考量該等據點之排放對總排放之貢獻、排放源性質，以及前期所選擇之據點。所執执行程序不包含測試該等據點用以蒐集及彙整設施資料之資訊系統或控制。

相較於合理確信案件，有限確信案件所執执行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件所取得者。因此，本執業人員不對群益證券類別1與類別2組織間接排放在所有重大方面，是否依照國際標準組織(International Organization for Standardization, ISO)發布之ISO14064-1:2018組織層級溫室氣體排放及移除量化及報告附指引之規範編製，表示合理確信意見。

有限確信之結論

類別1與類別2 - 有限確信

依據所執行之程序與所獲取之證據，本執業人員並未發現第一段所述群益證券民國一十二年一月一日至十二月三十一日溫室氣體聲明之類別1與類別2在所有重大方面有未依照ISO14064-1編製之情事。



其他事項

本確信報告出具後，任何確信標的資訊或適用基準之變更，本執業人員將不負就該等資訊重新執行確信工作之責任。

安侯建業聯合會計師事務所

會計師：黃郁婷 

事務所地址：台北市信義路五段七號六十八樓

中華民國 一 一 三 年 四 月 十 九 日

~ 3~



附件一：確信標的資訊彙總表

報告邊界	排放量 (二氧化碳噸當量/年)
類別1：直接溫室氣體排放和移除	357.2313
類別2：輸入能源	4,858.6271
合計	5,215.8584

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10. International Certification

ISO 27001 Information Security Management System



Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2022

This is to certify that: Capital Securities Corporation
11F.
No. 156, Sec. 3, Minsheng E. Rd.
Songshan Dist.
Taipei City
105005
Taiwan

Holds Certificate No: **IS 503970**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2022 for the following scope:

The provision of information system design, development, operation, maintenance, customer service, management of network infrastructure, Dunnan server room, Songren server room, and Banqiao server room, and all supporting information processing activities for Capital Securities Corp., Capital Futures Corp., and Capital Insurance Advisory Corp. within Innovation Technology Department.
This is in accordance with the Statement of Applicability, SP-00-001-Annex B, version 3.3 dated 22 November 2023.

For and on behalf of BSI:


Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2006-03-16
Latest Revision Date: 2024-02-05

Effective Date: 2024-03-13
Expiry Date: 2027-03-12

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Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +886 (02)2656-0333.

Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

ISO 22301 Business Continuity Management System



Certificate of Registration

BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2019

This is to certify that: Capital Securities
& Capital Futures Corporation
11F.
No. 156, Sec. 3, Minsheng E. Rd.
Songsan Dist.
Taipei City
105402
Taiwan

Holds Certificate No: **BCMS 537763**

and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2019
for the following scope:

The business continuity management system in relation to the provision of stock trading,
futures & options trading, derivatives trading, bonds trading, re-consigned trading, and
registrar agency business.

For and on behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2008-11-14

Latest Revision Date: 2023-10-30

Effective Date: 2023-11-26

Expiry Date: 2026-11-25

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A Member of the BSI Group of Companies.

BS 10012 Personal Information Management System



Certificate of Registration

Personal Information Management System - BS 10012:2017

This is to certify that: Capital Securities Corporation
11F.
No. 156, Sec. 3, Minsheng E. Rd.
Songsan Dist.
Taipei City
105005
Taiwan

Holds Certificate No: **PIMS 593476**

and meets the criteria of BS 10012:2017: Specification for Personal Information Management System for the following scope:

The provision of personal information management including personal information files collection, processing, and using in all of the services within whole business activities by the headquarters of Capital Securities Corporation.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Original Registration Date: 2013-02-07
Latest Revision Date: 2021-10-08

Effective Date: 2021-10-08
Expiry Date: 2024-10-07

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