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CAPITAL 2019

Corporate Social Responsibility Report **Capital Securities Corporation**

Notice to readers

This English-version corporate social responsibility report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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About the Report

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

Scope of Report

The Company has produced CSR report every year since 2014. The last issue (2018) was released in June 2019. This Report covers the economic, social, and environmental activities and performance of Capital Group in 2019 (January 1, 2019 through to December 31, 2019). The Report encompasses Capital Securities Corporation and its subsidiaries in Taiwan such as Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, and CSC Venture Capital. It does not include the business activities and services of Capital Futures Corporation. (Capital Futures Corporation and its subsidiaries publish their own CSR report). All financial numbers in the report are denominated in NTD and have been audited by a certified public accountant. Statistics in the report are prepared and investigated independently by Capital Securities Corporation.

Basis for this Report

The 2019 Capital Securities Corporation Corporate Social Responsibility Report has been prepared in accordance with TWSE's "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and the guiding policy and framework and the standard of core disclosures under GRI 2016. The Report also includes a comparison table of GRI items. The Report covers corporate governance, customer rights, employee care, environmental sustainability, and social welfare, among other items. This Report can be accessed on the website of Capital Securities Corporation and is available for download.

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Message from the Chairman

In consideration of the negative impact brought by the US-China trade war in 2019, the global economy was alerted constantly. The International Monetary Fund (IMF) and World Bank issued many reports indicating the regressive economic momentum. In Europe, Africa, Central Asia, India and China, the economic growth momentum became sluggish or the original order was changed. As a result, the global economic fundamentals became weak in 2019. The global stock market continued to rally. The DJIA and S&P indexes hit record highs successively. Even European stocks with weak economic fundamentals rallied by 24% throughout the year, and the UK stock market, which was in the middle of the Brexit storm, also rallied by 12%. The stock market's strong performance set the bullish tone. Other financial market's performances were also very outstanding. The European and US bonds markets rallied. The property markets in Europe and the U.S.A. kept booming. The gold price increased by 18% and international crude oil price increased by 25% throughout the year.

The reasons why the economic fundamentals were not growing simultaneously with the financial market may be categorized into the following three major factors:

- (1) The domestic demand momentum was strong in the U.S.A. and Europe, and the unemployment rate came to the historically lowest in the U.S.A. The basic fundamentals were good, such as the substantial stable growth of salary. As a result, the domestic demand grew in the U.S.A. In 2019. The US consumption power rebounded to the high-growth level during the 1990s. The property market boomed in various big cities and Silicon Valley in the U.S.A.
- (2) The global central banks continued to cut the interest rate and maintained monetary easing, in hopes of stimulating the willingness to invest and produce to prevent the economic growth momentum from declining. Particularly, the Fed cut the interest rate three times as preventive measures in 2019. Such unexpected monetary easing repeatedly and effectively rescued the US stock market that fluctuated at a high level.
- (3) The global industrial structure was re-organized again. The Philadelphia Semiconductor Index rallied by 60% in 2019, marking the fourth-largest annual rally. The global semiconductor companies' stock prices surged, reflecting the technology industry's structure upgrading, upcoming 5G age, and the extension of US-China Trade Ware in the high-tech area. For example, the reasons why TSMC's stock price surged included its excellent corporate governance, profitability and R&D strength. Facing substantially higher barriers in terms of global semiconductor capital expenditure, the leading semiconductor suppliers found that the cooperative model for wafer foundry was more time-efficient and generated lower risk than the IDM. In other words, the IDM model was less effective than the development model of a strategic alliance. Meanwhile, as of the second half of 2019, such philosophy was also reflected in the TFT-LCD Industry.

The past economic growth drove the stock market's rally. The monetary policy tended to control hot money flows. In the current capital market, poor economic figures will inevitably lead the central bank to adopt monetary easing policies, resulting in the market expectation and positive interpretation in the financial market. The phenomenon that the financial market surges while the economic figures are poor seems ironic but actually implies that long-term deviations from economic fundamentals cause the concerns over asset bubble.

In 2019, the TAIEX increased by 2,325 points or 23.3%. The total market capitalization of listed companies was NT\$36.5 trillion at the end of the year, increasing by NT\$7.4 trillion from the end of 2018. Among the other things, the market capitalization of the semiconductor industry grew the most, increasing by 50% approximately. In consideration of TSMC's outstanding performance, Taiwan stocks' high yields, the effect produced by order transfer due to the US-China trade war, repatriation of overseas funds, and return of Taiwanese

businessmen to invest in Taiwan, Taiwan's economy and stock market were considered" going through a maze and finding its way out".

In the management environment which was fluctuating drastically, the Company's management team still upheld the stable management philosophy, and maintained the Company's operating performance by weighing risk and profit evenly. In 2019, the Company's overall pre-tax profits were NT\$2,818,748 thousand, and the net profit after tax was NT\$2,566,823 thousand, ranking fourth among domestic securities firms.

The business operations in 2019 were as follows:

- I. Brokerage:** The centralized trading market share was 3.77% for the whole year, and the over-the-counter market share was 5.17%. The overall market share was 4.08%. The business scale ranked the fifth among all securities firms and the first among independent securities firms.
- II. Investment Banking:** In 2019, we underwrote the listing of Team Group Inc., at the primary market, and the SPOs of Laster Tech (CB2), Laster Tech, TaiSol (CB2), De Licacy and Syngen Biotech at the secondary market. The underwriting team is experienced and has been commissioned to complete domestic and foreign cases of different scales and types.
- III. Derivatives Products:** The call (put) warrants issued by the Company in 2019 amounted to NT\$44.851 billion in total, and the number of warrants issued was 3,668. The issued amount and number of issuances ranked the third in the market. The Company's annual issuance amount of structured products was NT\$11.275 billion.
- IV. Fixed Income:** In 2019, the Company participated in the bidding for issuance of nine domestic ordinary corporate bonds, accounting for 11.54% of the market share and ranking the fourth among all securities firms. The Company's cumulative amount of public bidding for domestic ordinary corporate bonds reached NT\$26.750 billion, accounting for 9.14% of the market share and ranking the third among all securities firms. The large-sale corporate bond cases underwritten by the Company included well-known domestic companies such as Taiwan Power, Chailease, Far Eastone Telecommunications, Uni-President, Yang Ming Marine Transport, Formosa Petrochemical Corporation, Chang Chun Group and Hon Hai Precision Industry Co., Ltd.

Capital Securities takes the vision of "providing high value-added services that exceed customer expectations and becoming the partner for long-term customer growth". Indebted to all employees' efforts, the Company won several awards in 2019:

- (1) The "Best Digital Innovation Award" for Non-Financial Holdings Company of Excellence Magazine's "2019 Excellent Financial Securities Service Review".
- (2) The "Best Wealth Growth Award" of Business Today's 2019 Wealth Management Bank and Securities Firm Review.
- (3) The "Best Sales Team Award" and "Best Promoting Philanthropy Award" of the Wealth Magazine's Wealth Management Awards.
- (4) The "Outstanding Achievements in Corporate Social Responsibility" of the 15th-term SFI Awards.
- (5) Continuously selected as a constituent of FTSE4Good TIP Taiwan ESG Index.
- (6) Won the first place of API Promotion Award in the "e-Order Placement Competition" organized by TWSE.
- (7) Won the "2019 Happy Business Awards - Service Industry Poll" organized by 1111 Job

Bank, for the highest happiness of the enterprise employees in the category of "Investment & Wealth Management".

The Company's brand value is "Capital Care". It has long assumed the role of a corporate citizen and organized the following charity activities in 2019:

- (1) Capital Group's blood donation charity activities "Love from Capital for Charity".
- (2) Worked with the New Taipei City Welfare Association for the Blind to provide the employees with massage services every week.
- (3) The Company also promoted the "Capital loves to Read" to care the education in rural areas. The Company's employees served as the volunteers to pair up with elementary school students to pair-read story books. Meanwhile, the Company invited the New Taipei City Dacheng Elementary School and Gueishan Elementary School students to visit the STUDIO GHIBLI LAYOUT DESIGNS outside the schools, in order to enable these children to experience the world-renowned animation manuscripts in a close distance. The Company also invited the faculty and students of Nantou County Xiufeng Elementary School to visit Natural Way Six Arts Culture Center and National Museum of Natural Science in the downtown of Taichung City to guide the children to enhance their knowledge and also experience a different city's presence.
- (4) In order to promote rural education in Taiwan and mitigate the divide between rural and urban resources, the Company donated to a total of 9 elementary schools.

Looking forward to the global economic and trading development in 2020, we see "Risk and Opportunity Co-exists":

First of all, for the economic cycle in the U.S.A., the National Bureau of Economic Research (NBER) recorded that the economic expansion period starting from June 2009 until now has broken the record since the statistics for GDP were generated in the U.S.A. in 1854. The previous expansion period was from March 1991 to March 2001. Such long-term prosperity could reverse downward at any time. Notwithstanding, Trump's reelection campaign slogan for 2020, "Make America Great Again", implies the idea of a Big Government. The financial market performance is taken into account by the policy. Certain internal oppositions against the continued interest rate cuts emerged in the central banks of the U.S.A. And Europe. Notwithstanding, given the concern over sluggish economic growth caused by the spread of COVID-19 globally, the Fed consecutively cut the interest rate twice in March 2020 by 0.5% and 1% respectively. Meanwhile, it released the US\$700 billion quantitative easing program. The subsequent effect thereof shall be followed up. If the US stock market can keep attracting additional funds globally, the US economy may maintain its prosperity. Nevertheless, if the stock market is corrected and it is still impossible to change the US stock market decline with the aid from monetary policy and financial policy, it is necessary to note that the US stock market's long-term bullish run might come to a turning point.

Secondly, the US-China trade war entered the 2nd stage. In the middle of January 2020, China and U.S.A. signed the 1ststage trading agreement, under which the U.S.A. agreed to cut the custom duty on the Chinese goods equivalent to US\$120 billion, namely the first part of the US\$300 billion tariffs, by 50%, and the custom duty rate became 7.5%; China agreed to increase the procurement of goods and services from the U.S.A. to US\$200 billion, promised to engage in the intellectual property right protection lest Chinese Government and enterprises should force the US-based companies to transfer technology to their adverse parties, and promote the access to financial market to enable the US-based companies engaged in banking, insurance, asset management and other financial services to expand their market in China. The 1st-stage trade agreement between China and the U.S.A. is primarily intended to prevent the conflict between both parties from expanding while such agreement actually produces limited substantial effects. Considering that the presidential election will take place in the U.S.A.

at the end of 2020, Trump will transform the trade problem between China and the U.S.A. into the support by the voters in the central and western areas of the U.S.A. through his campaign for the election. Therefore, it is expected that the U.S.A. will not reach the 2nd-stage trading agreement with China until the election ends in the U.S.A. In other words, the US-China trade war will still be an important event affecting economy in 2020.

Thirdly, the global manufacturing industry's domains were re-organized. The GDP weights are primarily driven by consumption, but not highly rely on the manufacturing industry. In recent years, Trump has kept claiming that the "manufacturing industry returns back to the United States", in order to reduce the unemployed and seek votes in the U.S.A. and render the impact on the structure of the global economic and industrial framework for division of labor. China's position as the world factory and production base will be shaken accordingly. The strong intervention by the U.S.A. resulted in the continuous decline of investment in China by the global suppliers, and the suppliers have successively considered engaging in production in the U.S.A. or the South East Asia countries with demographic and development dividends instead.

Fourthly, the asset prices were ballooning. The main commodity prices, except the oil price, stay at the historically highest positions. The future increase in the price must rely on the steady upward fluctuations in the various markets. If abnormal price hikes keep taking place, there might be the sign for an asset bubble. The bubble of assets for the past several decades caused severe damage to the financial market. The "Butterfly Effect" in the financial market is identified as one of the main sources of risk. For example, in the stock market, the sharp drop of the index or stock price might be caused by the decline of individual markets or business operations. Notwithstanding, after the global financial markets are highly linked with each other, multiple potential factors and their influence cannot be ignored. For example, the rumors about China's reduction of the U.S. debts held by China might cause liquidation of more long positions of the U.S. stocks, the sluggish GDP growth and demand decline in China, which will directly affect the decline of the crude oil and raw material futures markets, et al. All of these would cause the chain effects to the global financial markets.

At last, the outbreak of COVID-19 in China at the beginning of 2020 caused the significant variables to the future economic development of China. For Taiwan-based enterprises, the investment in China will decline continuously, while the effect of order transfer or repatriation of fund by Taiwanese businessman for investment in Taiwan will keep expanding. In the past, in consideration of the incentives, such as more overseas investment opportunities and tax mitigation, Taiwan's high-asset groups' massive capital was used to being deposited overseas. Notwithstanding, such change helps develop the wealth management business. Following the spread of COVID-19 all over the world, countries in Europe, the U.S.A. and Asia have successively imposed orders to close cities and countries and issued emergency orders to restrict people's movement and various economic activities. Notwithstanding, the restriction on the movement of people and goods might cause impact to the future production, transport and supply chain. The international crude oil price drops sharply due to the shrinking demand and thereby shakes the confidence in the capital market.

Domestically, TAIEX will adopt the continuous trading system as of March 2020 in order to be in line with the trading model applied in the international stock markets, for the purpose of globalization. Therefore, the frequently trading foreign institutional investors are expected to be attracted and invest in Taiwan's stock market. Meanwhile, FSC plans to adopt the intraday odd-lot trading system in the second half of 2020 to activate the odd-lot market. Therefore, young investors are expected to be attracted to participate in the capital market and accumulate investment experience. The aforementioned new trading systems are helpful to boost the trading momentum for TAIEX.

Furthermore, in consideration of the sufficient domestic capital and the considerable high-

asset customer base, the Company has reserved a niche for developing the wealth management business. Besides, the global capital and industrial layout are under adjustment and thereby Taiwanese businessmen's willingness to repatriate their capital is increased accordingly. Therefore, at the end of 2019, FSC issued the "New Wealth Management Program", hoping to lift the laws and regulations to permit more diversified financial products and services in terms of the "High-Asset Customers' Wealth Management Business", "Diversified Financial Products and Investment Channels" and "Development of Financial Institutions' Scope of Business", so as to expand the scale of wealth management business in Taiwan and upgrade the domestic financial institutions' competitiveness.

In consideration of said economic condition and policy orientation, in 2020, the Company's operational planning and business development strategies are as following:

- (1) Continue to promote the separate account ledger business to increase the source of interest income, and also control the customers' cash flows to boost the wealth management business.
- (2) Maximize the channel value, practice customer classification, continue to develop professional investors, and improve its own ability to design wealth management products; provide customized products per the customers' attributes, become the first selection of customers for wealth management business, and upgrade customers' asset management scale stably.
- (3) In response to the continuous trading system, enhance the contents and speed of services to customers.
- (4) Expand the sub-brokerage business scale and prepare for the sub-brokerage financing business.
- (5) Improve the investment bank's business, form the close cooperation between corporate banking business and the Company's venture capital, and control the business opportunities for private placement of equity.
- (6) Operate the individual stocks in response to the research resources to prevent resources from being dispersed; take chance to create the high-dividend fine-quality stocks to stabilize the long-term profit basis.
- (7) Pay attention to the trend of changes in interest rates of foreign currencies and NTD, take the chance to adjust the bond asset ratio, and stabilize the profit gained from trading and interest income.
- (8) Maintain the leading brand in the warrant market, and strengthen the issuance of diversified financial derivatives to diversify earnings.
- (9) Evaluate and centralize clearing operations, optimize operational processes, and enhance operational risk management.
- (10) Strengthen business cooperation with the Company's futures, securities investment trust, venture capital, investment consulting and insurance agent to exert the consolidated effect for the Group's business.

In the future, the uncertain factors, including the outbreak of COVID-19, US-China trade war, US Presidential Election, geopolitical conflict in the Middle East, and interest cuts by various countries' central banks, the financial markets are likely to suffer impact continuously and, therefore, fluctuate drastically. Notwithstanding, the Company will continue to uphold its sound business philosophy and care for the society, establish long-term partnership with customers, provide high value-added financial services that exceed customer expectations, and maintain high operation performance to create high returns to shareholders.

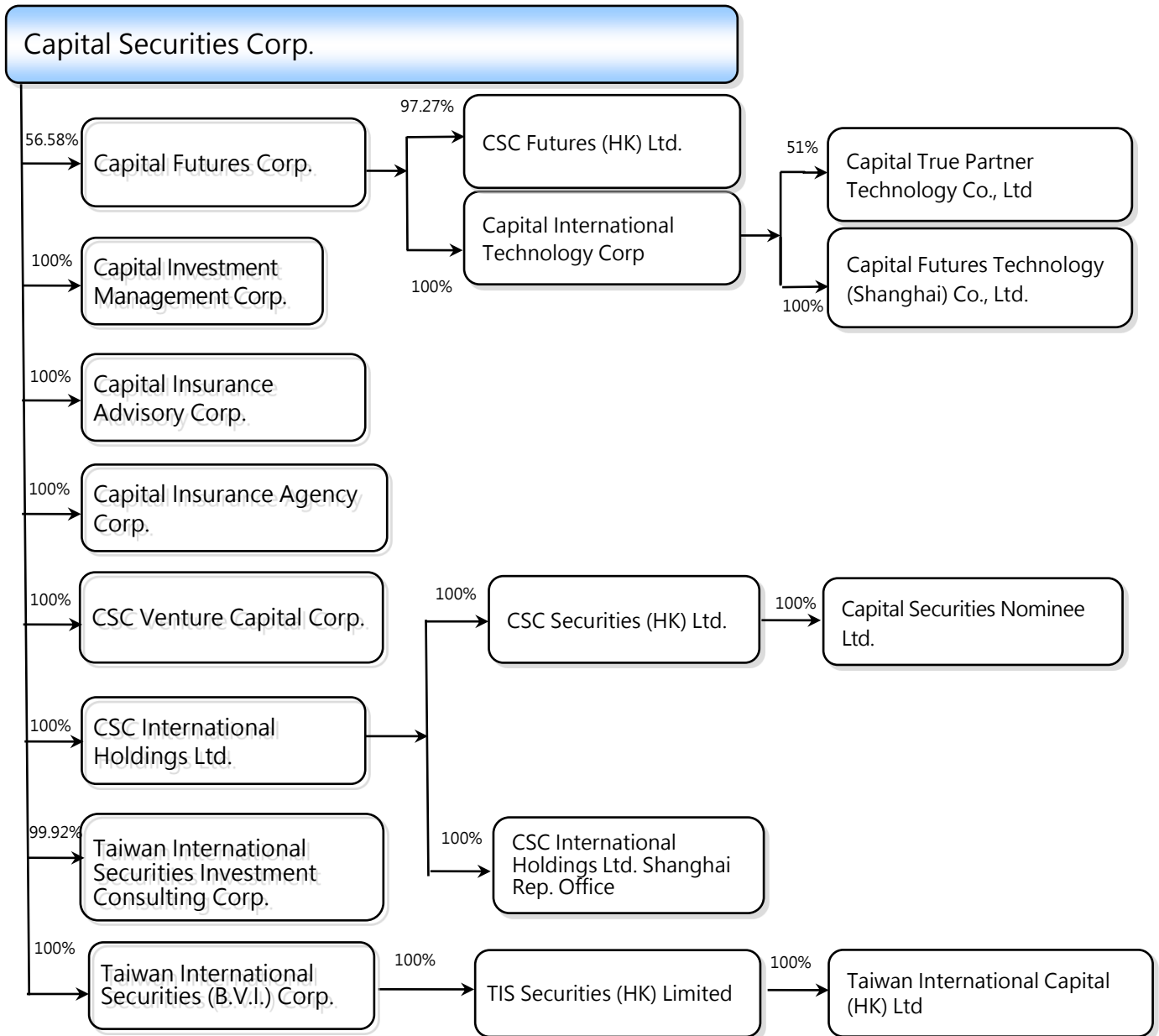
Alex Jiunn-Chin Wang
Chairman
Capital Securities Corporation

I. About Capital Securities Corporation

I. Company Profile

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

Data as of March 31, 2020



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

The Company was founded in 1988, evolving into an international securities broker providing companies and investors at home and abroad a full range of services in all major areas of finances: brokerage, proprietary trading, underwriting, registrar agency, bonds, financial derivatives, and wealth management, among others. The Company has successively established affiliates such as Capital Futures, Capital Investment Management, Capital Insurance Agency, Capital Insurance Advisory, CSC Securities (HK) and CSC Futures (HK), etc. In 2016, the Company also invested in the establishment of CSC Venture Capital, extending the reach of its services to other companies. In addition to branches in all major cities in Taiwan, the Group also established strongholds in financial centers such as Hong Kong and Shanghai, marching toward the goal of being an international investment bank. For a long time, Capital Securities has upheld its customer care philosophies—Capital Care and Pursuit of Public's Interest. In 2018 and 2019, the Company has been included as the constituent of FTSE4Good TIP Taiwan ESG Index, which shows the recognition of Capital Securities' performance in the areas of corporate governance, business performance, stakeholder engagement, environmental protection, and corporate social responsibility.

Profile of Capital Securities Corporation

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

II. Scope of Business and Characteristics

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

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

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

the competent authority. The Company has also developed internal control mechanism in accordance with applicable laws to implement the principle of confidentiality over customer information.

Brokerage

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

Proprietary trading

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

Fixed Income

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

Derivatives:

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

Underwriting and Financial Consulting

- (1) IPO: Capital Securities' Investment Banking Department aims to form stable and long-term partnerships with our clients, and assists them with listing-related applications and guides them to success in the capital market.
- (2) SPO: In response to internationalization and diversification of fundraising channels and strategies of corporate financial operations, Capital Securities' Investment Banking Department provides companies listed on TWSE and TPEx with comprehensive and high-quality corporate financial planning/SPO services based on a wealth of professional experience.
- (3) International Capital Market Business: Capital Securities' overseas businesses have gained positive word of mouth and market visibility following years of operation.

Registrar Agency

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

Wealth Management

The Company was approved by the competent authority in 2010 to manage clients' assets and wealth by using trust approaches. The Wealth Management Department oversees financial planning, execution, and personnel management and develops comprehensive products and services. By offering the best investment portfolio consisting of different product combinations that meet the immediate needs of clients, the Department provides a one-stop shopping platform where clients can purchase the financial products they need. A full range of professional financial advices is offered for high-net-worth investors. Through a trust-based investment platform mechanism, various financial services are provided to grow clients' wealth, manage their assets, and let clients entrust the management of their assets to Capital Securities.

III. Business Performance

Capital Securities is committed to providing a complete range of financial services that fulfill customers' needs and maximize shareholders' equity. Please see the Capital Securities Corporation Annual Report for more details. (website: <https://www.capital.com.tw>.)

Balance Sheet

Unit: 1,000 NTD

Item \ Year	Financial information for the most recent 3 years (Note)		
	2019	2018	2017
Current assets	73,984,497	61,469,761	93,599,832
Property and equipment	2,339,571	4,577,214	4,231,972
Other non-current assets	19,094,562	15,381,441	13,311,599
Current liabilities	59,239,075	47,025,844	78,368,174
Non-current liabilities	2,186,915	1,430,580	1,353,599
Share capital	23,209,081	23,209,081	21,690,730
Retained earnings	7,927,126	6,209,696	6,790,451
Total assets	95,418,630	81,428,416	111,143,403
Total liabilities	61,425,990	48,456,424	79,721,773
Total equity	33,992,640	32,971,992	31,421,630

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

Statement of Comprehensive Income

Unit: 1,000 NT

Item \ Year	Financial information for the past 3 years (Note 1)		
	2019	2018	2017
income	5,885,962	4,922,660	6,621,232
Operating expenses and expenditures	4,105,770	4,303,491	4,356,598
Non-operating profits and losses	1,038,556	1,219,276	818,720
Profit before tax	2,818,748	1,838,445	3,083,354
Profit after tax	2,566,823	1,408,865	2,893,600
Earnings per share (NT\$) (Note 2)	1.11	0.61	1.25

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

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

Differentiation of Direct Economic Value/Distribution of Economic Value

Unit: 1,000 NTD

Item \ Year	2019	2018	2017
	Direct economic value		
Operating revenues	5,885,962	4,922,660	6,621,232
Non-operating net income	1,038,556	1,219,276	818,720
Distribution of economic value			
Operating expenses	2,225,347	2,328,139	2,249,072
Employee remuneration and benefits	1,879,473	1,974,377	2,107,451
Donation of academic fund	930	930	30
Social welfare	20	45	45
Share dividends distribution	1,736,726	928,363	1,952,166
Income tax expense	251,925	429,580	189,754
Value retained	830,097	480,502	941,434

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

Economic value retained = Direct economic value – economic value distributed

* Note

All financial numbers are denominated in NTD, which is a functional monetary currency of the Company and have been audited or reviewed by an accountant. Statistics are calculated on the basis of internationally accepted indicators. For the consolidated financial statements, please visit the Company's website (<http://www.capital.com.tw>) Or the Market Observation Post System (<http://mops.twse.com.tw>)

Subsidiaries included in the consolidated financial statements comprise Capital Investment Management Corporation, CSC International Holdings Ltd., Capital Futures Corporation, Capital International Technology Corp., CSC Securities (HK) Ltd., CSC Venture Capital Corp., Taiwan International Securities Investment Consulting Corp., Taiwan International Securities (B.V.I.) Corp., and Taiwan International Securities (HK) Ltd. Capital Insurance Agency Corp. and Capital Insurance Advisory Corp. are not included in the consolidated financial statements.

Breakdown of Operating Revenues by Business Category

Unit: 1,000 NTD

Year	2019		2018		2017	
Product Category	Amount	%	Amount	%	Amount	%
Brokerage	3,331,720	57%	3,828,016	78%	3,584,085	54%
Proprietary trading	2,184,733	37%	810,966	16%	2,729,601	41%
Underwriting	369,509	6%	283,678	6%	307,546	5%
Total	5,885,962	100%	4,922,660	100%	6,621,232	100%

IV. Shareholder Structure

Apr 24, 2020

	Government Agencies	Financial Institutions	Other Institutional Investors	Domestic Natural Persons	Foreign institutions and foreigners	Total
Number of shareholders	4	8	326	86,194	297	86,829
No. of shares held	6,953,397	148,876,313	969,367,339	648,114,635	397,596,413	2,170,908,097
Shareholding percentage	0.32%	6.86%	44.65%	29.86%	18.31%	100.00%

V. Market Condition and Response

Looking forward to the global economic and trading development in 2020, we see "Risk and Opportunity Co-exists":

First of all, for the economic cycle in the U.S.A., the National Bureau of Economic Research (NBER) recorded that the economic expansion period starting from June 2009 until now has broken the record since the statistics for GDP were generated in the U.S.A. in 1854. The previous expansion period was from March 1991 to March 2001. Such long-term prosperity could reverse downward at any time. Notwithstanding, Trump's reelection campaign slogan for 2020, "Make America Great Again", implies the idea of a Big Government. The financial market performance is taken into account by the policy. Certain internal oppositions against the continued interest rate cuts emerged in the central banks of the U.S.A. And Europe. Notwithstanding, given the concern over sluggish economic growth caused by the spread of COVID-19 globally, the Fed consecutively cut the interest rate twice in March 2020 by 0.5% and 1% respectively. Meanwhile, it released the US\$700 billion quantitative easing program. The subsequent effect thereof shall be followed up. If the US stock market can keep attracting additional funds globally, the US economy may maintain its prosperity. Nevertheless, if the stock market is corrected and it is still impossible to change the US stock market decline with the aid from monetary policy and financial policy, it is necessary to note that the US stock market's long-term bullish run might come to a turning point.

Secondly, the US-China trade war entered the 2nd stage. In the middle of January 2020, China and U.S.A. signed the 1st stage trading agreement, under which the U.S.A. agreed to cut the custom duty on the Chinese goods equivalent to US\$120 billion, namely the first part of the US\$300 billion tariffs, by 50%, and the custom duty rate became 7.5%; China agreed to increase the procurement of goods and services from the U.S.A. to US\$200 billion, promised to engage in the intellectual property right protection lest Chinese Government and enterprises should force the US-based companies to transfer technology to their adverse parties, and promote the access to financial market to enable the US-based companies engaged in banking, insurance, asset management and other financial services to expand their market in China. The 1st-stage trade agreement between China and the U.S.A. is primarily intended to prevent the conflict between both parties from expanding while such agreement actually produces limited substantial effects. Considering that the presidential election will take place in the U.S.A. at the end of 2020, Trump will transform the trade problem between China and the U.S.A. into the support by the voters in the central and western areas of the U.S.A. through his campaign for the election. Therefore, it is expected that the U.S.A. will not reach the 2nd-stage trading agreement with China until the election ends in the U.S.A. In other words, the US-China trade war will still be an important event affecting economy in 2020.

Thirdly, the global manufacturing industry's domains were re-organized. The GDP weights are primarily driven by consumption, but not highly rely on the manufacturing industry. In recent years, Trump has kept claiming that the "manufacturing industry returns back to the United States", in order to reduce the unemployed and seek votes in the U.S.A. and render the impact on the structure of the global economic and industrial framework for division of labor. China's position as the world factory and production base will be shaken accordingly. The strong intervention by the U.S.A. resulted in the continuous decline of investment in China by the global suppliers, and the suppliers have successively considered engaging in production in the U.S.A. or the South East Asia countries with demographic and development dividends instead.

Fourthly, the asset prices were ballooning. The main commodity prices, except the oil price, stay at the historically highest positions. The future increase in the price must rely on the steady upward fluctuations in the various markets. If abnormal price hikes keep taking place, there might be the sign for an asset bubble. The bubble of assets for the past several decades caused

severe damage to the financial market. The "Butterfly Effect" in the financial market is identified as one of the main sources of risk. For example, in the stock market, the sharp drop of the index or stock price might be caused by the decline of individual markets or business operations. Notwithstanding, after the global financial markets are highly linked with each other, multiple potential factors and their influence cannot be ignored. For example, the rumors about China's reduction of the U.S. debts held by China might cause liquidation of more long positions of the U.S. stocks, the sluggish GDP growth and demand decline in China, which will directly affect the decline of the crude oil and raw material futures markets, etc. All of these would cause the chain effects to the global financial markets.

At last, the outbreak of COVID-19 in China at the beginning of 2020 caused the significant variables to the future economic development of China. For Taiwan-based enterprises, the investment in China will decline continuously, while the effect of order transfer or repatriation of fund by Taiwanese businessman for investment in Taiwan will keep expanding. In the past, in consideration of the incentives, such as more overseas investment opportunities and tax mitigation, Taiwan's high-asset groups' massive capital was used to being deposited overseas. Notwithstanding, such change helps develop the wealth management business. Following the spread of COVID-19 all over the world, countries in Europe, the U.S.A. and Asia have successively imposed orders to close cities and countries and issued emergency orders to restrict people's movement and various economic activities. Notwithstanding, the restriction on the movement of people and goods might cause impact to the future production, transport and supply chain. The international crude oil price drops sharply due to the shrinking demand and thereby shakes the confidence in the capital market.

Domestically, TAIEX has adopted the continuous trading system as of March 2020 in order to be in line with the trading model applied in the international stock markets, for the purpose of globalization. Therefore, the frequently trading foreign institutional investors are expected to be attracted and invest in Taiwan's stock market. Meanwhile, FSC plans to adopt the intraday odd-lot trading system in the second half of 2020 to activate the odd-lot market. Therefore, young investors are expected to be attracted to participate in the capital market and accumulate investment experience. The aforementioned new trading systems are helpful to boost the trading momentum for TAIEX.

Furthermore, in consideration of the sufficient domestic capital and the considerable high-asset customer base, the Company has reserved a niche for developing the wealth management business. Besides, the global capital and industrial layout are under adjustment and thereby Taiwanese businessmen's willingness to repatriate their capital is increased accordingly. Therefore, at the end of 2019, FSC issued the "New Wealth Management Program", hoping to lift the laws and regulations to permit more diversified financial products and services in terms of the "High-Asset Customers' Wealth Management Business", "Diversified Financial Products and Investment Channels" and "Development of Financial Institutions' Scope of Business", so as to expand the scale of wealth management business in Taiwan and upgrade the domestic financial institutions' competitiveness.

In consideration of said economic condition and policy orientation, in 2020, the Company's operational planning and business development strategies are as following:

- (1) Continue to promote the separate account ledger business to increase the source of interest income, and also control the customers' cash flows to boost the wealth management business.
- (2) Maximize the channel value, practice customer classification, continue to develop professional investors, and improve its own ability to design wealth management products; provide customized products per the customers' attributes, become the first selection of customers for wealth management business, and upgrade customers' asset management scale stably.

- (3) In response to the continuous trading system, enhance the contents and speed of services to customers.
- (4) Expand the sub-brokerage business scale and prepare for the sub-brokerage financing business.
- (5) Improve the investment bank's business, form the close cooperation between corporate banking business and the Company's venture capital, and control the business opportunities for private placement of equity.
- (6) Operate the individual stocks in response to the research resources to prevent resources from being dispersed; take chance to create the high-dividend fine-quality stocks to stabilize the long-term profit basis.
- (7) Pay attention to the trend of changes in interest rates of foreign currencies and NTD, take the chance to adjust the bond asset ratio, and stabilize the profit gained from trading and interest income.
- (8) Maintain the leading brand in the warrant market, and strengthen the issuance of diversified financial derivatives to diversify earnings.
- (9) Evaluate and centralize clearing operations, optimize operational processes, and enhance operational risk management.
- (10) Strengthen business cooperation with the Company's futures, securities investment trust, venture capital, investment consulting and insurance agent to exert the consolidated effect for the Group's business.

In the future, the uncertain factors, including the outbreak of COVID-19, US-China trade war, US Presidential Election, geopolitical conflict in the Middle East, and interest cuts by various countries' central banks, the financial markets are likely to suffer impact continuously and, therefore, fluctuate drastically. Notwithstanding, the Company will continue to uphold its sound business philosophy and care for the society, establish long-term partnership with customers, provide high value-added financial services that exceed customer expectations, and maintain high operation performance to create high returns to shareholders.

II. Corporate Governance

I. Corporate Governance Framework

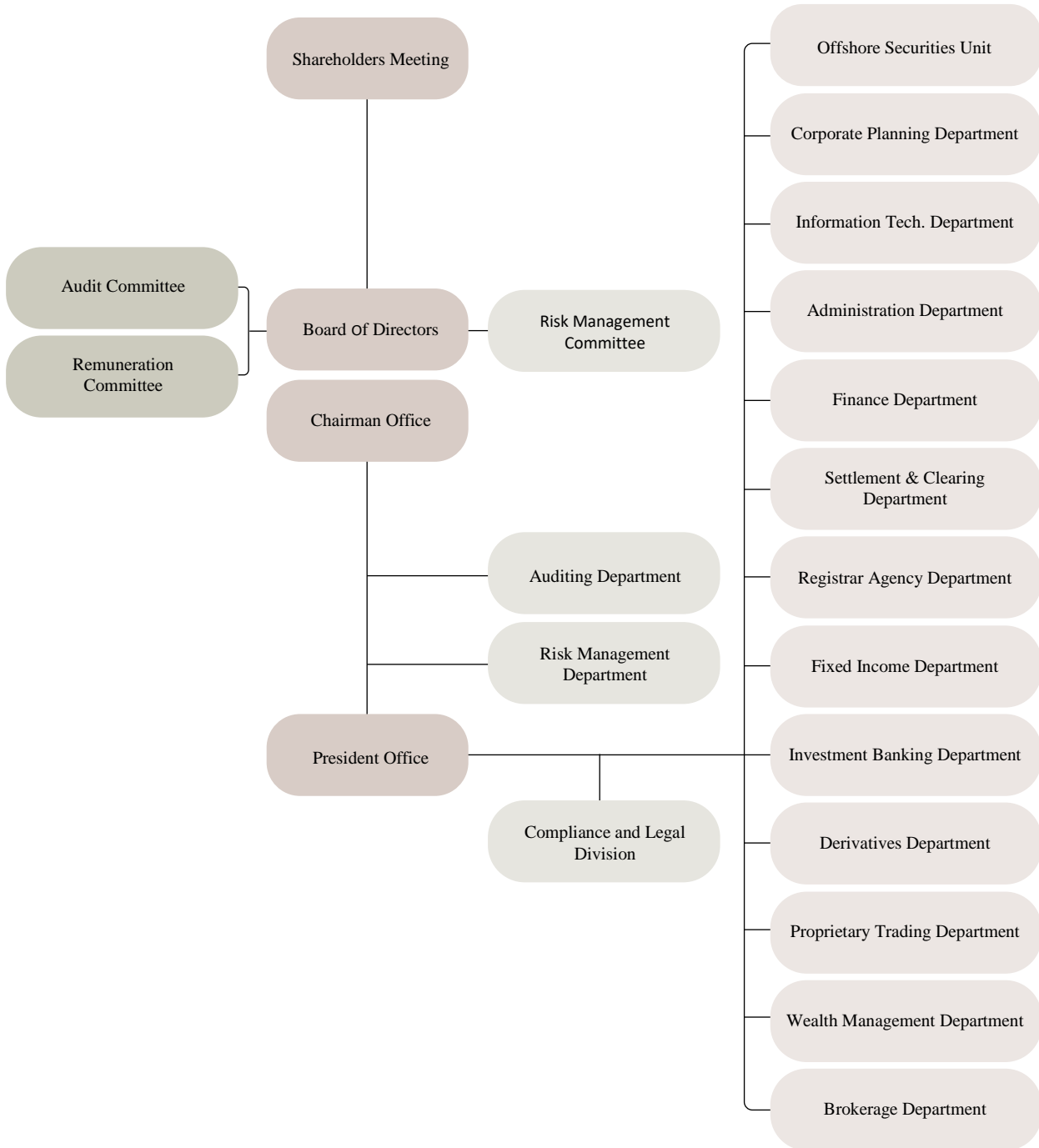
An effective corporate governance framework implies that a clear set of decision-making rules and methods are in place for the handling of various matters. Moreover, it provides a goal-making mechanism to supervise progress in goal achievement and the means by which goals are achieved.

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

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

Organizational chart

Capital Securities Corporation



II. Board of Directors

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

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

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

The Board of Directors convenes board meetings at least once every quarter. They may convene extraordinary meetings when necessary. The Board of Directors of Capital Securities Corporation held 8 board meetings in 2019. All directors have actively participated in Board operations. The actual attendance rate of board meetings was 95%. The company's sales performance, risk overview, auditing status, and financial status are reported during every board meeting; the use and review of trust properties are reported every quarter; departmental risk assessment and performance and compliance are reported every six months; and the company's ethical corporate management status is reviewed and reported every year. To implement ethical corporate management, the Board of Directors adheres to the Rules and Procedures of Board Meetings and other applicable laws. If any director or a juristic person represented by a director or the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director is an interested party with respect to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

At the 6th meeting of the 11th Board of Directors held on March 26, 2020, the Company adopted the "Regulations for Appraisal of the Performance of the Board of Directors and Capital Securities Corporation Corporate Social Responsibility Report

Functional Committees". Such appraisal will start from this year (2020, and its result will be submitted as a report to the Board of Directors by the end of Q1 of the next year.

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

(1) Insurance against directors' liabilities

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

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

(2) Board Members

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

Title	Name	Education	Concurrent duties in the Company and in other companies
Chairman	Yin Feng Enterprise Co., Ltd. Representative: WANG, JIUNN-CHIH	Ph.D. in Technology Management, Chung Hua University	Capital Futures Corp. - Director CSC International Holdings Ltd. – Director CSC Securities (HK) Ltd.- Director CSC Futures (HK) Ltd. – Director CSC Venture Capital Corp. - Chairman
Director	Yin Feng Enterprise Co., Ltd. Representative: LIU, CHING-TSUN	M.P.A., University of San Francisco, USA	Capital Futures Corp. - Director

Director	Yin Feng Enterprise Co., Ltd. Representative: CHANG, CHIH-MING	Vocational High School	Yu Chun Enterprise Co., Ltd. - Chairman Fu Tai Construction Corp. - Chairman Tai Min Constuction Co., Ltd. - Chairman Chuan Yi Investment Co., Ltd. - Chairman Cheng Da Investment Co., Ltd. - Chairman Financial Information Corp. - Chairman Tsai Chiang Corp. - Chairman Hong Tai Construction Co., Ltd. - Chairman Lian Mao Investment Co., Ltd. - Director Chen Chen Co., Ltd. - Supervisor Chao Long Investment Co., Ltd. - Supervisor Yu Bao Enterprise Co., Ltd. - Supervisor Run Hsiang Enterprise Co., Ltd. - Supervisor Hong Sheng Construction Co., Ltd - Supervisor Tai Fa Investment Co., Ltd. - Supervisor
Director	Hung Lung Enterprise Co., Ltd. Representative: CHIA, CHUNG-TAO	EMBA, National Chengchi University	Capital Securities Corp. - General Manager CSC Venture Capital Corp. - Director
Director	Hung Lung Enterprise Co., Ltd. Representative: KUO, YUH-CHYI	B.A. In Cooperative Economics, National Taipei University	None
Director	Hung Lung Enterprise Co., Ltd. Representative: TSAI, I-CHING	LL.M., Soochow University	Taiwan Federation of Commerce – Secretary-General
Director	Kwang Hsing Industrial Co., Ltd. Representative: TING, HSUEH-WEN	Master of Finance and Economics, Cornell University	KYMCO Private Equity Management Co., Ltd. - Managing Director / Partner KYMCO Capital Fund I Co., Ltd. - Director Kwang Yang Motor Co., Ltd. - Director Ionex Inc. - Director Noodoe Corp. - Director

			Capital Investment Trust Corp. - Director
Director	Tai He Real Estate Management Co., Ltd. Representative: HUNG, TSUNG-YEN	Department of Law, Fu Jen Catholic University	Shang Wei Investment Co., Ltd. - Director Hwa Yi Investment Co., Ltd. - Supervisor Hong Ce Venture Capital Co., Ltd. - Director
Independent Director	SHEA, JIA-DONG	Ph.D. in Economics, Stanford University, USA	None
Independent Director	LEE, SHEN-YI	Ph.D. of law, Chinese Culture University	National Policy Advisor to the President Taiwan New Economy Foundation - Vice Chairman WIN Semiconductors Corp. – Independent Director Chinese Culture University - Supervisor Nan Ya Plastics Corp. – Director Capital Futures Corp. - Remuneration Committee member Taoyuan International Airport Services Co., Ltd. – Supervisor East-Tender optoelectronics Corp. - Director
Independent Director	SU, PING-CHANG	Master in Accounting, Chengchi University	Corwe (TW) CPAs - Director General Jian Fu Technology Inc. - Chairman Kaifa Industry Co., Ltd. – Supervisor Nan Ho Industry Co., Ltd. - Supervisor

III. Remuneration Committee

The Company's Remuneration Committee was established in June 2011. The Committee is composed of three members delegated by the Board of Directors. Currently, two of the members are independent director and the other one is an external party. One of the independent directors is appointed by Committee members to act as the Committee convener and chairperson. The Remuneration Committee convened 9 meetings in 2019. The Remuneration Committee exercises the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors:

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

IV. Audit Committee

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

- (1) Fair representation of the Company's financial statements.
- (2) Evaluation of hiring or dismissal of an attesting CPA and its independence and performance.
- (3) Effective implementation of the internal control system.
- (4) The compliance to relevant regulations and rules.
- (5) Management of existing or latent risks.

This Committee convenes meetings at least once a quarter, and holds meetings whenever deemed necessary. A total of 7 meetings was held in 2019, and the attendance rate was 100%.

V. Risk Management Committee

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

- (1) Objectives: The Risk Management Committee is specifically established to develop and implement a risk management system and to immediately report the latest risk exposure conditions of the company and propose countermeasures, so as to ensure that the company's business strategy goals are attained and risks are controlled within acceptable ranges.
- (2) Organizational Member: Board Chairman (convener), Vice Chairman, one to three directors, President, head of Risk Management Department, head of Finance Department, head of Settlement & Clearing Department, and head of Compliance and Legal Division.
Attendees: Chief auditor.
- (3) Main Responsibilities:
 1. Approval of risk management systems and storage of business risk management guidelines for reference.
 2. Resolution on improvement of various operational performance.
 3. Evaluation and resolution of risky asset allocation and business strategies.
 4. Storage of new business applications for reference and authorization of transaction limit.
- (4) Meeting Convening: Meeting is held once every quarter; the convener may convene meetings as needed.
- (5) Risk management: The Company is exposed to the following risks: market risk, credit risk, liquidity risk, operational risk, and legal risk. By taking risk management procedures such as risk identification, assessment, measurement, and monitoring, we produce daily risk reports for the President and Chairman to keep them up-to-date on the risk positions of the company so that they could evaluate and carry out various decisions. Risks are measured and mitigated by using the following methods/strategies:
 1. Market risk management

Maximum operating limit and risk value for various business operations are defined to ensure capital adequacy maintenance and maximum loss control. Variance-Covariance method is used to calculate and retroactively test and examine stock-related risk values. One-day value at risk (VaR) is calculated with a 99% confidence interval. The control of bond-related risk value is based on bp value. The one-day VaR control position is calculated with a 99% confidence interval. The control of derivative-related risk value is based on Delta and Gamma values. The one-day VaR control

position is calculated with a 99% confidence interval. Securities lending is based on the maintenance rate as stipulated by the competent authority. To implement risk management systems, each business unit can adjust its risk value by using futures, option, and swap hedging instruments that are approved by the competent authority and Board of Directors.

2. Credit risk management

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

3. Liquidity risk management

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

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

4. Operation risk management

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

5. Legal risk management

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

VI. President Office

The Company has formulated the Corporate Social Responsibility Best Practice Principles, Code of Ethical Conduct, and Ethical Corporate Management Best Practice Principles, among other code of business conduct. The Company has set up an Ethical Management Committee (in August 2015), with the President acting as the convener, to establish an ethical corporate

culture and positive business model that promote the sound development of the company. The President is the person in charge of CSR activities who promote and implement CSR activities.

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

VII. Moral Value and Code of Employee Conduct

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

Ethical Corporate Management Operating Procedures and Code of Conduct contain the following information:

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

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

- (1) The Company's employees shall not accept inappropriate monies, gifts, hospitality or any gains from customers, securities issuers, securities firms, trade counterparties, or any parties that are likely to pose conflicting interests.
- (2) Employees shall not disclose or make use of any business secret, correspondence, account, relationship or transaction of the Company or its customers, or any information obtained during employment unless for work-related purposes or with the written consent of the company, and they shall also refrain from exploiting such information for personal interests during or after their employment.
- (3) Gathering or use of customers' information shall comply with the Personal Information Protection Act. Violators shall assume legal responsibility and compensate the damages and resulting expenses incurred directly or indirectly to the company (including litigation and attorney expense).
- (4) Employees shall not use the Company's computer to download, upload, and use unauthorized computer software, nor use their company email for non-business

correspondence, such as to send, forward, or attach files to disseminate electronic information that is discriminatory, obscene, defamatory, contains false rumors, pornography, or constitutes personal attacks.

- (5) Employees shall keep the electronic username and passwords provided by the company safe, and shall not without authorization use the electronic username and passwords provided by the company for any business or non-business purpose. Employees shall not use, steal the electronic username and password of others or access a computer system for any business or non-business purpose.
- (6) Any works, creations, or trade secrets relevant to company operations generated by company employees during employment shall be the Company's intellectual property. Use of any works, creations, or trade secrets for business purpose shall be compliance with law and shall not be used in a way that infringes upon the rights of others.
- (7) Company employees shall not engage in the following conducts unless otherwise provided by the laws and regulations of the competent authority:
 1. Engage in trading or other activities with information learned on the job for the purpose of obtaining speculative profit.
 2. Fraud, deception, or other misleading behavior when engaging in business activities.
 3. Other conduct that violates securities and futures laws and regulations or are specifically prohibited by the competent authority.

If an employee violates the code of conduct, the Company shall, depending on the seriousness of the circumstances, impose punishment in accordance with the Employee Disciplinary Guidelines, and such violation shall be subject to internal review.

VIII. Participating in Organization/Association

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

Representative	Group Name
Capital Securities Corporation	Taiwan Securities Association
	Chinese National Futures Association
	Trust Association of R.O.C
	R.O.C. Bills Finance Association
	Taiwan Stock Affairs Association
	Securities Analysts Association
	Financial Planning Association of Taiwan
	Taiwan CIO Association
	Taipei Bar Association
	Securities Personnel Executives Club
	Taiwan Chain Stores and Franchise Association
	Taiwan Listed Companies Association
	Taiwan Finance and Economic Development (TaFED) Research Association
	Taiwan Entrepreneurs Association

Capital Insurance Advisory	Insurance Brokerage Association
Capital Insurance Agency	Insurance Agency Association
Capital Investment Management	Securities Investment Trust & Consulting Association of the R.O.C.
CSC Venture Capital Corp.	Taiwan Venture Capital Association
	Taiwan Private Equity Association
	Taiwan Mergers & Acquisitions and Private Equity Council

IX. Deficiencies and Status of Improvement

Case 1:

Letters of Disciplinary Action Jin-Guan-Zheng-Quan-Zi No. 1080318710, No. 10803187101 and No. 10803187102, dated January 15, 2019 from the TPEX and dated July 2, 2019 from the Financial Supervisory Commission:

The Xisong Branch of the Company and its business personnel violated Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, Article 25 of the “Taipei Exchange Rules Governing Securities Trading on the TPEX”, the Standards for the Internal Control Systems of Securities Firms and Paragraph 2, Article 2 of the Regulations Governing Securities Firms. The Company was subject to an amount of NT\$200,000 as liquidated damages and corrective actions. The branch manager was suspended from conducting business for one month, and the aforementioned agent was dismissed from his position, the person in charge was suspended from conducting business for one month, and the other personnel were referred to the Company for disciplinary actions.

Status of improvement:

The internal control system has been reviewed with addition of a remedial mechanism, and personnel training has been enhanced to strengthen legal compliance and ensure implementation of the internal control system.

Case 2:

Letter of Disciplinary Action Tai-Zheng-Fu-Zi No. 1080503050, dated November 5, 2019, from the TWSE, and Letter of Disciplinary Action Jin-Guan-Zheng-Quan-Zi No. 1080335623, dated November 28, 2019, from the Financial Supervisory Commission:

The Hsinchu Branch of the Company and its business personnel violated Article 18 of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, the “Operating Rules of the Taiwan Stock Exchange Corporation”, the Standards for the Internal Control Systems of Securities Firms and Paragraph 2, Article 2 of the Regulations Governing Securities Firms. The Company was subject to an amount of NT\$50,000 as liquidated damages and requirements for care and improvement. The agent was suspended from conducting business for five months.

Status of improvement:

The internal control system has been reviewed, with remedial measures taken and the

management mechanism adjusted based on the risks of the case. Personnel training has been enhanced to strengthen legal compliance and ensure implementation of the internal control system.

X. Precautionary approach or principle addressed by the organization

When launching investment products and structured products, the Company shall conduct product review in accordance with Guidelines for the Review of Investment Products and Operating Guidelines for the Composition and Review of Offshore Structured Product Review Committee to ensure that products or services are suitable for customers.

III. Investment Planning Service

Promoting Investment Planning Education Service

The Company collaborates with TWSE, TPEX, Taiwan Securities Association, media, and industry peers, to organize activities and free seminars that promote securities-related investments and warrants and provide market investors with more opportunities to understand various securities investment products in greater depth.

The Company's Derivatives Department holds courses periodically to promote warrant products and establish correct transaction concepts in investors. Depending on investors' needs, these courses can cover basic warrant concepts, practical operations, and advanced warrant analysis. Classes are divided by the level of difficulty. These courses are aimed at providing different investors in the market with the information they need. In 2019, 38 sessions were delivered in Northern, Central, and Southern Taiwan; there were a total of 1,280 participants. We take actions to create social benefits and help investors to establish the correct trading concept.

Capital Investment Management Corporation, featuring a professional research team highly experienced in financial asset planning with solid product analysis capabilities, has effectively satisfied the requirements of its clients according to their risk attributes. Two large investment conferences were held in 2019, and 163 sessions of medium-to-small seminars were organized in Northern, Central, and Southern Taiwan, providing research, analysis and recommendations pertaining to securities investment for investors.

Capital Securities has spent years committing to ethical corporate management and participating in social welfare activities, which led to its positive brand image. As a result, the Company won the second place of the StarMine Analyst Awards for Computer & Communications Equipment Sector from Refinitiv in Asia; "the "Best Sales Team Award" and "Best Philanthropy Award" of the Wealth Magazine's Wealth Management Awards; The Business Today's "Best Wealth Growth Award" in "2019 Wealth Management Bank and Securities Firm Review; Won the first place of API Promotion Award in the "e-Order Placement Competition" organized by TWSE.; the "2019 Happy Business Awards - Service Industry Poll" organized by 1111 Job Bank, for the highest happiness of the enterprise employees in the category of "Investment & Wealth Management"; the "Outstanding Achievements in Corporate Social Responsibility" of the 15th SFI Awards; and the Excellence Magazine's "Best Digital Innovation Award" of Non-Financial Holdings.

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

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

The Company's Wealth Management Department carefully selects fund investment targets of different asset categories from around the world, and allocates them to different investment

instruments, providing investors a mean of achieving stable asset growth and returns. Fund targets include Morgan Stanley Global Brands Fund, Invesco Global Consumer Trends Fund, Capital Marathon Fund, Capital Balance Fund, Capital Strategic Balance Fund, Capital High-Tech Fund, BlackRock Global Funds -World Technology, Franklin Biotechnology Discovery Fund, and AllianceBernstein International Health Care Portfolio Fund. We also target currently popular funds that address environmental, social, and corporate governance issues, such as PineBridge Global ESG Quantitative Bond Fund, Nomura Global Climate Change Fund, and Franklin Global Climate Change Fund, as well as Allianz Income and Growth Fund, Fidelity India Focus Fund, Templeton Emerging Markets Bond Fund, Fidelity (Taiwan) Asian High Yield Fund, and AllianceBernstein American Income Portfolio fund, etc. Finally, the Wealth Management Department has prepared for the potential market impact of the global economy in 2020 and black swan events in the stock market by strengthening the promotion of overseas bonds and investing in highly certain overseas bonds to create stable cash returns for investors and help customers to achieve their financial goals.

Apart from offering quotation services and fundraising assistance to customers, the Fixed Income Department also reported a total of NT\$26.750 billion in public bidding for corporate bonds, which accounted for 9.14% of the market share, making Capital the leading brand in the primary market for corporate bonds. The Company is the main securities underwriter issuing Phases 1 and 3 corporate bonds for Taiwan Power in 2019. Taiwan Power also allocated 7.5% of income earned from bond underwriting in 2019 to promoting industrial applications relevant to green energy and electricity development. The Company also provided necessary assistance and consultation.

Regarding its trading position, our Proprietary Trading Department has selected the steel industry stocks of Century Iron & Steel Industrial (9958) and the environmental concept stocks of Sunny Friend Environmental Technology (8341), which account for 4.28% and 1.13% of the department's total stock trading value, respectively. Century Iron & Steel is one of the first private companies to respond to the government's "New Southbound Policy" and "Renewable Energy-Offshore Wind Power Project". Sunny Friend Environmental Technology is the first biomedical waste incineration plant in Taiwan. Supporting and investing in Sunny Friend align with the Company's principle of protecting the environment to save the earth.

Building a Financing Platform for the Capital Market

The Company's Investment Banking Department assists small and medium enterprises to trade over the counter or become publicly listed, making it easier for them to obtain long-term capital in the capital market, which enables new startup companies to operate more steadily. The Department also offers listed and OTC companies refinancing products from primary markets, which enable them to reinvest their long-term capitals, grant employees and shareholders the opportunity to invest, and provide employment security and investment opportunities in the capital market.

Investment-Friendly Environment

The Company's Derivatives Department is committed to promoting social and environmental benefits during operations related to warrant searching, warrant classes, and target index products. Because the stock exchange introduced a new warrant target, we added an online warrant target search function on our Warrant Network website (<https://warrant.capital.com.tw/>). This function increased product transparency and made the trading process more user friendly for market investors. To better investors' understanding of warrant products, we organize warrant classes and seminars periodically to deliver correct warrant investment concepts.

Capital User Friendly Banking Service Section

<https://friendly.capital.com.tw/site.asp>

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

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

IV. Stakeholder Engagement

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

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

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

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

Given the aforementioned business philosophy, the Company has received numerous recognition and awards in recent years:

- January 2016 - Second Place in the 2015 TWSE Excellent Warrant Issuer Award - Value of Consigned Securities Trading.
- July 2016 - Best Wealth Management Securities Excellence Award in Business Today's 2016 Wealth Management Bank and Securities Firm Review.
- August 2016 - First Place (Shanghai Representative Office) in Thomson Reuters 2016 StarMine's "Media Industry Stock Selection Capability" and Third Place (Capital Investment Management) in Thomson Reuters StarMine's "Auto Industry Stock Selection Capability" in the Asia Pacific region.
- October 2016 - Sports Enterprise Certification from the Sports Administration of the Ministry of Education; smart financial robot GOODi won the Award for Top 100 Innovative Products at the 2016 IT Month. We are the only company in the financial industry to win this award.
- December 2016 - Best Non-Financial Holding Brand Image Award in Excellence Magazine's 2016 Excellent Financial Securities Service Review.
- January 2017 - Third Place in the Value of Consigned Warrant Trading from TWSE.
- March 2017 - "Best Wealth Management Team Award" of the Wealth Magazine's 2017 Wealth Management Awards.
- July 2017 - Best Wealth Management Securities Excellence Award and Best Wealth Growth Award in Business Today's 2017 Wealth Management Bank and Securities Firm Review.
- August 2017 - Capital Securities Shanghai Representative Office won First Place in the Thomson Reuters 2017 StarMine's "Media Industry Best Profit Prediction" in the Asia Pacific region.
- October 2017 - "Best Brokerage Image Quality Award" of the "2017 Wealth Magazine's Financial Award".
- October 2017 - Second Place in the Securities Transaction Diamond Award, Second Place in the Securities Transaction Growth Diamond Award, and Fourth Place in the Futures Introducing Broker Transaction Growth Diamond Award in the Third Futures Diamond Award hosted by Taiwan Stock Exchange.
- November 2017 - MinText AR+ Smart Industry Spectrometer received the Award for Top 100 Innovative Products at the 2017 IT Month.
- November 2017 - Best Non-Financial Holding Brand Image Award in Excellence Magazine's 2017 Excellent Securities Service Review.
- 2018 - Excellence Magazine's Non-Financial Holding Best Warrant Award.
- 2018 - Best Information Technology Service Award and Most Trusted Security Award in

- Business Today's 2018 Wealth Management Bank and Securities Firm Review.
 2018 - Best Sales Team Award and Best Philanthropy Award of the Wealth Magazine's
 Wealth Management Awards.
- October 2018 - Sports Enterprise Certification by the Sports Administration of the Ministry
 of Education.
- October 2018 - Third Place in the Securities Transaction Diamond Award, Third Place in the
 Futures Broker Transaction Diamond Award, and Third Place in the Futures
 Broker Foreign Investment Transaction Diamond Award in the Fourth
 Futures Diamond Award hosted by Taiwan Stock Exchange.
- January 2019 - 2018 Champion in the Business Location Trading Value of OTC Consigned
 Warrant Trading and Third Place in OTC Warrant Turnover.
- January 2019 - Badge of Accredited Healthy Workplace from Health Promotion
 Administration, Ministry of Health and Welfare.
- February 2019 - First Place in Weight Excellence Award, Third Place in Weight Index
 Breakthrough Award, and Fourth Place in Weight Index Distribution
 Award in the 2018 Warrant Issuer and Securities Broker Transaction
 Incentive Event hosted by TWSE.
- February 2019 - Second place in the StarMine Analyst Awards for Computer &
 Communications Equipment Sector from Refinitiv in Asia.
- March 2019 - Best Sales Team Award and Best Philanthropy Award of the Wealth
 Magazine's Wealth Management Awards.
- July 2019 - Best Wealth Growth Award in Business Today's 2019 Wealth Management Bank
 and Securities Firm Award.
- August 2019 - 2019 Happy Business Awards - Service Industry Poll organized by 1111 Job
 Bank, for the highest happiness of the enterprise employees in the category
 of "Investment & Wealth Management".
- October 2019 - First place in API Promotion Award in the "e-Order Placement Competition"
 organized by TWSE.
- November 2019 - "Outstanding Achievements in Corporate Social Responsibility" of the 15th-
 term SFI Awards.
- December 2019 - "Best Digital Innovation Award" for Non-Financial Holdings Company of
 Excellence Magazine's 2019 Excellent Financial Securities Service
 Review.

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

Since obtaining the aforementioned international certifications, the Company has established cross-departmental Business Continuity and Information Service Committee to guarantee the effective and continuous operation of our systems. Management review meetings with the President and department/division heads are held every 6 months. At the

meeting, attendees discuss and review material matters relating to the Company's management systems; they also communicate and coordinate system affairs with each department, and review and improve existing management systems to strengthen operational efficiency and effectiveness. In addition, comprehensive risk assessment is conducted semi-annually to prepare for the fast-changing financial market and information technologies, evaluate vulnerability, threats, and impacts, and reduce their associated risks.

The Company conducts yearly inspection on suppliers outside of the Personal Information Committee, focusing specifically on their information security organization, personnel, physical environments, network communications, and business continuity. Suppliers are asked to improve non-conforming matters so as to not only ensure that suppliers comply with information security requirements, but also enhance their information security control capability through inspection activities.

When signing a contract with new suppliers, the Company has required its suppliers to meet CSR requirements and ensure their operations are in compliance with the applicable laws and regulations. They are also required to fulfill CSR jointly and establish a positive corporate image on the long-term goal of achieving balanced economic, social, and environmental ecology and environmental sustainability. If any supplier is involved in any violation of the CSR policy that has significant environmental and social impact, the Company may terminate or cancel the contractual terms at any time, and the supplier may not claim any compensation from the Company.

To strengthen the competency and knowledge required of relevant personnel, IT technicians will formulate annual education training plan based on ISO 27001 and ISO 20000 systems at the end of the year. Such training is aimed at enabling employees to understand system operations and implement them in daily activities. If any major information security event occurs, announcement will be made as needed to raise the awareness of employees. Regarding BS 10012 system, the Compliance and Legal Division conducts education and training on laws and regulations for personal information and new systems. The Company has introduced personal information protection control software, which blocks data when employees print out personal information forms in order to reduce the possibility of information disclosure. Employees use computers to access information, which can greatly reduce the environmental impact of printing.

Concerning customer personal information protection, the Company did not receive substantiated complaints regarding concerning breaches of customer privacy and losses of customer data in 2019. Because the Company protects customer privacy, our customers feel at ease when using the various services provided on Capital Securities website. Only with customer consent will we collect and process personal information. Unless permitted by customers themselves or stipulated by applicable laws, the Company will not disclose personal data to any third party or transfer them for other uses. Our privacy policies cover the security of personal information, cookies application, and self-protection measures. Furthermore, the Company will pay attention to changes in technology, environment, and laws at all time, and update our privacy declaration as needed to implement and protect customer rights to privacy. Customers are welcome to contact the Company through our CS center if they have any problems with this privacy regulation and implementation aspects.

With respect to ISO 22301 system, the Company cooperates with general affairs unit and external fire prevention units to have each company department to conduct evacuation drills, first aid training, and desktop simulation rehearsals every 6 months to simulate emergency disaster scenarios in the event of fire, earthquake, and infectious diseases. Drills enable employees to understand emergency evacuation routes and relevant evacuation safety knowledge so that when a disaster actually occurs, employees are able to remain calm, which prevents loss of life and properties, and minimize damage and injuries. To prepare for risks of business disruption, the Company organizes remote backup drills every 6 months at a different

office location (Dunnan Office Building) according to the stock exchange rehearsal schedule. These drills aim to ensure the timeliness of remote backup initiation and remote operating procedures.

The Company continuously build a more secure, stable IT operating environment and information security management system to raise its core values and competitiveness and demonstrate our resolve and commitment to each of our stakeholders. Following internal discussions, the Company defines stakeholders as follows:

Stakeholder	Main Responsibilities	Communication Methods and Channel	Key Issue
Investors	Information disclosure and transparency	<ol style="list-style-type: none"> 1. Use website to announce information related to finance and corporate governance. 2. Use the Market Observation Post System to disclose material information. 3. Set up an Investor Relation section on company website to provide contact information, business-related information, and spokesperson information. 4. Convene Shareholders' Meeting every year. 5. Convene investor conference during which the company's recent business performance and overview are presented. 	Business performance Risk management Corporate governance Information disclosure Shareholder equity
Employees	Respect for human rights Promotion of employee health	<ol style="list-style-type: none"> 1. Set up employee mailbox. 2. Employees propose recommendations in department meetings, company gatherings, and periodic labor-management meetings. 3. Organize educational and recreational activities that promote employee emotional exchange and health. 	Employee benefits Performance evaluation Workplace Human rights and gender equality Training & development Channel for filing complaints

Customers	Provide convenient products and good services Enhance customer satisfaction	<ol style="list-style-type: none"> 1. Set up customer service hotline and mailbox. 2. Develop products that meet customer needs and disclose relevant information on website. 3. Develop online and mobile ordering system. 4. Organize educational seminars and short educational video clips that promote financial knowledge relevant to securities. 5. Follow the Accessible Web Development Guidelines to establish a user-friendly Capital Banking Service section on company website, providing page anchor points (:::), site navigator, and access key to render user-friendly interface for customers. 	Product information Service quality Customer privacy Channel for filing complaints
Government agencies	Abide by law Pay tax Provide constructive advice and support regulatory policies	<ol style="list-style-type: none"> 1. Provide relevant information as requested by competent authority for supervisory and auditing purpose. 2. Attend government meetings to provide constructive advice when needed and promote financial knowledge. 	Corporate governance Legal compliance
Suppliers	Fair procurement	<ol style="list-style-type: none"> 1. Hold price negotiation meetings. 2. Express opinions through channels provided on Related Party section under Suppliers section of the website. 	Fair procurement and green purchasing
Communities and groups	Participate in charitable activities	<ol style="list-style-type: none"> 1. Save electricity, water, paper, and other resources. 2. Sort and recycle wastes. 3. Take actions to support charity groups. 	Energy conservation and carbon reduction Environmental awareness Charitable donations Charitable activities

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

High Level of Concern		Human rights and gender equality	Shareholder equity Employee benefits
Medium Level of Concern	Charitable activities Charitable donations Green procurement Energy conservation and carbon reduction Fair procurement Environmental awareness	Training development Workplace	Business performance Customer privacy Legal compliance Corporate governance Risk management Information disclosure Channel for filing complaints Service quality Product information
Low Level of Concern			
	Low impact	Moderate impact	High impact

III. Effectiveness of CSR Activities

Parties Involved	2019 Plans and Directions	Implementation Status
Employees	<p>I. Regular health checks for employees.</p> <p>II. Massage services to employees:</p> <p>III. Talent training through Capital Financial University:</p> <p>IV. Investment and financial management seminars/educational training.</p> <p>V. Healthy-workplace series of activities.</p> <p>1. Healthy diet:</p> <p>1.1 Providing healthy boxed-meal information.</p> <p>1.2 Holding the "Healthy Life Concept Promotion Lecture".</p> <p>2. Building a smoke-free office environment:</p> <p>3. Promoting sports activities:</p> <p>3.1 Providing subsidies to establish sports clubs.</p> <p>3.2 Promoting "Health Exercise for Office Workers" on the Company's internal website.</p> <p>3.3 Holding "Promotion Health Exercise Lecture"</p> <p>4. In addition to regular employee health checks, the Company</p>	<p>I. The Serial No. 1060205113 announcement dated January 5, 2018, from the Ministry of Labor is to be followed. Throughout 2019, six employees that worked night shifts over an extended period of time completed the health examination consisting of specific items and five employees aged 65 and above completed the general health examination.</p> <p>II. Massage services to employees: The employee massage service started in 2014, and the responses from employees have been good. A total of 2,235 people applied for the massage service from January to December 2019.</p> <p>III. Talent training through Capital Financial University: Activity period: August 6, 2019 to November 20, 2019; number of students: 31</p> <p>IV. Investment and financial management seminars/educational training. A total of 3 warrant classes were held.</p> <p>V. Healthy-workplace series of activities.</p> <p>1. Healthy diet:</p> <p>1.1 The healthy boxed meal information was posted on the Company's intranet.</p> <p>1.2 The "Low-Salt Diet For Office Workers" seminar was held on July 10, 2019. A total of 30 people participated in it.</p> <p>2. Building a smoke-free office environment:</p> <p>2.1 Promoting "Important Provisions of the Tobacco Hazards Prevention Act".</p> <p>2.2 Announcing the Company's "Smoking and Chewing of Betel Nuts Hazard Prevention Measures"</p> <p>3. Promoting sports activities:</p> <p>3.1 The Company has subsidies available for helping set up sports clubs. There were the table tennis club, the yoga club, and the dance club throughout 2019 to apply for the said subsidies.</p> <p>3.2 Demonstrative graphics and videos are available under "Workplace Energizing Gymnastics" on the internal website of the Company.</p> <p>3.3 The "Useful Yoga For Office Workers" seminar was held on December 24, 2019. A total of 20 people participated in it.</p> <p>4. In addition to regular employee health checks, the Company is in a contract with the health check center of Lianan Wellness Center to provide its employees with health checks</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>will sign contracts with health check centers to provide preferential health checks for employees.</p> <p>5. Promoting "Human-Induced Harm and Illegal Infringement Prevention" and "Prevention Measures for Abnormal Load-Induced Diseases".</p> <p>6. Designated physicians were arranged to come to the Company providing health consulting services for employees.</p> <p>7. Conducting employee's office environment inspections.</p> <p>VI. Employee group insurance.</p> <p>1. The Company provides employees with a broad variety of group insurance coverage from life, accidental injury, accidental medical treatment, to occupational hazard.</p> <p>2. Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members.</p>	<p>on preferred offers.</p> <p>5. "Human-Induced Harm and Illegal Infringement Prevention" was formulated on September 21, 2017 and "Prevention Measures for Abnormal Load-Induced Diseases" was formulated on December 25, 2017. Related operations have been carried out pursuant to the abovementioned regulations.</p> <p>6. Physicians were arranged to come to the Company on a quarterly basis to provide health consulting services for employees. The first-quarter health consultation took place on February 25, 2019 and was participated in by three colleagues. The second-quarter health consultation was on May 27, 2019, with no participation at all. The third-quarter health consultation occurred on August 26, 2019, still with no participation. The fourth-quarter health consultation happened on November 25, 2019 and was participated in by five colleagues.</p> <p>7. Conducting labor safety and work environment inspections on a regular basis. Environmental inspection date in the first half of the year: The Company was being relocated and hence it did not happen. Environmental inspection date in the second half of the year: September 5, 2019.</p> <p>VI. Employee group insurance.</p> <p>1. The Company purchases group insurance for each of its employees with additional coverage on life, accidental injuries, accidental medical treatment, and occupational hazards.</p> <p>2. Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members.</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>VII. Various welfare measures of the Welfare Committee:</p> <ol style="list-style-type: none"> 1. Employee marriage related benefits. 2. Employee funeral subsidy. 3. Family funeral subsidy. 4. Employee hospitalization and operation subsidy. 5. Childbirth subsidy. 6. Travel subsidy. 7. Emergency loans. 8. Natural disaster relief money. 	<p>VII. The various welfare benefits that were already provided throughout the year by the Welfare Committee are as follows:</p> <ol style="list-style-type: none"> 1. Marriage subsidy: 21 people; total amount of subsidy: NT\$63,000 2. Employee death subsidy: 2 people; total amount of subsidy: NT\$100,000 3. Funeral subsidy: 42 people; total amount of subsidy: NT\$210,000 4. Hospitalization subsidy: 45 people; total amount of subsidy: NT\$440,000 5. Childbirth subsidy: 22 people; total amount of subsidy: NT\$66,000 6. Travel subsidy: 1,934 people; total amount of subsidy: NT\$12,286,193
<p>Customers and Investors Customers and Investors</p>	<ol style="list-style-type: none"> I. Holding investment and financial management seminars. II. Holding Capital Securities “Concern for Public Welfare” investment seminar. III. Warrant class: Routine and non-routine classes in accordance with channels are held at different level of difficulties and topics tailored to the need and their familiarity with the products. IV. Derivative Product Services <ol style="list-style-type: none"> 1. Establishing ETN section to improve transparency of information and price. 2. Providing online (Internet forum and FB) and offline (call center) service support for warrants to diversify communication bridges 	<ol style="list-style-type: none"> I. Holding investment and financial management seminars: <ol style="list-style-type: none"> 1. An investment and wealth management seminar took place on June 27, 2019 at the Sherwood Taipei; a total of 14 media reports attended it. 2. An investment and wealth management seminar took place on December 2, 2019 at Sheraton Hotel; a total of 134 people attended it. 3. There were a total of 163 small seminars. II. Holding Capital Securities “Concern for Public Welfare” investment seminar. A total of four sessions of the investment-oriented “Health and Wealth Seminar” meant to care for the public took place, with 1,210 participants combined. III. Warrants classes: <ol style="list-style-type: none"> 1. Taiwan Stock Exchange - One session per quarter and four sessions in total, with a mean number of participants being 60 per session. 2. Taipei Exchange - One session every six months and two sessions in total, with a mean number of participants being 80 per session. 3. Branch offices in northern, central, and southern parts of Taiwan - Two sessions per month and 24 sessions in total, with a mean number of participants being 20 per session. 4. Colleges and universities - Two sessions per quarter and eight sessions in total, with a mean number of participants being 50 per session. IV. Derivative Product Services: <ol style="list-style-type: none"> 1. The only one in Taiwan to provide real-time index performance platform - Capital FTSE Divest-Invest China A50 Index (Total Return) ETN and to provide investors with detailed product information - Capital FTSE China A50 ETN (020009) real time index value. 2. For the Capital Warrant Forum and the call center established for derivatives, 200 cases in total were closed throughout 2019.

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>with warrant investors and to solve problems in transactions.</p> <p>3. Providing diverse incentives to encourage investors to trade ETN and warrants and improve the brand image.</p> <p>V. Organizing various trading contests and marketing programs.</p> <p>VI. Promoting the electronic trading platform.</p>	<p>3. The Company held the transaction contest in warrants with the printed media (Economic Daily News and Commercial Times), with up to 30 thousand people were rewarded; attended the warrant promotion campaign held by the Taiwan Securities Association, reading out to more than 2 million people; and activated the over-the-counter option online trading platform to provide investors with diversified ways to place orders.</p> <p>V. Organizing various trading contests and marketing programs:</p> <p>1. Capital Master Account Project:</p> <ul style="list-style-type: none"> ● Purpose: To promote the Capital Master Account as a way to opening an account. ● Registration available from September 1, 2019 to November 30, 2019. ● Accomplishments: <ul style="list-style-type: none"> ✓ Total number of people signed up: <u>2,372</u>. <p>2. Deal-by-Deal Simulated Platform Project:</p> <ul style="list-style-type: none"> ● Duration: March 22, 2019 through November 30, 2019. ● Details: The marketing was based on the promotional campaigns introduced by the Taiwan Stock Exchange for respective stages. ● Platforms: Caishen, E-banking, Strategy King, Wtrade, LINE @, FB, and EDM, etc. ● Strategy: GA follow-up is set for respective item being promoted to tally the communication effectiveness on respective platforms. Meanwhile, the communication effectiveness is being followed up at all times in order to adjust the promotional visual design style and the push notification intervals, weeks, and time points of each push notification. ● Accomplishments: <ul style="list-style-type: none"> ✓ As of the end of November 30, 2019, there had been accumulatively 77,312 visits; among them, the platforms were clicked on and downloaded 9,618 times in total. ✓ Capital ranked No. 4 under the search results with the keyword “Deal-by-Deal” Transaction on Google (the first three ones are the web pages and official website of the Taiwan Stock Exchange). <p>VI. Promoting the electronic trading platform:</p> <p>1. The smart wealth management partner introduced by Capital - “GOODi” is the first in the country “Composite Wealth Management Robot” created based on AI. It aims to integrate all investment accounts available throughout the Capital Group and make them available for inquiries. Besides the inclusion of shares and funds that rendered the accumulative NTD 8 billion trading value of securities throughout the year, GOODi combines the “Capital Master Account” to offer one-stop service for both transactions and account affairs. Meanwhile, the operation interface is adjusted reflective of the user experience; it’s a hands-on learning-free process. GOODi offers customers a platform for spontaneous learning and aims to become the most trusted smart wealth</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>VII. Continuously promoting the "Environmental</p>	<p>management partner for customers. Customers have access to information such as wealth management news, financial statements that are released, ex-dividend, and shareholders' meetings, among others, in real time and by conversing with GOODi they can get quick and precise answers right away.</p> <p>2. Capital Securities set up full-time electronic trading promotion staff in northern, central, and southern parts of Taiwan in as early as 2011 to vertically undertake the first-hand system of the development unit, and then promote to business units and customers horizontally. This year includes:</p> <ul style="list-style-type: none"> ● More than 50 large-scale investment seminars and exquisite professional lectures, introducing the strengths and advantages of electronic trading platforms to investors and Capital Securities customers. ● 505 on-site electronic trading teaching sessions provided to fit the schedule of customers. ● A total of 586 educational trainings for employees held throughout the year to promote the functions of electronic trading. ● 29 elementary electronic trading lectures were held for college interns during the industry academia cooperation. The electronic trading promotion team, from points (customers) to lines (branch offices), encourages the proliferation of electronic trading services, expanding the coverage to the whole company and increasing the proportion of electronic trading to nearly 70%. <p>3. The Company has a customer service center in place to be devoted to the service and promotion of electronic trading. In 2019, the center received 42,750 calls, and 5,839 designated external calls. The answer rate showed a growth of 89% from last year. The service content was mainly: electronic trading system operation instruction (86%), trouble shooting (9%), and product information consultation (5%). Compared to prior certificate and password operations with the highest service frequency, which required large amount of manual labor dropped to below 20% through customer service staff's involvement in the process design improvement, and the providing of App and Web online self-service check-up mechanisms. This allowed precious human resources to be redirected to customer experience, interface design, project configuration, and smart services. In addition, as far as the control over service quality is concerned, among the completed 806 randomly selected copies of the questionnaire for the satisfaction survey introduced in the fourth quarter of 2019, more than 90% of the customers responded by saying that they were quite clear about the explanations and guidance provided by customer service representatives and were able to transit smoothly onto operation and trading. Customer service representatives that were on duty held onto each opportunity to provide service over the phone and by email. Their only purpose was to enable the customers to quickly and conveniently use the electronic trading tool and to practice a wealthy life.</p> <p>VII. Continuously promoting the "Environmental Protection, Love for the Earth, and Happiness in Life" electronic account statement activity:</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>Protection, Love for the Earth, and Happiness in Life" electronic account statement activity.</p> <p>VIII. The Capital Master Account is available to make it even more convenient for customers to integrate and utilize funds throughout the investment process.</p> <p>IX. Diversified order placement platforms are in place to offer customers a more convenient procedure to place orders.</p>	<p>1. The Company provides electronic account statements to customers for a full range of products, and continues to promote them in order to reduce the use of paper through marketing activities. Up to 73,908 electronic account statements are sent each month. The volume of printed paper and ink and other consumables are effectively reduced, as well as the transportation cost and pollution for mailing.</p> <p>2. The Company offers customers Webs and APPs with a variety of features, such as account-opening, addition, transaction, account affairs, incoming and outgoing funds, and research reports and releases tutorial videos both on its official website and through YouTube for promotional purpose to fully implement electronic transactions. In addition to advancing toward the goal of paperless operations and reducing customers' cost of transportation and time required for coming to the counter, these measures can promote energy conservation and carbon reduction for environmental protection.</p> <ul style="list-style-type: none"> ● Electronic account statement: https://www.capital.com.tw/Service2/account/default.asp ● Open accounts online: https://goplus.capital.com.tw/index.html <p>The Company supports environmental protection and paper-less operations and continues to make multiple online applications possible and produces tutorial videos for customers to watch at any time. As of the end of 2019, a total of 139,388 accounts subscribed to statements for all products and up to 73,908 accounts to monthly electronic statements for all products. The monthly electronic account statements accounted for 53.02%, showing further improvement from the preceding year. 10,195 accounts were opened online; 10,121 accounts were opened over the counter with carriers. Additional 1,202 electronic accounts were opened online and additional 2,403 trust accounts were opened online. 4,527 accounts opened additional three-in-one (credit, securities borrowing and loan) accounts online. The Capital Securities audiovisual teaching network launched 19 tutorial videos.</p> <p>VIII. The Capital Master Account started in 2019 and the scope of service is expected to be maximized in 2020 to cover trust and subbrokerage, among others.</p> <p>IX. It is expected that Capital LINE@ and Smart Winner will be available in 2020 to facilitate placement of orders and Capital API will be provided at the same time for in-depth collaboration in strategic alliance.</p>

Parties Involved	2019 Plans and Directions	Implementation Status
Social and Community Service	<p>I. "Capital Securities Love Reading Program"</p> <p>II. Holding the blood donation activity.</p>	<p>I. To promote rural education in Taiwan and close the gap between rural and urban resources, Capital Securities donates to sponsor outlying schools:</p> <ol style="list-style-type: none"> 1. On March 20, 2019, the "Capital Loves to Read" for 2019 was kicked off at King Young Elementary School in Yilan County to declare that the donations this year would reach out from the north to the other parts of Taiwan. A total of nine elementary schools in northern, central, and southern parts of Taiwan were included. Branch offices in these areas sponsored and served as volunteers to encourage students to read. The hope is to set a good example and inspire other people in society to follow suit and care for education in outlying areas. 2. Around 200 elementary school students in New Taipei City were invited on April 9, 2019 to leave outlying areas and visit the National Chiang Kai-Shek Memorial Hall for an urban reading tour. They visited the STUDIO GHIBLI LAYOUT DESIGNS. The students were able to feel the manuscripts of world-famous animations and find out how famous animations such as My Neighbor Totoro were created. 3. Branch office volunteership: Changhua Branch Office - Xiufeng Elementary School on September 17, 2019; Jingguo and Hsinchu Branch Offices - Gien Shih Elementary School on September 17, 2019; Zhunan Branch Office - Siang Bi Elementary School on September 26, 2019; Dongmen Branch Office - Rueifong Elementary School and Chiayi Branch Office - Siding Elementary School on September 27, 2019; and Pingtung Branch Office - Gao-Shi Elementary School on September 30, 2019. 4. On December 13, 2019, just before Christmas, in particular, all staff, faculty, and students from Xiufeng Elementary School of Nantou County were invited to visit Natural Way Six Arts Cultural Center and National Museum of Natural Science in the downtown of Taichung City. Besides helping them broaden their horizons and experiencing the different looks in the city, Chairman Chun-Chih Wang and General Manager Chung-Tao Chia particularly came down from Taipei to play Santa and gave away good reading presents for Christmas to each student. They were delighted and felt the abundant care from Capital. 5. Throughout 2019, donations went to 9 elementary schools in total, namely, King Young Elementary School in Yilan, Gueishan Elementary School in New Taipei City, Dacheng Elementary School in New Taipei City, Gien Shih Elementary School in Hsinchu County, Sian Bi Elementary School in Miaoli County, Xiufeng Elementary School in Nantou County, Siding Elementary School in Chiayi County, Rueifong Elementary School in Tainan City, and Gao-Shi Elementary School in Pingtung County. <p>II. The Capital Group's blood donation charity activities "Love from Capital for Charity" officially entered the 12th year. A total of 23 sessions have been held. For the current activities, the total number of bags of blood collected exceeded the goal of 1,500.</p>
Shareholders	<p>I. A general shareholders' meeting is held every year.</p>	<p>I. The general shareholders' meeting was held on June 24, 2019.</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>II. The annual report and corporate social responsibility report are completely disclosed to shareholders on the Company's website.</p> <p>III. Classes are opened on topics including finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting based on the professional competence of the Directors and employees .</p>	<p>II. The annual report and corporate social responsibility report are published on a yearly basis. The 2018 annual report was printed in April 2019 and the 2018 corporate social responsibility report was uploaded to the MOPS and the Company's website in June 2019.</p> <p>III. The Company has 11 Directors (including 3 Independent Directors). The Directors conducted a total of 126 training hours in 2019, and the topics covered finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting.</p>
Business Integrity	<p>The Company has "Integrity Code of Conduct" and "Operational Procedures and Guidelines of Ethical Corporate Management Best Practice" in place. They exist to enforce integrity principles throughout internal management and commercial activities. In order to build a corporate culture of ethical and transparent management, the Company has established "Whistleblower Procedure" to encourage the identification of any illegal matters. The Company has assembled an Integrity Management Committee that reviews the Company's integrity management on a yearly basis, and reports its findings to the board of directors periodically.</p>	<p>The Integrity Management Committee convened a meeting on December 23, 2019 to review and explain the Company's performance of business integrity in 2019, and reported the same in fifth board meeting of the 11th Board of Directors on January 21, 2020.</p>
Environmental Protection	<p>I. Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and petroleum.</p>	<p>I. Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and petroleum. 2019 tap water saving of 1,360 cubic meters. 2019 power saving of 779,053 kWh. 2019 fuel consumption: Due to the fact that the main office has been relocated and the new location is further away from the freeway, oil consumption exceeded 99 liters from last</p>

Parties Involved	2019 Plans and Directions	Implementation Status
	<p>II. Giving priority to the use of products of manufacturers with the environmental labeling.</p> <p>III. Promoting the recovery of resources to properly handle waste.</p>	<p>year.</p> <p>II. Giving priority to products of manufacturers with the environmental labeling. Green building materials and products were used in 2019 for the decoration of 10 sites.</p> <p>III. Promoting the recovery of resources to properly handle waste. The Company has implemented internal resource recovery and resources classification. 200 carbon cartridges have been recycled by returning them to professional manufacturers for disposal to avoid pollution and waste of resources.</p>

V. Employee Care

I. Employee Analysis

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

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

The Company formulates rules and systems in accordance with labor-related regulations, and requires compliance by all employees to implement and protect the legal rights and interests of our employees. The Company's salary policies are above the statutory minimum wage. We also declare the Convention on the Rights of Persons with Disabilities (CPRD) and we do not discriminate on the basis of gender, sexual orientation, age, race or religion. Employee employment, dismissal, promotion, salary adjustment, and other personnel operations do not discriminate on the basis of race, class, language, ideology, religion, political affiliation, ethnic origin, birthplace, gender, sexual orientation, age, marital status, physical appearance, facial characteristics, physical or mental disability, horoscope, blood type, or any other characteristic or identity as stated by Article 5 of the Employment Service Act. The Company has a reasonable compensation system in place. We regularly convene Remuneration Committee meetings to assess the fairness of remunerations to employees. Every year, business performance for the year, price index, industry standards, and other indicators are integrated in employee individual performance as the basis for annual salary adjustments and bonus distribution. In addition, employer-employee meetings are held as required by law to discuss matters relating to employee dynamic, business plans and overview, coordination of labor-management relations, promotion of labor-management cooperation, and labor conditions, as well as labor welfare plans, efficiency improvement, and labor-management suggestions. The Company has established an Employee Mailbox to encourage feedback from employees, fortify employees' right to work, improve operating procedures, create profits, and eliminate shortcomings. Feedback is collected and processed every day by the head of an executing department.

The Group has always attached a high level of importance to employees' welfare and benefits, which is why we have established an Employee Welfare Committee. Welfare systems and activities organized by the Committee are discussed and decided collectively by both employer and employees.

2019 Employee Gender Analysis

Unit	Total no. of Full-Time Employees		Total
	Female	Male	
Capital Securities Corporation	1,230	609	1,839
Capital Investment Management Corporation	25	29	54
Capital Insurance Advisory Corp.	10	11	21
Capital Insurance Agency Corp.	3	6	9
CSC Venture Capital Corp.	2	4	6
Total	1,270	659	1,929

Note: The Company's employees are all permanent full-time employees

Total Number of Employees by Location in 2019

Unit	Total Number of Employees	Total No. of Business Locations
Capital Securities Corporation	1,839	53
Capital Investment Management Corporation	54	1
Capital Insurance Advisory Corp.	21	1
Capital Insurance Agency Corp.	9	1
CSC Venture Capital Corp.	6	1
Total	1,929	57

New Employees in 2019 by Gender/Age/Number

Company and Gender	29 years or younger		30–39 years		40–49 years		50 years or older		Subtotal
	No.	%	No.	%	No.	%	No.	%	
Capital Securities Corporation-Male	87	33.7	29	11.0	9	3.4	1	0.4	126
Capital Securities Corporation-Female	85	32.3	30	11.4	22	8.4	0	0.0	137
Capital Investment Management-Male	1	14.3	2	28.6	1	14.3	0	0.0	4
Capital Investment Management-Female	1	14.3	2	28.6	0	0.0	0	0.0	3
Capital Insurance Advisory Corp.-Male	1	33.3	0	0.0	1	33.3	0	0.0	2
Capital Insurance Advisory Corp.-Female	0	0.0	1	33.3	0	0.0	0	0.0	1
Capital Insurance Agency Corp.-Male	0	0.0	0	0.0	0	0.0	0	0.0	0
Capital Insurance Agency Corp.-Female	0	0.0	1	100	0	0.0	0	0.0	1
CSC Venture Capital Corp.-Male	0	0.0	1	50.0	0	0.0	0	0.0	1
CSC Venture Capital Corp.-Female	1	50.0	0	0.0	0	0.0	0	0.0	1

Note: Percentage=(no. of employees/total no. of new employees)

Employees who Resigned in 2019 by Gender/Age/Number

Company and Gender	29 years or younger		30–39 years		40–49 years		50 years or older		Subtotal
	No.	%	No.	%	No.	%	No.	%	
Capital Securities Corporation-Male	29	11.8	35	14.2	24	9.8	24	9.8	112
Capital Securities Corporation-Female	54	25.9	20	8.1	33	13.4	27	11.0	134
Capital Investment Management-Male	0	0.0	1	14.3	3	42.9	1	14.3	5
Capital Investment Management-Female	1	14.3	1	14.3	0	0.0	0	0.0	2
Capital Insurance Advisory Corp.-Male	0	0.0	0	0.0	0	0.0	1	33.3	1
Capital Insurance Advisory Corp.-Female	0	0.0	1	33.3	1	33.3	0	0.0	2
Capital Insurance Agency Corp.-Male	0	0.0	0	0.0	0	0.0	0	0.0	0
Capital Insurance Agency Corp.-Female	0	0.0	0	0.0	0	0.0	0	0.0	0
CSC Venture Capital Corp.-Male	0	0.0	0	0.0	0	0.0	0	0.0	0
CSC Venture Capital Corp.-Female	0	0.0	1	50.0	1	50.0	0	0.0	2

Note: Percentage=(no. of employees/total no. of employees who resigned)

Full/Part-Time Employees in 2019 by Gender

Unit	Total no. of Full-Time Employees		Total no. of Part-Time Employees		Total no. of Other Types of Contract Employees		Total
	Female	Male	Female	Male	Female	Male	
Capital Securities Corporation	1,230	609	0	0	0	0	1,839
Capital Investment Management Corporation	25	29	0	0	0	0	54
Capital Insurance Advisory Corp.	10	11	0	0	0	0	21
Capital Insurance Agency Corp.	3	6	0	0	0	0	9
CSC Venture Capital Corp.	2	4	0	0	0	0	6
Total	1,270	659	0	0	0	0	1,929

Note: The Company's employees are all permanent full-time employees

Full/Part-Time Labor Force in 2019 by Gender

Unit	Total Full-Time Labor Force		Total Part-Time Labor Force		Labor Force in Taiwan	
	Female	Male	Female	Male	Female	Male
Capital Securities Corporation	1,230	609	0	0	1,230	609
Capital Investment Management Corporation	25	29	0	0	25	29
Capital Insurance Advisory Corp.	10	11	0	0	10	11
Capital Insurance Agency Corp.	3	6	0	0	3	6
CSC Venture Capital Corp.	2	4	0	0	2	4
Total	1,270	659	0	0	1,270	659

Employees by Job Level/Gender in 2019

Company and Gender	29 years or younger		30–39 years		40–49 years		50 years or older		Subtotal
	Management	General	Management	General	Management	General	Management	General	
Capital Securities Corporation-Male	0	121	21	106	35	133	72	121	609
Capital Securities Corporation-Female	1	145	9	107	55	394	88	431	1,230
Capital Investment Management-Male	0	5	0	6	4	4	6	4	29
Capital Investment Management-Female	0	7	0	9	1	6	0	2	25
Capital Insurance Advisory Corp.-Male	0	1	1	1	0	5	2	1	11
Capital Insurance Advisory Corp.-Female	0	0	0	1	0	4	3	2	10
Capital Insurance Agency Corp.-Male	0	0	0	2	1	1	2	0	6
Capital Insurance Agency Corp.-Female	0	0	0	1	0	2	0	0	3
CSC Venture Capital Corp.-Male	0	0	0	2	1	0	1	0	4
CSC Venture Capital Corp.-Female	0	1	1	0	0	0	0	0	2

II. Welfare and Benefits

(1) Compensation and Benefits

1. Compensation & Benefits

The Company has a reasonable compensation system in place. We regularly convene Remuneration Committee meetings to assess the fairness of remunerations to employees. Every year, business performance for the year, price index, industry standards, and other indicators are integrated in employee individual performance as the basis for annual salary adjustments and distribution of year-end bonus. Salaries for new employees are based on market standard, education level, work experience, job position, and responsibilities and are unaffected by gender.

Ratio of Salary by Job Level/Gender in 2019

Unit	Management Salary by Gender		General Employee Salary by Gender	
	Male	Female	Male	Female
Capital Securities Corporation	1.289	1	1.049	1
Capital Investment Management Corporation	0.802	1	1.217	1
Capital Insurance Advisory Corp.	1.231	1	0.822	1
Capital Insurance Agency Corp.	N/A	N/A	1.071	1
CSC Venture Capital Corp.	2.006	1	1.788	1

Note 1: Ratio=(average monthly salary of male and female employees/average monthly salary of female employees)

Note 2: Management comprises department head and above.

Note 3: Salaries offered by the Capital Group are not affected by gender and are higher than statutory minimum wage.

Note 4: Key Business Locations: The Group's branches are located in Taiwan.

2019 Employee Benefit Expenses and Average Salary

Unit: NT\$1,000

Item	2019	2018	2017
Employee benefit expenses	1,879,473	1,974,377	2,107,451
Salary expenses	1,628,480	1,704,360	1,844,667
Employee healthcare and labor insurance expenses	129,502	137,448	132,942
Pension expenses	77,638	85,655	82,020
Other employee benefit expenses	43,853	46,914	47,822

Description: Notes should be added to provide additional information on number of employees and employee benefit expenses:

Note 1: The Company has 1,838 and 1,845 employees in 2019 and 2018, respectively.

Nine directors are not employees of the Company.

Note 2: (1) The Company spent an average of NT\$987 thousand and NT\$1,055 thousand on employee benefits in 2019 and 2018, respectively.

(2) The Company spent an average of NT\$850 thousand and NT\$907 thousand on employee salary in 2019 and 2018, respectively.

(3) The Company's average employee salary expense in 2019 was 6.28% less than that in 2018.

Full-Time Non-Managerial Employees in 2019

Company	2019 Number of non- managerial full-time employees A	2018 Number of non- managerial full- time employees B	Compared to Previous Year (A/B%)
Capital Securities Corporation	1,605	1,625	98.8%

Salary of Full-Time Non-Managerial Employees in 2019

Unit	Average salary of full time non- managerial staff	Median salary of full time non- managerial staff	Difference Between Average Salary in 2019 and 2018 (%)	Difference Between Median Salary in 2019 and 2018 (%)
Capital Securities Corporation	NT\$791,000	NT\$648,000	-2.22%	-1.97%
Capital Investment Management Corporation	Non-public listed company	Non-public listed company	-	-
Capital Insurance Advisory Corp.	Non-public listed company	Non-public listed company	-	-
Capital Insurance Agency Corp.	Non-public listed company	Non-public listed company	-	-
CSC Venture Capital Corp.	Non-public listed company	Non-public listed company	-	-

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

Company	Ratio of the annual total compensation of highest-paid individual to the median annual total compensation for all employees	Ratio of the annual total compensation of highest-paid individual to the rate of annual growth in median annual total compensation for all employees
Capital Securities Corporation (Country: Taiwan)	33.62 : 1	-33.67 : 1

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

2. Performance Management System

The Company has established a fair and reasonable performance management system for each department and its employees. We regularly appraise employee performance and use the results as basis for job promotions, salary adjustments, and bonus distribution. Employee performance evaluation is also effectively linked to their

career development, which can in turn help departments and the company to improve its business performance, thereby achieving a win-win outcome for both employees and the company.

(2) Welfare Benefits

1. Leaves

The Company offers leaves that are required by law, including special leave, marriage leave, compassionate leave, business leave, occupational sickness/injury leave, paternity leave, maternity leave, unpaid leave, general sickness/injury leave, menstruation leave, family care leave, natural disaster leave, epidemic prevention leave, and pregnancy checkup leave. The Group has been offering pregnancy checkup leave even before it was legalized.

Regarding maternity leave, the Company grants employees 8 weeks of maternity leave and unpaid parental leave in accordance with Article 50 of the Labor Standards Act and Articles 15 and 16 of the Act of Gender Equality in Employment. After being in service for 6 months, employees may apply for unpaid parental leave before any of their children reach the age of 3 years. The period of this leave is until their children reach the age of 3 but may not exceed 2 years. When employees are raising more than two children at the same time, the period of their parental leave shall be computed aggregately and the maximum period shall be limited to 2 years received by the youngest child.

2. Insurance

The Company purchases labor insurance and national health insurance for its employees as required by law. We also offer a variety of group insurance policies at special rates, including life, accident, medical, and cancer insurances, as well as fees for the travel insurance of overseas employees.

3. Retirement Benefits

According to the Company's Regulations Governing Retirement of Employees, application for retirement is eligible for senior employees who have served the Company for 15 years or longer and aged 55 years, and those who have served the Company for 20 years or longer. This provision is superior to those prescribed by the Labor Standards Act. These employees are also entitled to pension funds in accordance with the Labor Standard Act and Labor Pension Act.

I. Retirement system according to Labor Standard Act: Every month, the Company contributes 2–15% of employee's monthly salary to a retirement bank account held under the Bank of Taiwan.

II. Every month, the Company contributes 6% of employee's insured salary to a personal retirement bank account setup by the Bureau of Labor Insurance.

The Company's defined benefit plan obligations involve calculating the present value of each benefit plan from the cost of the benefits that employees will earn in return for their service in the current and prior periods.

Actuarial calculations are carried out every year by qualified actuaries using the projected unit credit method. According to the actuarial results, pension fund under the defined benefit plan is deposited into a labor pension account with the Bank of Taiwan and a bank account opened by the Company through the Employee Pension Fund Management Committee.

In 2019, employer contribution under the defined benefit plan and defined contribution plan was 4.77% of salary expenses.

4. Benefits Promoting Employee Relations

The Company thanks employees for their hard work by regularly reviewing and raising their travel allowance irrespective of their job position and level.

To consolidate employee solidarity toward the company, we planned a series of

activities that benefit employees, such as child birth subsidies, massage service from people with visual impairment, health-promoting and charity group subsidies, and the annual MVP selection. We hope to inject different elements every year, providing employees with better, more innovative benefits.

5. Well-being

The Capital Group also offers wedding, funeral, celebratory, and emergency aid subsidies. On the Company's Intranet, we set up a specific section, providing a wide range of information such as day care centers, partnering merchants, and employee subsidies, as well as services and welfare products for group buying among employees.

6. Employee Stock Ownership Plan (ESOP)

The Company continues to devise and discuss employee stock ownership policies that are fair, reasonable and beneficial to stakeholders such as employees and shareholders.

III. Continuing Education and Training

- (1) To cultivate all kinds of professional talents, the Company has designed comprehensive training programs based on the different career stages and organizational development needs of employees at all levels to provide timely and diverse learning channels for the employees in order to achieve win-win benefits from the development of organizational talents and personal careers. These include: orientation, specialist training, management reserve training, management growth training, and seminars hosted by renowned experts and scholars on the topic of finance. In 2007, the Capital Financial Academy was founded as the cradle of managers trained internally by the Company.
- (2) Intensive training of business personnel has been organized through video conferencing and broadcasting across the country to enhance their professional competences and skills. Also, in order to improve learning performance, various e-learning and training courses have been designed by using electronic systems that allow the employees to learn and grow at any time and any place.
- (3) To encourage the employees to acquire finance-related certificates, the Company has established various regulations concerning incentives for professional exams and subsidies for the application fees of certification exams.

Hours of Training by Job Level/Gender in 2019

(Every managerial/general employee)

Unit	Level	Female	Male
Capital Securities Corporation	Management	41.12	35.31
	General	19.42	20.77
Capital Investment Management Corporation	Management	14.00	12.15
	General	11.94	12.39
Capital Insurance Advisory Corp.	Management	3.67	3.67
	General	5.00	3.00
Capital Insurance Agency Corp.	Management	0.00	5.33
	General	3.00	4.33
CSC Venture Capital Corp.	Management	7.00	2.00
	General	4.00	1.50

Note 1: Management comprises department head and above.

Note 2: Unit of measure is hour.

The Company values every employee's right to work. We are committed to protecting the dignity of all our employees and adhere to the Labor Standards Act. We refrain from the use of child labor and forced labor. In future, we will continue to pay attention to avoid similar occurrences to protect the basic human rights of our employees.

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

Hours of Human Rights Training and Percentage in 2019

Unit	Human rights policy related training		
	No. of employees trained	Percentage	Total hours of training
Capital Securities Corporation	346	19.0%	519
Capital Investment Management Corporation	10	18.0%	15
Capital Insurance Advisory Corp.	3	14.0%	4.5
Capital Insurance Agency Corp.	1	11.0%	1.5
CSC Venture Capital Corp.	2	33.0%	3

Note: Percentage=(total number of employees trained/total number of employees)%

Hours of Internal/External Training by Gender/Managerial/Non-Managerial roles in 2019

Company	Female				Male			
	Each managerial employee		Each non-managerial employee		Each managerial employee		Each non-managerial employee	
	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours
Capital Securities Corporation	18.58	22.54	6.25	13.17	21.66	13.65	6.73	14.04
Capital Investment Management Corporation	2.00	12.00	2.65	9.29	2.65	9.50	2.18	10.21
Capital Insurance Advisory Corp.	3.67	0.00	4.57	0.43	3.00	0.67	3.00	0.00
Capital Insurance Agency Corp.	0.00	0.00	2.67	0.33	4.33	1.00	4.00	0.33
CSC Venture Capital Corp.	6.00	1.00	4.00	0.00	2.00	0.00	1.50	0.00

Note: Management-Department head and above.

Summary of Unpaid Paternal Leave Application and Reinstatement in 2019

Unpaid Parental Leave Items	Capital Securities Corporation		Capital Investment Management Corporation		Capital Insurance Advisory Corp.		Capital Insurance Agency Corp.		CSC Venture Capital Corp.	
	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male	No. of Female	No. of Male
No. of employees eligible for unpaid parental leave	37	30	2	3	0	0	0	0	0	0
No. of employees who applied for unpaid parental leave	6	0	0	0	0	0	0	0	0	0
No. of employees reinstated after unpaid parental leave (A)	2	0	0	1	0	0	0	0	0	0
No. of employees still active 12 months after being reinstated from unpaid parental leave (B)	2	0	0	0	0	0	0	0	0	0
Percentage of reinstatement after unpaid parental leave and retention (B/A)(%)	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%

IV. Employer-Employee Agreements and Employee Right Maintenance Measures

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

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

Employee job rotation and transfer as needed for business development (new

establishment or relocation) and for employee's career development are conducted in pursuant to Article 10-1 of the Labor Standards Act. Meanwhile, employees are given one to two weeks to complete job handover and adapt to the new environment.

Furthermore, where an employer terminates a labor contract pursuant to Articles 11 and 13 of the Labor Standards Act, the minimum period of advance notice for employees shall follow Article 16 of the same act:

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

Among the suppliers the Company has selected or with whom it has signed a contract, the Company requires all of its suppliers to act on the notion of maintaining human dignity and basic human rights, abide by the Labor Standards Act and other applicable laws and regulations, protect employees' legal rights, respect internationally recognized labor human rights principles, and jointly fulfill their corporate social responsibilities. If the contract signed with any supplier has included a provision stating that "the Company may terminate or cancel the contract in the event of violation of the CSR policy by the supplier, and the supplier may not claim compensation from the Company".

The Company has established an Employee Mailbox to encourage employee feedback. Moreover, to ensure that employees make full use of this mailbox, the Company has a set of Employee Mailbox Usage Guidelines in place to collect employee feedback with respect to the Company's business, operating procedures, administrative measures, organizational rules, and opinions that benefit company operations or influence or infringe upon personal rights. Concurrently, the Company has appointed a designated unit in charge of the Employee Mailbox. The Unit shall keep employee's feedback confidential to protect the interests and rights of employees involved.

Given the different types of employee complaints, the Company also established a Committee for Complaint of Sexual Harassment and Committee for Complaint of Workplace Violence as suitable mechanisms and channels for filing complaints.

A Statistics of Complaints Received by the Company in 2019:

Year	Total No. of Complaints Filed	Types of Complaints Filed			No. of Complaints Accepted	No. of Complaints Investigated	No. of Complaints Handled
		Human rights	Discrimination	Business-Related			
108	1	0	0	1	1	1	1

V. Workplace and Employee Safety Protection

The Company operates a securities business that is not associated with high-incidence and high-risk diseases related to workers' occupation. We value employees' safety and health and are committed to providing a good working environment. Below are some of the protection and welfare measures that we employ:

Measures	Item	Description
Employee Health	Insurance and welfare	<p>(1) Measures mandated by law</p> <ol style="list-style-type: none"> 1. Labor and health insurance. 2. The “Regulations on Complaints and Punishments for Measures to Prevent Sexual Harassment at Workplace” has been established. 3. “Employee lactation rooms” have been set up. 4. Regular health examinations have been organized for employees. 5. Doctors have been engaged to provide health education for employees at the Company's Head Office. <p>(2) Measures provided above legal requirements</p> <ol style="list-style-type: none"> 1. The Company provides employees with a broad variety of group insurance coverage from life, accidental injury, accidental medical treatment, to occupational hazard. 2. Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members. 3. Free massage services have been provided to the employees of the Head Office. 4. Seminars on the benefits of exercising and physical fitness tests have been provided to raise employees' health and exercise awareness. 5. The “Regulations for Management of the Establishment of Recreational and Charitable Clubs and Their Funding” has been established to encourage the employees to get into the habit of participating in sports and charitable activities. 6. The Company has been certified as an “iSports Corporation” by the Sports Administration, Ministry of Education.

	Environmental health	<p>(1) Smoking-free office environment</p> <ol style="list-style-type: none"> 1. The Company provides information on the important regulations of the Tobacco Hazards Prevention Act on its Intranet. 2. The Company provides a video on its Intranet teaching employees ways to quit smoking. 3. The Company has established the “Measures for Prevention of Smoking Hazards”. <p>(2) The Company acquired "Badge of Accredited Healthy Workplace" from Health Promotion Administration, Ministry of Health and Welfare</p> <p>(3) The Company acquired "Certification for Voluntary Public Indoor Air Quality Management" from Taipei City Department of Environmental Protection.</p>
Safety of work environment	Safety certification	<p>The Company has received the ISO22301 certification for business continuity management. The primary purpose of the certification is to ensure that the Company will be able to minimize damage in any sudden event of emergency to maintain personnel safety, compliance, customers’ rights and interests, the Company’s goodwill and security of the Company’s assets, and to make sure the important business activities of the Group can gradually resume within the target recovery time to maintain operations.</p>
	Certification for personal information	<p>The Company is the first financial institution to obtain international certification for personal information management with respect to securities, futures, and insurance brokerage/agency services. It shows that the Personal Information Management System (PIMS) adopted by the Company offers effective protection and management of personal information, and complies with all requirements of the Personal Information Protection Act to protect the rights of information owners, while at the same time minimize possible impacts from event of attack. It represents the Company's commitment to continually manage and improve its personal information management system.</p>

Safety of work environment	Workers' safety	<p>The Company has complied with the "Occupational Safety and Health Act" by appointing an OSH Officer, a team of first aid officers, and organizing training according to the Worker Safety Education Principles.</p> <p>The Company has established and implemented an "Ergonomic Hazard Prevention Program" to prevent musculoskeletal injuries or illnesses caused by work activities. In addition, it has formulated and promoted the "Abnormal Workload Induced Disease Prevention Plan" to plan and take the necessary safety and health measures for the prevention of diseases caused by abnormal workloads such as shifts, night work, and long working hours.</p>
	Fire safety	<ol style="list-style-type: none"> 1. Fire drills have been held on a regular basis 2. In accordance with the Fire Services Act and its Enforcement Rules, a fire safety manager has been appointed. The manager is required to receive recurrent training at least once every 3 years.
	Safety assurance	<p>All of the Company's business premises and branches are covered by the following insurance</p> <ol style="list-style-type: none"> 1. Commercial fire insurance 2. Electronic equipment insurance 3. Public accident liability insurance

VI. Social Involvement

I. Education for Rural Communities

Capital Group pays attention to rural education, as evident by its long-term focus on promoting the "Capital loves to Read" program. Moreover, the Company has adopted elementary schools across Taiwan, including Dacheng, Guishan, Jinyang, Jianshi, Xiangbi, Xiufeng, Xiding, Ruifeng, and Gaoshi elementary schools. Providing assistance to members of the society who need resources is a corporate social responsibility that Capital values very much.

Following 6 years of promoting the importance of reading through the "Capital loves to Read" program, we have seen a significant increase in children who love to read. Being in the financial industry, Capital fulfills corporate social responsibilities by actively encouraging financial specialists to volunteer in helping children to develop a habit of reading through the cultivation of basic capabilities. Capital hopes to spread positive energy through social involvement, raise the industry's awareness on problems in rural education, realize the spirit of caring for society, and spread a sense of happiness to every corner of Taiwan.

- (1) On March 20, 2019, the Company hosted the opening ceremony of the 2019 "Capital loves to Read" activity at Jinyang Elementary School in Yilan County, declaring that donations will be distributed to nine elementary schools in Northern, Central, and Southern Taiwan. Our branch companies in Taiwan will act as adoptive volunteers to encourage children to read. Through this activity, we hope to spread positive energy and inspire other members of the society to join our efforts in caring for students living in rural areas.
- (2) On April 9, 2019, we invited 200 elementary school students in New Taipei City to a trip to National Chiang Kai-shek Memorial Hall, where they looked at original illustrations from STUDIO GHIBLI, offering students the chance to view behind the scenes of world-renowned animation films and take a peak at how stories such as Totoro are created.
- (3) Volunteering services provided by our branches: Changhua Branch - Xiufeng Elementary School on 9/11/2019; Jingguo Branch and Hsinchu Branch - Jianshi Elementary School on 9/17/2019; Zhunan Branch - Xiangbi Elementary School on 9/26/2019; Dongmen Branch - Ruifeng Elementary School and Chiayi Branch - Xiding Elementary School on 9/27/2019; Pingtung Branch - Gaoshi Elementary School on 9/30/2019.
- (4) On December 13, 2019, the Company also invited the faculty and students of Nantou County Xiufeng Elementary School to visit Natural Way Six Arts Culture Center and National Museum of Natural Science in the downtown of Taichung City to guide the children to enhance their knowledge and also experience a different city's presence. Specifically, Chairman Jiunn-Chih Macronix Wang and President Chung-Tao Chia visited Southern Taiwan to play Santa Claus, hand out Christmas gifts to the children, and fill their Christmas with love and care.

"Capital loves to Read" activity	No. of School Beneficiaries	No. of People Beneficiaries
Book donation	9	450
Study companionship	9	396
Journey to City Reading	3	250





II. Sponsorship

Capital is committed to sponsoring charity activities, a testament to its passion for the interest of the public.

(1) A long-time sponsor of the National Taipei University Debate Cup, a debating contest for vocational high schools in Taiwan

The Debate Cup contest, organized by the Tao Tao Club of National Taipei University, has entered its 15th year in 2019. Paying constant attention to issues of education, Capital Securities Corporation has sponsored this event for six years in a row. The contest this year brings the total number of participating teams to 36, 250 participants in total. Capital hopes to promote current affairs and societal issues among high schoolers in Taiwan, raise their civic participation awareness, and expand diversified thinking to improve the data application, academic discussion, and deep thinking capabilities of students.

(2) Love from Capital for Charity: Capital Bloodmobile

Capital Group has held the "Love from Capital for Charity" blood donation activity for 12 consecutive years, collecting over 1,500 bags of blood. Summer holiday is the peak blood-use period; however, due to typhoon and torrential rain, blood banks in Taiwan are always in need of blood. For 12 years in a row, Capital Group has never stopped organizing blood donation activities in summer. Thanks to its years of persistence and effort, the total amount of blood collected is constantly increasing every year. Capital has always contributed to Taiwan through spontaneous charity activities. In addition to organizing blood donation activities for many years, the Company has also helped numerous children who live in rural areas to access more resources for personal development. By spreading this positive energy, we hope to motivate other companies and members of the public to spread the love by joining our social endeavors.



III. Healthy Family

Capital Securities offer incentives for encouraging child birth

Birth rate in Taiwan is decreasing dramatically in recent years. Capital Securities attaches a high level of importance to the well-being of its employees. We continue to reward employees for child birth. Every year, the Chairman of this Company Jiunn-Chin Wang gives out a child birth reward to the first employee who gives birth to a child. This reward has been going on for three years and is aimed at enabling employees to work and at the same time support their family without worry.

Capital hopes that even when busy, employees could spend more time with family and live a physically and mentally balanced life, thereby encouraging them to actively foster future generations amid a time when birth rate is dropping.



VII. Environmental Protection

In view of increasingly intense climate change across the globe, environmental protection and energy conservation issues have received increasing attention. Capital Securities Corporation is extremely concerned about mitigating global warming and conserving energy to protect the environment. In response to the government's environmental policies, the Company continues to enforce energy-saving and carbon-reducing policies in hopes of reducing the consumption of earth resources to create green-value services and build a corporate culture with environmental awareness. The Company did not violate any environmental laws in 2019. Moreover, we periodically evaluate and review the abilities of new and old suppliers, generating results that serve as the criteria for assessing whether to continue working with them. Among the suppliers the Company has selected or with whom it has signed a contract, the Company carefully assesses whether or not the suppliers have had previous records of negatively affecting the environment, society, or human rights. The results are used as the basis for determining whether to cooperate with them. With the goal of achieving balanced economic, social, and environmental ecology and environmental sustainability, the contract signed with any supplier has included a provision stating that "the Company may terminate or cancel the contract in the event of violation of the CSR policy by the supplier, and the supplier may not claim compensation from the Company".

I. Implementing energy conservation and carbon reduction policies

In 2009, Capital Securities began organizing energy/electricity-saving competitions as a form of support for the government's environmental policies. The winning department that saved the most energy/electricity is selected and awarded. Through this measure, employees could take part in conserving energy, voluntarily practice energy conservation in everyday life, and do their bit for the environment. The Company aims to reduce 1–3% of energy consumption and GHG emission on a yearly basis. Specific measures related to various energy/carbon-saving policies in the company are as follows:

(1) Water resource management

1. The Company strengthens the promotion of water-saving measures. We have posted up water-saving signs near water supply facilities.
2. The Company cleans water towers periodically every year and conducts water quality testing.
3. Our water comes 100% from the Taiwan Water Corporation, none of our water comes from groundwater or other sources. Water supplied in business premises is used by employees and some customers, exerting no significant impact on water sources. Wastewater is discharged via sewers into the river.

(2) Energy conservation management

1. Elevator
 - I. Employees are encouraged to avoid using the elevator and take the stairs instead if they are going three floors up or down.
 - II. The number of operating elevators is controlled during work and off-work hours.
2. AC equipment
 - I. Indoor temperature is set to 26–28 °C.
 - II. Air-conditioning chiller is turned on at specific times in summer and non-summer seasons.
 - III. Outlet temperature of air-conditioning chiller is controlled.
 - IV. Air-conditioner is set to fan mode every day before 07:30 and after 18:00 to reduce use of AC.

- V. Small air-conditioning unit is added to replace large units during off-peak period.
 - VI. Windows and doors in air-conditioned areas are kept closed to reduce outflow of cold air or inflow of hot air.
 - VII. Air-conditioners are regularly serviced, cleaned, and maintained to increase operating efficiency and save electricity.
 - VIII. Budget is allocated to replace AC equipment older than 15 years with energy-saving AC units, depending on the status of energy consumption.
3. Lighting equipment
- I. T5 energy-saving light is used to reduce heat energy and save electricity.
 - II. Lights that are used 24/7, such as fire exit indicators, escape route signs, and fire indicators, are replaced with LED lights.
 - III. Division of labor by region is adopted, and unnecessary lights are switched off.
 - IV. Electronic advertising signs on the walls outside of the building are switched on if weather allows; these signs can be automatically switched on or off at scheduled time by using a timer to avoid wasting power when someone forgets to switch off the light.
4. Other
- I. Usage of contractual capacity is reviewed annually to reduce penalties for breach of contract.
 - II. Old power-consuming traditional CRT TVs are replaced by projector systems to reduce the radiation and heat energy emitted from CRT TVs.
 - III. Office machines are set to energy-saver mode so that they go to sleep after being idle for 5 minutes.
 - IV. Departments are reminded to switch off the power supply of any necessary electrical appliances or equipment during Chinese New Year or long weekends to reduce wasting standby power. These appliances or equipment include rice steamer, drinking fountain, computers, and printer monitors.
 - V. Drinking fountains should have a timer or should be manually controlled so that they switch off during weekends.
 - VI. Non-business related electrical appliances or devices are not allowed in office spaces.

(3) Petroleum Management

- I. Company cars must carry more than one passenger.
- II. Employees are encouraged to use public transport when making business trips.
- III. Company cars are serviced, maintained, and checked regularly to ensure fuel-efficient driving.

(4) Resource Recycling

Capital Securities is a financial company, which is a low-polluting industry that does not manufacture any products for sales, nor sell any product packaging materials that have been asked to be recalled. Each building floor is equipped with recycling bins for resource classification. All toner cartridges used will be returned to the original manufacturers for recycling. Eco-friendly toner powder is used to prevent pollution and resource wastage.

II. Effectiveness of Environmental Protection Policies

(1) Comparison of Water Consumption and Carbon Emission in 2016–2019

(Note: all calculations are based on water meter measurements)

Year	2016	2017	2018	2019
Water consumption (cubic meter)	35,133	28,557	27,454	26,094
Carbon emissions tons (CO ₂ e).	5.481	4.455	4.282	4.071
Difference		-1.026	-0.172	-0.212

Coefficient of water discharge = 0.156 kgCO₂/m³ (Taiwan Water Corporation)

(2) Comparison of Power Consumption and Carbon Emission in 2016–2019

(Note: 1 kWh = 3.5 MJ; all calculations are based on electric meter measurements)

Year	2016	2017	2018	2019
Power Consumption(kWh)	7,491,096	6,640,957	6,278,355	5,499,302
Carbon emissions (tons (CO ₂ e))	3,985.263	3,532.989	3,340.084	2,925.629
Difference in tons		-452.273	-192.904	-414.456

Electricity emission coefficient = 0.532 kgCO₂/kWh

(Bureau of Energy, Ministry of Economic Affairs); electricity sourced from Taipower, with 75% powered by fossil fuel.

(3) Comparison of Fuel Consumption in Company Cars and Carbon Emissions in 2016–2019

Year	2016	2017	2018	2019
Fuel consumption (L)	16,349	16,263	16,058	16,157
Carbon emissions (tons (CO ₂ e))	38.600	38.396	37.913	38.147
Difference		-0.204	-0.483	0.234

Coefficient of discharge of automobile petrol = 2.361 kgCO₂e/L

(Environmental Protection Administration, Executive Yuan)

III. Promoting Paperless Operations

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

The Company supports environmental protection and paperless operation, and continues to promote "Environmental Protection, Love for the Earth, and Happiness in Life" electronic account statement activity:

- (1) The Company provides customers with electronic statements on all of their products and continuously promotes e-statements through marketing activities to reduce the use of paper. At most 73,908 e-statements are sent each month, effectively reducing not only the use of printing paper and ink, but also the cost and pollution generated from postal services and transportation.

(2) We offer a wide variety of Web and App functions such as account opening, sub-account opening, trading, bookkeeping, debit/credit orders, and research reports. By posting short clips and advertisements on our website and YouTube, we promote the use of electronic transactions to not only advance toward paperless goals and reduce the time and cost our customers spend traveling to our branch, but also protect the environment through energy conservation and carbon reduction.

- I. Electronic statement:
<https://www.capital.com.tw/Service2/account/default.asp>
- II. Online A/C Opening:
<https://goplus.capital.com.tw/index.html>

The Company supports environmental protection and paperless operation, and continues to provide online application functions, as well as instructional videos for customers. As of the end of 2019, 139,388 account holders have applied for full product statements; 73,908 account holders have applied for full product monthly e-statements, accounting for 53.02% of all statements, a further increase from previous year. Specifically, 10,195 customers opened accounts online; 10,121 customers opened account over the counter; 1,202 customers opened accounts online and applied for e-statement at the same time; 2,403 customers opened accounts online and purchased trust funds at the same time; 4,527 customers opened an account and a 3-in-1 (credit card, securities lending, and loan) account at the same time. 19 instructional videos were posted on the Capital Video Service Network.

IV. Climate change risks and opportunities

The potential impact of climate change risks on the Company's business operation and management measures taken are described below:

(1) Climate change risk:

Risk type	Climate-related risks	Identification of climate change risks	Impact on company operation	Actions taken to manage the identified risks of climate change	Possibility of occurrence	Degree of Impact
Transition risks	Policy and laws and regulations	Government announces energy conservation policies and restrictions (E.g., reinforce obligations to report emission levels)	Compliance with applicable laws, appropriate resource input, and personnel training.	1. The Company supports policies by introducing various energy-saving measures and buying green environmentally friendly equipment. 2. The Company voluntarily carries out energy-saving and carbon-reduction activities.	Moderate	Low

	Service	There is a rise in environmental awareness and change in customer behavior	Customers are mostly trading online by using electronic devices, causing some of our branches to remove counter services and TV facilities.	The Company offers mobile services, which increase user convenience and reduce investment in business offices and office equipment.	Moderate	Moderate
	Technology	A variety of electrical appliances and machinery equipment is introduced on the market.	Old machines are inefficient and consume a considerable amount of energy, causing our competitiveness to decline.	<ol style="list-style-type: none"> 1. The Company selects energy-efficient machines. 2. The Company plans to introduce smart, energy-efficient applications. 	Moderate	Moderate
Physical risks	Immediacy	Unexpected disasters (Flooding, typhoon)	Disasters cause temporary closing of our business offices, equipment damage, and business disruption.	Disaster prevention and BCM drills are conducted periodically.	Low	Moderate

(2) Climate change opportunities:

Type of Opportunities	Climate change opportunities identified	Actions taken to manage the identified climate change opportunities	Possibility of occurrence	Degree of Impact
Resource Efficiency	Reduce water usage and water consumption	Water-saving signs are displayed near water-supply areas, and water-saving devices are installed to effectively control water resources.	Moderate	Moderate
	Reduce electricity usage and power consumption	Energy-saving equipment is used to reduce heat energy and save electricity.	Moderate	Moderate
	Recycle and reuse	<ol style="list-style-type: none"> Each building floor is equipped with recycling bins for resource sorting. All toner cartridges used will be returned to the original manufacturers for recycling. Eco-friendly toner powder is used to prevent pollution and resource wastage. 	Moderate	Low
Energy source	Government promulgates energy conservation incentive measures	When retrofitting equipment, the Company applies for energy conservation subsidies, in line with government subsidy policies.	Low	Low
Products and services	Customer trading behavior is shifting toward online trading and mobile trading.	<ol style="list-style-type: none"> Information system efficiency is increased, and customer needs are quickly satisfied. Branch offices reduce hardware investment by streamlining counter services and TV facilities. 	Moderate	Moderate
	Develop low-carbon products and services	Green energy ETN is issued to support green industries.	Low	Moderate

VIII. Assessment on the risks of the Environmental, Social and Corporate Governance Issues

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

	Possible Risks	Risk Description	Risk Management Policy or Strategies
Society	Network and Information Security Problems	Information security, business continuity, information services, and personal information protection	<p>(1) The Company consistently pays attention to important issues such as information security, business continuity, information services, and personal information protection in order to ensure stakeholder rights and data security. Following the promulgation of the Enforcement Rules of the Personal Data Protection Act by the Ministry of Justice in October 2012, the Company was the first in the industry to receive BS 10012 (Personal Information Protection Management System) international certification in January 2013. In September 2013, the Company obtained ISO 22301 BCM certification, and in November of the same year, we won the 2013 BSI Award for Excellence in the Management of Personal Information Protection.</p> <p>(2) With respect to information security control, comprehensive risk assessment is conducted semi-annually to prepare for the fast-changing financial market and information technologies, evaluate vulnerability, threats, and impacts, and reduce their associated risks. The Company conducts yearly inspection on suppliers, focusing on their information security organization, personnel, physical environments, network communications, and business continuity. Suppliers are asked to improve non-conforming matters so as to not only ensure that suppliers comply with information security requirements, but also enhance their information security control capability through inspection activities, and practice it in daily routine operations. If any major information security event occurs, announcement will be made as needed to raise the awareness of employees.</p> <p>(3) Concerning customer personal information protection, the Company protects customer privacy, our customers feel at ease when using the various services provided on Capital Securities</p>

			<p>website(https://www.capital.com.tw/Default.asp?). Only with customer consent will we collect and process personal information. Unless permitted by customers themselves or stipulated by applicable laws, the Company will not disclose personal data to any third party or transfer them for other uses. Our privacy policies cover the security of personal information, cookies application, and self-protection measures. Furthermore, the Company will pay attention to changes in technology, environment, and laws at all time, and update our privacy declaration as needed to implement and protect customer rights to privacy. Customers are welcome to contact the Company through our CS center if they have any problems with this privacy regulation and implementation aspects. The Compliance and Legal Division conducts education and training on laws and regulations for personal information and new systems. The Company has introduced personal information protection control software, which blocks data when employees print out personal information forms in order to reduce the possibility of information disclosure. Employees use computers to access information, which can greatly reduce the environmental impact of printing.</p> <p>(4) The Company continuously build a more secure, stable IT operating environment and information security management system to raise its core values and competitiveness and demonstrate our resolve and commitment to each of our customers and shareholders.</p>
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<p>Society</p>	<p>Operational risks</p>	<p>Scope of risk management includes response to laws and regulatory amendments, market supply and demand, product and raw material prices, production, manufacturing, and product R&D.</p>	<p>(1) We review annual business plans on a yearly basis, convene market forecasting conference in the following year, and periodically prepare budget allocation plans in business plans.</p> <p>(2) KPI system operation is conducted every year.</p> <p>(3) Annual report, CSR report, and company website are used periodically to disclose complete information to shareholders.</p> <p>(4) The Company ensures that the BCM system benefits the current business environment by working with general affairs unit and external fire prevention units to have each company department conduct evacuation drills, first aid training, and desktop simulation rehearsals every 6 months to simulate emergency disaster scenarios in the event of fire, earthquake, and infectious diseases. Drills enable employees to understand emergency evacuation routes and relevant evacuation safety knowledge so that when a disaster actually occurs, employees are able to remain calm, which prevents loss of life and properties, and minimize damage and injuries. To prepare for risks of business disruption, the Company organizes remote backup drills every 6 months at a different office location (Dunnan Branch) according to the stock exchange rehearsal schedule. These drills aim to ensure the timeliness of remote backup initiation and remote operating procedures.</p>
<p>Environment</p>	<p>Physical risks (Unexpected disasters)</p>	<p>Disasters cause temporary closing of our business offices, equipment damage, and business disruption.</p>	<p>The Company ensures business continuity by working with general affairs unit and external fire prevention units to have each company department conduct evacuation drills, first aid training, and desktop simulation rehearsals every 6 months to simulate emergency disaster scenarios in the event of fire or earthquake, etc. Drills enable employees to understand emergency evacuation routes and relevant evacuation safety knowledge so that when a disaster actually occurs, employees are able to remain calm, which prevents loss of life and properties, and minimize damage and injuries. To prepare for risks of business disruption, the Company organizes remote backup drills every 6 months at a different office location (Dunnan Branch) according to the stock exchange rehearsal schedule. These drills aim to ensure the timeliness</p>

			of remote backup initiation and remote operating procedures.
	Transition risks	Government announces energy conservation policies and restrictions	<ul style="list-style-type: none"> (1) The Company supports policies by introducing various energy-saving measures and buying green environmentally friendly equipment. (2) The Company voluntarily carries out energy-saving and carbon-reduction activities.
		There is a rise in environmental awareness and customer behavior is shifting toward online trading and mobile trading.	The Company offers mobile services, which increase user convenience and reduce investment in business offices and office equipment.
		Old machines are inefficient and consume a considerable amount of energy, causing our competitiveness to decline	<ul style="list-style-type: none"> (1) The Company selects energy-efficient machines. (2) The Company plans to introduce smart, energy-efficient applications.
Corporate governance	Board governance risks	Business integrity (anti-corruption, Bribery)	<ul style="list-style-type: none"> (1) The Company has "Integrity Code of Conduct" and "Operational Procedures and Guidelines of Ethical Corporate Management Best Practice" in place. They exist to enforce integrity principles throughout internal management and commercial activities. To establish an ethical, transparent corporate culture, the Company's Ethical Management Committee reviews the company's ethical corporate management status every year, and submits a report periodically in this regard to the Board of Directors. (2) To implement ethical corporate management, the Board of Directors adheres to the Rules and Procedures of Board Meetings and other applicable laws. If any director or a juristic person represented by a director or the

Corporate governance			<p>spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director is an interested party with respect to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>(3) Annual report, CSR report, and company website are used periodically to disclose complete information to shareholders.</p>
	Financial supervision risks	Anti-money laundering and counter terrorism financing	<p>(1) The Company adheres to government laws and regulations relevant to anti-money laundering and counter terrorism financing. We establish internal control system and implement risk management. Inspections are conducted by independent auditing department, and results are periodically presented to the Board of Directors and Audit Committee.</p> <p>(2) The Company has established Regulations for Implementation of the Whistleblowing System with which it follows to protect the identity and equity of whistleblowers and reward whistleblowers whose report is found to be true.</p>

Risk assessment regarding issues related to follow-up of environmental, social, and corporate governance performance, the Company's departments conduct evaluation, planning, and execution in accordance with the scope of their duties. Results are presented to the President during meetings, and the implementation status of agendas that are determined by department heads and President as having materiality is reported to the Board of Directors.

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

GRI Content Index Comparison Table

GRI Index Disclosure Status	Chapter/Description	Page
GRI 102-1: General Disclosures 2016 Name of the organization	About the Report	1
GRI 102-2: General Disclosures 2016 Activities, brands, products, and services	About Capital Securities Corporation	7-13
GRI 102-3: General Disclosures 2016 Location of headquarters	About the Report	1
GRI 102-4: General Disclosures 2016 Number of countries where the organization operates, and the names of countries (including countries where either the organization has significant operations or that are specifically relevant to sustainable operations)	About Capital Securities Corporation	7-8
GRI 102-5: General Disclosures 2016 Nature of ownership and legal form	About Capital Securities Corporation	7-8
GRI 102-6: General Disclosures 2016 Markets served (Including geographic locations where products and services are offered, sectors served, and types of customers and beneficiaries)	About Capital Securities Corporation	7-10
GRI 102-7: General Disclosures 2016 Scale of the organization (including 1. total number of employees; 2. total number of operations; 3. net sales (for private sector organizations); 4. total capitalization (for private sector organizations) broken down in terms of debt and equity; 5. quantity of products or services provided)	About Capital Securities Corporation Employee Care	7-15 46-51
GRI 102-8: General Disclosures 2016 Information on employees and others workers	Employee Care	46-58
GRI 102-9: General Disclosures 2016 Describe the organization's supply chains	The Company belongs to the finance industry	-

<p>GRI 102-10: General Disclosures 2016 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: 1. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; 2. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); 3. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination</p>	<p>Head office was moved from Songren Building to Hungtai Finance Building at Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City.</p>	<p>1</p>
<p>GRI 102-11: General Disclosures 2016 Whether and how the organization applies the Precautionary Principle or approach</p>	<p>Corporate governance</p>	<p>22-24,27</p>
<p>GRI 102-12: General Disclosures 2016 A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses</p>	<p>None.</p>	<p>-</p>
<p>GRI 102-13: General Disclosures 2016 List memberships of associations (such as industry associations) and national or international advocacy organizations. Participation methods include:</p> <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views its membership as strategic 	<p>Corporate governance</p>	<p>25-26</p>
<p>GRI 102-14: General Disclosures 2016 A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability</p>	<p>Message from the Chairman</p>	<p>2-6</p>
<p>GRI 102-15: General Disclosures 2016 Key impacts, risks, and opportunities</p>	<p>Market Condition and Response</p>	<p>13-15, 70-77</p>
<p>GRI 102-16: General Disclosures 2016 A description of the organization's values, principles, standards, and norms of behavior such as codes of conduct and ethics</p>	<p>Moral Value and Code of Employee Conduct</p>	<p>24-25</p>
<p>GRI 102-17: General Disclosures 2016 Mechanisms for advice and concerns about ethics</p>	<p>Moral Value and Code of Employee Conduct</p>	<p>24-25, 57-58</p>
<p>GRI 102-18: General Disclosures 2016 Report the governance structure of the organization, including committees of the highest governance body Identify any committees responsible for decision-making on economic, environmental and social topics</p>	<p>Corporate governance</p>	<p>16-19, 24</p>

GRI 102-19: General Disclosures 2016 Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees	Corporate governance	16-19,24
GRI 102-20: General Disclosures 2016 Executive-level responsibility for economic, environmental, and social topics	Corporate governance	24
GRI 102-21: General Disclosures 2016 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	31-35
GRI 102-22: General Disclosures 2016 Composition of the highest governance body and its committees	Corporate governance	16-24
GRI 102-23: General Disclosures 2016 Chair of the highest governance body	Corporate governance	19
GRI 102-24: General Disclosures 2016 Nominating and selecting the highest governance body	Corporate governance	18
GRI 102-25: General Disclosures 2016 Conflicts of interest	The Company does not have controlling shareholders	18-21
GRI 102-26: General Disclosures 2016 Role of highest governance body in setting purpose, values, and strategy	Corporate governance	16-19
GRI 102-27: General Disclosures 2016 Collective knowledge of highest governance body	Corporate governance	18,44
GRI 102-28: General Disclosures 2016 Evaluating the highest governance body's performance	Corporate governance	18,77
GRI 102-29: General Disclosures 2016 Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement / Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	18,31-36,73-75
GRI 102-30: General Disclosures 2016 Effectiveness of risk management processes	Corporate governance	22-24,73-75
GRI 102-31: General Disclosures 2016 Review of economic, environmental, and social topics	Corporate governance	18,77
GRI 102-32: General Disclosures 2016 Highest governance body's role in sustainability reporting	Corporate governance	1,18,24

GRI 102-33: General Disclosures 2016 Communicating critical concerns	Corporate governance	-
GRI 102-34: General Disclosures 2016 Nature and total number of critical concerns	There were no critical concerns this year.	-
GRI 102-35: General Disclosures 2016 Remuneration policies	The Company's remuneration policies have no relation to social and environmental performance.	21,52-54
GRI 102-36: General Disclosures 2016 Process for determining remuneration	Corporate governance	21,52-54
GRI 102-37: General Disclosures 2016 Stakeholders' involvement in remuneration	Corporate governance	31
GRI 102-38: General Disclosures 2016 Annual total compensation ratio	Employee Care	53-54
GRI 102-39: General Disclosures 2016 Percentage increase in annual total compensation ratio	Employee Care	53-54
GRI 102-40: General Disclosures 2016 A list of stakeholder groups engaged by the organization	Stakeholder Engagement	34-35
GRI 102-41: General Disclosures 2016 Percentage of total employees covered by collective bargaining agreements	All of the Company's employees are covered by collective bargaining	57-58
GRI 102-42: General Disclosures 2016 The process for identifying and selecting stakeholders with whom to engage	Stakeholder Engagement	31-36
GRI 102-43: General Disclosures 2016 Describe the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholder Engagement	31-36
GRI 102-44: General Disclosures 2016 Describe key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Describe the stakeholder groups that raised each of the key topics and concerns	Stakeholder Engagement	34-36

GRI 102-45: General Disclosures 2016 Entities included in the organization's consolidated financial statements	About the Report	1,11
GRI 102-46: General Disclosures 2016 Defining report content and topic Boundaries	Stakeholder Engagement	1,36
GRI 102-46: General Disclosures 2016 For each material Aspect, report the Aspect Boundary within the organization	Stakeholder Engagement	36-45
GRI 102-47: General Disclosures 2016 List the material Aspects identified in the process for defining report content	Stakeholder Engagement	36-45
GRI 102-48: General Disclosures 2016 Describe the effect of any restatements of information provided in previous reports, and the reasons for such statements	None	-
GRI 102-49: General Disclosures 2016 Describe any significant changes from previous reporting periods in the boundaries of scope and topic Boundaries	None	-
GRI 102-50: General Disclosures 2016 Reporting period (such as fiscal or calendar year) for the information provided	About the Report	1
GRI 102-51: General Disclosures 2016 Date of most recent report	About the Report	1
GRI 102-52: General Disclosures 2016 Reporting cycle (for example, annual or biennial)	About the Report	1
GRI 102-53: General Disclosures 2016 Provide the contact point for questions regarding the report or its contents	About the Report	1
GRI 102-54: General Disclosures 2016 Claims of reporting in accordance with the GRI Standards	The Company has prepared the said reports in accordance with TWSE's "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and the guiding policy and framework and the standard of core disclosures under GRI 2016. This report has not been externally verified	-
GRI 102-55: General Disclosures 2016 GRI content index	Sustainability Report GRI Content Index Comparison Table	78-84

GRI 102-56: General Disclosures 2016 External Assurance/Verification	There are no plans for external assurance as of yet	-
Management Approach		
GRI 103-1: General Disclosures 2016 Explanation of the material topic and its Boundary	Stakeholder Engagement	36-45
GRI 103-2: General Disclosures 2016 The management approach and its components (Policies and grievance mechanism for material topic)	Corporate governance	31-45, 57-58
GRI 103-3: General Disclosures 2016 Evaluation of the management approach	As indicated below	77
DMA-EC Management Approach Disclosures on Economic Performance	Corporate governance	16-19,31
DMA-EC Management Approach Disclosures on Environmental Performance	Environmental protection	67-72
DMA-SO Management Approach Disclosures on Social Performance - Labor Practices and Decent Work	Employee Care	48,59-61
DMA-SO Management Approach Disclosures on Social Performance - Human Rights	Employee Care	34-35,46, 57-58
DMA-PR Management Approach Disclosures on Social Performance - Society	Risk Assessment Regarding Environmental, Social, and Corporate Governance Issues	73-77
DMA-PR Management Approach Disclosures on Social Performance - Product Responsibility	About Capital Securities Corporation	8

Specific Standard Disclosures		
Economic Performance Indicators		
GRI 201-1: Specific Disclosure 2016 Report the direct economic value generated and distributed	Employee Care	11
GRI 201-2: Topic-Specific Disclosures 2016 Financial implications and other risks and opportunities due to climate change	Environmental protection	70-72
GRI 202-2: Topic-Specific Disclosures 2016 Proportion of senior management hired from the local community	All of the Company's full-time employees are hired from the local community	-
Environmental Performance Indicators		
GRI 302-1: Topic-Specific Disclosures 2016 Energy consumption within the organization	Environmental protection	69
Social Performance Indicators: Labor Practices and Decent Work		
GRI 401-1 : Topic-Specific Disclosures 2016 Total number and rate of new employee hires and employee turnover during the reporting period, by age group, gender and region.	Employee Care	47-48
GRI 401-3 : Topic-Specific Disclosures 2016 Parental leave	Employee Care	57
GRI 404-1: Topic-Specific Disclosures 2016 Average hours of training per year per employee	Employee Care	55-56
Additional Disclosure Indicators	Chapter/Description	Page
Financial Services Sector Supplement Indicators		
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Investment Planning Service	28-30
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Investment Planning Service	28-30
FS13 Access points in low-populated or economically disadvantaged areas by type	Investment Planning Education Service	28
FS14 Initiatives to improve access to financial services for disadvantaged people	Investment Planning Education Service	29-30

