

Transition Strategies of Sustainable Development for Securities and Futures Sectors

2022/03

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A. Introduction

In recent years, the FSC has rolled out various programs, in order to uphold corporate sustainable development and forge a sound sustainable management system, including capital market sustainability roadmap, corporate governance 3.0 sustainable development roadmap, financial information-security action plan, and green finance action plan.

In the wake of their thriving development in recent years, securities and futures sectors have played a pivotal role on Taiwan's capital market, making it necessary for them to catch up with the global ESG (environmental, social, governance) current and forge a complete ESG ecological system, in order to uphold their image and sustainable development and fulfill social responsibility.

Consequently, with sustainable development having become a universal value, the FSC has formulated the "Transition Strategies of Sustainable Development for Securities and Futures Sectors," on the basis of UN "Principles for Responsible Investment (PRI)," IOSCO guidelines or reports on ESG or information security, and the sectors' status. The strategy puts forth five major goals, namely perfecting the sustainable ecological system, upholding of the capital market's trading order and stability, strengthening of the self-discipline mechanism and resources integration of securities and futures sectors, transitioning of securities and futures management and sectors, protecting the rights of investors or traders, and instituting fair and friendly services.

B. Status and challenges

Taiwan's securities and futures sectors, however, are confronted with a number of challenges in pushing the sustainability cause:

- a. Operations of industrial associations and corporate board of directors:
 1. Securities and futures industry associations need to set up sustainability-related committees: Securities and futures industry associations have to institute a dedicated committee, on top of existing ones, for sustainability-related issues, including coordination with other related units.
 2. Majority of corporate board of directors need to step up sustainability-related effort: Leadership of senior management is essential for the success of sustainability programs but at present, most securities and futures companies don't have dedicated units for sustainability issues.

3. Insufficient awareness of sustainability issue among corporate directors: While the regulator has been pushing annual study programs for corporate directors and supervisors, there has yet to be mandatory courses on sustainability issues for directors and supervisors of securities and futures firms.
4. Management accountability system has yet to be established: Most securities and futures firms have yet to institute management system which is critical for sound corporate operation, as well as qualifications for senior management, including chairpersons.
5. Insufficient diversity in the decision making of boards of directors, due to absence of functional committees or working panels: The assistance of functional committee is essential for board of directors in handling climate-change and ESG issues, which transcend the scope and expertise of traditional securities and futures businesses.

b. Information security:

1. Information security manpower and protection need to be strengthened: Securities and futures sectors need to augment their information-security manpower and protection measure, in order to deal with such issues as hacking and credential stuffing, a problem exposed by recent information-security incidents at some securities firms.
2. Excessive concentration of information services and systems: Given concentration of information services and systems for securities and futures sectors on a few companies, operations in the sectors, as well as investors' rights, are susceptible to system abnormality or information-security incidents.

c. Sustainability-related information disclosure

1. Absence of guidelines for climate-change scenario analysis and information disclosure: Lack of exemplars or

guidelines for scenario analysis may cause inconsistency in information disclosure on climate-change risks among companies in the sectors or hamper inter-industry comparison, although such disclosure has become mandatory.

2. Absence of access to sustainability information disclosure on corporate websites: Many securities and future sectors have yet to set up dedicated sustainability sections on their corporate website, which are indispensable channels for investors to access information on sustainability, climate change, and other corporate affairs.

d. Investments

1. Failure to include sustainability in investment procure: At present, securities and futures sectors are encouraged to include corporate sustainability factor in their stock selections for dealer investments, mutual-fund investments, discretionary-account operations, and futures

trading, rather than mandatory inclusion in their internal operating procedure.

2. Insufficient protection for such investors as senior citizens and the physically and mentally challenged: Recent inspections discovered insufficiency in the protective mechanism for such underprivileged investors, a major defect especially in view of the rapid aging of the local society.

C. Connection with the commission's other programs

In line with sustainability current worldwide, ESG and sustainable development issues have been incorporated into the commission's various programs in recent years, including corporate governance 3.0 sustainable development roadmap and green finance action plan 2.0, along with intensified concrete enforcement measures, such as:

- a. Compilation of sustainability reports:
 - Corporate governance 3.0 sustainable development

roadmap delineates the scope of TWSE- and TPEX-listed CSR reports, calling for enterprises to stress ESG-related issues and increase ESG information disclosure.

- The strategy plans for mandatory compilation of sustainability reports or simplified sustainability information disclosure by securities and futures sectors in a gradual manner, according to the scale of their paid-in capitals or assets under their management, In addition, the FSC will formulate measures on compilation and report of sustainability reports by securities and futures sectors, in order to have a firm grip on progress of the sectors in pushing sustainability.

b. Development of ESG-oriented financial products and investments:

- Capital market roadmap urges securities and futures sectors to track ESG ETN of Taiwanese enterprises covered by international ESG indices, push futures

derivatives for sustainability products on spot market and sustainability investments, and encourage fund managers to take investment operation and risk management in account in ESG evaluation.

- The implementation measure calls for increasing the incentives and awards for the securities and futures sectors to support domestic sustainability cause, developing structured products linking ESG indices or constituent stocks, ETN, leveraged margin trading contracts, or mutual funds, and studying sustainability finance as a plus item in related evaluations, on top of consolidating the operating flow of dealer trading, futures transactions, and mutual-fund and discretionary-account investments, including collection of information on invested companies' ESG practice and incorporation of ESG factors into investment consideration and risk management.

c. Information security:

- Finance information security action plan urges financial institutions to embrace international operation sustainability management standards, cultivate information security talent, and encourage obtaining of international information security certificates.
- Given frequent hacking and credential stuffing, recently, the strategy plans for futures and securities sectors to increase information manpower and encourage obtaining of information-security certifications.

d. Information disclosure

- Green finance action plan calls for disclosure of ESG-related information, including green-house gas emission, vital to industrial finance and useful for investors' decision making, as well as mandatory disclosure of climate-related information by financial institutions according to suggestions of TCFD.

- The strategy will further study exemplars or guidelines for climate change scenario analysis and information disclosure by securities and futures sectors, facilitating inter-industry information comparison, plus mandate for installation of dedicated section for sustainability and climate change information disclosure on websites of securities and futures sectors, for perusal by investors.

In sum, the strategy will be carried out continuously in the following three directions:

1. The strategy will be carried out in collaboration with securities and futures industry associations and peripheral units.
2. Under the auspices of the strategy, the FSC will put forth related policies, enforcement measures, and implementation timeline, to coordinate the practices of securities and futures sectors.
3. The strategy will be implemented, according to

structures, strategies, and concrete measures tailored to the features, existing legal mechanisms, and practices of the board of directors of securities and futures sectors.

D. Three major structures of "Transition Strategies of Sustainable Development for Securities and Futures Sectors"

For the sustainable and healthy development of domestic securities and futures sectors, the FSC has been pushing the setup of a complete sustainable financial system with global linkage in a gradual manner.

a. Five major goals:

1. Ecological system: Perfecting the sustainable ecological system

Given growing awareness of corporate sustainability and close relationship of the sustainable and stable management of securities and futures sectors with investors' benefits, plus sustainability current worldwide, the strategy aims to forge a sound sustainable ecological system, conducive to the intermediary functions of securities and futures sectors and balanced development between economy, environment, society, and corporate governance.

2. Capital market: Upholding of the capital market's

trading order and stability

Given their financial franchise, securities and futures sectors should shun acute market competition for short-term profits and target sustainable development, formulating operating guidelines for short, middle, and long terms, as well as related measures for enforcement in stage, so as to uphold market order and stability.

3. Securities and futures sectors: Strengthening of the self-discipline mechanism and resources integration of securities and futures sectors

As sustainability issue needs concerted effort of securities and futures sectors, rather than individual companies, strategy expects industry associations to spearhead the initiative, actively integrating the industries' resources, establishing sustainability advocacy platform, and strengthening self-discipline mechanism.

4. Securities and futures firms: Management strengthening and business transformation

The strategy expects to have securities and futures firms implement various enforcement measures, to catch up with global trend, making sustainability transformation in various aspects, including investments, brokerage, and products.

5. Investors or traders: Protecting the rights of investors or traders; and instituting fair and friendly services

Given the pivotal role of investor confidence in market operation for its sound and sustainable development, securities and futures firms should uphold investors' rights via fair treatment principle and institute protection mechanism for senior citizens and physically and mentally challenged.

b. Three major structures

The five major goals will be attained via three major structures, along with concrete enforcement measures, as the following:

1. Structure for sustainability governance,
2. Structure for exerting intermediary to facilitate

corporate sustainability,

3. Structure for sustainability information disclosure.

c. Implementation methods

1. The strategy will be implemented jointly by the FSC, Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange, Taiwan Depository & Clearing Corporation, Taiwan Securities Association, Chinese National Futures Association, and Securities Investment Trust and Consulting Association, with the competent authority formulating implementation structure, strategies, and concrete enforcement measures, to be carried out by peripheral units and companies.
2. Periodic review and modification: Implementation status of various concrete measures will be reviewed and modified accordingly every year.

E. Implementation items

Structure 1: Sustainability governance

4 strategies, 11 concrete measures

Strategy 1: Establishment of sustainability values and ESG culture

- **Establishment by the three major securities and futures associations of sustainability committees and platform for communications, coordination, and policy consulting on sustainability and ESG issues.**
- **Holding of seminars and forums for corporate directors, supervisors, senior manager to hear opinions on ESG issues by experts and practitioners.**
- **Formulation of study roadmap for corporate directors and supervisors.**
- **Companies formulating policy, delineation of authority and responsibilities, and annual plan checking implementation of various measures, all with approval of the board of directors;**
- **Report on implementation of sustainability and ESG items to the board of directors at least quarterly.**

Strategy 2: Establishment of information security system

- **Strengthening of information security protection mechanism of securities and futures sectors;**
- **Embracing of international information-security protection standards.**

Strategy 3: Implementation of accountability system for

the board of directors and management

- **Periodic evaluation of core operating system and equipment to assure operating continuation and resilience for report to the board of directors;**
- **Strengthening of accountability system for corporate chiefs in information security, fair customer treatment, and legal compliance;**

Strategy 4: Assistance of functional committees for the board of directors in the fulfillment of the latter's duties

- **Periodic analysis and evaluation of climate change- and ESG-related risks by risk management committee, auditing committee, and other functional committees or working panels and formulation of countermeasures for report to the board of directors.**
- **Resort to the assistance of experts in analysis and evaluation of sustainability- and ESG-related risks, information disclosure, and formulation of countermeasures.**

Structure 2: Exerting intermediary to facilitate corporate sustainability

3 strategies, 9 concrete measures

Strategy 5: Empowerment of underwriters and financial consultants to assist companies listed on the TWSE, TPEX, and Emerging Stock Market in materializing various sustainability and ESG programs

- **Formulation of self-discipline regulations governing assistance of underwriters with Taiwan Securities Association membership for listed companies in securities issuance;**
- **Formulation of regulations on evaluation and review procedure for underwriters for IPO for share listing on Taiwan Stock Exchange and Taipei Exchange.**

Strategy 6: Establishment of the mechanisms of self-discipline, incentives, and supervision by dealers, investors, mutual-fund managers, and discretionary-account managers for their ESG and responsible investing

- **Inclusion of corporate performance in ESG and climate-change response in investment consideration of dealers, futures traders, mutual-fund managers, and discretionary-account operators, plus incorporation of voting policy of shareholders' meeting and stakeholder engagement into internal operating procedure;**
- **Strengthening of incentives and awards mechanism**

for securities and futures sectors supporting sustainability and ESG;

- **Strengthening of review and supervisory mechanism for offering of domestic and overseas ESG-oriented funds;**
- **Formulation of internal control procedure for investments of securities firms and securities investment trust enterprises in venture capital firms and private-equity funds and investments of futures firms in trading subsidiaries;**
- **Report on performance in investments in venture capital firms, private equity funds, and trading subsidiaries to the board of directors regularly.**

Strategy 7: Brokerage, Wealth management, and Mutual-fund agency- Materialization of the practices of fair customer treatment and protection of such investors as senior citizens and the physically and mentally challenged

- **Formulation of self-discipline norms for securities and futures sectors concerning protection of senior-citizen investors;**
- **Formulation of criteria on friendly services by the three securities and futures associations.**

Structure 3: Sustainability information disclosure

3 strategies, 7 concrete measures

Strategy 8: Strengthening the capabilities for coping with climate-change risk

- **Formulation of exemplars or guidelines for climate-change scenario analysis;**
- **Formulation of exemplars or guidelines for climate-change information disclosure.**

Strategy 9: Increasing disclosure of sustainability information

- **Formulation of regulations on compilation of sustainability reports;**
- **Pushing of compilation and publication of sustainability reports;**
- **Augmentation of information disclosure for EGS-oriented mutual funds;**
- **Disclosure of carbon-inventory information.**

Strategy 10: Perfecting channels for information disclosure and external communications

- **Setup on corporate website dedicated section for disclosure of information on sustainability, climate change, and stakeholder engagement and voting at shareholders' meeting for public companies.**

F. Concrete measures

Structure 1: Sustainability governance

Strategy 1: Establishment of sustainability values and ESG culture

01 Establishment by the three major securities and futures associations of sustainability committees and platform for communications, coordination, and policy consulting on sustainability and ESG issues.

- Setup of sustainability committees by the three major securities and futures associations
 - Assistance in communication, coordination, and policy suggestions;
 - Promotion planning, holding of seminars and forums, and instruction by experts and financial professionals;
 - Discussion on self-discipline norms, exemplars, or guidelines set up by associations.
- Implementation timeline
 - June 2022, setup of sustainability committee
 - July 2022, launch of operation

02 Holding of ESG seminars for corporate directors, supervisors, and senior managers and talks on ESG issues by experts and practitioners

- Holding of seminars on the following issues for corporate directors, supervisors, and senior managers by Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange, and the three major securities and futures associations:
 - International development trend and major supervisory

norms;

- Domestic roadmaps and plans on corporate governance, sustainability, and information security;
- Examples of domestic and foreign cases.
- Implementation timeline
 - 2022 Five seminars
 - 2023 Six seminars
 - 2024 Seven seminars

03 Formulation of roadmap for study by corporate directors and supervisors

- Arrangement of proper courses and time according to corporate regulations and industry features
 - Listed securities firms and futures firms or those affiliated with financial holdings companies: 12 hours a year for newcomers and six hours from the second year;
 - Other securities and futures sectors: six hours a year.

04 Companies formulating policy, delineation of authority and responsibilities, and annual plan checking implementation of various measures, all with approval of the board of directors

- Formulation of corporate sustainability and ESG policies, for short, middle, and long terms, and enforcement measures, covering at least capital market roadmap, corporate governance 3.0 sustainability roadmap, financial information security action plan, and green finance action plan unveiled by the commission;
- Designation of responsible units and delineation of authority and responsibilities for materialization of accountability system, in order to assist the board of

directors in pushing the program;

- Implementation timeline: Refer to table 1.

05 Report on implementation of sustainability and ESG items to the board of directors at least quarterly

- Revision of "Corporate Governance Best-Practice Principles for Securities Firms," "Corporate Governance Best-Practice Principles for Futures Commission Merchants," and "Corporate Governance Best-Practice Principles for Investment Trust and Consulting Firms";
- Requirement for implementation by securities and futures sectors in stages;
- Implementation timeline: Refer to table 1

Strategy 2: Establishment of information security system

06 Strengthening of information security system

07 Embracing of international standards

- Implementation of the following measures:
 - Embracing of international information security management standards;
 - Obtaining of third-party information security management certification
 - Obtaining of international or professional certificates by information-security staffers.
- Encouragement for information security staffers to obtain certificates specified by the information security committee, the Executive Yuan;
- Revision of information security-related guidelines set by Taiwan Stock Exchange and Taipei Exchange, related stipulation in securities management law/regulation, and related regulations for securities investment trust

enterprises ;

- Implementation timeline: refer to table 2.

Strategy 3: Implementation of accountability system for the board of directors and management

08 Periodic evaluation of core operating system and equipment to assure operating continuation and resilience for report to the board of directors

- Revision of "Corporate Governance Best-Practice Principles for Securities Firms," "Corporate Governance Best-Practice Principles for Futures Commission Merchants," and " Corporate Governance Best-Practice Principles for Investment Trust and Consulting Firms," standards and norms for internal control system of securities firms, standards and norms for internal control system of futures firms, internal information-security control system of investment trust and consulting firms, and formulation of enforcement measures for supply-chain risk management norms by the three securities and futures associations, with contents including:
 - Securities and futures sectors should identify various risk factors, such as breakdown of trading system for order placement by customers, abnormality of trading system of Emerging Stock Market, information-system outsourcing, concentration of information service providers and sites of main and backup systems, possible impact on core operating system and equipment, so as to avoid loss from operating disruption or abnormality and influence on investor rights and market trading order.

- Securities and futures sectors should adopt proper measures to assure operating continuation and resilience.
- To assure attainment of goals, securities and futures sectors should assess necessary input of resources, including physical resources and manpower for reflection in annual budgets or education and training plan, to be disclosed in sustainability reports, annual reports, financial statements, or corporate websites.
- Implementation timeline: Refer to table 1.

09 Strengthening of accountability system for corporate chiefs in information security, fair customer treatment, and legal compliance

- Promulgation of management laws and regulations for securities and futures sectors and revision of "Corporate Governance Best-Practice Principles for Securities Firms," "Corporate Governance Best-Practice Principles for Futures Commission Merchants," and "Corporate Governance Best-Practice Principles for Investment Trust and Consulting Firms," with contents covering:
 - Designation of staffers and units in charge of supervision and coordination for information security, fair customer treatment, and legal compliance;
 - Requirement of positive qualifications, on top of passive ones, for chairpersons of securities and futures sectors, for materialization of accountability mechanism for the boards of directors and manifestation of its functions;
 - Assurance of division of authority and responsibility

and allocation of responsibility by the board of directors and supervision by senior management of execution by various business units;

- Performance evaluation by the board of directors and inclusion of the results in overall performance evaluation for business units and employees.

Strategy 4: Assistance of functional committees for the board of directors in the fulfillment of the latter's duties

10 Periodic analysis and evaluation of climate change- and ESG-related risks by risk management committee, auditing committee, and other functional committees or working panels and formulation of countermeasures for report to the board of directors

11 Resort to the assistance of experts in analysis and evaluation of sustainability- and ESG-related risks, information disclosure, and formulation of countermeasures

- Planning for mandatory setup of proper functional committees in a gradual manner, to assist the board of directors in fulfilling their duties and intensify corporate competence for analysis and evaluation of climate-change and ESG risks;
- On sustainability and ESG risks, securities and futures sectors should take advantage of the functions of experts, having them take part in functional committees or produce evaluation reports or opinions, in addition to report to the board of directors directly, if necessary;
- Implementation timeline: Refer to table 1

Structure 2: Exerting intermediary to facilitate corporate sustainability

Strategy 5: Empowerment of underwriters and financial consultants to assist companies listed on the TWSE, TPEx, and Emerging Stock Market in materializing various sustainability and ESG programs

12 Formulation of self-discipline regulations governing assistance of underwriters with Taiwan Securities Association membership for listed companies in securities issuance;

13 Formulation of regulations on evaluation and review procedure for underwriters for IPO for share listing on Taiwan Stock Exchange and Taipei Exchange.

- Revision of self-discipline regulations on assistance of underwriters with Taiwan Securities Association membership for listed companies in share offering and securities issuance and evaluation and review procedure for underwriters in conducting IPO on TWSE and TPEx, so as to strengthen the functions of underwriters and facilitate corporate sustainability transformation.

Strategy 6: Establishment of the mechanisms of self-discipline, incentives, and supervision by dealers, investors, mutual-fund managers, and discretionary-account managers for their ESG and responsible investing

14 Inclusion of corporate performance in ESG and climate-change response in investment consideration of dealers,

futures traders, mutual-fund managers, and discretionary-account operators, plus incorporation of voting policy of shareholders' meeting and stakeholder engagement into internal operating procedure;

- Revision of standards and norms of the internal control system of securities and futures firms and guidelines for ESG investment and risk management operating flow of securities investment trust enterprises, with contents including:
 - Securities and futures firms
 - ◆ Strengthening of internal operating flow of securities and futures firms in stock dealership or futures trading
 - ◆ Contents covering internal or external data collection, status in implementing ESG program, stakeholder engagement and response, and implementation results
 - Mutual fund and discretionary-account operation
 - ◆ Formulation of guidelines for ESG investment and risk management operating flow for securities investment trust enterprises, in reference to the practices of Singapore, the EU, the UK, and Hong Kong
 - ◆ Contents covering governance mechanism, integration of ESG factors, and investment and risk management, such as exclusion policy for discretionary-account operation

15 Strengthening of incentives and awards mechanism for securities and futures sectors supporting sustainability

and ESG

- Inclusion in evaluation indicators
 - Encouragement for securities and futures sectors to issue structured products with linkage to ESG indices or constituent stocks, ETN, contracts or mutual funds of leveraged margin trading, as a plus in evaluation of sustainable finance, so as to channel domestic funds to sustainability cause;
- Revision of standards for approval of leapfrog plan of investment trust enterprises
 - Encouragement for securities investment trust enterprises to include ESG factor and stakeholder engagement and other stewardship practice in such internal control mechanism as investment flow and risk management, to spur sustainable development of invested enterprises;
- Revision of items in evaluating the contribution of offshore mutual-fund managers in plan for encouraging deep rooting of such funds
 - Encouragement for general agents of offshore mutual funds to step up ESG research, talent cultivation, or technology transfer, plus assistance for domestic assets managers in developing ESG-related businesses.

16 Strengthening of review and supervision mechanism for offering of domestic and overseas ESG-oriented funds

- Revision of review forms for fund raising by securities investment trust enterprises and application by general agents for raising and sales of offshore mutual funds, and explanation by offshore fund managers on inclusion of ESG

factor in investment flow and risk management, so as to materialize ESG-oriented investments;

17 Formulation of internal control procedure for investments of securities firms and securities investment trust enterprises in venture capital firms and private-equity funds and investments of futures firms in trading subsidiaries

18 Report on performance in investments in venture capital firms, private equity funds, and trading subsidiaries to the board of directors regularly

- Revision of standards and norms of the internal control system of securities and futures sectors, as specified in the commission's decrees, FSC No. 10703209012 (2018.6.1), FSC No. 1090361034 (2020.4.21), and FSC No. 11003628781 (2021.11.2), with contents including:
 - Inclusion of assistance of securities and futures sectors, their invested or managed funds for enterprises in transformation for sustainability and ESG practices, such as carbon-footprint and carbon-emission calculation by invested companies.

Strategy 7: Materialization of the practices of fair customer treatment and protection of such investors as senior citizens and the physically and mentally challenged

19 Formulation of self-discipline norms for securities and futures sectors concerning protection of senior-citizen investors;

20 Formulation of criteria on friendly services by the three securities and futures associations.

- Formulation by the three industry associations of self-discipline norms for protection of senior-citizen investors by securities firms, futures firms, and securities investment trust enterprises and revision of financial friendly service criteria, for intensifying services for senior citizens and the physically and mentally challenged, on top of formation overall inter-industry norms.

Structure 3: Sustainability information disclosure

Strategy 8: Strengthening the capabilities for coping with climate-change risk

21 Formulation of exemplars or guidelines for climate-change scenario analysis

22 Formulation of exemplars or guidelines for climate-change information disclosure

- Publication of exemplars or guidelines by the three securities and futures associations, with contents covering:
 - Formulation of exemplars or guidelines for compliance by securities and futures sectors, in reference to FSB TCFD, thereby helping securities firms, futures firms, and securities investment trust enterprises set up scenarios, parameters, and models, as basis for information disclosure;
 - Reference to FSB TCFD in formulation of related exemplars or guidelines to increase information verifiability and comparability, thereby boosting quality of climate-change information disclosure.

Strategy 9: Increasing disclosure of sustainability information

23 Formulation of regulations on compilation of sustainability reports

24 Pushing of compilation and publication of sustainability reports

- Publication of operating measures governing compilation and filing of sustainability reports by securities and futures sectors, covering sustainability and ESG issues;
- Planning for pushing compilation and publication of sustainability reports by securities and futures sectors in a gradual manner (including securities and futures subsidiaries of TWSE- or TPEX-listed enterprises);
- Formulation of simplified information disclosure contents or methods for non-general securities or futures firms with paid-in capital less than NT\$2 billion or securities investment trust enterprises with managed assets less than NT\$100 billion (such as disclosure on website without need of compiling report)
- Implementation timeline: Refer to table 3

25 Augmentation of information disclosure for ESG-oriented mutual funds

- Revision of norms on prospectus of mutual-fund managers, requiring mutual fund managers to explain investment targets and strategy, so as to provide concentrated and complete information to prospective investors;
- Formulation of exemplary instruction for offshore mutual fund investors;
- Setup of dedicated section on offshore ESG funds on website of Taiwan Depository & Clearing Corporation and improve ESG fund section on websites of securities investment trust enterprises.

26 Disclosure of carbon-inventory information

- Planning for carbon inventory information disclosure and timeline:
 - Disclosure scope
 - ◆ Scope 1 Direct greenhouse-gas emission
 - ◆ Scope 2 Indirect energy emission
 - Encouraged disclosure
 - ◆ Scope 3 Other indirect emission sources (including investments), greenhouse-gas emission from organizational activities, indirect non-energy greenhouse-gas emission, other greenhouse-gas emission sources owned or controlled by organizations.
- Study of scope-3 information disclosure by the three securities and futures associations (including data collection and estimation methodology)
Implementation timeline: Refer to table 4

Strategy 10: Perfecting channels for information disclosure and external communications

27 Setup on corporate website dedicated section for disclosure of information on sustainability, climate change, and stakeholder engagement and voting at shareholders' meeting for public companies.

- For the enhancement information transparency concerning sustainability, climate change, and stakeholder engagement and voting at shareholders' meeting for public companies, thereby helping investors understand implementation status of the securities and futures sectors

Table 1

Year	2022	2023	2024
Items	<ol style="list-style-type: none"> 1. TWSE- and TPEX-listed securities or futures firms 2. Securities or futures firms affiliated with financial holdings companies 3. Securities investment trust enterprises with managed assets over NT\$600 billion 	<ol style="list-style-type: none"> 1. Securities or futures firms with paid-in capital over NT\$2 billion but under NT\$10 billion 2. Securities investment trust enterprises with managed assets over NT\$300 billion but under NT\$600 billion 	<ol style="list-style-type: none"> 1. Securities or futures with paid-in capital under NT\$2 billion 2. Securities investment trust enterprises with managed assets under NT\$300 billion

Table 2**Securities firms, futures firms**

Capital ranking	2022	2023	2024
Over NT\$20 billion	Introduction of international standards	Obtaining of third-party certification and obtaining of international or professional certificates by staffers in charge	
Over NT\$10 billion but under NT\$20 billion	Introduction of international standards	Obtaining of third-party certification and obtaining of international or professional certificates by staffers in charge	
Over NT\$4 billion but under NT\$10 billion	Introduction of international standards	Obtaining of third-party certification and obtaining of international or professional certificates by staffers in charge	

Under NT\$4 billion			obtaining of international or professional certificates by staffers in charge
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Securities investment trust enterprises

Implementation scope	2022	2023	2024
Managed assets over NT\$600 billion		obtaining of international or professional certificates by staffers in charge	Introduction of international standards
Managed assets NT\$ 300~600 billion			obtaining of international or professional certificates by staffers in charge
Engagement in automated wealth-management business			obtaining of international or professional certificates by staffers in charge

Table 3

Year	2023	2024	2025
Implementation scope	<ol style="list-style-type: none"> 1. Subsidiary securities firms or subsidiary futures firms of TWSE- or TPEX-listed enterprises 2. Securities firms with paid-in capital over NT\$2 billion but under NT\$5 billion 3. Securities investment trust enterprises with managed assets over NT\$600 billion 	<ol style="list-style-type: none"> 1. Integrated securities firms with paid-in capital under NT\$2 billion 2. Securities investment trust enterprises with managed assets over NT\$300 billion but under NT\$600 billion 	<ol style="list-style-type: none"> 1. Non-integrated securities firms with paid-in capital under NT\$2 billion 2. Securities investment trust enterprises with managed assets under NT\$300 billion, formulation of simplified disclosure contents for those with managed assets under NT\$100 billion

Table 4

Securities firms, futures firms

Carbon information	Type	2023	2024	2025	2026	2027	2028	2029	2030
Inventory	TWSE- or TPEX-listed integrated securities firms and futures firms	Over NT\$10 billion (individual entity)		Over NT\$10 billion (consolidated) NT\$5 billion-10 billion (individual entity)	NT\$5 billion-10 billion (consolidated) Under NT\$5 billion (individual entity)	Under NT\$5 billion (consolidated)			
Verification			Over NT\$10 billion (individual entity)			Over NT\$10 billion (consolidated) NT\$5 billion-10 billion (individual entity)	NT\$5 billion-10 billion (consolidated) Under NT\$5 billion (individual entity)	Under NT\$5 billion (consolidated)	
Inventory Verification	Integrated securities or futures subsidiaries of TWSE- or TPEX-listed enterprises	In step with TWSE- or TPEX-listed parent companies							
Inventory	Integrated securities firms and futures firms not affiliated with TWSE- or TPEX-listed enterprises			Integrated securities firms and futures firms NT\$5 billion-NT\$10 billion (individual entity)	Integrated securities firms and futures firms NT\$5 billion-10 billion (consolidated) Integrated securities firms and futures firms NT\$2 billion-NT\$5 billion (individual entity)	Integrated securities firms and futures firms NT\$2 billion-5 billion (consolidated) Integrated securities firms and futures firms NT\$1 billion-NT\$2 billion (individual entity)	Integrated securities firms and futures firms NT\$1 billion-2 billion (consolidated)		
Verification						Integrated securities firms and futures firms NT\$5 billion-NT\$10 billion (individual entity)	Integrated securities firms and futures firms NT\$5 billion-10 billion (consolidated) Integrated securities firms and futures firms NT\$2 billion-NT\$5 billion (individual entity)	Integrated securities firms and futures firms NT\$5 billion-10 billion (consolidated) Integrated securities firms and futures firms NT\$1 billion-NT\$2 billion (individual entity)	Integrated securities firms and futures firms NT\$2 billion-5 billion (consolidated) Integrated securities firms and futures firms NT\$1 billion-NT\$2 billion (individual entity)

Securities investment trust enterprises

Carbon information	Type	2023	2024	2025	2026	2027	2028	2029	2030
Inventory	Securities investment trust enterprises			Managed assets over NT\$600 billion(company+ mutual funds)	Managed assets at NT\$300-600 billion(company+ mutual funds)	Managed assets at NT\$100-300 billion(company+ mutual funds)	Managed assets UNDER NT\$100 billion(company+ mutual funds)		
Verification						Managed assets over NT\$600 billion (company)	Managed assets at NT\$300-600 billion (company)	Managed assets at NT\$100-300 billion (company)	Managed assets UNDER NT\$100 billion (company)

