



CAPITAL FUTURES CORP.

2023 Sustainability Report

About the Report

The report is the sustainability report of Capital Futures Corporation (referred to as Capital Futures). Capital Futures is dedicated to fulfilling its commitment and mission in the three dimensions of E (Environment), S (Social), and G (Governance) to implement sustainable development. Capital Futures has the vision of “becoming a digital financial company that touches customers the most”. It will provide financial services with high added value that exceed customer expectations, and serve as a long-term growth partner with the customers. Bearing the name “Capital”, it symbolizes prioritizing everything under the banner of “the public's interests” conveying love and care. Capital Futures issues a sustainability report, aiming to communicate with stakeholders through the report. By sharing information openly and transparently, the company seeks mutual understanding, fostering a more harmonious and progressive societal relationship.

Scope of report

The disclosure is centered around the operational activities and services of Capital Futures (including its branch). All financial numbers are presented in New Taiwan Dollars and have been verified by the financial certification of accountants. Relevant statistical data is collected and compiled by Capital Futures. In cases where quantitative indicators carry special significance, explanations are provided through annotations.

Reporting Period

The 2023 Sustainability Report published in August 2024 with performance in 2023 (January 1 ~ December 31). The report has been published every year since 2014. The latest report was published in September 2023.

Report Authoring Principles

Disclosures in this report are made in compliance with the TWSE Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the GRI Standards 2021, the FSB Task Force on Climate-Related Financial Disclosures (TCFD) and the SASB standards for commercial banks. The sustainability report is available for download and reading on the official website of Capital Futures under the “Sustainable Development Section”.

Standard of Information

Capital Futures engaged KPMG Taiwan to conduct limited assurance procedures on sustainability performances and corresponding SDG outcomes selected for the report compiled in compliance with GRI Standards. The assurance was conducted in compliance with the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 3000, “Audit and Review of Non-financial Information”. KPMG Taiwan's limited assurance report is provided as an appendix to this report.

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Chairman's Message

Operating performance

In 2023, the epidemic lock-down in the countries around the world was canceled gradually, but international financial market was full of uncertainties because of the challenges brought by rising interest rates and inflation, as well as Israeli-Palestinian Conflict and other rising geopolitical risks. The total volume of the Company's domestic futures brokerage business in 2023 was about 51.75 million lots, with a market share of 7.97%, a decrease of 16.65% as compared with 62.09 million lots in 2022, and the trading volume of its overseas futures business was about 7.69 million lots, with a market share of 18.38%, a decrease of 23.59% as compared with 10.07 million lots in 2022. However, in 2023, benefited from the increase in the interest income from customer deposits, its consolidated revenue was NT\$2,212,577 thousand dollars, with a decrease of 20.42% as compared with 2022, and its consolidated net profit before tax was NT\$1,276,858 thousand dollars, with an increase of 33.38% as compared with 2022, and its consolidated net profit after tax was NT\$1,011,052 thousand dollars, with an increase of 29.40% as compared with 2022. As for operating goals, the Company develops diversified businesses and gains profits in diversified ways to create a multi-way-based profit-making mode.

In compliance with the Strategies for Implementation of Sustainable Development and Transformation in Securities and Futures Industry issued by the competent authority, the Company continues to strengthen information security protection and optimize and replace information system to ensure operational stability and safeguard customers' rights and interests. In addition, the Company encourages financial innovation and development of diversified financial products, actively grasps the opportunities for digital financial development, and develops digital platform and channels to implement inclusive financing and improve competitiveness.

Capital Futures is committed to successively launching a number of digital innovative services for a long time by combining the power brought by digitalization and people. Through financial technologies and digital innovation, including personality test for investment master DNA trading, intelligent promotion, futures winner ecosystem, etc., Capital Futures provides customers with their most needed investment information, improve their experience in trading, and assist them in achieving their wealth growth goals, which are widely recognized by the investors in the market. The Company also introduces a "Design Thinking" based method to establish a corporate innovation culture via the practice in workshop and seeds training to root innovative thinking in its DNA. And the Company establishes reward programs for digital innovation to stimulate staff' innovative potential to improve its efficiency and reduce risks.

As for corporate governance, the Company adheres to the principle of the highest ethical management, establishes a rigorous corporate governance system, and implements legal

compliance, risk control as well as internal control and internal audit systems. The Company establishes Treating Customer Fairly Committee and ESG Committee, with the president acting as their convener, which is responsible for planning for and implementing the treating-customer-fairly principle, regularly reviewing and evaluating the implementation and effectiveness related to ESG matters to safeguard customers' rights and interests and implement sustainable development policy, and reporting implementation status to the Board of Directors.

In terms of the Board of Directors, Capital Futures has seven Directors (including three Independent Directors), all of whom have expertise in business management, finance, accounting, legal affairs, international market, leadership and decision-making in financial industry. Business supervision and management can be implemented by virtue of director's rich financial experience, various business expertise and diversified backgrounds, which will facilitate the company to promote its overall development strategies, improve its business performance and corporate operating systems, and safeguard investors' rights and interests. Capital Futures will adhere to ethical management, strengthen corporate governance, fully protect shareholders' rights and interests, and build a safe investment environment while pursuing long-term stable profits, and it is committed to implementation of sustainable development.

Income and profit analysis (Consolidated)

Unit: NT\$ Thousand

Item	2023	2022
Income	2,212,577	2,780,470
Expenses	2,141,643	2,291,782
Non-operating income and expenses	1,205,924	468,595
Net income before tax	1,276,858	957,283
Net income after tax	1,011,052	781,353
Return on Equity (%)	14.49%	11.97%
Net profit margin (%)	45.70%	28.10%
Return on assets (%)	2.03%	1.62%
Earnings per share after tax (dollar)	4.80	3.72

Operating plans and development strategies for the future

Continuous global regional political turmoil, changes in climate environment and many other factors have caused uncertainties in global economic and financial markets, and it is predicted that global interest rates will remain at a high level in 2024, and we can expect a promising international financial market. With the development of financial technologies and the promotion of digital businesses, the efficiency and convenience of services in financial industry are greatly improved, which makes futures market more dynamic.

The operating plans and development strategies of the Company in 2024 are as follows:

1. Futures + securities integrated development strategy: As to the integrated marketing and account opening for futures + securities brokerage businesses, personnel will get

securities-related qualification and accept training on securities business-related ability.

2. Integration the functional interface of trading systems for futures + securities, and integration the services of futures + securities on community operation of Line OA.
3. The Company will further improve trading platform and develop advanced functions for smart orders and algorithmic trading, which will further increase the leading edges of systems and create a market positioning of “The best smart trading system” in securities and futures industry.
4. The Company will introduce marketing, community, AI and other emerging digital technologies to improve marketing effectiveness, community-based management traffic, and digital services.
5. The Company will develop new products for leveraged transaction independently to provide differentiated services to meet the needs of various customers.
6. The Company will list cultivation and introduction of outstanding talents as the KPIs of various departments. The talents in various departments are the Company’s assets, and should be adjusted and rotated properly so that their potential should be developed.
7. The Company will establish ESG goals and development strategies and review their effect in accordance with the policies and guidelines of competent authorities.
8. The Company will strengthen the implementation of corporate governance, treating-customer-fairly, green digital finance, social services and other principles, and strive to safeguard shareholders’ interests and achieve corporate sustainable development goals.

Chairman Chia, Chung-Tao

Company Overview and Sustainable Development Management

Company Profile

Capital Futures Corp., established in 1997 through reinvestment by its parent company, Capital Securities Corp., has been a key player in the financial industry. The company's stocks commenced trading on the over-the-counter market on April 27, 2009, and later transitioned to the listed market on October 16, 2017. Our business portfolio encompasses a wide range of services, including Taiwan futures settlement and delivery, commissioned buying and selling of futures commodities in Taiwan and overseas, proprietary trading, options market-making, fully delegated futures management services, securities trading auxiliary services, futures consulting and advisory, leveraged trading business, and project planning for research on derivative financial products. In addition to the brokerage trading and clearing business of Taiwan futures, Capital Futures provides brokerage trading of futures in global markets such as the United States, Singapore, Hong Kong, Europe, and Japan, and leads the industry in establishing transaction system to directly link the exchanges in various countries. Capital Futures is currently the second largest FCM in Taiwan trading foreign futures and options.

Capital Futures, including its reinvested Hong Kong subsidiary, is currently a trading or clearing member of 12 domestic and foreign futures exchanges, and is the first in Taiwan to obtain brokerage and proprietary trading members of Singapore Exchange, and also the first in Taiwan approved to become a member of CME Group with CME, CBOT, NYMEX and COMEX in the United States, as well as the first member of NYSE Liffe (London International Financial Exchange) in Taiwan. Additionally, Capital Futures is a member of CBOE Futures Exchange (CFE), EUREX, ICE Futures U.S., Hong Kong Futures Exchange, Hong Kong Futures Clearing Corporation and TAIFEX general clearing member. Capital Futures customers can place orders directly to various futures exchanges in the form of DMA (Direct Market Access), which has the advantages of faster, more stable, and lower-cost transactions.

Capital Futures not only consistently achieves outstanding results in its business operations but also actively promotes public welfare. The company diligently participates in initiatives promoting industry-academic collaboration, providing assistance to vulnerable populations, sponsoring financial education, and supporting environmental protection, thus enhancing the overall corporate image of the group. Our goal is to pursue excellence, create leading core competitive advantages, build a solid foundation, and become a sustainably successful and enduring enterprise that ensures a triple-win scenario for customers, employees, and the business.

Profile

Capital Futures Corp.

Date of establishment : February 26, 1997

Listed companies on the Taiwan Stock Exchange with the stock code : 6024

Headquarters : B1, B2 and 32F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
106420, Taiwan (R.O.C.)

Taichung Branch Office : 3F.-6, No. 633, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City
407569, Taiwan (R.O.C.)

Capital : NT\$ 2,104,375,840

Number of employees : 315 (as of December 2023)

Sustainable Development Operations

The company is committed to the principles of integrity and honesty, and pursues the goal of sustainable business operations. Beyond complying with corporate governance best practices and legal regulations, we continually strive for excellence by contemplating how to establish more refined systems and processes. Our concrete efforts include safeguarding shareholders' rights, fortifying the functions of the Board of Directors, enhancing governance relationships between the company and affiliated enterprises, ensuring comprehensive information disclosure and transparency, and refining internal control and audit systems. We firmly believe that sound corporate governance is not achieved through shortcuts or formulas but relies on a robust corporate culture and a professional management team. Only through these foundations can we embody the various aspects of corporate governance, safeguard investor interests, and elevate operational performance and shareholder value.

The Company has established a Board of Directors comprising three independent directors. Additionally, we have functional committees, including the Remuneration Committee, Audit Committee, and Ethics and Sustainability Committee. The Company approved, at its Board of Directors' meeting in November, 2022, renaming Ethical Management Committee, the functional committee under the Board of Directors, into Ethics and Sustainability Committee, and expanding its powers and responsibilities to review and supervise the implementation status of sustainable development-related matters. In addition, it has established corporate governance best practice principles to strengthen the corporate governance framework, fostering increased confidence among investors, customers, and the general public.

In the realm of dedicated customer service, we reinforce customer data protection by obtaining ISO 27001 certification for information security management systems. We establish and maintain effective internal control systems. Simultaneously, we are committed to delivering high-quality service and maintaining a team of outstanding professionals. We build a global electronic trading platform, relentlessly pursuing excellence, innovation, and leadership. Our goal is providing financial services that exceed customer expectations, offering high-added-value solutions and becoming a long-term partner in our customers' growth journey.

In prioritizing employee well-being, the Company considers employees as vital assets. We are dedicated to safeguarding employee rights, planning diverse and comprehensive employee benefits, nurturing employee development, and assisting in career planning. Additionally, we have established smooth communication channels and a positive work environment. We provide a fair and equitable compensation system and, through a performance management system, offer pathways for employee promotion and salary adjustments. Furthermore, we have implemented an online learning and training platform, providing diverse learning resources.

In the realm of social and environmental responsibility, we are committed to continuously reducing resource consumption and paper usage. Through the implementation of electronic and digital document systems, e-learning initiatives, and electronic network transactions, we integrate energy-saving and carbon-reduction practices into our operational management, actively promoting green finance. Additionally, we organize various financial lecture events

and collaborate with major universities for internships to extend financial knowledge to campuses and society. We enthusiastically participate in various social welfare activities, aiming to connect business operations with social contributions and charitable endeavors, fostering mutual prosperity with the community.

Sustainable Development Management

The Company has approved the Sustainable Development Best Practice Principles and the Sustainable Development Policy at its Board of Directors' meeting. According to its policies, the Company formulates short-, mid- and long-term goals for sustainable development and ESG matters, and it will adhere to the ideas of ethical management, sound development and sustainable development while engaging in various operating activities. The Company is committed to the practice of sustainable development.

The Company's Sustainable Governance Division is the unit that promotes sustainable development, and is responsible for sustainable development. This Division formulates and reviews various rules related to sustainable development, is responsible for preparing sustainable development report and sustainable development activity plan each year, continues to pay attention to the sustainable development issues and development trends both at home and abroad, and advocates sustainable development to the Company's staff with a view to further shape the Company's sustainable development culture, that is, the Company considers any possible impacts on the society and natural environment while making business strategies and plans.

The Company established an ESG Committee in October 2022, with the president acting as its convener. the ESG Committee is responsible for planning and executing ESG-related initiatives. Under the ESG Committee, there are ESG investment Group, the Greenhouse Gas Inventory Group and Climate Issues Management group. To regularly review and evaluate the implementation and effectiveness of ESG-related matters, and report to the Board of Directors, to ensure the implementation of sustainable development policies. In addition, An additional Committee has been established "Ethics and Sustainability Committee", The Committee consists of 3 independent directors and is responsible for reviewing and supervising the effectiveness of sustainability-related implementation, and reporting to Board of Directors at least once a year.

Promotion and Effectiveness of Sustainable Development Activities Plan

Issues	Initiatives Tackled	Implementation Effectiveness
Environmental	energy saving and carbon reduction	<p>1、Promoting policies related to energy saving and carbon reduction to reduce the consumption of water, electricity, and fuel.</p> <ul style="list-style-type: none"> • The company will continue to promote energy-saving and carbon reduction policies for water, electricity, and fuel consumption to reduce overall usage. • In July 2023, the Company implemented an energy-efficient lighting replacement at the Taipei headquarters, replacing a total of 97 light fixtures in certain areas. The original T5 14W*4 tube lights 56W were upgraded to 38W LED panel lights. Based on preliminary estimates and assuming 9 hours of daily usage, this change is expected to save approximately 4,148 kWh of electricity annually. • Regularly cleaning and maintaining air conditioning systems to improve cooling efficiency and extend mechanical lifespan. • Enhancing promotion of various energy-saving measures, advocating for resource recycling, and ensuring proper waste disposal. • Recycling toner cartridges are handed over to professional vendors, we have reduced CO₂ emissions by approximately 104 kilograms annually. <p>2、Participating in charitable activities dedicated to environmental protection.</p> <p>In March 2023, we participated in the "Earth Hour" global carbon reduction initiative by turning off lights for one hour. In May 2023, we also took part in the Commonwealth Magazine's "Do One Thing for the Tamsui River " public welfare event.</p> <p>3、We regularly conduct analysis and assessments of climate change and ESG risks.</p> <p>In March 2023, we completed the reporting of climate risk management information and the status of related financial disclosures.</p>
Social	Stakeholders	<p><u>Employees</u></p> <p>1. Conducting education and training to enhance employee professionalism and skills.</p> <p>In order to cultivate various professional talents, comprehensive training programs are planned based on the different career stages of personnel and organizational development needs. We provide employees with real-time and diverse learning channels to achieve a win-win benefit for both organizational talent development and individual career cultivation.</p> <ul style="list-style-type: none"> • Offering more than 20 diverse online E-learning courses. • Education and Training on Prohibited Practices for Futures Salespersons.

Issues	Initiatives Tackled	Implementation Effectiveness
		<ul style="list-style-type: none"> • Education and Training on General Safety and Health. • Education and Training on Advertising Materials and Online Marketing for Sales Salespersons. • Education and Training on Legal Compliance for Ethical Corporate Management. • Education and Training on Awareness of Continuous Operational Management. • Education and training on sustainable development. • Education and Training on Information Security. • Financial Friendly Services. • Workplace Violence Prevention. • Education and training on the compliance with the laws concerning anti-money laundering and anti-terrorism. • Education and training on compliance with the laws concerning insider trading, short-swing trading. • Regulations Governing Insiders of Securities Firms Opening Accounts at Their Securities Firms for Securities Brokerage Trading. • Education and Training on Fundamental Human Rights Concepts and Legal Compliance. • Education and Training on Friendly Services for Senior Customers. • Guidelines for Business Dispute Resolution. • Education and Training on the Implementation of Common Reporting Standard (CRS) and Due Diligence by Financial Institutions. • Education and training on Financial Consumer Protection Act, the principles of customer fair treatment and Personal Data Protection Act. • Education and Training on the Financial Consumer Protection Act, Fair Treatment of Customers Principles, and the Personal Data Protection Act. • Education and Training on the Financial Consumer Protection Act and Fair Treatment of Customers Principles. • Education and Training on the Use of Firefighting Equipment. • Conducting AI functional series education training • On June 17, 2023, we held the "Sustainable Development and Fair Treatment Training Course," inviting company directors, senior executives from the Fair Treatment Committee, team members, and frontline staff in direct customer contact—a total of 63 participants. Through professional lectures and experiential activities, the course provided a hands-on understanding of the concepts of "fair treatment" and "sustainable development." • On July 8-9, 2023, we conducted the "Design Thinking Workshop," led by the Chairman and the President, with senior

Issues	Initiatives Tackled	Implementation Effectiveness
		<p>executives and seed members from various departments—a total of 51 participants. The workshop focused on empathy and innovation to create a friendly service environment and co-create customer resonance.</p> <ul style="list-style-type: none"> • Obtained the Silver Award of 2023 Enterprises with Happiness elected by 1111 Job Bank. <p>2. Organizing a series of workplace wellness events.</p> <ul style="list-style-type: none"> • Offering subsidies for colleagues to receive flu vaccines, with vaccinations administered on October 20, 2023 • Contracted physicians are hired four times a year, and nursing staff visit the company four times a month to provide health consultation and medical guidance for employees. A total of 118 employees utilized the health consultation services. Employee health checks were conducted in August and September. • We are committed to promoting sustainable development and employee well-being, with 47 participants in the "2023 RUN FOR EARTH" road race held on April 23, 2023. • Participated in the "Capital Jumps Up! 2023 Happiness Corporate Games" organized by Capital Securities. • Providing subsidies for employee sports and leisure activities such as basketball, badminton, and golf clubs, with a total cost of NT\$559,171. <p>3. Conducting regular workplace safety and environmental inspections for employees.</p> <ul style="list-style-type: none"> • Regular maintenance of lighting equipment, air conditioner filters, and water dispensers, with a thorough cleaning and disinfection of the environment. • Compliance with the Occupational Safety and Health Act, including the appointment of a safety and health supervisor, first aid personnel, and adherence to safety education and training regulations. • Routine maintenance and inspection of high and low-voltage electrical equipment, elevators, air conditioning systems, water dispensers, and firefighting equipment. Performed maintenance and testing of the high-voltage electrical system on December 2, 2023, to ensure optimal operating efficiency for energy-consuming facilities. • Conduct office environmental testing twice a year, in April and October. <p>4. Regarding the Welfare Committee's subsidy programs: Total amount: NT\$1,588,668</p> <ul style="list-style-type: none"> • Marriage assistance: 5 recipients, total subsidy amount: NT\$ • Funeral assistance: 3 recipients, total subsidy amount: NT\$ • Hospitalization assistance: 7 recipients, total subsidy amount: NT\$55,000

Issues	Initiatives Tackled	Implementation Effectiveness						
		<ul style="list-style-type: none">• Childbirth assistance: 7 recipients, total subsidy amount: NT\$ 21,000• Travel assistance: 268 recipients, total subsidy amount: NT\$ 1,422,668• Vaccination assistance: 60 recipients, total subsidy amount: NT\$ 60,000 <p>5. Based on sustainable development goals and corporate social responsibility, we encourage employees to actively participate in volunteer services and have established the "Volunteer Leave Management Policy," which came into effect on January 1, 2023.</p> <p><u>Shareholder</u></p> <p>1. An annual shareholders' meeting is held regularly, with the 2023 annual shareholders' meeting completed on May 31.</p> <p>2. Comprehensive information disclosure is provided to shareholders through the annual report, sustainability report, and the company website.</p> <ul style="list-style-type: none">• Regularly publish the annual report and sustainability report, and disclose them on the Open Information Observatory and the company website.• Two investor conference were held on June 21 and December 12, 2023. <p><u>Customers and Investors</u></p> <p>1、Organize various investment and financial planning seminars, trading competitions, and marketing campaigns.</p> <ul style="list-style-type: none">• On December 13, 2023, we held the "2023 Capital Futures Human-Machine Duel Award Ceremony and VIP Night."• Trading Competitions:<ul style="list-style-type: none">• 群益新力軍 (2023/4 - 2023/6) Training Courses(2023/8)• T/Sport 理財王人機對決 (2023/8 - 2023/11)• 群益贏家名人堂 (2023/1/1 - 2023/12/31)• Marketing Strategies, Investment and Financial Seminars, and Professional Lectures (selected topics):<ul style="list-style-type: none">• 2023 世紀轉折 (2023/1/12)• 掌握油、金投資新契機 (2023/5/10)• 農產品跳樓大拍賣! (2023/5/29)• 股期聯手強強滾-台股第三季投資展望說明會 (2023/6/15)• ChatGPT 策略詠唱班 零基礎打造專屬交易策略 (2023/8/10)• AI 變身投資助理 零基礎玩轉程式交易 (2023/9/15) <table><tr><td>Courses / Lectures / Seminars</td><td>2023</td></tr><tr><td>In-person meetings</td><td>59</td></tr><tr><td>Online meetings</td><td>160</td></tr></table> <p>2、Digital and Internet Technology Financial Services, Promotion of Electronic Trading Platforms.</p> <ul style="list-style-type: none">• The Digital Growth Department coordinates and integrates digital resources across various aspects, applying digital	Courses / Lectures / Seminars	2023	In-person meetings	59	Online meetings	160
Courses / Lectures / Seminars	2023							
In-person meetings	59							
Online meetings	160							

Issues	Initiatives Tackled	Implementation Effectiveness
		<p>technologies to develop diverse platforms that enhance customer investment efficiency, promote digital upgrades, and improve customer experience.</p> <ul style="list-style-type: none"> • Integrates various intelligent services, continuously offering customers more valuable and convenient services. • Through system digitization, reduces manpower, transportation time, and operational paper usage, achieving full electronic transactions, creating low-cost and resource-saving spaces, and delivering multiple services that contribute to carbon reduction and mitigate global warming-related outcomes. • Leads the industry in upgrading to the latest high-spec Tandem mainframes, enhancing investment efficiency for traders. • In the event of 2023 Digital Financial Awards held by Commercial Times, Capital Futures obtained: Gold Award for “Digital Services” Quality Award for “Digital Information Security” and “Digital Inclusion
Social	Social and Community Services	<p>1、Social Welfare and Donations.</p> <ul style="list-style-type: none"> • Participated in “Capital Loves Reading” organized by Capital Securities, accompanying children in rural areas to learn financial education knowledge. • For five consecutive years, donations have been made to the Taiwan Financial Services Roundtable's Financial Services Education and Public Welfare Fund, totaling NT\$500,000. • Participated in Capital Securities' blood donation campaign, embodying the spirit of "Capital Care". From November to December 2023, the initiative mobilized enthusiastic blood donors across 19 donation hotspots nationwide. <p>2、Industry-Academia Collaboration: Building a Talent Pool.</p> <ul style="list-style-type: none"> • The "Capital Futures Internship Program" trained 21 students from 14 universities, and they successfully completed their training on August 31, 2023. • Host a national university competition "New Blood Forex" to nurture new investment talent and promote inclusive finance. The top 50 students in the competition will undergo trading training and receive a training plan. High-performing students will be appointed as reserve traders at Capital Futures.
Social	Ethics and Sustainability	<p>1、The ESG Committee is responsible for planning and executing ESG-related issues. In 2023, it held meetings on March 1, June 16, and October 26 to regularly review and assess the implementation and effectiveness, reporting to the Ethics and Sustainability Committee and the Board of Directors.</p> <p>2、The "Ethics and Sustainability Committee," composed of all independent directors, is responsible for reviewing and overseeing the effectiveness of implementing integrity</p>

Issues	Initiatives Tackled	Implementation Effectiveness
		<p>management policies, sustainability development, and fair customer treatment matters. In 2023, meetings were held on March 10, June 29, and November 9, with reports presented to the Board of Directors.</p> <p>3、The company disclosed its policies related to ethical corporate management and ESG on its website. On December 12, 2023, an online training session was conducted for suppliers to educate and promote awareness, ensuring effective supplier management.</p> <p>4、Director Training Overview: In 2023, the company's seven directors, including three independent directors, each completed a minimum of six hours of professional training, accumulating a total of 60 hours. The training encompassed a range of specialized topics, including corporate governance, risk management, business operations, accounting, legal duties and responsibilities, ESG sustainability obligations, corporate ethics, internal control systems, and financial reporting.</p> <p>5、The ESG Responsible Investment Policy was established in June 2023 to ensure diligent governance and compliance with relevant regulatory obligations. The implementation status of ESG responsible investments is reported to the Board of Directors on a regular basis.</p> <p>6、The 10th Corporate Governance Evaluation (2023) achieved a record-high score of 96.72, placing the company in the top 20% of listed companies. Within the financial and insurance sector (42 companies), the ranking improved from the 41%-60% range to the 21%-40% range, securing the top position among futures companies.</p> <p>7、Awards and Recognitions:</p> <ul style="list-style-type: none"> • President Mao, Jen-Hua obtained the "Outstanding Corporate Leadership Award" of the 17th Golden Goblet Awards. • Mr. Huang, Wei-Ben, the Senior Executive Vice President, obtained the 41th National Management Excellence Award for "Marketing Manager". • Mr. Chen, Chi-Hao, the Senior Executive Vice President, obtained the 41th National Management Excellence Award for "Legal Manager". • Mr. Chen, Chi-Hao, the Senior Executive Vice President, obtained the "Outstanding Futures Talent Award" of the 17th Golden Goblet Awards.
Governance	Legal Compliance	<p>1、Established a comprehensive legal compliance system, regularly monitoring and auditing company-related systems and operations.</p> <ul style="list-style-type: none"> • Completed annual self-assessments of legal compliance for each department.

Issues	Initiatives Tackled	Implementation Effectiveness
		<ul style="list-style-type: none"> • Regarding key issues such as cybersecurity protection, fair customer treatment, and regulatory compliance, the "Accountability System Implementation Guidelines" were established to enforce the accountability framework for management and to foster a culture of corporate responsibility. <p>2、Regularly disseminate industry violation cases to colleagues.</p> <ul style="list-style-type: none"> • Conduct monthly education on fair customer treatment principles for colleagues, including updates on relevant legal amendments and industry penalty cases. <p>3、Conduct legal compliance-related education and training once per quarter.</p> <ul style="list-style-type: none"> • The advocacy themes for each quarter in the year 2023 are as follows: • Prohibited Conduct for Futures Salespersons • Whistleblowing System • Advertising materials and online marketing for salespersons • The compliance with the laws concerning anti-money laundering and anti-terrorism • Compliance with the laws concerning insider trading, short-swing trading • Financial Consumer Protection Act, Fair Treatment Principles (including advertising materials), and Personal Data Protection Act
Governance	Information Security Protection	<p>1、Information Security and Privacy Protection.</p> <p>2、In 2023, the "Information Security Management Review Committee" was established to ensure the continuous and effective operation of the information security management system.</p> <p>3、The roles of Chief Information Security Officer (CISO), Information Security Manager, and two additional information security personnel were established to strengthen the organization's security functions.</p> <p>4、In 2023, there were neither incidents of personal data breaches nor cases about customer data penalized by regulatory authorities.</p> <p>5、Regular assessments of core operational systems and equipment were conducted to ensure the ability to maintain continuous and resilient operations, with a report submitted to the Board in January 2023.</p> <p>6、Regular "social engineering email attack drills" are conducted for all employees to raise awareness. These drills were carried out in stages during the fourth quarter of 2023.</p>

ESG Responsible Investment

Proprietary Trading Business

The operational strategies of our proprietary trading department encompass market-making, arbitrage, trend trading, and spread trading. Our approach leans towards low-risk operations, utilizing the profits from market-making and arbitrage to manage the potential profit and loss range of trend trading. Our priority is to achieve stability before pursuing high growth or explosive profits. Additionally, our company has a Securities Proprietary Trading Department. Trading decisions in this department are based on an overall economic assessment of market development. It involves engaging in long and short positions, coupled with investments in overseas markets to diversify risk and enhance revenue sources.

Net Profit

Item / Year	2023	2022
Futures Proprietary Trading (Thousands of NTD)	6,357.4	54,864.8
Securities Proprietary Trading (Thousands of NTD)	153.9	14,047.9

Proprietary Trading Volume

Item / Year	2023	2022
Futures and Options (Thousands of lots)	6,193	8,827
Stock Transaction Amount (NTD Million)	10,671.24	3,618.98

In response to the international trend of green finance and in active alignment with the government's 2050 net-zero emissions target and the policy outlined in "Green Finance Action Plan 3.0," the company is committed to implementing due diligence governance, complying with relevant regulations, fulfilling fiduciary duties in the financial industry, seeking the maximum benefit for stakeholders and shareholders, reducing environmental and social risks caused by investments, and supporting sustainable corporate development that has a positive impact on society and the environment. In 2022, the company formulated the "Transition Strategies of Sustainable Development for Securities and Futures Sectors" to incorporate ESG issues such as the environment, society, and corporate governance into the investment assessment process, aiming to create investment value and fulfill corporate social responsibility.

In 2023, the Company's total investment amounted to NT\$304,686 thousand, of which investments in Taiwan Sustainable Index constituent stocks accounted for 52.56% of the total investment amount. Additionally, due to relevant regulatory requirements, the Company did not generate any revenue from underwriting or securitization transactions.

Investment in Stocks and Percentage		
Investment Industries	Investment Amount (Thousands of NTD)	Investment Percentage
Chemical	1,200.62	0.39%
Cement	15,652	5.14%
Biotechnology	4,402.5	1.44%
Automobile	2,318.42	0.76%
Other	18,572.57	6.10%
Financial	25,356.2	8.32%
Glass and Ceramics	1,857.35	0.61%
Food	1,433.8	0.47%
Paper	3,960.98	1.30%
Textile	31.7	0.01%
Shipping	10,998.12	3.61%
Software	1,448	0.48%
Plastic and Rubber	4,512.97	1.48%
Electronics	184,522.45	60.56%
Wires and Cables	140.550	0.05%
Electrical Machinery	13,877.37	4.55%
Steel	4,526.59	1.49%
Construction	9,873.81	3.24%
Total	304,686	-
Investment Amount in Taiwan ESG Index Components	160,143.67	52.56%

Note: Stock holdings were calculated as of December 31, 2023

Corporate Governance

Operational Performance

The total volume of the Company's domestic futures brokerage business in 2023 was about 51.75 million lots, with a market share of 7.97%, a decrease of 16.65% as compared with 62.09 million lots in 2022, and the trading volume of its overseas futures business was about 7.69 million lots, with a market share of 18.38%, a decrease of 23.59% as compared with 10.07 million lots in 2022. However, in 2023, benefited from the increase in the interest income from customer deposits, its consolidated revenue was NT\$2,212,577 thousand dollars, with a decrease of 20.42% as compared with 2022, and its consolidated net profit before tax was NT\$1,276,858 thousand dollars, with an increase of 33.38% as compared with 2022, and its consolidated net profit after tax was NT\$1,011,052 thousand dollars, with an increase of 29.40% as compared with 2022. As for operating goals, the Company develops diversified businesses and gains profits in diversified ways to create a multi-way-based profit-making mode.

Condensed Consolidated Income Statement - IFRS (Consolidated)

Unit: NT\$ Thousand

Item	Year	2023	2022
Revenue		2,212,577	2,780,470
Gross profit		1,236,882	1,644,027
Operating income (loss)		70,934	488,688
Non-operating income and expenses		1,205,924	468,595
Net income before tax		1,276,858	957,283
Profit from continuing operations		1,011,052	781,353
Gain (loss) from discontinued operations		-	-
Net income		1,011,052	781,353
Current period other comprehensive income (post-tax profit or loss)		17,335	86,286
Total comprehensive income		1,028,387	867,639
Net income attributable to owners of the parent company		1,010,196	781,860
Net income attributable to non-controlling interests		856	(507)
Total comprehensive income attributable to owners of the parent company		1,027,583	867,965
Total comprehensive income attributable to non-controlling interests		804	(326)
Earnings per share (\$)		4.8	3.72

For consolidated financial statements, please refer to our company's website for details. (<http://www.capitalfutures.com.tw>) or the Market Observation Post System. (<http://mops.twse.com.tw>) °

Operating Income and Loss by Business Segment (Consolidated)

Unit: NT\$ Thousand

2023				
	<u>Brokerage Department</u>	<u>Other Departments</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Departmental Revenue	\$ 2,366,877	888,156	(1,042,456)	2,212,577
Departmental Profit and Loss	\$ 950,270	326,588	-	1,276,858
2022				
	<u>Brokerage Department</u>	<u>Other Departments</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Departmental Revenue	\$ 2,618,360	526,899	(364,789)	2,780,470
Departmental Profit and Loss	\$ 922,675	34,608	-	957,283

Dividend Distribution

Unit: NTD

Year of Dividend Attribution	2023	2022
Earnings per Share (including Capital Surplus Distribution)	3.44	3.02
Dividends per share	0	0
Retained Earnings after Distribution	883,587	177,838

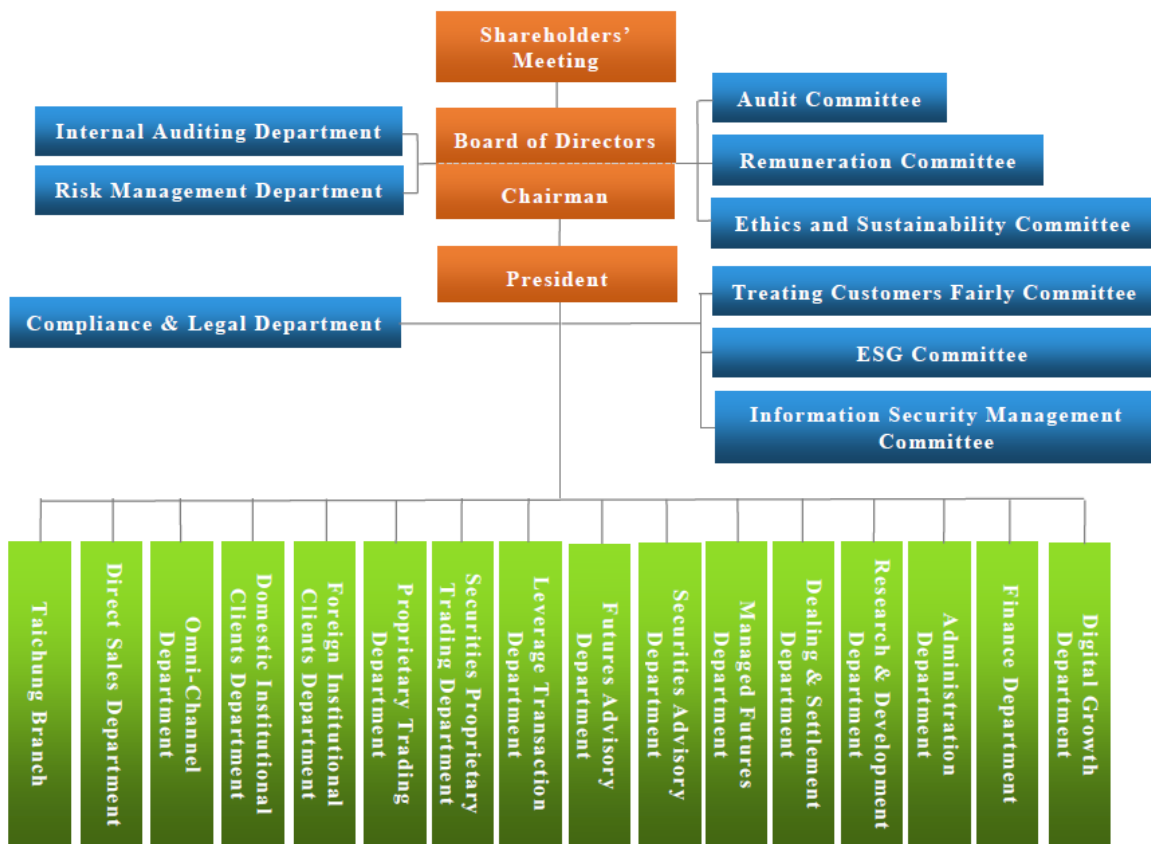
Corporate Governance

The company is committed to establishing a robust and effective corporate governance framework. Since 2008, the Board of Directors has included three independent directors. Subsequently, committees such as the Remuneration Committee, Audit Committee, and Ethics and Sustainability Committee have been established to enhance the functions of the Board of Directors and safeguard shareholders' rights. In order to protect the rights of customers and stakeholders and improve information disclosure transparency, the company obtained certification in 2012 from the Taiwan Corporate Governance Association under the CG-6007 General Corporate Governance Assessment System. In 2015, we were recognized among the top 50 companies in the GreTai Securities Market Corporate Governance Index, and in 2018, we earned the distinction of being part of the 'Corporate Governance 100 Index,' acknowledging the effectiveness of our high-standard corporate governance. In 2020, a Corporate Governance Officer was appointed to oversee corporate governance affairs and ensure the practical implementation of corporate governance.

The Board of Directors serves as the highest governance body of the company, with Chairman Mr. Chia, Chung-Tao responsible for executing board decisions and overseeing the overall development of the company's daily operations. President Mr. Mao, Jen-Hua is in charge of overseeing the management and development of all business operations.

The company's organizational structure includes the Internal Auditing Department and Risk Management Department, both under the purview of the Board of Directors. Additionally, we have established the Compliance & Legal Department, Administration Department, Finance Department, Dealing & Settlement Department, Research & Development Department, Digital Growth Department, Direct Sales Department, Omni-Channel Department, Domestic Institutional Clients Department, Foreign Institutional Clients Department, Proprietary Trading Department, Securities Proprietary Trading Department, Leverage Transaction Department, Futures Advisory Department, Securities Advisory Department, Managed Futures Department, and the Taichung Branch. Each department and branch operates under the authority of the President.

Organization Chart



Operation of Board of Directors and Functional Committees

The board of directors of the company consists of seven directors, including three independent directors. They assess the company's strategies from an objective and impartial standpoint, leveraging their experience and knowledge to provide valuable recommendations. The board promotes compliance with good governance principles. The board has established the Remuneration Committee, Audit Committee, and Ethics and Sustainability Committee. The Remuneration Committee is responsible to prescribe and periodically review the policy of performance evaluation and remuneration for directors and managerial officers. The Audit Committee, composed entirely of independent directors, replaces the role of supervisors, reinforcing the governance structure and operation of the board. It fully utilizes the professional and independent supervisory functions of the board to safeguard the interests of all shareholders. The Ethics and Sustainability Committee is also composed entirely of independent directors. It is responsible for formulating and supervising the implementation of Ethical Management policies and preventive measures, and promoting and supervising sustainable development and customer fair treatment-related matters.

The company adopts a candidate nomination system for the appointment of directors, with each director serving a three-year term. In accordance with Article 192-1 of the Company Act, shareholders holding more than one percent of the total issued shares of the company may submit a written list of director candidates (including independent directors) to the company.

The company's Board of Directors is composed of 7 members, including 3 independent directors and 4 directors representing institutions, among whom there are 2 female directors. At present, according to their academic experience, 5 directors have business experience, 2 have finance/accounting expertise, and 2 have legal expertise.

The Board of Directors adheres to the Board of Directors Conference Rules and relevant legal regulations, aiming to implement the concept of ethical business conduct. Each year, following the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, the company provides and encourages directors to participate in various educational courses. None of the directors have spousal or second-degree kinship relationships with each other, and none of the independent directors have served for more than three consecutive terms.

The Board of Directors strictly adheres to the "Rules of Procedure of the Board of Directors Meetings" and relevant regulatory requirements to uphold the principle of integrity in business operations. Each year, in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," the company provides and encourages directors to participate in various training programs.

The company's directors completed a total of 60 hours of training, including 33 hours focused on ESG-related courses. These courses covered diverse topics such as "Cybersecurity

Governance Strategies of TWSE Listed and TPEX Listed Companies from the Perspective of ESG and Corporate Sustainability," "2023 Seminar on Transition Finance and Sustainability Disclosure," "Planning Pathways for Low-Carbon Transition - Carbon Credits and Carbon Pricing," and "Diversified Management of External Impacts to Create Positive Corporate Value."

The company's Board of Directors, in accordance with the Company Act, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and other relevant regulations, has formulated rules for board meetings. These rules stipulate that directors, in relation to agenda items, should disclose any conflicts of interest involving themselves or legal entities they represent during the respective board meeting. If there is a potential harm to the company's interests, they are prohibited from participating in the discussion and voting. Moreover, during discussions and voting, they are required to abstain, and they are not allowed to act as proxies for other directors in exercising their voting rights.

The Board of Directors convenes at least once per quarter, and in the event of an emergency, it may be convened at any time. In 2023, a total of 7 board meetings were held with an attendance rate of 97.96%.

Board of Directors Information

Date: December 2023

Title	Name	Gender / Age	Academic Background & Experience
Chairman	Capital Securities Corp. Representative: Chia, Chung-Tao	Male Age 61-70	Master of Business Administration, National Chengchi University President of Capital Securities Corp.
Director	Capital Securities Corp. Representative: Lee, Wen-Chu	Male Age 61-70	EMBA, Business Administration, National Chengchi University Chairman of Capital Futures Corp.
Director	Capital Securities Corp. Representative: Liu, Ching-Tsun	Male Age 71-80	M.P.A., University of San Francisco, USA Chairman, Capital Securities Corp.
Director	Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin	Female Age 51-60	Department of Business Administration, Missouri State University Director, Hontai Life Insurance
Independent Director	Chen, Kuo-Tay	Male Age 61-70	Ph.D. of Business, The University of Texas at Austin, USA Professor, Department of Accounting, National Taiwan University Assistant Professor in the Department of Management of Purdue University. Director of Taiwan Cooperative Bank.
Independent Director	Hsiao, Nai-Ching	Female Age 61-70	Master of Law, National Chung Hsing University Judge of Supreme Court
Independent Director	Wu, Yung-Sheng	Male Age 61-70	Ph.D. of Law, National Chengchi University School consultant of Ming Chuan University and an adjunct professor of the Department of Finance

All directors, in accordance with the Articles of Association, Rules of Procedure of the Board of Directors Meetings, and other relevant regulations, review and approve the company's budget and financial statements, discuss the financial and operational performance of the company, supervise internal audits, and ensure compliance with laws. In the year 2023, the Board of Directors passed important regulations and amendments, such as the "Rules for Performance Evaluation of Board of Director," "Corporate Governance Best Practice Principles," "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties," "Sustainable Development Best Practice Principles," "Sustainable Development Policy," "Guidelines for the Implementation of the Whistleblowing System," "Guidelines for the Implementation of the Accountability System," "ESG Responsible Investment Policy," "Treating Customer Fairly Guideline," and various business bonus guidelines.

Director's and Officer's Liability Insurance

Due to the rapid changes in the economic environment and business competition, and in order to attract more talents and encourage proactive engagement, the management team has secured Directors, Supervisors and Officers Liability Insurance for directors and key personnel. This is aimed at reducing the potential legal and financial risks they may face, mitigating unknown risks and potential damages associated with their duties, enabling them to make proactive decisions, showcase their talents, build team cohesion, and ultimately create value for the company, shareholders and employees. The company provides an annual report to the board, detailing the coverage amount, scope of coverage, insurance rates, and other relevant information regarding Directors, Supervisors and Officers Liability Insurance. This ensures that all directors, including independent directors, are provided with the necessary protection.

Director's Compensation

The determination of director remuneration in this company is made in accordance with the Company Act and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, incorporating factors such as the level of director involvement in company operations, contributions, and company operational performance, as specified in the Articles of Association.

"Article 25-1 of the company's Articles of Association stipulates that the remuneration for the Chairman, Vice Chairman, and directors is authorized to be determined by the Board of Directors based on their level of involvement and the value of contributions to the company, in accordance with the usual industry standards. Director remuneration related to annual profit distribution, after being reviewed and approved by the Compensation Committee, is legally submitted for verification by the Board of Directors and resolution by the shareholders' meeting.

The company's Articles of Association stipulate the following:

The company shall allocate employee compensation at a rate ranging from 0.6% to 2% of the profit for the fiscal year. Director remuneration should not exceed 3% of the profit for the fiscal year. In the case of accumulated losses, these should be addressed first.

The profit for the fiscal year mentioned above refers to the pre-tax profit for the fiscal year, subtracting the distributed employee compensation and director remuneration.

The distribution of employee compensation and director remuneration requires a resolution by the Board of Directors with the consent of at least two-thirds of the attending directors, and the agreement of a majority of the attending directors, with a report to the shareholders' meeting.

Employee compensation may be distributed in the form of stocks or cash and may include employees of affiliated companies meeting certain conditions, with these conditions determined by the Board of Directors.

Audit Committee

The company established an Audit Committee in 2015, composed entirely of independent directors, to assume the functions of a supervisor. The primary purpose of the Audit Committee's operation is to oversee the following matters:

- 1.The appropriate expression of the company's financial statements.
- 2.The selection (dismissal), independence and performance of certified accountants.
- 3.The effective implementation of the Company's internal control.
- 4.The company's compliance with relevant laws and regulations.
- 5.The management and control of the Company's existing or potential risks.

The committee is composed of all independent directors, with a minimum of three members, one of whom serves as the convener. At least one member should possess expertise in accounting or finance. The term of office for committee members is the same as that of independent directors. In the event of removal or vacancies among independent directors, causing the number to fall below the stipulated minimum in the preceding clause or the Articles of Association, a supplementary election should be conducted at the nearest shareholder meeting. If all independent directors are removed, the company shall convene an extraordinary shareholder meeting for a supplementary election within sixty days from the occurrence of the fact. In 2023, the committee convened five meetings with a 100% attendance rate.

Remuneration Committee

In order to strengthen corporate governance and establish a sound compensation system, the company, in accordance with the Securities and Exchange Act, the 'Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange,' and relevant legal provisions, has established a Remuneration Committee. The committee has formulated organizational regulations and is tasked with regularly reviewing policies, systems, standards, and structures related to the performance evaluation and compensation of directors and executives. Additionally, the committee periodically assesses and establishes compensation for directors and executives.

The Committee shall perform the above mentioned duties based on the following principles:

- 1.With respect to the performance assessment and remuneration of directors and managerial officers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
- 2.No suggestions are made to guide directors and managerial officers to engage in acts that may exceed the Company's risk appetite to pursue own salary and remuneration.
- 3.The specificity of the industry and the nature of the Company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

The company's Board of Directors has appointed a total of 3 members for the Remuneration Committee, including 2 independent directors and 1 external committee member. In 2023, the committee convened 7 meetings with a 100% attendance rate.

Ethics and Sustainability Committee

On November 11, 2020, the 'Ethical Corporate Management Committee Organization Regulations' were established by the 20th session of the 8th Board of Directors meeting. On November 10, 2022, "Ethical Corporate Management Committee" was renamed as "Ethics and Sustainability Committee", expanding the scope of its powers and responsibilities. This Committee is responsible for reviewing and supervising the effectiveness of sustainability-related implementation.

The Company's Ethics and Sustainability Committee is composed of three independent directors. Ethics and Sustainability Committee's meeting shall be held at least once every year. Ethics and Sustainability Committee shall be responsible for formulating and supervising the implementation of Ethical Management policies and preventive measures, and promoting and supervising sustainable development and customer fair treatment-related matters, and reporting compliance and resolutions to the Board of Directors. The main duties of Ethics and Sustainability Committee include:

- I. Responsible for formulating and overseeing the implementation of policies and preventive measures related to ethical management :
 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
 2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
 3. Plan internal organization, structure, and responsibilities, establish mechanisms for mutual supervision and balance for business activities with higher risks of dishonest behavior within the scope of operations.
 4. Promote and coordinate the advocacy and training of integrity policies.
 5. Develop a reporting system to ensure the effectiveness of its implementation.
 6. Assist the board of directors and management in auditing and assessing the effectiveness of the preventive measures established for ethical operations. Periodically evaluate compliance with relevant business processes and produce reports.
 7. Create and properly maintain documented information related to integrity policies, compliance statements, implementation commitments, and execution status.
- II. Promoting and supervising matters related to sustainable development and fair customer treatment. :

1. Assisting in integrating the values of sustainable development and fair customer treatment into the company's corporate culture.
2. Reviewing the policies and objectives set by the company regarding sustainable development and fair customer treatment.
3. Monitoring the implementation and effectiveness of the company's practices related to sustainable development and fair customer treatment.

Ethics and Sustainability Committee is composed of independent directors, with a total of three members. This committee meets at least once a year and is responsible for reviewing and overseeing integrity business policies and preventive measures, as well as promoting and supervising sustainability development and fair treatment-related matters. In 2023, it convened 3 times with a 100% attendance rate.

Board of Directors and Functional Committee Performance Evaluation

To enhance corporate governance and improve the functionality of the Board of Directors, the company, in its commitment to establishing performance goals for strengthening the efficiency of the board's operations, has adopted the "Board of Directors and Functional Committee Performance Evaluation Criteria," as approved by the Board of Directors. In accordance with regulations, internal evaluations of the Board of Directors and functional committees are conducted annually.

The company presented the results of the 2023 performance evaluation in the Board of Directors meeting held on January 23, 2024.

- Evaluation Period : January 1, 2023 to December 31, 2023
- Evaluation Scope : Whole board of directors, each director and functional committees
- Evaluation Method : Board of directors' internal self-evaluation, directors' self-evaluation and members of functional committees' self-evaluation
- 2023 the Company's evaluation: :
 1. The average score of the board's evaluation was 4.98, which was "excellent"
 2. The average score of each directors' evaluation was 4.95, which was "excellent"
 3. The average score of Audit Committee's evaluation was 4.89, which was "excellent"
 4. The average score of Remuneration Committee's evaluation was 5, which was "excellent"
 5. The average score of Ethics and Sustainability Committee's evaluation was 5, which was "excellent"

Execution and Audit Operations of Internal Control Systems

The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.

The purpose of internal auditing is to assist the Board of Directors and management in examining and reviewing deficiencies in internal control systems, assessing operational effectiveness and efficiency, and providing timely improvement recommendations. This ensures the continuous and effective implementation of internal control systems and serves as a basis for reviewing and revising these systems.

The internal audit department of the company is under the jurisdiction of the Board of Directors and is led by the head of internal auditing department, responsible for overseeing audit operations. The department is staffed with a suitable number of dedicated internal audit personnel based on its size, business conditions, and management needs. The appointment and removal of the head of internal auditing department require approval from the Board of Directors. Personnel matters of internal auditing department, including hiring, dismissal, promotion, disciplinary actions, rotation, and performance evaluations, should be reported by its head and processed after approval by the Chairman of the Board.

The Operation of Internal Audit

The Internal Auditing Department is responsible for evaluating deficiencies and abnormal issues within the internal control system. This includes deficiencies identified during inspections by regulatory or self-regulatory bodies, internal audit operations, items listed in the internal control system statement, self-assessments, and deficiencies found in special reviews by auditors. The department is required to generate quarterly tracking reports on these issues and submit them to the board of directors until improvements are implemented, ensuring that relevant units have taken timely and appropriate corrective actions.

Annual Audit Plan Implementation Status

The annual audit plan is implemented through regular and ad-hoc audits, and all units have completed the improvements for the identified deficiencies within the prescribed timeframe. Audit and follow-up reports are submitted for review by independent directors in accordance with regulations. The internal audit findings, compliance violations, and improvement measures are reported at the board meetings. There was no significant abnormal issue concerning the company in 2023.

Deficiencies and Improvement Status

Matters that should be strengthened	Improvement Measures	Scheduled improvement time
For provision of recommended trading information to futures traders in the Line group by Chen, Yuan and Teng, Yuan, the managerial officer and salesperson from the branch in Taichung respectively, the Company has failed to fulfill its supervision and management responsibilities and implement internal control system, Financial Supervisory Commission has imposed a fine of NT\$240,000, and stopped Chen, Yuan and Teng, Yuan from their business for two months and one month respectively, and required the Company to fulfill its supervision and management responsibilities and implement internal control system, and it will review in 2023. (Jin-Guan-Zheng-Qi-Fa-Zi No. 1120333213, Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332131, Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332132 and Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332133 issued on April 17, 2023)	<ol style="list-style-type: none"> 1. The Company has required related persons to make correction afterwards. 2. The Company enhances the "education and training on advertising and on-line marketing for salespersons, prohibited behaviors and whistle-blowing system". 3. The Company has stopped use of such Line group and removed all the members in the group. 4. The Company has reported it to the relevant persons of the Personnel Review Committee. 	Improvement has been made.

Legal compliance

Legal compliance is an important part of corporate governance. The Company's Compliance and Legal Department oversees the planning, management, and execution of various legal compliance systems, as well as handling legal matters.

All internal management and operational rules of the company comply with current laws and are regularly reviewed and revised. The Compliance and Legal Department clearly communicates relevant legal regulations to each unit in a timely manner and provides appropriate legal training to company employees, ensuring that employees adhere to legal requirements in their various business activities. The management emphasizes the importance of legal compliance, ensuring that the company's business activities comply with legal regulations.

Regarding the timely updating of operational and management rules in coordination with regulations, such as the revision of the company's "Salesperson Online Marketing Management Regulations," "Legal Compliance Risk Management, Assessment, and Independent Reporting Regulations," "Trade Secret Protection Management Regulations," and "Administrative Measures for the Production and Distribution of Publicity Materials for Advertisements, Business Solicitation, and Promotional Activities," the company follows these regulations. In addition, the company revises relevant anti-money laundering and counter-terrorist financing guidelines in accordance with directives from regulatory authorities and industry associations, implementing procedures related to customer money laundering risk identification, assessment, and management.

To establish clear and appropriate legal communication, the company provides legal consultation channels for each unit, regularly disseminates information on industry violation cases to colleagues, and conducts legal education and training courses for employees. The training topics include prohibited behaviors in the execution of business by salespeople, prevention of insider trading and short-term trading, laws related to handling material inside information, personal data protection act, and prevention of money laundering .

Participation of Other Organizations

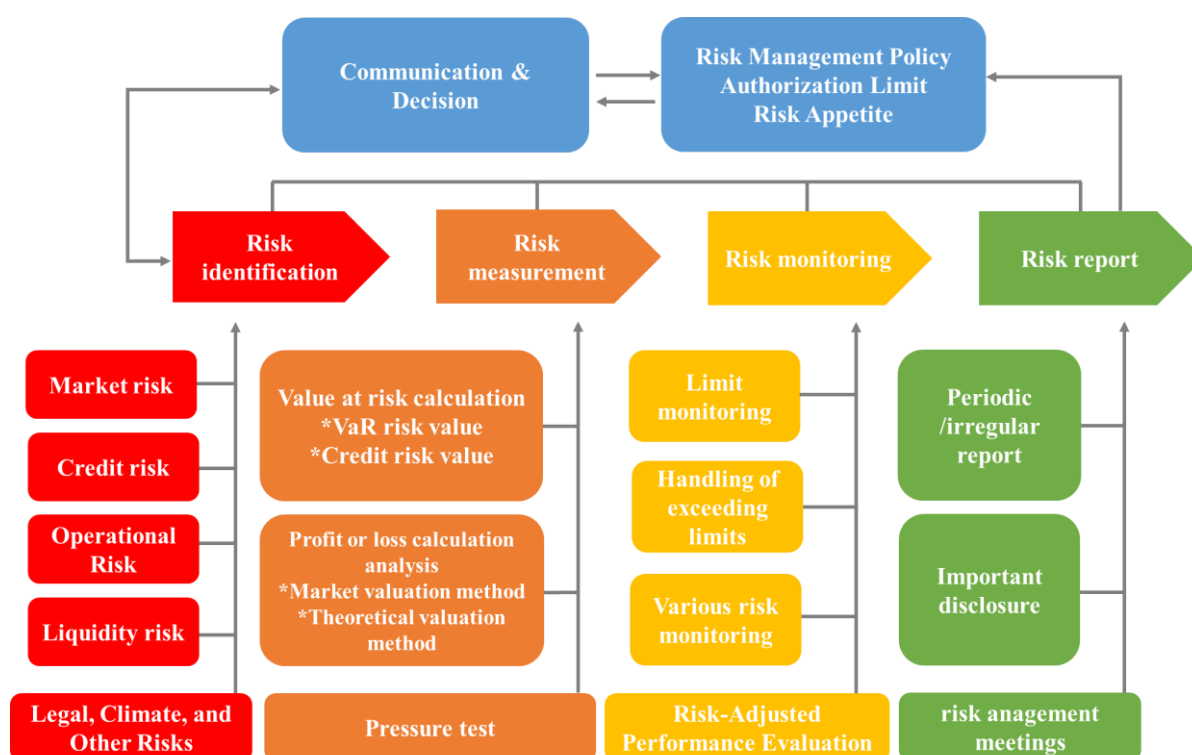
The company actively participates in various business associations and organizations, adhering to the spirit of enhancing the competitiveness and forward-looking sustainability of the financial futures industry. By joining relevant organizations, the company receives the latest economic and financial information, obtains membership qualifications to enjoy membership benefits, shares information with peers, and engages in mutual exchange and dialogue. The company also proactively participates in various national and international organizational activities to expand the scope and vision of its development.

The company engages with domestic and international organizational units	Position/Role
Taiwan Futures Exchange	director
Chinese National Futures Association	member / director
Taiwan Securities Association	member
Securities Investment Trust & Consulting Association of the R.O.C.	member

Risk Management and Crisis Response

To effectively manage operational risks, the company has established a comprehensive management process that involves the participation of the board of directors, senior management, and employees. From the company's overall perspective, a series of activities, including the identification, measurement, monitoring, reporting, and response to potential risks, are carried out. Through a qualitative and rigorous quantitative model, the company quantifies risk management, aiming to rationalize the allocation of risk assets and maximize shareholders' returns within an acceptable risk appetite. The company has formulated a "Risk Management System," and the risk management process includes risk identification, risk measurement, risk Management, risk reporting, and risk response measures. By effectively managing risks in a quantitative and qualitative manner, the company promotes sound business development.

Risk Management Process Diagram



In order to ensure that the Company can minimize the damage when encountering sudden emergencies, and to ensure personnel safety, legal compliance, customer rights, the Company's goodwill and assets are protected, and to align the business continuity management strategy with the company's operational strategy, and to resume operations within a tolerable downtime for the products and services provided to customers, the "Business Continuity Management Strategy" is established as a guiding policy.

According to the requirements of ISO 22301 international standard, we establish, implement, maintain, and continually improve the enterprise's business continuity management system,

including the necessary processes and their interactions.

The "Business Continuity and Information Service Committee" serves as the highest supervisory unit for the business continuity management system, and the "BCM Project Office" is responsible for assisting in the execution of activities related to the business continuity management system. It establishes the "Business Continuity Operations Team," "Resource Provision Team," and "Management System Execution Team." Additionally, the "Crisis Management Team" is established to operate in case of business interruption and handle crises on-site.

The objectives of business continuity management are:

- 1、Protecting the safety of personnel.
- 2、Reducing the probability of threats leading to business interruption.
- 3、Minimizing business interruption time.

To ensure that employees have crisis awareness and can effectively face sudden situations, the company conducts contingency drills to enhance the crisis response capabilities of each department.

Proper enforcement of business integrity

The company conducts information disclosure and corporate governance based on the highest ethical principles, explicitly defining the corporate ethical guidelines that directors, executives, and all employees should adhere to, as well as the responsibilities and obligations they should fulfill. This encompasses individuals, groups of employees, and the company's relationships with the public and other stakeholders.

The company has established the "Ethical Corporate Management Best-Practice Principle" and the "Procedures for Ethical Management and Guidelines for Conduct." The Board of Directors and management actively implement the commitment of the ethical corporate management policy and implement it in internal management and business activities. In addition, the company discloses its ethical corporate management policies on its website, ensuring that suppliers, customers, and other business-related entities and individuals can clearly understand the company's ethical management principles and regulations.

Ethical Corporate Management Supervision and Prevention

The Company's "Procedures for Ethical Management and Guidelines for Conduct" stipulates norms and handling procedures for various unethical conduct. It also incorporates ethical corporate management into employee performance evaluation and human resources policies, and establishes clear and effective reward, punishment and report systems. If a person seriously violates against our ethical corporate management, he/she may be dismissed or terminated in accordance with relevant laws and regulations or the Company's HR regulations.

All employees of the Company must sign the "Code of Conduct for Capital Financial Group Employees" on the first day and follow the ethical principle to execute various businesses. To enhance the prevention of insider trading, the Company emphasizes and educates directors

and employees on the prohibition of insider trading, emphasizing the restriction on trading time and the duty to exercise due care and fiduciary responsibilities.

Employees who violate relevant code of conduct may be subject to disciplinary action by the Company based on the severity of the situation, following the Employee Reward and Punishment Management Measures, and it will be considered as an internal review matter.

The Company has established work rules that explicitly specify the prohibition of using company resources or funds without job-related needs. Employees are not allowed to accept any gifts, kickbacks, or commissions related to their handled affairs. Any misuse of authority for personal gain, dereliction of duty, negligence, or actions that result in financial damage to the company or harm its business, or anything that affects the company's reputation will be subject to disciplinary action based on the severity of the situation. The Personnel Review Committee will review and decide on employee rewards and penalties.

Ethical Corporate Management Education and Training

During the orientation and training sessions for new employees, the Company incorporates the code of conduct into the training materials. The sessions also cover the company's corporate policies, including its development direction, management principles, relevant policies, and the philosophy of sustainable development. Additionally, regular courses and assessments on "Procedures for Ethical Management and Guidelines for Conduct" and "Prohibition of Insider Trading," among other integrity and compliance-related provisions, are conducted on the E-learning platform.

The Company conducted and promoted the following educational training courses in the year 2023:

Topics	Hours
Education and training on Prohibited Conduct for Futures Salespersons	3hr
Education and training on Whistleblowing System	3hr
Education and training on Advertising materials and online marketing for salespersons(Q1)	3hr
Education and training on the compliance with the laws concerning anti-money laundering and anti-terrorism	3hr
Education and training on Advertising materials and online marketing for salespersons(Q2)	3hr
Education and training on compliance with the laws concerning insider trading, short-swing trading and sustainable development	3hr
Education and training on Advertising materials and online marketing for salespersons(Q3)	3hr
Education and training on Financial Consumer Protection Act, the principles of customer fair treatment (including ethical management) and Personal Data Protection Act	3hr

To establish an ethical and transparent corporate culture and promote sound management, the Company has formulated the “Implementation Guidelines for the Whistle-blowing System.” To encourage all employees to actively provide feedback, enhance their working rights, and improve operational processes, a 'Employee Opinion Mailbox' has been set up with specific guidelines. Employee opinions are processed confidentially and submitted for approval by the President and Chairman. When receiving suggestions and reports, measures are taken to protect the whistleblower from any improper treatment.

In addition, the Company implements an employee ethic guarantee insurance system, which is insured at different levels according to the type of business handled by employees. Its covers the financial loss of the Company caused by employees' robbery, theft, fraud, misappropriation or other illegal acts. The Company had no records of integrity-related incidents in 2023.

Information disclosure

Information disclosure is an essential aspect of corporate governance. In order to establish a sound internal mechanism for handling material inside information and disclosure, preventing improper information leakage, and ensuring the consistency and accuracy of information disclosed to the public, the company has formulated "Procedures for Handling Material Inside Information." These procedures clearly stipulate that directors, executives, and employees should exercise the care and fiduciary duty of a prudent manager, conduct business in accordance with the principles of honesty and integrity, and sign confidentiality agreements.

The company should adhere to the following principles when disclosing material inside information externally:

1. The disclosure of information should be accurate, complete, and timely.
2. Information disclosure should be based on a proper foundation.
3. Information should be disclosed fairly.

The Company actively cooperates with government policy initiatives, continuously enhances information transparency and accessibility, thereby increasing corporate value. This effort ensures the protection of investors' rights and assists them in understanding the effectiveness of corporate governance, fostering the healthy development of the market.

Procedures for Handling Material Inside Information (Management of Preventing Insider Trading)

The dedicated unit responsible for handling material inside information within the Company is the Compliance & Legal Department. This department is tasked with processing operations related to material inside information and providing consultations, reviews, and recommendations related to this operational procedure. In order to establish a robust mechanism for handling and disclosing material inside information, preventing inappropriate information leaks, and ensuring the consistency and accuracy of information disclosed to the public, the Company has formulated Procedures for Handling Material Inside Information. Additionally, the Company has disclosed internal regulations prohibiting insider trading by insiders. On November 10, 2023, the Company conducted training for directors, including guidelines such as refraining from trading their stocks during the 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports. Furthermore, a 3-hour training session on insider trading, short-term trading, and compliance with sustainable development laws was provided to employees, accompanied by a post-training assessment system, with successful completion of the assessment indicating the fulfillment of the training requirements.

Supplier management

Capital Futures aims to become the most customer-centric digital financial firm, with suppliers being indispensable and valued partners. In addition to a commitment to realizing principles related to environmental, social, and governance (ESG) issues, the company hopes to leverage its influence to encourage suppliers to respond collectively to these matters.

The company adheres to the Ethical Corporate Management Best-Practice Principles and the Sustainable Development Best Practice Principles, both of which provide specific guidelines for the ethical operation and sustainable development implementation by our suppliers. In addition to the “Supplier Management Policy” on the Company's website, which clearly includes corporate ethics and integrity, risk management, labor and human rights, social welfare and environmental protection, suppliers must fill in the “Supplier Corporate Social Responsibility Self-Assessment Form” when entering a new cooperation contract, conduct self-assessment on several ESG requirements, and sign the Company’s letter of undertaking in the “Supplier Management Policy”. Include relevant clauses on ethical behavior in business contracts, so that either party may unconditionally terminate or rescind the contract at any time if unethical conduct is involved in any business activity.

The company regularly conducts comprehensive assessments of its partner suppliers. Unit managers complete a "Supplier Assessment Form" to identify vendors in need of improvement, and follow up with tracking and reviews. On December 12, 2023, an online "Supplier Conference" was held to provide guidance and education to suppliers, and to promote our company's policies and values, ensuring effective supplier management. These specific measures aim to advance supplier management, working hand-in-hand with our partners to contribute to environmental protection and social sustainability, moving towards the goals of corporate and environmental sustainability.

Information Security Management and Personal Data Protection

Capital Financial Group has long been attentive to critical issues such as information security, ongoing business operations, information services, and personal data protection. The goal is to ensure the rights of stakeholders and data security. In March 2006, we obtained ISO 27001 certification, becoming the first securities firm in Taiwan to achieve this international accreditation for Information Security Management Systems. Subsequently, in November 2008, we successfully passed BS 25999 certification for Business Continuity Management Systems. In September 2013, we transitioned to the international standard ISO 22301 for Business Continuity Management Systems, earning recognition from the International Organization for Standardization (ISO). Capital Financial Group took a leading industry position by obtaining the BS10012 (Personal Data Protection Management System) international certification in January 2013, becoming the first financial institution in Taiwan to achieve international certification for personal data protection in securities, futures, insurance brokerage, and insurance agency. Additionally, in November of the same year, the company was honored with the "2013 BSI AWARD for Excellence in Personal Data Protection Management" by the British Standards Institution (BSI). To ensure the continuous and effective operation of various systems, we have established a cross-departmental Business Continuity and Information Service Committee. Regular management review meetings are held, attended by the President and department heads, to discuss and decide on significant matters related to each management system. The committee also facilitates communication and coordination across departments, reviews and improves existing management systems, and strengthens operational efficiency and effectiveness. Regular comprehensive risk assessments are conducted to respond to the rapidly changing financial markets and information technology landscape. This includes evaluating vulnerabilities, threats, and impacts in order to reduce risks.

Periodic audits are conducted on outsourced suppliers handling personal data. These audits cover information security organization, personnel, physical environment, network communication, and business continuity controls. Suppliers are requested to address and improve any identified non-compliance issues. This not only ensures that suppliers meet information security requirements but also enhances their capabilities in information security management through audit activities.

Core Operating Systems and Equipment

In compliance with relevant legal regulations, our company manages information security protection matters, regularly assesses the information of core operating systems and equipment, takes appropriate measures based on the assessment results, and reports to the board of directors. This is done to ensure the continuous operation and operational resilience capabilities. The core operating assessment report for the year 2023 was presented to the board of directors on March 12, 2024. In 2023, information expenses (including capital expenditures, maintenance costs, and software and hardware equipment) reached NT\$161 million.

Operational Interruption Risk Information.		
No.	The primary risk factors for operational disruptions.	Operational Disruption Risks and Corresponding Measures.
1	External Disasters	BCM Remote Backup Mechanism (Data Centers, Offices)
2	Supplier Service Interruption	Local Backup Mechanism (Backup Lines, Generators)
3	Information System Abnormalities	Local Backup and BCM Remote Backup Mechanism
4	Information Security Incidents	Implementation of Security Measures and Ongoing Education and Training

In relation to the competencies and knowledge required for personnel involved in system operations, specifically within the ISO 27001 system, the Information Department will develop an annual training plan for system personnel. This plan aims to ensure that colleagues understand the operational processes of the system and can apply them in their day-to-day tasks. In the event of significant information security incidents, periodic announcements will be made to heighten colleagues' awareness.

The Compliance & Legal Department, along with the Information Department, conducts education and training on personal data and new legal regulations. The company has also implemented personal data protection management software, which blocks the printing of personal data reports by colleagues to reduce the risk of personal data leakage."

In accordance with the ISO 22301 system, the company collaborates with the General Affairs Unit and external fire departments to conduct evacuation drills, first aid training, and crisis



management team tabletop simulations. These simulations simulate emergency scenarios such as fires, earthquakes, or infectious diseases. On October 20, 2023, a fire drill was conducted to facilitate employee understanding of emergency evacuation routes and related safety procedures. This ensures that, in the event of an actual disaster, individuals do not panic excessively, thereby minimizing potential loss of life and property damage.

Additionally, to address the risk of business operational disruptions, the company regularly coordinates with the exchange to schedule off-site office relocation drills. These drills aim to confirm the effectiveness of off-site activation and ensure personnel are familiar with the operational procedures in the event of activation.

Personal Data Security Protection

To regulate the collection, processing, utilization, and maintenance of personal data in various business operations, and to prevent the unauthorized disclosure of personal information, we are committed to implementing robust information security practices, ensuring personal privacy protection, and maintaining the company's excellent reputation. All personnel in our company follow the established procedures when collecting, processing, and utilizing personal data to achieve the goal of protecting personal information.

In terms of customer data protection, we prioritize safeguarding customer privacy rights, allowing customers to confidently use the various services provided on our website. We collect and process personal data only within the scope agreed upon by the customer. Except with the prior consent of the customer or as required by relevant laws, we do not provide personal information to any third parties or use it for other purposes. Our privacy policy covers data security, the use of cookies, and self-protection measures. We actively monitor technological, environmental, and legal changes, periodically updating our privacy statement to ensure and safeguard customer privacy rights. If customers have any questions regarding our privacy policy or its implementation, they can contact our customer service center at any time.

Supervision and Audit

To enhance our cybersecurity capabilities, achieve the goals of security, convenience, and uninterrupted operation, our company continues to refine and improve information security measures. In 2023, we established the Information Security

Management Committee to ensure the effective ongoing operation of the information security management system. The Information Security Officer coordinates and oversees all matters related to information security. A dedicated information security unit has been established, which includes one security officer and two information security personnel, responsible for implementing information security policies and related systems. Regular monthly information meetings discuss and track all information security issues. Annually, core operational systems



and equipment are assessed to ensure operational continuity and resilience.

Annual assessments are conducted on core operational systems and equipment to ensure continuous operations and resilience. The overall status of information security is summarized and reported to the board within three months after the end of the fiscal year. This report includes a review and proposed improvements, and it is jointly signed by the Chairman, President, and Audit Officer as an internal control statement.

Management should ensure the regular or periodic assessment or audit of the personal data management system. This involves reviewing whether control objectives, control measures, and procedures align with relevant standards, legal regulations, or personal data management requirements. Effective execution and maintenance should be planned according to expectations, aiming to continually enhance the effectiveness of the personal data management system.

In 2023, there were no incidents of information leakage or data breaches. The proportion of incidents related to data leakage was zero, and there were no incidents affecting customers due to information leakage or hacker intrusions, including no incidents of brute force attacks by hackers resulting in information leakage.

items	Annual situation
1. Number of data breach incidents	0
2. Proportion of data breaches related to personal information	0
3. Number of customers affected by data breaches	0

Stakeholder Engagement

Definition and Engagement of Stakeholders

In order to achieve sustainable business operations, our company considers maintaining positive interactions and open communication channels with stakeholders as a primary objective. The key stakeholders involved in the company's operational activities include shareholders, investors, customers, employees, government regulatory authorities, suppliers, schools/academic institutions, local communities, and media. The issues they are concerned about and the scope of their impact are diverse and extensive.

The company places great importance on establishing communication channels with stakeholders. We have implemented a spokesperson and deputy spokesperson mechanism, and have diverse and open communication mechanisms, such as an employee suggestion box, a customer service hotline, and an online customer service platform on our website. We have also set up a dedicated section for stakeholders on our website, disclosing contact phone numbers and emails. We strive to handle and respond to feedback and suggestions from stakeholders promptly within the specified timeframe. Furthermore, we encourage all stakeholders to provide continuous feedback on various aspects of our business and financial status.

Engagement with Public Offering Companies

In 2023, the Company engaged with Public Offering Companies (the companies we invested) as outlined in the following table:

Attendance at shareholder meetings	On-site visits (including guided sessions)	Discussions via email	Meetings via phone (or video conferences)	participations in investor conference
16	0	0	2	16

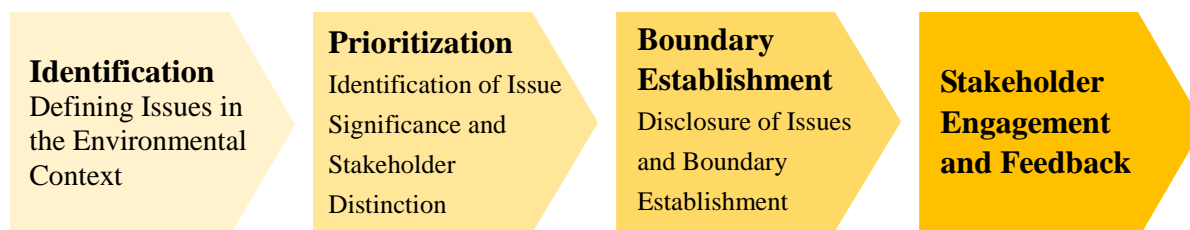
In 2023, the voting summary of the Company's participation in shareholder meetings of Public Offering Companies (the companies we invested) is as follows:

Participation in Voting	Votes in Favor	Votes Against	Abstained Votes
16	16	0	0

Identification of significant issues

Through diverse and ongoing mechanisms of communication with stakeholders, we identify significant issues. Based on this identification, we formulate key management policies and implementation plans. Utilizing a systematic approach and long-term commitment, we integrate internal resources and collaborate with partners to implement concrete measures. We continuously review the primary performance and feedback related to each issue.

Identification process



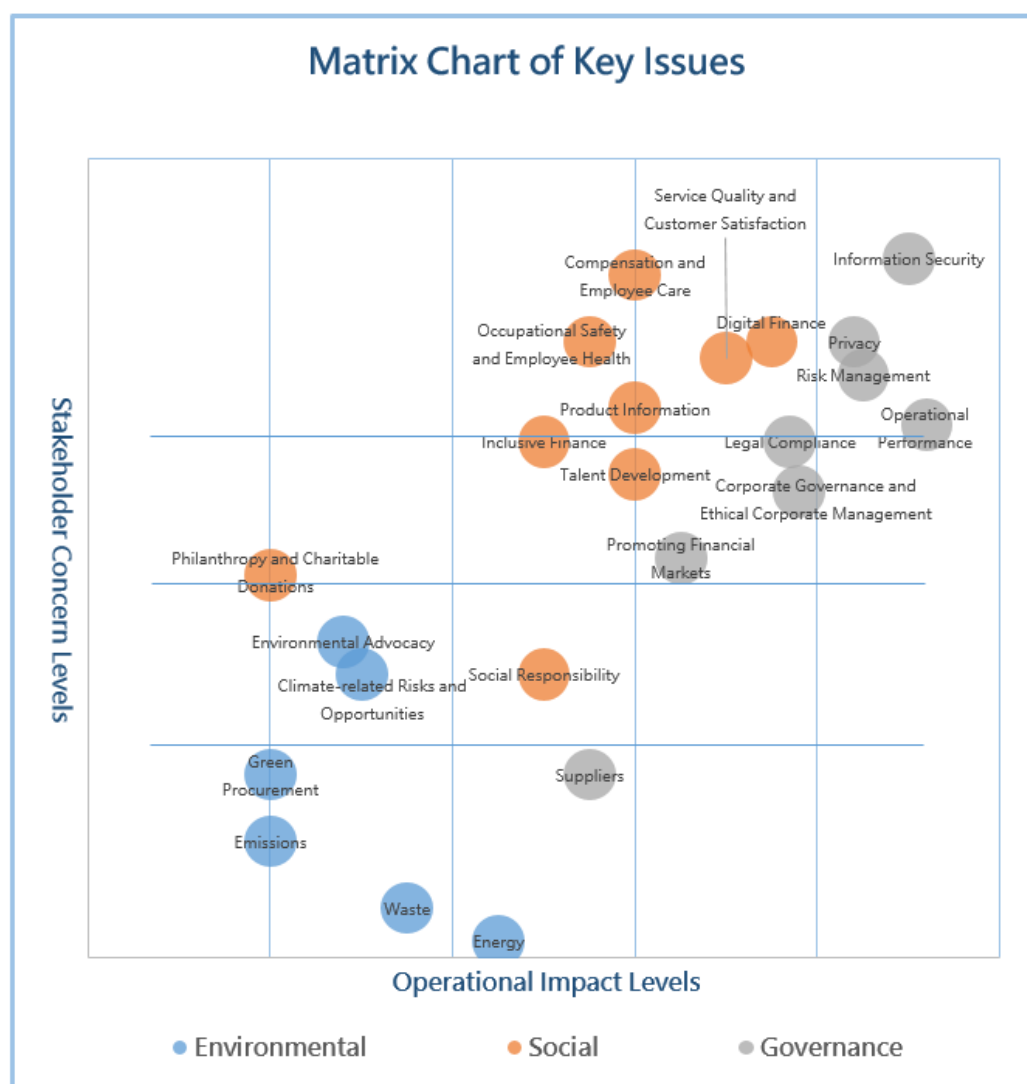
Stakeholder Concerns and Communication Channels

Stakeholder	Issues of Concern	Communication Channels and Response Mechanisms
Shareholders Investors Customers	Corporate Governance Business Performance Legal Compliance Information Disclosure Investor Rights Protection	<ol style="list-style-type: none"> 1. Establishing a spokesperson and deputy spokesperson mechanism, with dedicated sections on the website disclosing their contact phone numbers and email addresses. <ul style="list-style-type: none"> • Capital Customer Service Center Tel: 412-8878 (please dial 02 in front for mobile phones) • Capital Service Department Tel: (02)2702-3999 • Spokesperson: President Mao, Jen-Hua Tel: (02)2700-2888 • Deputy Spokesperson: Executive Vice President Lin, Li-Chuan Tel: (02)2700-2888 2. Organizational structure and department functions of the company comply with relevant legal regulations. 3. Establishment of an independently operated internal auditing department. 4. Establishment of risk management policies and mechanisms. 5. Establishing an Audit Committee, a Remuneration Committee, and an Ethics and Sustainability Committee, and convening regular meetings for these committees. <ul style="list-style-type: none"> • In 2023, convened 5 meetings of the Audit Committee, 7 meetings of the Remuneration Committee, and 3 meetings of the Ethics and Sustainability Committee. 6. The company updates and discloses information on the Market Observation Post System and its corporate website in accordance with regulations. 7. Host investor forums or briefings on a non-regular basis. 8. Established both Chinese and English investor relations

Stakeholder	Issues of Concern	Communication Channels and Response Mechanisms
		<p>webpages, offering access to query/download company-related information.</p> <p>9. Convene the Annual Shareholders' Meeting (May 31, 2023).</p> <p>10. Held investor conferences and announced them on the Market Observation Post System and the company's website.</p> <ul style="list-style-type: none"> • Two investor conferences were conducted on June 21, 2023, and December 12, 2023.
Employees	<p>Compensation and Benefits</p> <p>Performance Evaluation</p> <p>Education and Training</p> <p>Workplace Safety</p> <p>Internal Communication</p> <p>Healthcare</p> <p>Employee Rights</p>	<p>1. Establishment of the Workers' Welfare Committee, subsidies for employee trips, and other employee activities.</p> <p>2. Regularly convene labor-management meetings and department meetings.</p> <ul style="list-style-type: none"> • The company holds labor-management meetings every quarter. <p>3. Compensation and bonuses are determined based on the overall operational results of the company and individual performance.</p> <p>4. Employee training is conducted through the E-learning platform.</p> <ul style="list-style-type: none"> • In 2023, a total of 28 courses were conducted on the E-learning platform. <p>5. Maintain a healthy and safe working environment.</p> <p>6. Every quarter, arrange for a doctor to provide health consultation services to colleagues.</p> <ul style="list-style-type: none"> • In 2023, the total number of health consultation services was 118. <p>7. Establish fair and transparent systems and open communication channels to ensure employee rights.</p> <ul style="list-style-type: none"> • Set up an employee feedback mailbox, reporting system, and channels for filing harassment complaints. <p>8. Adhere to relevant labor laws and regulations, emphasizing employment equality.</p>

Stakeholder	Issues of Concern	Communication Channels and Response Mechanisms
Competent authority and Industry Peers	Legal Compliance Legal Advocacy Consultation Information Disclosure Fair Competition	<ol style="list-style-type: none"> 1. In accordance with the requirements of the financial competent authority, regularly monitor and audit the company's relevant systems and operations. 2. Establish a comprehensive legal compliance system and conduct regular audits. <ul style="list-style-type: none"> • Conduct annual self-assessments of legal compliance in each department. 3. Participate in relevant meetings with the competent authority and peripheral units, provide timely advice, and cooperate in promoting financial knowledge. 4. Designate appropriate contact points to maintain good interaction with external units. 5. In accordance with regulations, disclose relevant information on the Market Observation Post System and the company's website. 6. Actively participate in relevant activities organized by industry associations to create a fair and harmonious competitive environment.
Suppliers Schools and Community Services	Procurement Contracts Social Responsibility Energy Conservation and Emission Reduction	<ol style="list-style-type: none"> 1. Establish a "Supplier Management" section on the company's website, publicly announce the "Supplier Management Policy." 2. Conduct policy advocacy and education and training for suppliers. <ul style="list-style-type: none"> • Convene a supplier conference via video conference on December 12, 2023. 3. Regularly conduct comprehensive assessments of cooperating suppliers, identify vendors for improvement, and follow up with reviews and improvements. 4. Participate in campus recruitment fairs and collaborate with various school departments on industry-academic cooperation. <ul style="list-style-type: none"> • Through intern recruitment activities, promote correct concepts of futures trading at major universities. 5. Conduct procurement bargaining meetings as required and implement green procurement. 6. Collaborate with universities on the "Capital Futures Internship Program," assisting students in laying a solid foundation for entering society through this industry-academic cooperation project. 7. Participate in blood donation activities and "Capital Loves Reading," as well as engage in river cleaning activities and donate supplies to medical units. 8. Conduct a greenhouse gas inventory to understand the company's greenhouse gas emissions and formulate reasonable and measurable emission reduction goals and strategies.

Analysis of the Significance of Stakeholder-Engaged Issues



Major Theme Management Policy

The company has identified 6 major themes through the significant analysis process for 23 sustainability issues. These themes include information security, digital finance, risk management, privacy, legal compliance, and Operational Performance.

In terms of ESG initiatives, among the 6 major themes, 1 falls under the social dimension (digital finance), and 5 fall under corporate governance (information security, risk management, privacy, legal compliance, and Operational Performance). Corresponding to GRI guidelines, among the 6 major themes, 1 fall under general disclosure topics (legal compliance), 3 under specific topics (information security, risk management, privacy), and 2 under self-defined topics (digital finance and operational performance).

Management policies for the six major themes have been formulated by the company and are summarized as follows:

Topic Classification	Topic	Management Policies/Check and Evaluation
Social	Digital Finance	<p>The Digital Growth Department oversees the company's work in digital innovation, demand management, system development, and cybersecurity operations. It coordinates and integrates the company's digital resources, leveraging digital innovation technologies and services to exceed customer expectations with a commitment to continuous improvement. The department applies digital technology across various aspects, developing diverse platforms that enhance customer investment efficiency. These platforms are designed to be adaptable to various mobile devices, meeting customer needs and achieving goals in digital transformation. The objective is to lead the industry in various aspects, including green finance, by identifying and responding to impacts. The company will continue to innovate and actively promote related digital financial services, fostering digital upgrades and optimizing the customer experience.</p>
Governance	Operational Performance	<p>The total volume of the Company's domestic futures brokerage business in 2023 was about 51.75 million lots, with a market share of 7.97%, a decrease of 16.65% as compared with 62.09 million lots in 2022, and the trading volume of its overseas futures business was about 7.69 million lots, with a market share of 18.38%, a decrease of 23.59% as compared with 10.07 million lots in 2022. However, in 2023, benefited from the increase in the interest income from customer deposits, its consolidated revenue was NT\$2,212,577 thousand dollars, with a decrease of 20.42% as compared with 2022, and its consolidated net profit before tax was NT\$1,276,858 thousand dollars, with an increase of 33.38% as compared with 2022, and its consolidated net profit after tax was NT\$1,011,052 thousand dollars, with an increase of 29.40% as compared with 2022. As for operating goals, the Company develops diversified businesses and gains profits in diversified ways to create a multi-way-based profit-making mode.</p> <p>Capital Futures is committed to successively launching a number of digital innovative services for a long time by combining the power brought by digitalization and people. Through financial technologies and digital innovation, including personality test for investment master DNA trading, intelligent promotion, futures winner ecosystem, etc., Capital Futures provides customers with their most needed investment information, improve their experience in trading, and assist them in achieving their wealth growth goals, which are widely recognized by the investors in the market. The Company also introduces a "Design Thinking" based method to establish a corporate innovation culture via the practice in workshop and seeds training to root innovative thinking in its DNA. And the Company establishes reward programs for digital innovation to stimulate staff innovative potential to improve its efficiency and reduce risks.</p>

Topic Classification	Topic	Management Policies/Check and Evaluation
		Capital Futures will adhere to ethical management, strengthen corporate governance, fully protect shareholders' rights and interests, and build a safe investment environment while pursuing long-term stable profits, and it is committed to implementation of sustainable development.
Governance	Risk Management	To effectively manage the operational risks of the company, a top-down management process is established, involving the board of directors, senior management, and employees collectively participating in its implementation. From the company's overall perspective, a series of activities, including the identification, assessment, monitoring, reporting, and response to potential risks, is undertaken. These activities utilize a qualitative and rigorous quantitative model to quantify risk management, allowing the company to achieve rationalized allocation of risk assets and maximize shareholder returns within an acceptable risk range.
Governance	Legal Compliance	Legal compliance is an important part of corporate governance. The company has a Compliance and Legal Department, which oversees the planning, management, and execution of various legal compliance systems, as well as handling legal matters. All internal management and operational rules of the company comply with current laws and are regularly reviewed and revised. The Compliance and Legal Department clearly communicates relevant legal regulations to each unit in a timely manner and provides appropriate legal training to company employees, ensuring that employees adhere to legal requirements in their various business activities. The management emphasizes the importance of legal compliance, ensuring that the company's business activities comply with legal regulations.

Topic Classification	Topic	Management Policies/Check and Evaluation
Governance	Privacy	<p>In response to the active market transactions and the growing number of customers, the company is dedicated to strengthening customer and company confidential information security. Besides maintaining the ISO management system to effectively manage information security and personal data protection, the company also implements these measures in its ongoing business operations. Regular internal PIMS drills are conducted, with a focus on enhancing privacy security control mechanisms and increasing employee awareness of privacy protection to create an environment that prioritizes customer privacy security.</p> <p>The company is committed to safeguarding the security of customer's personal data through various security technologies and management measures. Personal data is stored in tightly controlled computer servers accessible only to authorized personnel, and privacy and online transaction security are ensured through technologies such as firewalls. The transmission of personal identification data during the process is encrypted using methods like SSL encryption protocols to protect personal identification information.</p> <p>Privacy statements are periodically updated in response to changes in the technological environment and regulations, ensuring the implementation and protection of customer privacy rights. The company provides comprehensive and enthusiastic customer service through the "Capital Customer Service Center," which includes a dedicated service hotline. Customer feedback and suggestions are recorded, serving as crucial input for internal units to review and improve. The Customer Service Center plays a vital role as a communication bridge between customers and Capital.</p>
Governance	Information Security	<p>The company has consistently focused on four critical issues: information security, continuous business operations, information services, and personal data protection. The goal is to ensure the rights of stakeholders and data security.</p> <p>To ensure the continuous and effective operation of various systems, a cross-departmental "Business Continuity and Information Service Committee" has been established. Regular management review meetings are held with participants, including the President and department heads. These meetings discuss and agree on significant matters related to each management system, facilitate communication and coordination among departments, and review and improve existing management systems to enhance operational efficiency and effectiveness. Additionally, comprehensive risk assessments are regularly conducted to respond to the rapidly changing financial markets and information technology landscape. These assessments evaluate vulnerabilities, threats, and impacts, aiming to reduce associated risks.</p>

Products and Services

The company keeps a vision of "becoming the most customer-centric financial services firm" and strives to provide diverse futures products and services while enhancing customer awareness of these products. In product design and service quality, the company aims for innovation to generate the maximum additional value for customers. This commitment represents the fundamental attitude of the company's team towards its business.

Comprehensive Customer Service

To comprehensively meet the trading needs of customers, the company provides all-encompassing services to create a high-value advantage. As a result, it has consistently received favorable reviews from the market and customers, ranking among the industry leaders in market share and profitability.

The company's team possesses professional service capabilities in the global futures market and is dedicated to guiding customers in participating in global market transactions. Particularly with the dual advantages of exchange membership and Direct Market Access (DMA), the overseas futures business has continued to grow, establishing itself as the leading brand for global futures trading in the eyes of Taiwanese investors.

In terms of professional services, the company assists various types of clients in identifying profit opportunities. Through organizing investment seminars and training courses, it helps clients grasp global market trends and profit opportunities. The company also promotes and educates clients on correct trading concepts and the latest investment methods, thereby attracting successful market participants to its platform. Consequently, the company's clients consistently achieve remarkable profits in the market.

Domestic and International Professional Corporate Services

Primarily serving domestic and international financial institutions such as government funds, life insurance companies, mutual funds, banks, hedge funds, high-frequency proprietary traders, etc., our core focus is to provide global futures/spot market trading, and hosting services. In addition to 24-hour manual order-taking services, we offer high-performance electronic trading platforms, DMA integration with FIX and APIs, and customizable reporting services. Our commitment to professionalism, efficiency, and flexibility positions us as the most trusted long-term partner for domestic and international institutional clients.



**成為最感動顧客
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Do all the best for customers

Cross-Time Zone 24-Hour Service

In addition to electronic order placement through our information system, our company is a pioneer in the industry, establishing a corporate cross-time zone 24-hour service team to provide comprehensive services for professional institutional clients. Clients can place orders manually via phone and Bloomberg, and our experienced team ensures accurate execution of trading instructions. Furthermore, we offer real-time market information during trading hours, insights into retail and institutional trends, expert analysis on domestic policies, daily pre-market and post-market reports, and customized research reports to assist clients in gaining a deeper understanding of the Taiwan market.

Direct Sales

The company's direct sales business team is composed of approximately 200 futures professionals, with two business units in Taipei and Taichung to serve clients. We organize various online and on-site investment seminars and practical training courses, assisting clients in utilizing trading platforms and apps, which not only enhance trading efficiency/speed but also provide 24-hour real-time global information services. In the rapidly changing futures competitive market, these give clients more advantages, securing opportunities for stable profitability.

To adapt to changes in the market environment, the futures direct sales team innovates in online marketing and channel operation cooperation. Utilizing various innovative models such as keyword searches, Facebook live streaming, LINE@ management, etc., the team establishes individual business expertise and characteristics. Additionally, they diversify business channels, ensuring continuous development and growth of the business.

Omni-Channel Sales

The company's channel sales team serves IB partners, including Capital Securities Corporation, Land Bank of Taiwan, Primasia Securities, with a wide-reaching presence across Taiwan. Through online live forums, interactive video education and training, communication group integration centers, cloud-based strategic data analysis, instant online account opening systems, and virtual trading reality training, we achieve FinTech-enabled channel services.

Each channel unit is tailored by a professional team to meet customer needs, prioritizing customer satisfaction to build a positive reputation, ultimately expanding overall performance and creating impressive results in collaboration with channel partners.

By focusing on various high-value-added policies, coupled with marketing and education training, and complemented by a market-leading information platform, IB locations will become a powerful and influential force in the business landscape.

Leverage Transaction Business

In 2016, our company received approval from the Financial Supervisory Commission to operate as a leverage transaction provider. In December of the same year, we officially commenced operations, becoming Taiwan's first legal foreign exchange margin leverage transaction provider. In addition to maintaining robust operations based on foreign exchange margin products, we aim to enable investors to further participate in various international markets. Through outstanding innovative product design, we initiated gold CFD for the first time, using gold as the underlying asset. Simultaneously, to lower investment barriers, we specifically offer small-scale 'Nanogold' products for the younger generation and small-scale investors, with the minimum trading unit being only one percent of a gold futures contract.

The gold CFD product is named 「奈米金」 and in 2021, we acquired trademarks for 「奈米金」, 「群益奈米金」, and 「T-Sport」. In 2022, we obtained trademarks for 「奈米指」 and 「群益奈米指」. With innovative CFD services and the issuance of nanoscale products, our company is cultivating competitiveness in the new generation of the international financial market. This allows financially modest young individuals and small-scale investors to have access to suitable financial investment channels. Our company will continue to provide a variety of nanoscale products.



Digital Community Platform

In response to the rapid development of digital platforms, we have immersed ourselves in the community and cultivated digital growth marketing techniques. Managing Facebook pages, LINE official accounts, YouTube channels, and Instagram, we swiftly and conveniently disseminate firsthand market information to channels commonly used by our customers. This approach aims to popularize investment and financial information, enhance the financial knowledge of the investing public, and currently, all of our channels continue to experience steady growth in followers. Additionally, to foster intellectual property and digital innovation in preparation for global challenges, we have patented and developed a gamified design for LINE card interactions. This innovative mechanism leverages the power of social networks, allowing friends to share with friends, and effectively utilizes digital and community forces for marketing diffusion.

Advisory Consultation and Research Platform

Digital Strategy Platform

In response to globalization where investors have deployed their assets around the world, we are leading the pack in the industry with our new 'Digital Strategy Platform.' This platform doesn't just cover local futures – it also reaches out to important futures all around the globe, setting us as pioneers among local futures companies. Our research platform gives customers various information, covering indices, foreign exchange, commodity raw materials, and more. It's a one-stop-shop, meeting all customers' diverse needs in a simple and comprehensive way.



I-View Digital Platform

The company advisory team adheres to a collective spirit that prioritizes the 'common good,' championing the investment interests of our clients. We not only assist clients in their learning and growth within the investment realm but also embody a philosophy of continuous improvement through precise and innovative financial services. Our focus is on developing practical and highly reliable trading indicators.

The advisory team harnesses the integration of financial innovation and information technology, utilizing quantitative trading. In a diverse array of program strategies, investors can choose between short-term, medium-term, and long-term trends for strategic trading. We took the lead in introducing the KD520 indicator, providing investors with trends in both domestic and international assets.

I-View Digital Platform offers a diverse range of ways for clients to sign up and subscribe, including an automatic renewal feature. It seamlessly integrates with the " Mobile Winner App " APP, allowing users who subscribe through the app to instantly receive market analysis and order information for convenient real-time trading.

Mobile Trading Platform

Options offer low capital costs, low entry barriers for investors, easily controlled risks, and flexible long and short positions. These characteristics make it convenient to guide investors to extend their stage to overseas markets and move towards internationalization. In line with the era of digitization and information technology, and recognizing the trend of trading via mobile platforms, our company independently developed "Global Trading Winner," becoming the first futures broker to provide super-fast order placement through a mobile platform. We also introduced the 'Capital Quick Cheetah' app, allowing investors to combine real-time information with keyword-based ordering, view professional and in-depth reports, ensuring a pleasant trading experience for customers every time.

In 2020, we independently developed the order placement software "Mobile Winner" app. This app can configure the main and backup systems for each exchange based on data and experience. With the added DMA system, "Mobile Winner" app has a competitive edge, adapting to market changes and making the best choices for customers. Through FinTech technology, our company has transitioned from the information millisecond race to becoming a value service provider.

Global Electronic Trading Platform

Leading Core Competence

The Information Department of Capital Financial Group leads the development of the group's technology strategy, staying ahead of market trends to innovate digital services and create wealth for clients. Serving as the driving force behind various business sectors, the department possesses the capability for system independent research and development, enabling swift support for business expansion. It offers differentiated and high-value-added services, establishing a leading core competence.

Integrating financial services across Greater China, we expand the GLOBAL CAPITAL DMA global trading platform. This platform provides 24/7 maintenance and operation management, with a standby team and a Customer Service Center (Call Center) available 24 hours a day, offering clients immediate and high-quality services.

In alignment with digital transformation, we apply for patents for innovative financial services. Tailoring the patent landscape to business needs, the company began planning its patent strategy in 2020. By 2023, we obtained several patents, including the "Financial Business Communication Software Information Aggregation System," "Smart push broadcasting system," "Homeopathic channel robot trading system" and "Investment and Trading Risk Assessment System," perfectly showcasing the comprehensive benefits of integrating internal and external resources.

While technology and knowledge associated with patents are intangible, the acquisition of patent rights transforms these intangible assets into tangible ones, seizing opportunities. This not only enhances the company's image in the "digital transformation" landscape but also enables the company to exclude infringement from competing peers through the exclusivity of patent rights.

Comprehensive Information Security

We have a comprehensive information governance management system, obtaining international certifications for Information Security (ISO 27001) and Business Continuity Management System (ISO 22301). This strengthens the internal organizational capabilities, creates a leading core competitive advantage, lays a solid foundation, and makes the utmost effort to provide customers with secure, stable, and fast services.

Fair Treatment and Friendly Service

The company actively upholds the core principles of fair treatment of customers and has established the "the Treating Customer Fairly Guideline". These guidelines encompass principles such as fair and honest contracting, duty of care and loyalty, truthful advertising and solicitation, product or service suitability, notification and disclosure, sales of complex and high-risk products, balanced compensation and performance, complaint protection, and professionalism of business personnel. Additionally, a Fair Treatment Committee has been established to oversee the planning and implementation of the fair treatment principles, ensuring their thorough execution.

While developing our business, our company places a strong emphasis on customer rights, adhering to the regulations of the "Financial Consumer Protection Act." Through rigorous and compliant Know Your Customer (KYC) procedures, we assess customers' investment and financial needs, taking into consideration factors such as age, knowledge, experience, and asset condition. This is done to safeguard customers' financial consumer rights. We utilize information systems to monitor customers' profit and loss situations, enabling effective risk management. In order to enhance information security operational processes and protect customers' personal data, we have strengthened internal operational information security.

In 2023, our company regularly promoted fair customer treatment principles to all employees on a monthly basis. Quarterly, we conducted "goodwill customer interview operations," interviewing at least 20 customers, and added a fraud prevention section to the company's official website to enhance fraud awareness and customer protection.

Assessment Dimensions of the Principle of Fair Customer Treatment

Principle of fair and good faith upon entering into agreements	Principle of due care and fiduciary duty	Principle of true advertisement and solicitation
Principle of suitability of products or services	Principle of informing and disclosing	Principle of balance between remuneration and performance
Principle of complaints protection	Principle of the professionalism of business people	The enterprises' boards of directors value the principles and take specific actions accordingly.

Service and Protection for the Elderly, Individuals with Disabilities, and New Immigrants

We advocate for and implement the "Chinese National Futures Association Member Financial Friendly Service Guidelines" in the service and protection of elderly clients, individuals with disabilities, and new immigrants. For the elderly, we provide large-print versions of contractual documents and reading glasses for easier review of account opening materials. We establish account opening conditions related to trading experience and financial capability, considering Know Your Customer (KYC) and Know Your Product (KYP) results. We employ a caring approach with tailored questioning, remind clients of trading risks, assess the suitability and reasons for recommending products or services, ensuring that marketed offerings are indeed suitable for elderly clients.

For individuals with disabilities, we offer necessary assistance, such as accessible facilities, home visits for account opening, and personalized support. In cases where psychological challenges are suspected during account opening, frontline staff will guide clients to experienced personnel for assistance. Supervisors also provide appropriate explanations and handle situations with care.

In recent years, the number of new immigrants settling in Taiwan has increased. In addition to providing services in Mandarin, Taiwanese, and English, our company has incorporated proficient Vietnamese-speaking staff to assist new immigrants during account opening or contractual processes. We also offer instructional videos in Vietnamese to facilitate easier access to information and services for new immigrants.

Financial Friendly Service Zone (<https://friendly.capital.com.tw/site.asp>)

In accordance with the "Web Content Accessibility Guidelines," the company has established the "Financial Friendly Service Zone." Following the principles of accessible web design, we incorporate features such as web page anchors (:::), site navigation, Access Key, and other design elements to create the "Financial Friendly Service Zone Platform" for accessible users. In an era of continuous advancement in web technology, we aim to cultivate a friendly financial environment by providing convenient functions on our company's website for individuals with disabilities. This ensures their basic right to access accessible financial services.

Furthermore, the Friendly Service Zone is not limited to users with disabilities but is also designed to accommodate customers with lower-end hardware, slower internet connections, or those using older versions of text-only browsers. This approach reduces barriers and inconveniences, aiming to provide each customer with a user experience as close as possible to that of typical users.

Suggestion and Complaint Mechanism

The company provides comprehensive and enthusiastic customer service through the "Capital Customer Service Center," which includes a dedicated service hotline. Customer feedback and suggestions are recorded, serving as crucial input for internal units to review and improve. The Customer Service Center plays a vital role as a communication bridge between customers and Capital.

To establish an ethical and transparent corporate culture and promote sound management, the company has formulated the "Implementation Guidelines for the Whistle-blowing System."

The company values the opinions of customers and the general public. In order to address diverse needs comprehensively, we have established a flexible and responsive complaint mechanism. We actively listen to feedback, promptly relay it to the relevant departments, and respond immediately to meet demands and address concerns, thereby safeguarding customer rights.

Complaint Handling and Review

We offer ample complaint channels, including online complaint lines and email options. Our streamlined complaint process boasts an exceptionally high closure rate: Notification Form → Response to Customer Inquiry within 28 days → Closure Report.

Complaint cases are categorized and regularly reported to the committees and the board for review. Complaint types (e.g., service-related, system issues) are presented for review at least annually by the Treating Customer Fairly Committee, the Ethics and Sustainability Committee, and the board.

- In 2023, there were a total of 8 complaint cases with a 100% closure rate.
- In 2023, the Financial Supervisory Commission took disciplinary actions against three employees of the company, constituting 1% of the total workforce.
- In 2023, there were a total of two ongoing civil lawsuits pending resolution due to customer complaints.

Event	Principal Litigant	Disputed Facts	Current Status	Commence ment Date of Litigation	Amount in Litigation Unit: NTD
Legal Category	Plaintiff: Lai,Ching-ho Defendant: Capital Futures	Plaintiff filed a lawsuit claiming that the defendant, due to overdue business income tax, underwent compulsory enforcement by the Taipei Branch of the Administrative Enforcement Agency, Ministry of Justice. According to the execution order issued by the Taipei Branch on December 26, 2014, the defendant transferred NT\$264,089 by check to the National Taxation Bureau of Taipei on December 31, 2014. The plaintiff alleges that the defendant infringed upon their property rights.	The plaintiff lost the first-instance case, and the case is currently pending in the Civil Division of the Taipei District Court for the second instance.	April 20, 2022	The amount in litigation is NT\$260,000, and interest at an annual rate of 5% is calculated from the day following the delivery of the complaint until the date of settlement.
Legal Category	Plaintiff: Wang,Ta-Chi Defendant: Capital Futures	The plaintiff alleged that on September 4, 2019, at 5:00 AM, the widening of the spread between the British Pound and the U.S. Dollar led to a decrease in the maintenance margin ratio of open positions, as stipulated. As a result, the defendant forcibly liquidated the positions in accordance with the agreement. The plaintiff contends in the lawsuit that the defendant engaged in fraudulent practices, thereby infringing upon their rights to the margin property.	The case is currently pending in the Taipei District Court's Simplified Division for the first instance.	September 2, 2021	NT\$200,000 and interest at an annual rate of 5% calculated from September 4, 2019, until the date of settlement.

Employee Care

Employees with synergy is the foundation of enterprise competitiveness. The Company upholds the spirit that employees are the most important asset of the Company, and adopts fair and good HR policies, optimizes the welfare system, takes care of employees, and recruits outstanding talents through multiple channels and allows Capital employees to create value at work and achieve a balance between life and work.

The company has dedicated to creating a family-friendly workplace environment. We advocate for preferential rates on self-funded group insurance for employees and their families. In supporting our female colleagues, we align with the Ministry of Health and Welfare's breastfeeding policy and encourage our employees to breastfeed in accordance with the spirit of gender equality outlined in the Act of Gender Equality in Employment. We strive to foster a parenting-friendly workplace environment at our workplaces.

In order to alleviate employees' work-related stress, we provide subsidies for recreational clubs and an online learning system. Through the establishment of these initiatives, we aim to create a system that allows employees to balance and enjoy their learning, work, and personal life.

The core belief of Capital Financial Group is "Capital Care, Caring for You." We not only expect our team members to be attentive to the needs of customers and business partners, providing meticulous care and service, but also care for the holistic well-being of all employees. We aspire for all employees to find joy in their work and in their lives.

Employee Structure

The formulation of the Company's rules and regulations based on and abides by related labor laws and regulations to protect rights and interests of all employees. The salary payment policy shall not be lower than the statutory minimum basic salary, and there shall be no discrimination based on gender, gender orientation, age, race and religion. The Company follows the provisions of Article 5 of the Employment Service Act in employee appointment and dismissal, transfer, salary adjustment does not discriminate regardless of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability.

The main operational bases of the company are located in Taiwan. In order to ensure employment opportunities for local residents, we prioritize the hiring of individuals from the local community. Additionally, all senior management executives in our company are also nationals of the country.

The company conducts regular performance evaluations and reviews for all employees to facilitate future career planning. We have established "Employee Performance Evaluation Criteria" to guide this process. The annual performance evaluation scoring criteria for employees are established based on the requirements for talent development and retention,

emphasizing core competencies. Each position has defined evaluation criteria and respective weightings for each criterion. The company conducts annual assessments for all in-service employees, regardless of gender or employee category (excluding employees on probation). Through this mechanism, outstanding employees are identified for promotion and rewards, while those with performance challenges are provided guidance, support, and additional training. This process facilitates the career development of all employees and contributes to the collective development of the company.

The Company has established a reasonable reward system and has set up a remuneration committee to evaluate the fairness of employee rewards. The Company's current operation status, price index, and employee performance are linked to serve as the basis for annual salary adjustments and festival and year-end bonuses. New personnel are remunerated based on market conditions, taking into consideration their education and experience. Salary adjustments are made according to position responsibilities, and there is no differentiation in the initial salary offer based on gender. Salary adjustments for general staff are approved by the President, while those for managerial-level and above are reviewed and approved by the Remuneration Committee before final approval by the Board of Directors.

In addition, employee-employer meetings are held regularly in accordance with the regulations. The discussion includes employee engagement, operation plans and business overview, employee-employer relation coordination, employee-employer cooperation promotion, labor conditions, as well as planning on employee benefit, improving work efficiency, and employee-employer suggestions.

The Company has set up an Employee Opinion Mailbox for all employees to provide opinions, strengthen the work rights, improve the operation process, improve on welfare, and discourage unethical conducts.

The company places great emphasis on employee welfare measures. The Employee Welfare Committee oversees the application process for various welfare benefits, including subsidies for employee weddings, funerals, celebrations, hospitalization and surgery, childbirth, travel activities, natural disaster condolences, and emergency assistance. In order to strengthen the cohesion among colleagues and foster a sense of belonging to the company, a series of employee welfare initiatives, such as the annual Outstanding MVP selection, are implemented. The company is committed to adding diverse elements to welfare programs each year. Overall, the budget for these welfare measures is considered ample, and they are implemented according to the annual plan.



At the end of 2023, the company had a total of 315 employees, including part-time staff. The gender distribution was 46.67% female and 53.33% male. All employees are citizens of the country. The detailed statistics for the human resources structure are provided in the following table:

Regarding the personnel structure categorized by gender:

Capital Futures Corp.(Including Taichung area)	2023		2022	
	Male	Female	Male	Female
Fixed-term contract	13	11	11	5
Open-ended contract	155	136	148	140
Subtotal	168	147	159	145
Percentage	53.33%	46.67%	52.30%	47.70%
Total	315		304	
Full-time	155	136	148	140
Part-time	13	11	11	5
Percentage	168	147	159	145
Subtotal	53.33%	46.67%	52.30%	47.70%
Total	315		304	

Note 1: The calculation is based on December 31, 2023.

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

Regarding the personnel structure categorized by region:

Capital Futures Corp. (Including Taichung area)	2023	
	Taiwan	Other countries/regions
Fixed-term contract	24	0
Open-ended contract	291	0
Total	315	0

Note 1: The calculation is based on December 31, 2023.

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

The diversity distribution of employees:

Capital Futures Corp. (Including Taichung area)		2023		Total	Percentage
		Male	Female		
Age	Under 30 years old	36	39	75	23.81%
	30 - 50 years old (not inclusive)	108	87	195	61.90%
	50 years old and above	24	21	45	14.29%
Total		168	147	315	100%
Education	Below high school	14	15	29	9.21%
	Bachelor's Degree	108	115	223	70.79%
	Master's Degree	43	17	60	19.05%
	Doctoral Degree	3	0	3	0.95%
Total		168	147	315	100%
Job	Manager	40	22	62	19.68%
	Non-manager	128	125	253	80.32%
Total		168	147	315	100%
other	Disabilities	1	2	3	0.95%
	Minority Groups	0	0	0	0
	Foreigner	0	0	0	0

Note 1: Minority group refers to indigenous people.

Note 2: Other diversity indicators refer to foreigners (non-Republic of China nationals).

Note 3: This is the number of employees as of December 31, 2023. There were no significant changes in the total number of employees during the reporting period.

Compensation and Benefits

Compensation System

The Company has established a reasonable reward system and has set up a remuneration committee to evaluate the fairness of employee rewards. The salary of senior executives refers to the standard of the same industry and their academic (experience), title, professional ability and responsibilities, internal salary policies of the company, and future operational risks. The salary is reviewed and approved by the Remuneration Committee before being finalized by the Board of Directors.

In order to effectively motivate the senior management team to enhance the company's operational performance and share in the company's success, we have established relevant reward systems. In addition to using the annual profit and performance of the entire company and each department as the basis for bonus distribution, the compensation for senior managers is also assessed based on individual annual performance evaluations and disciplinary records. The distribution of compensation for senior managers must be reviewed and approved by the Compensation Committee before being submitted to the Board of Directors.

The company has established an employee retirement policy, which is reviewed and approved by the Remuneration Committee, and finalized by the Board of Directors. This policy outlines the calculation of retirement benefits for senior executives.

The company has established a fair and reasonable performance management system for senior executives and their departments. Regular assessments of individual performance for senior managers serve as the basis for promotions, salary adjustments, and bonus distribution. This system is effectively linked to the career development of senior executives, aiming to enhance the performance of departments and the overall company. This approach ensures a win-win scenario where the career growth of senior managers aligns with the shared development of the company.

Additionally, to uphold the company's operational and sustainable development goals, key performance indicators for senior managers such as the President and Executive Vice President have been incorporated into the ESG implementation metrics, with a weighting of 7%. Through performance management mechanisms, the ESG performance of senior managers is closely linked to their variable compensation (year-end bonuses, performance bonuses, and employee rewards).

The performance indicators evaluation items are as follows:

1. Completion of reporting to relevant ESG authorities on sustainable development matters.
2. Submission of progress reports on sustainable development and ESG matters to the board of directors.
3. Management of shareholder meetings, board meetings, and functional committee-related affairs.
4. Governance evaluation results that place the company in the top 20% of listed companies.

5. Implementation of ESG considerations and responses to climate change in investment decisions.
6. Completion of climate risk assessments and greenhouse gas inventories.
7. Preparation and publication of a sustainability report.
8. Completion of sustainability-related outreach or training.
9. Achievement of fair treatment performance goals.
10. Implementation of other ESG-related activities and matters.

The company adheres to relevant laws in establishing internal control system, explicitly stating that senior executives are prohibited from engaging in activities that exceed the company's risk appetite or violate Ethical Corporate Management Best-Practice Principles and Ethical Conduct Guideline for the pursuit of compensation rewards.

Annual Total Compensation Ratio

Regarding the Annual Total Compensation Ratio, due to its sensitive nature, the company has chosen not to disclose specific annual total compensation ratio data. However, all compensation-related operations are strictly executed in accordance with regulations.

Full-time Employee Benefits Expenses (Individual)

Unit: New Taiwan Dollars, Thousand

Employee Benefits Expenses Summary	2023	2022
Salary Expense	489,102	475,987
Labor and Health Insurance Expenses	31,054	28,587
Retirement Pension Expenses	12,590	11,866
Director's Remuneration	31,667	27,012
Other Employee Benefits Expenses	7,791	8,262
Employee Benefits Expenses (Total Amount)	572,204	551,714
Number of Employees	319	306
Number of Non-Employee Directors	6	6
Average Employee Compensation Cost	1,563	1,587
Salary Cost Growth Rate	2.76%	32.20%
Average Employee Benefit Cost	1,727	1,749
Employee Benefit Cost Growth Rate	3.71%	25.29%

Note: The calculation basis for the number of employees should be consistent with the employee benefit cost and average employee salary cost, and the average number of employees should be used for calculation.

Major risk takers variable compensation as a percentage of total compensation : The variable compensation of the company accounts for 28.59% of the total compensation.

The percentage of variable compensation subject to malicious or clawback provisions:

The company explicitly stipulates in its internal bonus guidelines that business personnel are prohibited from enticing clients to inappropriately earn sales bonuses through multiple premature terminations and frequent trading within a short period. They must not violate relevant laws, self-regulatory rules, and operational regulations related to the sale of investment-type financial products. Additionally, they should adhere to the company's internal control and audit regulations and diligently execute the customer due diligence process. If a violation of the aforementioned occurs, resulting in client losses or disputes, the payment of sales bonuses may be temporarily withheld, and the matter will be referred to the Personnel Review Committee for resolution.

Salary of full-time employees not in supervisory positions

Unit: New Taiwan Dollars, Thousand

Item	2023	2022
Number	235	229
Total Salary of Non-Supervisory Full-time Employees	313,370	323,369
Average Salary of Non-Supervisory Full-time Employees	1,333	1,412
Median Salary of Non-Supervisory Full-time Employees	1,022	966

Average Salary Difference for Non-Supervisory Full-time Employees compared to the previous fiscal year (%) : -5.59%

Median Salary Difference for Non-Supervisory Full-time Employees compared to the previous fiscal year (%) : +5.8%

Non-Supervisory Employee Gender Salary Ratio Table

Unit	Ratio of Average Monthly Salary to Minimum Wage for Entry-Level Employees		
	Male	Female	Minimum Wage
Taipei Head Office	2.038	1.551	1
Taichung Branch	1.151	1.208	1

Note: The ratio formula = (Average monthly salary for male or female employees / Government announced minimum wage

Note: In 2023, the monthly minimum wage was 26,400 New Taiwan Dollars, represented as "1" in the table.

The calculation of the female-to-male ratio for basic salary and additional compensation

Employee Category	Gender	Item	Taipei	Taichung Branch
Manager	Male	Average Salary	93,856	100,000
		Compensation Ratio	1.82	1.82
	Female	Average Salary	76,476	55,000
		Compensation Ratio	1	1
Non-Manager	Male	Average Salary	46,675	23,339
		Compensation Ratio	1.31	0.79
	Female	Average Salary	35,657	29,720
		Compensation Ratio	1	1

Note 1: The ratio formula = Average Monthly Salary of Men / Average Monthly Salary of Women, with female salary represented as 1.

Percentage of Regular Performance and Career Development Checks by Gender/Level

Year	2023		2022	
Gender	Male	Female	Male	Female
Number of Checked Employees	143	132	125	113
Total Number of Employees	168	147	139	126
Percentage	85.12%	89.80%	89.93%	89.68%
Employee Category	Manager	Non-Manager	Manager	Non-Manager
Number of Checked Employees	44	231	36	202
Total Number of Employees	45	270	36	229
Percentage	97.78%	85.56%	100%	88.21%

Benefits System

- Leave Benefits

We provide employees with various statutory leaves, including special leave, marriage leave, bereavement leave, public holidays, work-related injury leave, paternity leave, maternity leave, personal leave, sick leave, menstrual leave, family care leave, natural disaster leave, epidemic prevention leave, and prenatal examination leave.

- Insurance Benefits

In addition to providing employees with labor insurance and national health insurance as required by the Labor Insurance Act and the National Health Insurance Act, the company also offers group insurance covered by public funds. Additionally, employees have the option to purchase various self-funded group insurance plans at preferential rates, including life insurance, accident insurance, medical insurance, cancer insurance. Furthermore, the company covers overseas business trips and travel insurance for deployed personnel at company expense.

- Retirement System

The Company has formulated employee retirement guidelines for the retirement life of employees, and all formal employees of our company, including appointed personnel, will retire in accordance with the retirement procedures outlined in the company's employee retirement policy. According to the provisions of the Company's employee retirement guidelines for early retirement application, employees who have served for more than ten years and have reached the age of 55, or have served for more than 20 years, can apply for early retirement in accordance with the provisions of the Labor Standards Act. The company follows the retirement system stipulated by the Labor Standards Act, allocates a retirement reserve fund each month within the range of 2% to 15% of each employee's monthly salary, depositing it into the labor retirement reserve account at Taiwan Bank. Alternatively, in accordance with the regulations of the Labor Pension Act, the company deducts 6% of the salary insured by employees monthly, contributing it to the individual labor retirement account at the Labor Insurance Bureau.

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



- **Employee Stock Ownership**

The company is actively considering an employee stock ownership policy that is fair, equitable, and mutually beneficial for all stakeholders, including employees and shareholders.

- **Employee Relationship Enhancement Benefits**

The company offers an annual travel subsidy to all colleagues, regardless of their position or rank, to give back to the team.

In order to enhance the sense of belonging among colleagues, we have planned a series of employee welfare initiatives, including birthday vouchers, monthly birthday celebrations, New Year party, and the annual outstanding MVP selection. We aim to continually add diverse elements to these initiatives, providing refreshing and high-quality welfare benefits to our employees.

In addition, the company provides subsidies for employees' weddings, funerals, celebrations, and emergency assistance. A dedicated area is set up on the company's intranet, offering information on contracted childcare centers, special stores, employee assistance, and various diverse welfare products for group purchases by employees.

We provide employees with a comprehensive marriage and childbirth support system, including menstrual leave, prenatal examination leave, paternity leave, family care leave, and the option for employees to apply for parental leave without pay. We also assist employees in returning to work after the expiration of parental leave, helping colleagues balance work and family responsibilities, and thereby retaining valuable talent. In 2023, the number of employees eligible for parental leave was 13, including 6 females and 7 males, with 1 employee applying for a parental leave of absence.

Employee Welfare Committee Subsidies

Welfare Measures	Number of Applicants (people)	Subsidy Amount (NTD)
Marriage Subsidy	5	15,000
Funeral Subsidy	3	15,000
Hospitalization Subsidy	7	55,000
Maternity Subsidy	7	21,000
Travel Subsidy	268	1,422,668
Vaccine Subsidy	60	60,000

Work Environment Equality

The formulation of the Company's rules and regulations based on and abides by related labor laws and regulations to protect rights and interests of all employees. The salary payment policy shall not be lower than the statutory minimum basic salary, and there shall be no discrimination based on gender, gender orientation, age, race and religion. The company adheres to the regulations of Article 21 of the Labor Standards Act and the monthly basic wage announced and implemented by the Executive Yuan. There are no non-employee workers receiving salary at significant business locations. Hence, there are no issues related to the minimum wage for non-employee workers. There is no gender discrimination or violation of the statutory minimum wage in the salary structure.

The company values the employment rights of each employee and strives to uphold the dignity of all staff. In compliance with labor laws, there are no instances of child labor or forced labor within the company. We are committed to maintaining this standard in the future by continuing to monitor and prevent any related incidents to safeguard the basic human rights of our employees. The company does not employ in-house security personnel and is not involved in related labor matters.

The age distribution of new employees:

Capital Futures Corp.	Age	Number	Percentage
Male	29 years old and below (including)	22	29.33%
	30 - 39 years old (including)	13	13.00%
	40 - 49 years old (including)	6	6.32%
	50 years old and above	1	2.22%
	Subtotal	42	28.57%
Female	29 years old and below (including)	15	20.00%
	30 - 39 years old (including)	3	3.00%
	40 - 49 years old (including)	2	2.11%
	50 years old and above	0	0
	Subtotal	20	11.90%

The age distribution of former employees:

Capital Futures Corp.	Age	Number	Percentage
Male	29 years old and below (including)	14	18.67%
	30 - 39 years old (including)	8	8.00%
	40 - 49 years old (including)	8	8.42%
	50 years old and above	3	6.67%
	Subtotal	33	22.45%
Female	29 years old and below (including)	8	10.67%
	30 - 39 years old (including)	7	7.00%
	40 - 49 years old (including)	2	2.11%
	50 years old and above	1	2.22%
	Subtotal	18	10.71%

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

Note 2: Ratios are calculated using the respective category's total employee count as the denominator. For example, the denominator for the new hire/attrition rate for males under 30 years old is the count of employees under 30 years old.

Employee Age Structure in 2023	Number
29 years old and below (including)	75
30 - 39 years old (including)	100
40 - 49 years old (including)	95
50 years old and above	45
Total number of female employees	168
Total number of male employees	147

Employee-Employer Agreement and Measures for Safeguarding Employee Rights

The company places a strong emphasis on the employment rights of each employee and is committed to upholding the dignity of all staff. In order to safeguard the employment rights of all employees, we have established work rules that clearly define employees' roles and work locations. However, in response to business needs, adjustments or temporary assignments may be made in accordance with relevant regulations of the Labor Standards Act. Prior to any changes, there will be thorough communication and coordination with employees. Human rights advocacy is conducted during the orientation training for new employees to ensure awareness of their relevant rights and benefits.

In accordance with the relevant regulations of the Labor Standards Act, the company does not employ child labor or engage young workers in hazardous work, and there are no instances of forced labor. We are committed to ongoing vigilance to prevent any such incidents in the future, ensuring the protection of the basic human rights of our employees.

The company complies with local government regulations on human rights, operates in accordance with the law, and places a strong emphasis on human rights equality. There were no reported human rights complaints or incidents of discrimination in 2023.

The company operates in the futures industry, and there are no occupations associated with a high incidence of occupational diseases or high-risk positions. The total man-hours, occupational injury cases, and rates of disability and severity for the year 2023 are as follows.

Total Man-Hours/Occupational Injury Cases/Disability Injury, Disability Severity Rate, and Comprehensive Injury Index

2023	Taipei Head Office		Taichung Branch		Total	
Total Employee Work Hours	539,000		78,400		617,400	
Employee Total Workdays	67,375		9,800		77,175	
Occupational Injury Type	Commute-Related Accidents					
Gender	Male	Female	Male	Female	Male	Female
Number of Occupational Injury Cases	0	1	0	0	0	1
Disabling Injury Frequency Rate (FR) _{Note 1}	1.9		0		1.9	
Disabling Injury Severity Rate (SR) _{Note 2}	13.9		0		13.9	
Frequency-Severity Indicator (FSI) _{Note 3}	0.1607		0		0.1607	

Note 1: Disability Injury Frequency Rate (FR) = Total Occupational Injury Cases X 1,000,000 / Total Man-Hours Worked

Note 2: Disability Injury Severity Rate (SR) = Total Lost Workdays X 1,000,000 / Total Man-Hours Worked

Note 3: Frequency-Severity Indicator (FSI) = Square Root of (FR X SR / 1,000)

The company has no instances of significant risk or violations of employees' freedom of association or collective bargaining rights.

Type of Complaint Cases	Total Number of Complaint Cases	Number of Cases Received	Number of Cases Processed	Number of Cases Resolved
Human Rights Issues	0	0	0	0
Labor Practices	0	0	0	0

Percentage Table of Training Hours on Human Rights-Related Courses

Unit	Operation-Related Human Rights Policy Training			
	Total Number of Employees	Total Number of Employees Trained	Total Training Hours	Training Percentage of Employees
Taipei Head Office	315	315	1102.5	100%

Note: Percentage Formula = (Total Number of Employees Trained / Total Number of Employees in the Unit)%

Training Hours per Employee by Job Level Category/Gender

Unit	Per Employee/Male				Per Employee/Female			
	Managerial Level		Non-Managerial Level		Managerial Level		Non-Managerial Level	
	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours
Total Training Hours	2174.5	861.5	6871.7	2626	1265.6	662.5	5921.6	2809.5
Total Number of Employees	34	34	134	134	111	20	127	127
Average Hours per Employee	131.47	24.27	103.44	40.70	125.35	51.92	93.05	43.54

Note: Managerial Level - Department Managers and Above (Inclusive)

The formulation of the Company's rules and regulations is based on and abides by related labor laws and regulations and requires all employees to abide by it to protect the rights and interests of all employees. The company legally safeguards the rights of its employees and communicates matters related to employee benefits through announcements on the internal company website. In cases where there are relevant issues that may impact individual employee rights, the employees involved are proactively notified in advance.

To coordinate employee-employer relations, promote employee-employer collaboration, and enhance work efficiency, employee-employer meetings are held regularly in accordance with the regulations. Reports on important employee-related issues, such as the company's operational status, employee welfare matters, and safety and health, are presented during the meetings. Representatives from both labor and management can discuss relevant matters through the meetings, to achieve the meeting's goals of coordinating employee-employer relations and promoting collaboration between employees and employers.

In response to the company's business development, such as establishing new locations or relocating business units, and employees' career development, manpower adjustments are made in compliance with the regulations of Article 10-1 of the Labor Standards Act. Employees are also provided with one to two weeks of preparation time for business handover and adapting to the new environment.

For the termination of labor relations, the company follows the notification period regulations stipulated in the Labor Standards Act. Upon receiving such notification, employees may take leave during work hours to seek other employment. The leave time shall not exceed two days per week, and wages will continue to be paid during this period. If the contract is terminated without the required notice period, employees will be compensated with the wages for the notice period. In cases of employee downsizing, the company will report the basic information, reasons for dismissal, and whether job placement assistance is required, to the

local competent authority and public employment service agency at least ten days before the employee leaves. The company will also provide severance pay as stipulated by regulations.

According to the Labor Standards Act and the Labor Pension Act, the company has established the "Employee Retirement Criteria" and handles matters related to employee retirement and pension payments based on these regulations.

Communication Channels and Workplace Safety

A positive employee-employer relationship is a key factor in the success of any enterprise. To facilitate diverse communication channels among employees, managers, and the company, monthly general meetings are regularly convened. In addition to business reports from departmental managers to all colleagues, the President and Chairman also convey the company's operational strategies and policies. Employees are encouraged to provide feedback and opinions, facilitating thorough communication, discussion, and building consensus among all staff members. Additionally, the company organizes the selection of outstanding employees, celebratory events, and the presentation of awards, bringing all colleagues together for sharing enjoyment.

To encourage all employees to express their opinions, we have established an "Employee Opinion Boxes" and, to ensure its full utilization, we formulated the "Guidelines of Using Employee Opinion Boxes". All workers not only can put forward opinions on business content, operating procedures, administrative measures, rules and regulations, but also can express ideas regarding how to help business operations, and concern about infringed or affected personal rights and interests. The Employee Opinion Boxes are concurrently managed by a dedicated executive unit, ensuring end-to-end encryption of the suggestions provided by employees to safeguard the rights of the proposing employees.

In order to prevent all employees from facing occupational safety and health risks that could harm their physical and mental well-being, and to ensure that all employees are protected from undue mistreatment by supervisors or colleagues taking advantage of their positions or status during the execution of their duties, or from experiencing bullying or violent incidents such as physical attacks, verbal insults, intimidation, threats by customers, service recipients or other relevant individuals. The company has established a "Prevention Program for Unlawful Infringement in the Performance of Duties", and a "Complaint Handling Committee" composed by employees and employers has been formed. The committee will set up special investigation teams to investigate internal cases received.

The company places a high value on the safety of the working environment for its employees. In accordance with the "Occupational Safety and Health Act" and the "Regulations of the Labor Health Protection," occupational safety and health managers, occupational safety and health personnel, and first aid personnel have been appointed. In accordance with the "Occupational Safety and Health Education and Training Rules," colleagues are regularly assigned to attend pre-service or on-the-job education and training provided by external organizations. They pass the tests to obtain relevant qualification certifications.

Capital Financial Group has been certified by the BSI ISO 22301 Business Continuity Management. The purpose of this certification is to ensure that the Company can minimize the damage when encountering sudden emergencies, ensure personnel safety, legal compliance, customer rights, the Company's goodwill and assets are protected and make sure the Group's key businesses can resume operations within the recovery time target to maintain operations.

The Company attaches great importance to the physical safety and mental health of employees, and is committed to providing and maintaining a good working environment. Engaging physicians four times a year and nursing four times a month personnel to the Company to provide health consulting services and the correct concept of the precaution against diseases and the advice on treatment for employees. For the protection of personal privacy, the consultations were conducted one on one. The purpose is to promote the safety and health of workers, prevent occupational accidents, enhance employees' awareness of occupational safety and health, and create a zero-accident workplace. The company collaborates with medical institutions to provide employees with discounted health check-up packages. We also establish diverse clubs such as basketball and golf clubs, offering subsidies for employees' sports and leisure activities.

In 2023, there were 24 cases of health counseling, 4 cases of maternity protection advice, 0 cases of feedback on abnormal workload, 0 cases related to ergonomic hazards, 73 cases of follow-up on abnormalities found in new employee health examinations, and 15 cases of suitability assessments for middle-aged and elderly employees, total of 118 cases.

To promote labor safety and health, prevent occupational hazards, and enhance employees' awareness of occupational safety and health, the company strives to create a zero-accident workplace.

- Entrance Security : Building security is maintained by security personnel, and the company has signed a contract with a security firm. Strict access control and surveillance systems are in place day and night. The company ensures communication channel is established with the police security unit for alert to maintain work safety.
- Set up occupational safety and health supervisors and first aid personnel according to the "Occupational Safety and Health Act" and conduct training in accordance with Occupational Safety and Health Education and Training Rules.
- For fire safety, fire drills are held regularly. According to the regulations on the establishment and management of professional institutions for fire management of the Ministry of the Interior's Fire Department, personnel must undergo refresher training at least once every two years.
- The office environment is completely non-smoking in accordance with the Tobacco Hazards Prevention Act. Perform maintenance on the Company's lighting equipment, air-conditioning filters, and drinking water facilities periodically, and comprehensively clean and disinfect the office environment. The office environment inspection and verification report are carried out periodically.

Comprehensive Training Program for Internal Employees

To develop talents and improve business management performance, the Company provides various education and training including: new personnel training, professional training, managerial and supervisor training, and inviting experts and scholars to the Company to hold finance seminars. Employees can acquire appropriate training through classroom training, digital learning, on-the-job training, external training, job rotations, project assignments, and other avenues. The training content and methods are diverse and rich.

Digital Learning Platform

The company has established an E-learning platform for the real-time update and transmission of professional knowledge, contributing to the development of a learning organization. The course covers information security, Personal Data Protection Act, labor safety and health education, new employee education and training, money laundering prevention and anti-terrorism courses, financial product introduction, etc. The company creates various training courses and utilizes e-learning systems, allowing employees to learn and grow anytime, anywhere.

External Training

1. Legal External Training : Staff must obtain relevant financial licenses in accordance with the law and participate in pre-service and on-the-job training when executing business. Staff enhance their financial expertise continuously through attending training courses provided by external professional organizations, such as Taiwan Academy of Banking and Finance, Securities and Futures Institute, Taiwan Securities Association, Chinese National Futures Association, and Trust Association of the Republic of China.
2. Professional External Training : In addition to participating in the aforementioned legal external training, employees can also enrich their professional knowledge according to individual job requirements. The company has established an employee education and training policy to encourage managers and colleagues to take external courses related to their respective fields, thereby enhancing competitiveness in their roles.
3. Financial License Subsidies : In order to encourage employees to obtain relevant financial licenses, the company has established various incentives and subsidies for professional exams and license registration fees.

Internal Training

1. Sales Training (Beginner-Level) : Training sales through daily video conferencing to enhance their financial expertise and qualities.
2. Management Associate Program (middle-level) : Capital Financial University has been established since 2007 to cultivate key talents and managerial supervisors for the Company. The training program targets outstanding reserve talents assigned by each unit. During this period, participants learn about cross-departmental organization, presentation skills, and management leadership to enhance individual management capabilities and foster teamwork spirit. There were five participants in 2023.

3. Senior Executive Training : The company organizes senior management meetings regularly and arranges management skills courses in the meetings.

In addition to continuously developing employees' professional capabilities, the company also organizes activities such as health and fitness lectures, training for volunteers in rural reading programs, financial seminars, and more. This promotes a balanced development of employees' skills and cultivates a habit of lifelong learning, which can strengthen their commitment to ongoing employment.

To strengthen the company's commitment to sustainable development and fair treatment principles, a full-day “Sustainable Development and Fair Customer Treatment Training Course” was conducted in June 2023.

The participants included directors, senior executives, and front-line colleagues engaged in customer interactions. Through a diverse array of courses, all participants had the opportunity to deeply experience the essence of “fair customer treatment” and “sustainable development”.

To achieve continuous innovation, the company conducted a "Design Thinking" workshop using the five-step design thinking process as the foundation of the course. The training involved a mix of "short lectures + group exercises." Participants included department managers and designated seed members. The course aimed to encourage all employees to break free from conventional thinking patterns, gain insights into real customer needs, and promote a user-centered design mindset to create innovative products and services that meet customer demands.

Through an internal digital innovation incentive program, the company encourages employees to submit comprehensive project proposals for innovative ideas and their implementation. This not only enhances employee engagement but also boosts the company's competitiveness and customer satisfaction in the financial industry. The innovation program integrates advanced courses (using a set of five-step tools) and coaching consultation to ensure that each team effectively applies design thinking to their proposals.

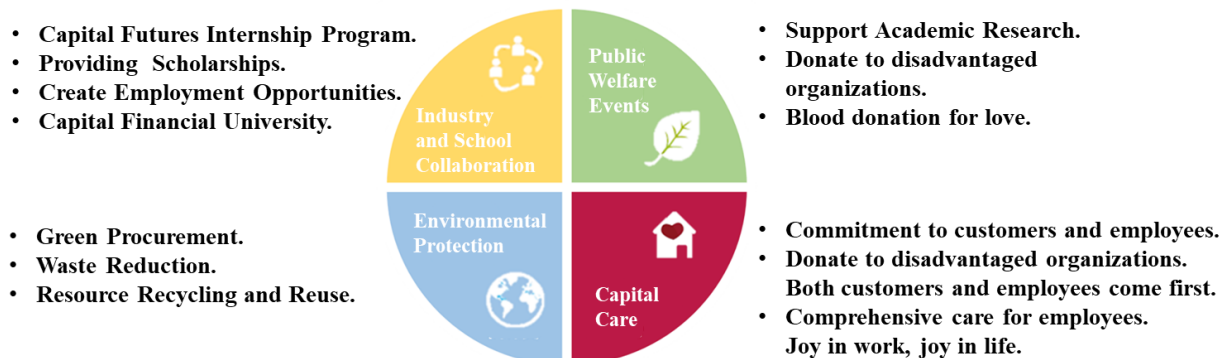


Employee participation in internal and external educational training

Unit	Per Employee/Male				Per Employee/Female			
	Managerial Level		Non-Managerial Level		Managerial Level		Non-Managerial Level	
	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours	Internal Training Hours	External Training Hours
Total Training Hours	2174.53	861.5	6871.7	2626	1265.6	662.5	5921.6	2809.5
Total Number of Employees	34	34	134	134	111	20	127	127
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Note: Managerial Level - Department Managers and Above (Inclusive)

Social and Environmental



A commitment to social responsibility and environmental sustainability is one of the core values of our corporate operations. We are dedicated to transparent and accountable business practices that address both societal and environmental obligations. On the social front, we actively engage in community development programs, promoting local education, culture, and public health. In terms of environmental protection, we adhere to energy conservation and emission reduction practices, actively advocate for resource recycling, and strive to minimize our carbon footprint and environmental impact. Through these efforts, we aim to work collaboratively with stakeholders to create a sustainable future.

Financial Innovation · Green Digitalization

The company is committed to realizing the concept of inclusive finance, striving to identify suitable financial instruments for every investor, eliminating geographical and economic barriers. We emphasize cultivating and enhancing investors' financial knowledge. We are dedicated to building user-friendly financial tools, providing a diverse service platform, and facilitating convenient trading for every investor to participate in the financial market. We continuously refine digital finance and innovative technologies, creating equal investment opportunities for both general and professional investors. Through diverse platforms and ongoing education, we empower general investors to thrive and succeed in the financial market. Our mission is to construct an equitable, transparent, and efficient financial ecosystem, enhancing the trading efficiency and profit opportunities for all investors.

Organizing various trading competitions and hosting multiple online or offline seminars and briefings, designing courses of different levels and types, providing comprehensive product information, and offering attentive services. Through activities that convey and share financial knowledge, advocating correct investment and financial concepts, and actively caring for and listening to customer needs.

The company is committed to driving sustainable development and actively promotes a dual-track transformation of "Green" and "Digital." By integrating these two elements, we leverage digital tools to establish a systematic technical platform for sustainable green finance. In terms of green finance performance, our company participated in the "3rd Digital Financial

Service Awards " organized by the Commercial Times in 2023 and, through recognition by a panel of professional judges, we received Gold Award for “Digital Services” and the Quality Award for “Digital Information Security” and “Digital Inclusion”

The Digital Growth Department of our company oversees company-wide tasks related to digital innovation, demand management, system development, and information security maintenance. It coordinates and integrates all digital resources across the organization while driving the digitization of administrative and business processes, promoting energy conservation, enhancing energy efficiency, and



reducing the consumption of paper and water resources. Moving forward, the department will plan the development of related information systems based on actual implementation needs to achieve digital transformation. The goal is to strengthen the company’s digital capabilities and provide comprehensive, green, and sustainable digital financial services.

In terms of system optimization and service quality enhancement, our company invested over NT\$100 million to upgrade to the latest generation of high-performance Tandem servers. These new servers feature advanced computing systems and adopt a distributed real-time database, ensuring uninterrupted customer transactions even in the event of system anomalies. Stress test results demonstrate that 99% of all orders are processed within the 0–10ms range, reducing order placement time by nearly fivefold on average, thus improving transaction efficiency and allowing retail investors to experience the same trading quality as large-scale investors.

To establish a green digital competitive advantage, the company began planning its patent strategy in 2020. By 2023, we obtained several patents, including "Financial Business Communication Software Information Aggregation System" "Smart push broadcasting system," "Homeopathic channel robot trading system" and "Investment and Trading Risk Assessment System," While technology and knowledge associated with patents are intangible, the acquisition of patent rights transforms these intangible assets into tangible ones, seizing opportunities. This not only enhances the company's image in the "digital transformation" landscape but also enables the company to exclude infringement from competing peers through the exclusivity of patent rights. Leveraging various new patents within our company, we aim to provide essential investment information tailored to customer needs. This approach significantly reduces unnecessary information dissemination, minimizing waste and contributing to the "greening" of digital services. By actualizing green finance, we strive for a triple-win scenario benefiting customers, our company, and the environment.

Financial Business Communication Software Information Aggregation System

In pursuit of precision marketing, we provide personalized information based on individual customer data. We have developed personalized business tools for our sales representatives, utilizing LINE community technology to foster community interaction and operational applications, thereby assisting in expanding business activities for our sales team. This application service has obtained patent certification. Through individual digital business cards for sales representatives and leveraging LINE community networks, we offer autonomous marketing messages, including daily investment information delivery, community events, and personalized care from sales representatives to customers.

Smart push broadcasting system

To avoid unnecessary information delivery and subsequent resource waste, resulting in excess carbon footprint, this service is designed based on customer pain points and usage scenarios. It provides customers with genuinely needed and real-time investment information. Through big data analysis of customer inventories, traded commodities, transaction timings, and other historical records, data science techniques are employed to analyze and gain insights into the investment products that customers have cared about in the past, present, and might be interested in the future. Personalized labels are set accordingly, and real-time aggregated market news, live commodity market indicators, data releases, and other high-quality information are pushed to customers instantly through information service systems such as trading software.

Homeopathic channel robot trading system

To address issues such as the lack of a stable profit-making trading model, inadequate trading tools, undisciplined trading, and the inability to monitor markets 24/7 when trading leveraged products, Capital Futures' leveraged trading and research team has collaborated to develop the "Trend Channel Robot Trading System." This system integrates practical trading strategies with quantitative trading automation platforms. Customers can assess the market direction and volatility based on their own experience, set parameters such as contract size and range, and let the program model execute the trades automatically. With innovative design, easy configuration, and secure services, this system helps investors achieve their trading needs. The digital optimization of the "Homeopathic channel robot trading system" effectively resolves customer pain points in the trading journey, such as inquiries, account opening, trading, and sharing, and through the optimization of digital services, creates an innovative and efficient business process.

Investment and Trading Risk Assessment System

We provide investors with an automated parameter-setting module, chart pattern identification module, and execution module. These tools analyze investors' trading patterns and compare their personal investment performance with that of all users and the top-performing users.

This allows investors to gain a clearer understanding of their detailed investment performance across various indicators and conduct more comprehensive investment analysis and evaluation.

The company continues to align with relevant policies, adopting a dual approach of "sustainable operations" and "digital optimization." We are actively investing in the development of digital innovation patents, trademarks, and digital platform community management to create a green digital environment. With the goal of leading the industry in green finance through digital means, we are also working in accordance with government policies to move toward the 2050 net-zero emissions target.

Digital Services · Inclusive Finance

In order to create a friendly financial consumption environment and through innovative digital services, we offer simple, effective, and fast digital financial friendly services such as online account opening, mobile transactions, I-VIEW digital platform, and electronic statements.

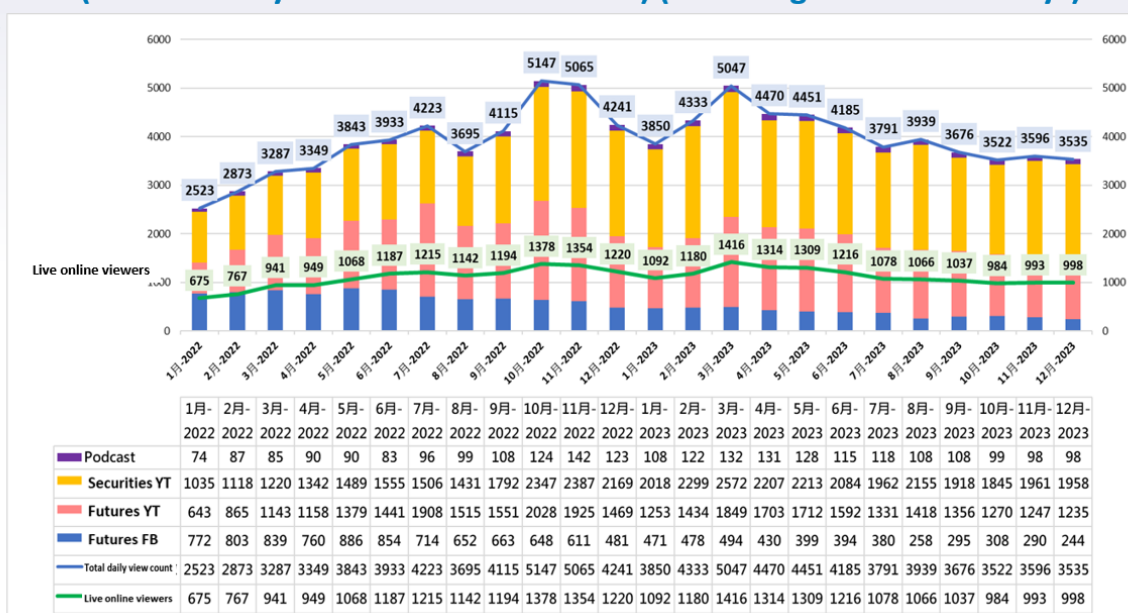
Adapting to the rapid development of digital platforms on the internet, we are changing the traditional mode of delivering investment information and intelligence. By managing Facebook pages, LINE official accounts, Instagram, and YouTube channels, we significantly reduce the time gap between professional investors and general investors in obtaining financial-related information. We aim to push firsthand market information to customers' daily-used apps or channels in the fastest and most convenient way. Through social media platforms, we provide more valuable information and enhance customer experience. The company's exclusive live programs on Facebook, such as "Capital Exclusive Perspectives" and "Good Morning Capital" enable customers to instantly grasp firsthand global financial news.

Social Media Type	Social Media Account/Name
Facebook Page	Capital Futures' Perspectives
LINE Official Account	@Capitalfutures
Instagram Official Account	Learning.FX
YouTube Channel	I-VIEW My Perspectives, Your Wealth

"Good Morning Capital" is a daily channel program produced by our company, broadcasted every trading day throughout the year, providing investors with professional financial knowledge and real-time market information to create a sense of investment companionship. In the year 2023, the average online viewership reached 1,140 people per month, with the highest single-day viewership peaking at 5,047 people in March 2023.

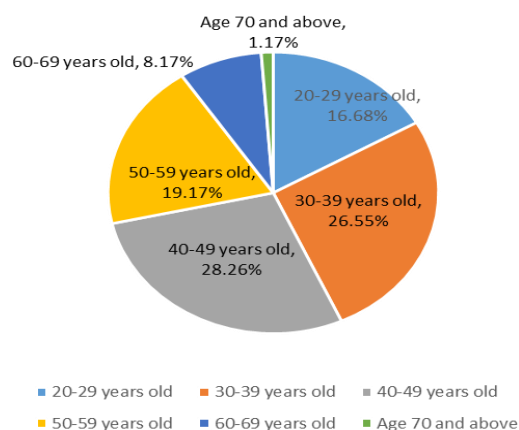


Summary Table of Average Monthly/Daily View Counts Across Major Platforms (From January 2022 to December 2023) (Excluding National Holidays)



To lower the barriers and risks for younger generations entering the market, we have developed leveraged trading services and launched innovative Contract For Difference (CFD) products that meet market demand and align with international markets. These CFD products offer young investors a low-cost investment tool for learning, fostering a new generation of competitors in the global financial markets. The product design has the following three key features: 1. Small product specifications, low entry barriers, and customizable leverage, 2. Reasonable pricing aligned with asset prices, and 3. Trademark registration to establish brand differentiation and market uniqueness.

We provide legal investment tools tailored to young investors, such as 「奈米金」 and 「奈米指」 as part of our diversified approach to developing leveraged trading services. By integrating innovative fintech applications, we aim to attract the younger people's participation. Since the launch of Capital Futures' leveraged business in 2016, by the end of 2023, the proportion of accounts opened by individuals under 40 years old has reached 43.23% of the total accumulated number of accounts. We will continue to promote this initiative to implement inclusive finance.



Financial Education • Talent Development

In order to establish correct futures and financial concepts among the public and students, we actively participate in the Financial Knowledge Promotion activities conducted by The Financial Supervisory Commission, which involve entering campuses and communities. Through engagement in these activities, our goal is to ensure that both the public and students gain accurate financial knowledge, thereby enhancing the overall financial literacy of the people.

The company has been dedicating substantial resources to cultivating numerous talents through the "Capital Futures Internship Program". In collaboration with various university departments, we have integrated internship initiatives, allowing aspiring students to actively engage in practical learning across different departments. Through experiences shared by supervisors and collaborative teamwork within small groups, we assist students in establishing a solid foundation for entering the workforce as part of our industry-academia cooperation project. Concluding the program with a closing internship presentation allows all interns to showcase their experiences across various departments. Throughout the internship, participants actively engaged in and tackled assigned tasks, proactively provided insights for discussions, and exchanged ideas. During the sharing session, each intern presented their learning outcomes through reports, demonstrating impressive achievements during the internship.

The project envisions a phased internship training plan (summer internships → part-time work during the semester → preference given for full-time positions after graduation) along with a systematic training course plan. The goal is to guide campus students to take their first step into the futures industry, minimizing the gap between theory and practice. This initiative aims to foster a closer relationship between the industry and academia, representing an integral part of our commitment to active social participation and corporate responsibility.

A series of practical courses are personally taught by our company's senior executives, guiding summer interns in learning professional financial knowledge, business development, teamwork, and practical insights. The approach is designed to let students learn by doing and apply their

Period	Number of contracted schools	Number of interns
winter vacation	3	17
summer vacation	13	19
Total	16	36

knowledge in real-world scenarios, ensuring a seamless integration of education and training. We aspire for students to discover their potential and enhance their value during the internship. Additionally, our company provides financial assistance for students obtaining professional futures certifications and offers scholarships as incentives for outstanding performance.



The company also hosts the nationwide college competition 「群益新力軍」 to cultivate new talents in investment and promote inclusive finance. This event, through trading competitions and trading training, encourages young students to develop correct investment concepts, realizing the principles of inclusive finance.

In 2023, the event attracted participants from over 100 colleges and universities, with more than 2,600 students registering. Throughout the competition, 84 campus forums were conducted, allowing young individuals to enter the financial market early, understand key factors affecting global market changes, and provide a simulated trading platform. This offers students the opportunity to integrate theory with practice, establishing the correct financial investment concepts.

Capital Futures places a strong emphasis on talent cultivation and development. Students who excel in the trading competition are selected to participate in the "Trader Winners Training Program." In 2023, a total of 48 students took part in this program. Exceptional performers during the training program may have the chance to join Capital Futures. The company aims to provide a high-quality career platform for the younger generation through a virtuous cycle of talent selection, utilization, cultivation, and retention.



Community Welfare · Environmental Protection

Capital Futures participated in the "From Campus to Workplace - Creating the Future with Futures." campus seminar and recruitment event, organized by the Taiwan Futures Exchange, Economic Daily News, Futures Association, and Shih Hsin University's Department of Finance and Banking on December 4th. The company set up a booth to provide students with relevant employment information, recruitment requirements, as well as job openings, internship, and work-study opportunities for those interested in entering the futures industry. This initiative aims to recruit fresh talent and build a talent pipeline.



A series of initiatives were planned to support disadvantaged children in remote areas, including the collection of children's books, stationery, and funding for after-school care. The company has long been dedicated to improving the reading skills of students in rural areas, receiving widespread social recognition. Sharing and companionship have always been key focuses of the "Capital Loves Reading" campaign. Through reading activities, we aim to help children in elementary school develop a correct understanding of money and lay the foundation for their future economic independence, contributing to the education of the next generation.



We regularly participate in Structure of Capital Financial Group's blood donation campaigns, encouraging both employees and clients to join the cause. In 2023, we celebrated the 16th year of this initiative, with the theme "Capital jumps up and donates blood together!" From November to December, we served at 18 blood donation locations across Taiwan, including in the north, central, and southern regions. To enhance public willingness to donate blood and multiply the goodwill, we partnered with the Xin Wang Ai Smart Development Center to purchase handmade heart-shaped essential oil soaps and eco-friendly wheat straw tableware as gifts. By donating blood and showing love, we also help people with disabilities open new doors to dream-filled lives.



The company has been actively promoting the protection of the ecological environment, encouraging employees to integrate environmental protection into their daily lives. By 2023, our company has entered its fourth year of responding to the invitation by Commonwealth Magazine to participate in the "Tamsui River Covenant." We took part in the Commonwealth Magazine-organized "Do One Thing for the Tamsui River" wetland conservation event, putting ESG principles into action. We joined volunteers in environmental protection efforts, contributing to the environment and raising awareness among our colleagues about issues such as natural ecosystems and environmental conservation.



Energy Management and Greenhouse Gas Inventory

While the financial services industry overall has relatively low direct consumption of resources and carbon emissions compared to other industries, our company remains committed to actively implementing energy-saving, carbon reduction, and ecological conservation initiatives. We also focus on climate change issues as part of our gradual progress toward creating a green workplace environment. Through various actions and improvement measures, we strive to enhance energy efficiency and reduce the consumption of paper, water resources, and various forms of energy.

Over the years, our commitment to electronic commerce for customers and the promotion of various digital financial services has proven effective. The digitization of operations allows for online transactions, reducing the need for in-person visits, thereby saving on manpower and transportation time. This approach also contributes to paper savings, creating space for resource conservation.

The company does not produce or sell physical products, and therefore does not engage in the use, transportation, or recycling of raw or recycled materials. The water we use is sourced from the local water supply, with no direct extraction of groundwater or river water. Our water consumption is limited to the daily activities of employees. The waste generated is mainly general household waste from employees, and the environmental impact of our operations is relatively minor. Waste collection and disposal are handled by a professional private company, ensuring no adverse effects on the local environment, no river pollution, and no leakage incidents.

Additionally, our company has not been fined or sanctioned for any violations of environmental regulations. To reduce the environmental impact of our operations, we are committed to promoting waste recycling and reduction, doing our part for the planet.

Our company's greenhouse gas emissions primarily stem from electricity use, with a small portion attributed to water usage, fuel for company vehicles, and diesel for emergency generators. In alignment with government policies, we aim to reduce the consumption of energy resources and lower overall corporate carbon emissions in our daily operations. We have set a short-term (1-3 years) greenhouse gas reduction target: to reduce carbon emissions per unit of revenue by 1% compared to the baseline year.

Greenhouse Gas Emissions/Intensity in the Last Two Years

Issue	Indicator	unit	Data for the year 2022	Data for the year 2023
Greenhouse gas emission	Direct GHG Emissions and Removals(Category 1)	t-CO ₂ e	36.4715	13.5584
	Energy Indirect (Scope 2)	t-CO ₂ e	508.6562	421.1765
	Greenhouse gas emission intensity	t-CO ₂ e / NT\$M	0.2722	0.168
Water Resources Management	Water	tons	5544.16	3,912.76
	Water intensity	Tons / NT\$M	5.7679	1.5121
Waste Management	Hazardous waste	tons	0	0
	Non-hazardous Waste	tons	5.0969	7.3654
	Waste Intensity	Tons / NT\$M	0.0026	0.0020

Note 1: Disclosure Scope: All operational locations across Taiwan.

Note 2: Scope 2 is based on the latest power carbon emission factor announced by the Ministry of Economic Affairs' Bureau of Energy for the current year.

Note 3: Scope 3 only discloses the amount of general waste.

The company's greenhouse gas emissions data for 2023 was processed in accordance with the "Sustainable Development Roadmap for Listed Companies" published by the Financial Supervisory Commission. The disclosure includes information on greenhouse gas emissions, such as direct emissions (Scope 1) and energy indirect emissions (Scope 2), after completing greenhouse gas inventory and verification. Additionally, the company appointed a third-party verification organization KPMG to issue a limited assurance statement on greenhouse gas emissions.

Climate-related Risks and Opportunities

The board of directors and management team oversee and govern climate-related risks and opportunities.

The Board of Directors serves as the ultimate oversight body for climate-related risks and opportunities, responsible for approving, reviewing, and supervising risk strategies and policies. It also plays a crucial role in guiding the company to explore new climate business opportunities. The functional committee under the Board, the "Ethics and Sustainability Committee," consists of all independent directors and is tasked with promoting and overseeing sustainability-related matters. It reviews formulated policies and objectives while supervising the implementation and effectiveness of related initiatives. The committee convenes regular meetings (at least annually) and reports to the Board.

The risk management unit regularly reports to the Board on the assessments of changes in transition risks and physical risks, allowing the Board to stay informed. To enhance the awareness of international trends in climate change governance and grasp key opportunities for low-carbon economic development, Board members the company participated in a total of 60 hours of external expert training courses, including 33 hours of ESG-related courses 2023.

The role of the management team in assessing and managing Climate-related Risks and Opportunities.

The President serves as the convener of the cross-departmental "ESG Committee" and leads the company's efforts on climate risks and opportunities. The heads of relevant departments (or divisions) are members of the ESG Committee, while the Sustainable Governance Division under The Compliance & Legal Department's handles the committee's administrative affairs, assisting with the execution of the committee's duties. The "ESG Committee" is responsible for the implementation and supervision of ESG initiatives. To ensure that the management team can continuously and effectively monitor sustainability and climate change issues, the "ESG Committee" has established task groups under its structure, including the "ESG Issues Investment Group," "Greenhouse Gas Emissions Inventory Group," and "Climate Issues Management Group," to drive various initiatives.

Identify how climate-related risks and opportunities impact the business, strategy, and financials of the company. (short-term, medium-term, long-term)

With the support of senior executives, the company follows guidelines from international organizations such as TCFD for assessing climate-related risks. It identifies and actively develops solutions for climate-related risks and opportunities, focusing on three main management strategies: mitigating carbon emissions, offering low-carbon services, and adapting to climate change. The goal is to reduce operational and financial impacts resulting from climate change and enhance the organization's climate resilience. The company categorizes the identified climate-related risks and opportunities based on a methodology that

defines the short term as within the next 3 years, the medium term as 3 to 5 years, and the long term as 5 to 10 years. These timeframes serve as the assessment periods for potential impacts.

Risks / Opportunities	category	Short-term (1-3years)	Medium-term (3-5years)	Long-term (5-10years)
Risks	<ul style="list-style-type: none"> ● Transition risk Risks related to changes in policies and regulations, technology, market, social, and economic conditions that may occur during the low-carbon transition process.	<ul style="list-style-type: none"> ● An increase in the rate of carbon tax or carbon fees. ● Failure to establish a positive image for low-carbon transformation (corporate reputation). 	<ul style="list-style-type: none"> ● Failure in the development of low-carbon transformation technologies. 	<ul style="list-style-type: none"> ● Change in market preferences.
	<ul style="list-style-type: none"> ● Physical risks. The physical risks associated with climate change can be immediate or long-term in nature. These risks may have financial implications for organizations, such as direct damage to assets and indirect impacts resulting from disruptions to the supply chain.	<ul style="list-style-type: none"> ● An increase in flooding ● An increase in droughts 	<ul style="list-style-type: none"> ● An increase in flooding ● An increase in droughts 	<ul style="list-style-type: none"> ● Rising average temperatures
Opportunities	Efforts made to mitigate and adapt to climate change will create opportunities for the organization.	<ul style="list-style-type: none"> ● The development of low-carbon digital financial services. 	<ul style="list-style-type: none"> ● Improve resource usage efficiency. 	<ul style="list-style-type: none"> ● Sustainable financial products.

The impact of climate-related risks and opportunities on business, strategy, and financial planning.

The company conducts assessments of climate change risks to identify relevant risks that may have significant financial impacts and proposes response strategies. To identify and evaluate climate-related risks, a working group is formed, consisting of key business unit managers. They reference TCFD disclosure recommendations and relevant climate change information to discuss and compile a list of climate-related risks faced by the company. The final results

are summarized, consolidating the primary climate risks identified by each unit.

Transformation Risks/Opportunities		
Risks / Opportunities	Financial Impact	Mitigation Strategies
R : Increase in Carbon Tax or Fee Rates	↓	Establishing investment management mechanisms or limits for high-carbon industries. The related investment assessment process should understand their greenhouse gas emissions. Conducting at least annual reviews of transformation risks, tracking changes in transformation risks, and monitoring warning information.
R : Failure in the Development of Low-Carbon Transformation Technologies	↓	In the investment process, it is essential to understand the development status of low-carbon transformation technologies. For those with significant risks, reducing involvement or avoiding investment should be considered.
R : Shift in Market Preferences	↓	When evaluating financial products related to high-carbon-emitting industries, consider the associated risks. Keep a close eye on the industry's current situation and future trends, gradually reducing investments in companies' stocks that lack sustainable business concepts or do not prioritize climate risk management.
R : Impact on Company Reputation	↓	Actively addressing and responding to climate risk-related issues to enhance the corporate social responsibility image, thereby increasing customer identification and loyalty.
O : Development of Low Carbon Digital Financial Services	↑	Strive to enhance customer digital experience, strengthen customer trust and collaboration, and increase revenue.
O : Sustainable Financial Products	↑	Participate in promoting relevant products in a timely manner based on market demand and objective conditions.

Physical Risks /Opportunities		
Risks / Opportunities	Financial Impact	Mitigation Strategies
R : Increase in floods R : Increase in droughts	↓	Develop appropriate insurance measures for the company's assets.
R : Rise in average temperatures	↓	Establish an ESG committee led by senior executives to guide the company's greenhouse gas reduction initiatives.

Physical Risks /Opportunities		
O : Improve resource utilization efficiency	↑	Gradually reduce investments in stocks of companies that lack sustainable business practices or do not prioritize climate risk management.

How the process of identifying, assessing, and managing climate-related risks is integrated into the overall risk management system

The company's "Risk Management System" has integrated climate-related risk management processes into the overall risk management framework. In 2023, the company revised its existing "Sustainable Development Policy" and "Sustainable Development Practices Code," and established the "ESG Responsible Investment Policy" and the "Greenhouse Gas Inventory and Verification Guidelines." The company has set responsibility investment standards to identify, assess, and manage climate risks related to various investment projects, ensuring due diligence governance and fulfilling its fiduciary duties in the financial industry to maximize benefits for beneficiaries and shareholders. This also aims to reduce environmental and social risks arising from investments, and support the development of sustainable businesses that have a positive impact on society and the environment. For clients in high-carbon industries, additional due diligence and careful evaluation must be conducted to avoid investments in targets that lack sustainable business practices or do not prioritize climate risks.

For the identified climate risks, a three-layer defense mechanism is utilized to implement risk management through a robust internal control system, effectively controlling climate-related operational risks. The first layer of defense is the business units. Each business unit identifies climate-related risks based on its operations and formulates and executes corresponding response strategies. The second layer of defense is the climate risk management unit, responsible for assisting in monitoring the implementation of climate risk management by the first layer of defense. The third layer of defense is the audit unit, which evaluates the effectiveness of climate risk management conducted by the first and second layers of defense. It also supports the review and improvement of overall risk control gaps and the verification of greenhouse gas (GHG) inventories.

Assessing resilience in the face of climate change risks through scenario analysis.








Transition Risk

To ensure the continued and robust operation of our company in the face of various risks, we employ scenario analysis methods to assess the potential impacts of climate-related risks on business, strategy, and financial planning within a specific scope.

In response to the mitigating impacts of climate change and reducing carbon emissions, Taiwan is planning to levy a carbon fee on entities emitting more than 25,000 tons of carbon annually. The implementation is expected to commence as early as 2024. The most directly

affected will be industries categorized as high carbon emitters. Accordingly, our company has defined a "High Carbon Emitter Industry List" based on the publicly available information from the "Greenhouse Gas Emission Inventory and Registration Operation" on the National Greenhouse Gas Registration Platform of the Environmental Protection Administration (Ministry of Environment). This list is explicitly applied within our company's investment processes, incorporating detailed identification opinions from the investment units to facilitate pre-investment assessment and classification.

However, it is essential to emphasize that companies classified as high carbon emitters still require further scrutiny. Some companies, in their efforts to enhance competitiveness, have proactively reduced carbon emissions, while others may still be in the planning phase. Therefore, classification does not necessarily represent the actual carbon emission exposure risk of industries and companies.

Investments in industries associated with high carbon emissions.			
Number	Industry		Industry characteristics
1	Electricity supply industry		Capacity derived from fossil fuels, such as coal, oil, and natural gas.
2	Maritime/Aviation Transportation Industry		Maritime shipping services and aviation transportation services.
3	Steel Industry		A company with high energy consumption and high emissions in its processes.
4	Cement Industry		A company with high energy consumption and high emissions in its processes.
5	Petrochemical Industry		A company with high energy consumption and high emissions in its processes.
6	Fossil Fuel Extraction Industry		Extracting coal, oil, natural gas, and oil sands.
7	Other Domestic High Carbon Emission Enterprises		Enterprises not classified under high carbon emission industries in categories 1-6, but registered on Taiwan's "Environmental Protection Administration National Greenhouse Gas Registry Platform."

Conduct a carbon inventory of relevant investments based on the financial asset classes and methodologies defined by the Partnership for Carbon Accounting Financials (PCAF). The total financed emissions amount to 840.77 metric tons of CO₂e, with an overall data quality score of 1.08 (where a score of 1 indicates the highest data quality and a score of 5 indicates the lowest).

Industry	Market Value (NTD)	Investment Amount Percentage (%)	Financial Carbon Emissions (Metric Tons of CO ₂ e)
Cement Industry	13,491,978	2.9%	130
Petrochemical Industry	4,352,660	0.9%	39
Steel Industry	4,613,800	1.0%	51
Marine/Aviation Transportation Industry	11,801,600	2.5%	121
Other Domestic High Carbon Emission Enterprises	92,646,700	20%	176
Non-High Carbon Emission Industry	336,721,213	72.6%	323
Total	463,627,951	100%	841

Conduct assessments based on the NGFS framework, which considers six climate change scenarios, including orderly transition, disorderly transition, and hot-house world.

The time frame adopted for the scenario analysis of transition risks spans from 2023 to 2050, aiming to capture market trends during the low-carbon transition period. This scenario analysis employs the PCAF methodology to quantify greenhouse gas emissions and incorporates the projected carbon price for Taiwan under the 1.aGCAM5.3+ NGFS climate model to simulate emissions costs (calculated as: Category 1 and Category 2 carbon emissions * carbon price).

When evaluating investment operations, the analysis considers how carbon emission costs increase operating expenses for enterprises. If these costs cannot be passed on to customers and the enterprises lack sufficient capability to transition to low-carbon products or services, their market competitiveness may decline, potentially impairing their debt repayment capacity and profitability. This, in turn, influences the company's investment decisions.

Under the low-carbon transition scenario, the financial impact on net asset value is also analyzed. The results of the scenario analysis are presented in the table below.

Scenario			2030 Year	2050 Year
Scenario 1	2050 Net Zero Carbon Emissions	Low Emission Scenario, with a temperature increase of approximately 1.4°C.	A decrease in net worth of approximately 0.0344%.	A decrease in net worth of approximately 0.2027%.
Scenario 2	Below 2°C Warming	Moderate Emission Scenario, with a temperature increase of approximately 1.6°C.	A decrease in net worth of approximately 0.0232%.	A decrease in net worth of approximately 0.0893%.
Scenario 3	Disorderly Transition to Net Zero	Low Emission Scenario, with a temperature increase of approximately 1.4°C.	A decrease in net worth of approximately 0.0832%.	A decrease in net worth of approximately 0.3448%.

Scenario			2030 Year	2050 Year
Scenario 4	Delayed Transition	Moderate Emission Scenario, with a temperature increase of approximately 1.6°C.	A 0% decrease in net worth.	A decrease in net worth of approximately 0.1399%.
Scenario 5	Nationally Determined Contributions (NDCs)	High Emission Scenario, with a temperature increase of approximately 2.6°C.	A decrease in net worth of approximately 0.0001%.	A decrease in net worth of approximately 0.0001%.
Scenario 6	Status Quo Policy	High Emission Scenario, with a temperature increase of approximately 3°C.	A 0% decrease in net worth.	A 0% decrease in net worth.

Physical Risks

The impact of physical risks will vary depending on the location of individual operational sites. Based on the classification levels from the disaster risk maps, an assessment is made of each operational site's exposure to flooding and landslide risks. The statistics are as follows:

	Time Point	Level 5	Level 4	Level 3	Level 2	Level 1
Flooding	Baseline	1 location	0	0	3 locations	1 location
	Future Projection Period	1 location	3 locations	1 location	0	0
Slope-Related Disasters	Baseline	0	0	0	0	5 locations
	Future Projection Period	0	0	0	1 location	4 locations

Scenario analysis

According to the climate risk definition proposed by the IPCC, risk is composed of three factors: hazard (H), vulnerability (V), and exposure (E). The "hazard" (H) data for future projections is derived from the Financial Sector's Climate Physical Risk Information Integration Platform (data provided by the Formosa Climate Smart Services Ltd. advisory team), specifically from the file (HAZ-flood-06-Flood-Flood Occurrence Probability (Basic Method)-Future-Administrative Districts (Townships and Districts)).

The "Basic Method" projections are based on regulations and infrastructure conditions, utilizing historical data from representative meteorological stations across Taiwan, the drainage design protection standards for each township and district set by the Construction and Planning Agency, as well as rainfall data for various scenarios from the AR6 climate change report. The assessment focuses on "short-duration heavy rainfall," generating the average annual probability of flooding occurrences. Under the Basic Method, the "hazard" (H) for our company's own sites is as follows:

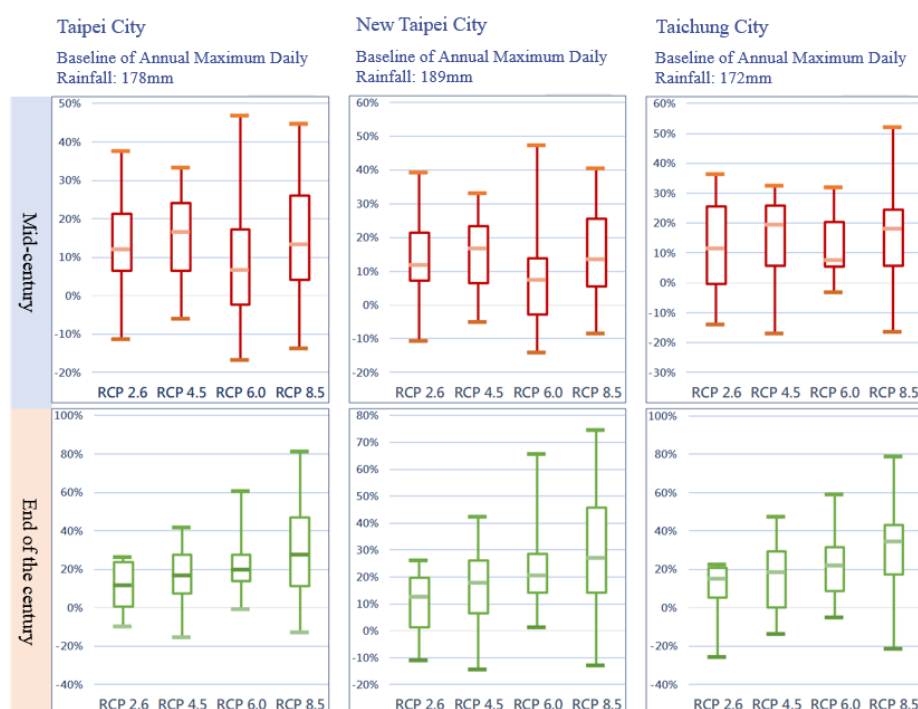
The company establishes objectives for managing climate-related risks and opportunities, using the first year with confirmed greenhouse gas inventory data as the baseline. Objectives are categorized into short-term (1-3 years), medium-term (3-5 years), and long-term (5-10 years) as follows:

Hazard (H): Average annual probability of flooding occurrence.

Scenario / Location Number		Mid-century (2041-2060)					End of the century (2081-2100)				
		1	2	3	4	5	1	2	3	4	5
RCP 2.6	Flood probability	0.1%	0.2%	0.1%	0.04%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
RCP 4.5		0.1%	0.1%	0.1%	0.04%	0.1%	0.1%	0.2%	0.1%	0.04%	0.1%
RCP 6.0		0.04%	0.1%	0.1%	0.04%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
RCP 8.5		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.5%	0.2%	0.1%	0.2%

The future projected data for vulnerability multiplied by exposure is based on the Taiwan Climate Change Key Indicators Atlas (compiled by the Ministry of Science and Technology's "Taiwan Climate Change Projection and Adaptation Knowledge Platform Project"). This includes reference to the rainfall indicators for the region where the operational site is located, such as the "Annual Maximum Daily Rainfall" baseline values and their average change rate (%).

Further analysis is performed using historical rainfall data and severe flooding threshold values (24-hour cumulative rainfall of 600 millimeters) to assess the potential damages in the event of a disaster. The results of the vulnerability × exposure evaluation are as follows:



Vulnerability (V) × Exposure (E): Potential damage in the event of a disaster.

Scenario		Mid-century (2041-2060)	End of the century (2081-2100)
RCP 2.6	Flood	NT\$10,600,000	NT\$1,550,000
RCP 4.5	Flood	NT\$1,760,000	NT\$13,130,000
RCP 6.0	Flood	NT\$760,000	NT\$10,300,000
RCP 8.5	Flood	NT\$95,970,000	NT\$173,030,000

After referencing expert model projections for the mid-century and end-of-century, including the potential increase in the average annual probability of flooding, annual maximum daily rainfall, and the average change in rainfall (%), the scenario analysis integrates estimated data such as hazard (H), vulnerability (V) × exposure (E) to calculate the potential physical flood risk losses.

The operational sites are generally located in metropolitan areas with relatively advanced flood control infrastructure. Additionally, the annual maximum daily rainfall in these areas has not exceeded the disaster threshold of 600 millimeters of cumulative rainfall within 24 hours, meaning there is no immediate flood risk.

The scenario analysis estimates that the potential losses would not have a significant impact on the company. However, as time progresses (from mid-century to the end of the century), it is expected that the likelihood (or frequency) of such risk events will increase, and the overall estimated losses will also rise.

Expected Annual Loss ($R = H \times V \times C$)

Scenario		Mid-century (2041-2060)	End of the century (2081-2100)
RCP 2.6	Flood	NT\$10,600	NT\$1,600
RCP 4.5	Flood	NT\$1,800	NT\$13,100
RCP 6.0	Flood	NT\$300	NT\$10,300
RCP 8.5	Flood	NT\$96,000	NT\$209,600

The company plans to gradually reduce investments in high-carbon industries, appropriately adjusting investment strategies and actively supporting companies undergoing low-carbon transformation. Additionally, the company intends to use a negative screening approach to progressively decrease exposure to such targets, and will conduct additional due diligence and careful evaluation for high-carbon industry targets.

Objectives for Managing Climate-Related Risks and Opportunities

The company establishes objectives for managing climate-related risks and opportunities, using the first year with confirmed greenhouse gas inventory data as the baseline. Objectives are categorized into short-term (1-3 years), medium-term (3-5 years), and long-term (5-10 years) as follows:

Goal	Short-Term	Medium-Term	Long-Term
Greenhouse Gas Emission Reduction	Carbon intensity per unit of revenue reduced by 1% compared to the baseline year.	Carbon intensity per unit of revenue reduced by 2% compared to the baseline year.	Per unit revenue carbon emissions reduced by 3% compared to the baseline year.
Waste Reduction	Per capita emissions reduced by 1% compared to the baseline year.	Per capita emissions reduced by 2% compared to the baseline year.	Per capita carbon emissions reduced by 3% compared to the baseline year.

The company will review the achievement of goals and adjust them dynamically based on external environmental trends. It aims to manage and mitigate the impact of climate change through these goals, maintaining normal and stable operations.

Evaluation on Environmental, Social and Corporate Governance Risks

The company discloses the risks and impacts arising from factors such as social, environmental, and corporate governance on its current situation. It conducts risk assessments and formulates relevant risk management policies or strategies.

Dimension	Current potential risks	Risk Explanation	Relevant Risk Management Policies or Strategies
Social	Network and Information Security Issues	Information security, business continuity, information.	<p>I. The company has long been attentive to critical issues such as information security, ongoing business operations, information services, and personal data protection. The goal is to ensure the rights of stakeholders and data security. After the official implementation of the "Enforcement Rules of the Personal Data Protection Act" announced by the Ministry of Justice in October 2012, the company took a leading industry position by obtaining the BS10012 (Personal Data Protection Management System) international certification in January 2014, becoming the first financial institution in Taiwan to achieve international certification for personal data protection in securities, futures, insurance brokerage, and insurance agency. Additionally, in November of the same year, the company was honored with the "2013 BSI AWARD for Excellence in Personal Data Protection Management" by the British Standards Institution (BSI).</p> <p>II. In terms of information security management, the company conducts regular comprehensive risk assessments to respond to the rapidly changing financial markets and information technology landscape. These assessments focus on identifying weaknesses, evaluating threats, and assessing impacts, with the aim of reducing risks. Regular audits are performed on outsourced vendors handling personal data, covering their information security organization, personnel, physical environment, network communications, and business continuity controls. Vendors are requested to address any non-compliance issues, ensuring their adherence to information security requirements and enhancing their information security management capabilities through audit activities. In the event of a significant cybersecurity incident, periodic announcements are made to raise awareness among employees.</p>

Dimension	Current potential risks	Risk Explanation	Relevant Risk Management Policies or Strategies
			<p>III. In terms of customer personal data protection, our company ensures the absolute protection of customer privacy, allowing customers to use various services provided by Capital Financial Net with peace of mind. Personal data is collected and processed only with the customer's consent. Except with the prior consent of the customer or in accordance with relevant legal regulations, the company will not provide this personal data to any third party or use it for other purposes. The related privacy policy includes data security, the application of cookies, and self-protection measures. The company keeps a close eye on technological, environmental, and legal changes, regularly updating the privacy statement to effectively safeguard customer privacy rights. If customers have any questions about this privacy policy and its implementation, they can contact the company through the customer service center at any time. The Legal and Compliance Office, as well as the Information Technology Department, provide education and training on personal data and new legal regulations. The company has also implemented personal data protection control software to block the printing of personal data reports, reducing the risk of personal data leakage. Employees can review information through computer-based methods, significantly minimizing the environmental impact associated with printing.</p> <p>IV. The company continuously strives for a more secure and stable information operating environment and information security management system, aiming to enhance core values and competitiveness, demonstrating dedication and commitment to customers and shareholders.</p>

Dimension	Current potential risks	Risk Explanation	Relevant Risk Management Policies or Strategies
Social	Operational risk	The scope of risk management includes compliance with laws and their changes, as well as market supply and demand.	<ol style="list-style-type: none"> 1. Conduct an annual market forecasting conference for the upcoming year, and formulate budgets and operational plans. 2. Perform regular annual Key Performance Indicator (KPI) system operations for performance management. 3. Annually disclose comprehensive information to shareholders through channels such as annual reports, sustainability reports, and the company website. 4. In response to various infectious disease outbreaks, the company has implemented the following operational measures: <ul style="list-style-type: none"> • Personnel zoning and staggered office shifts • The company has implemented zoning and office flow measures in response to various infectious disease outbreaks, segregating employees on different floors to avoid contact between colleagues in different areas or floors. Dedicated personnel are responsible for document delivery, meetings are conducted through video conferencing, and non-essential business trips are canceled. Even as the situation improves, employees are encouraged to practice regular handwashing, wear masks, and maintain social distancing. • To ensure the safety of the office environment, the company regularly disinfects common spaces such as offices, break rooms, and corridors on each floor. • Provide VPN remote work mode for employees: • The company has planned for colleagues who may be under home quarantine or practicing self-health management by providing a VPN remote connection for working from home. In addition to procuring the necessary VPN connection equipment and software licenses, the company arranges training and testing for colleagues in various departments on installing and configuring VPN software on their home computers, ensuring a complete home VPN environment for employees.
Environmental	Physical risks. (sudden disasters)	Business Interruption due to Natural Disasters Causing Closure of Operational Sites and	the company collaborates with the General Affairs Unit and external fire departments to conduct evacuation drills, first aid training, and crisis management team tabletop simulations. These simulations simulate emergency scenarios such as fires, earthquakes, or infectious diseases. On October 20, 2023, a fire drill was conducted to facilitate employee understanding of emergency evacuation routes and related safety procedures. This ensures that, in the event

Dimension	Current potential risks	Risk Explanation	Relevant Risk Management Policies or Strategies
		Equipment Damage.	of an actual disaster, individuals do not panic excessively, thereby minimizing potential loss of life and property damage.
	Transition risk	Government Enacts Energy Conservation Policies and Restrictions.	<ol style="list-style-type: none"> 1. Implement various energy-saving measures in accordance with policies, including the procurement of environmentally friendly equipment. 2. Voluntarily carry out energy-saving and carbon reduction activities.
		Customers' engagement in online market monitoring and trading using carriers is gradually increasing.	<ol style="list-style-type: none"> 1. Provide comprehensive carrier services to enhance customer convenience. 2. In response to digital transformation, reduce on-site market monitoring locations and other equipment investments.
		The old machines have lower performance and energy consumption, leading to a decline in competitiveness.	<ol style="list-style-type: none"> 1. Choose equipment models with higher energy efficiency. 2. Reduce equipment energy consumption through intelligent planning.

Dimension	Current potential risks	Risk Explanation	Relevant Risk Management Policies or Strategies
Governance	Board Governance of Risks	Ethical Management (Anti-corruption, Bribery)	<ol style="list-style-type: none"> 1. The company has established the "Ethical Corporate Management Best-Practice Principle" and the "Procedures for Ethical Management and Guidelines for Conduct." to implement the commitment to the integrity policy and ensure its execution in internal management and business activities. To establish a culture of integrity and transparency, the company's Ethical Management Committee conducts regular reviews of the company's adherence to ethical business practices each year. Additionally, it provides periodic reports to the Board of Directors. 2. To embody the principles of ethical management, the Board of Directors adheres to the "Board of Directors Meetings of Public Companies" and relevant legal provisions. Directors disclose any conflicts of interest with themselves, their representatives, spouses, close blood relatives, or companies with controlling or subordinate relationships during board meetings. If such conflicts may harm the company's interests, they are prohibited from participating in discussions and voting on relevant matters. Directors must recuse themselves during discussions and voting and cannot act as proxies for other directors. 3. Complete information disclosure to shareholders is carried out annually through the annual report, sustainability report, and the company's website.
	Financial Regulatory Risks	anti-money laundering and anti-terrorism	<ol style="list-style-type: none"> 1. The company adheres to relevant laws and regulations set by regulatory authorities for the prevention of money laundering and the combating of terrorism financing. It establishes an internal control system, implements risk management, and conducts audits through the Department Internal Auditing. Regular reports are submitted to the Audit Committee and the Board of Directors. 2. The company has established the "Implementation Guidelines for the Whistle-blowing System," which includes measures to protect the identity and rights of whistle-blowers. Whistle-blowing cases that are substantiated through investigation may be eligible for rewards.

Appendix

GRI Standards(2021)

GRI Standards / Disclosure Items		Chapter	Page Number
GRI 2 : General Disclosures			
2-1	Organizational details	Company Overview	4-5
2-2	Entities included in the organization's sustainability reporting	About report	-
2-3	Reporting period, frequency and contact point	About report	-
2-4	Restatements of information	About report	-
2-5	External assurance	About report Appendix	109-112
2-6	Activities, value chain and other business relationships	Supplier Management Products and Service	36 49-58
2-7	Employees	Employee Care	59-77
2-8	Workers who are not employees	Employee Care	59-77
2-9	Governance structure and composition	Corporate Governance	19-27
2-10	Nomination and selection of the highest governance body	Corporate Governance	20-22
2-11	Chair of the highest governance body	Corporate Governance	20-23
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	20-23
2-13	Delegation of responsibility for managing impacts	Corporate Governance	20-23
2-14	Role of the highest governance body in sustainability reporting	About report	-
2-15	Conflicts of interest	Corporate Governance	20-23
2-16	Communication of critical concerns	Corporate Governance	24-27
2-17	Collective knowledge of the highest governance body	Corporate Governance	20-23
2-18	Evaluation of the performance of the highest governance body	Corporate Governance	20-23
2-19	Remuneration policies	Corporate Governance Employee Care	25-26 63-66
2-20	Process to determine remuneration	Corporate Governance Employee Care	25-26 63-66
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2-23	Policy commitments	Management of Sustainable Development	8-14
2-24	Embedding policy commitments	Corporate Governance	28-36
2-25	Processes to remediate negative impacts	Products and Service	49-58
2-26	Mechanisms for seeking advice and raising concerns	Products and Service	49-58
2-27	Compliance with laws and regulations		29-30
2-28	Membership associations	Corporate Governance	30
2-29	Approach to stakeholder engagement	Stakeholder Engagement	41-42
2-30	Collective bargaining agreements	The company currently operates without a labor union and does not have any corresponding collective bargaining agreements.	-
GRI 3 Material Topics			
3-1	Process to determine material topics	Stakeholder Engagement	41-48
3-2	List of material topics	Stakeholder Engagement	41-48
3-3	Management of material topics	Stakeholder Engagement	41-48
•Material Topics			
Digital finance			
3-3	Management of material topics	Stakeholder Engagement	41-48
-	Custom theme	Society and environment	41-48
Operational performance			
3-3	Management of material topics	Stakeholder Engagement	41-48
-	Custom theme	Chairman's Message	1-3
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3-3	Management of material topics	Stakeholder Engagement	41-48
-	Custom theme	Risk Management and Crisis Response	31-32
-	Custom theme	Climate-related Risks and Opportunities	88-102
Legal Compliance			
3-3	Management of material topics	Stakeholder Engagement	41-48
-	Custom theme	Corporate Governance	29-30
Privacy			
3-3	Management of material topics	Stakeholder Engagement	41-48
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GRI Standards / Disclosure Items		Chapter	Page Number
Information Security			
3-3	Management of material topics	Stakeholder Engagement	41-48
-	Custom theme	Corporate Governance	37-40

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article 4, Appendix 1-3: Sustainability Disclosure Indicators - Financial and Insurance Industry"

No.	Indicator	Annual disclosure status	Reference section	Page number
1	Number of information leakage incidents, percentage of information leakage incidents related to personal data, and the number of customers affected by information leakage incidents.	In 2023, the company did not experience any information leakage incidents. The percentage of information leakage incidents related to personal data and the number of customers affected by such incidents were both zero. Additionally, there were no incidents of data breaches caused by hacker intrusions or credential stuffing attacks.	Corporate Governance	39-40
2	Number of loans and outstanding loan balances for promoting small businesses and community development.	Not applicable due to the absence of lending operations.	-	-
3	Number of participants in financial education programs provided to underserved and disadvantaged groups lacking access to banking services.	In 2023, the company organized the 「群益新力軍」 nationwide university competition, hosting 84 campus briefing sessions across nearly 100 universities and colleges, attracting over 2,600 student participants. The program aimed to help young people enter the financial market early, understand key factors driving global market changes, and provided a simulated trading platform for students to integrate theory with practice. Through the "Trader Winners Training Program," a total of 48 students were trained, fostering new talent in investment and promoting inclusive finance.	Society and environment	41-48

No.	Indicator	Annual disclosure status	Reference section	Page number
4	Products and services designed by each business operation to create environmental or social benefits.	To lower the barriers and risks for younger generations entering the market, the company's leveraged trading business introduced innovative services for contract for difference (CFD) products. These products feature small specifications, low thresholds, customizable leverage, and fair pricing closely aligned with asset values. Additionally, the company secured trademark registration to establish brand differentiation and market uniqueness. By offering a legitimate investment tool tailored to individual investors, the company promotes diversification and integrates innovative financial technology applications to attract younger participants, thereby advancing the goals of inclusive finance.	Society and environment	41-48

The risks and opportunities posed by climate change to the company, as well as the corresponding mitigation measures adopted by the company.

item	reference section	page number
Describe the supervision and management of climate-related risks and opportunities by the board of directors and management.	Social and Environmental	88-102
Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finance (short, med and long term).		88-102
Describe the financial impact of extreme weather events and transformation.		88-102
.Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.		88-102
If situational analysis is used to assess the resilience to climate change, the context, parameters, assumptions, analysis factors, and key financial implications shall be provided.		88-102

.If a transformation plan for managing climate risks is formulated, its content and the indicators as well as objectives used to identify and manage physical and transformation risks shall be provided.		88-102
If internal carbon pricing is used as a planning tool, the basis for price setting shall be stated.	The company currently does not have internal plans for carbon pricing	-
If climate related targets are set, the scope of activities, the scope of GHG emissions, the planned schedule, and the annual goal shall be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve targets, the source and quantity of carbon reduction credits or the quantity of RECs shall be provided.	In 2023, the company began conducting its 2022 greenhouse gas inventory in accordance with ISO 14064 standards and obtained assurance from auditors for the 2023 inventory in 2024. Moving forward, the company will progressively implement short-, medium-, and long-term goals related to climate-related risks and opportunities.	-

Sustainability Accounting Standards Board (SASB)

Sustainability Accounting Standards Board	disclosure items	indicator code	page number	remarks
Employee Diversity	Percentage of gender and racial / ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-IB-330a.1	59-77	
Incorporation of Environmental, Social, and Governance Factors in Investment Banking and Brokerage Activities	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry	FN-IB-410a.1	15	
	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	FN-IB-410a.2	15	
	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	15	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510a.1	-	No occurrences of this nature transpired in the fiscal year 2023.
	Description of whistleblower policies and procedures	FN-IB-510a.2	57-58	
Professional Integrity	Number and percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510b.1	57-58	
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	57-58	
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	57-58	
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	32-36	

Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-IB-550a.1	-	The Company is not a systemically Important bank.
	Description of approach to incorporation of results of mandatory and voluntary stress test into capital adequacy planning, long-term corporate strategy, and other business activities	FN-IB-550a.2	31-32	
Employee Incentives & Risk Taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	65	
	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550b.2	65	
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	-	The company is not engaged in that business activity
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	15	
	Number and value of proprietary investments and loans by sector	FN-IB-000.B	15	
	Number and value of market making transactions in derivatives (futures/options/warrants)	FN-IB-000.C	15	

Limited Assurance Report by Auditor



安侯建業聯合會計師事務所

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會計師有限確信報告

群益期貨股份有限公司 公鑒：

本會計師接受群益期貨股份有限公司（以下簡稱「群益期貨」）之委託，對群益期貨民國一一二年度（2023年度）永續報告書（以下簡稱「報告書」）中所揭露之特定績效指標（以下簡稱「確信標的資訊」）執行有限確信程序並出具報告。

確信標的資訊與適用基準

群益期貨依據「上市公司編製與申報永續報告書作業辦法」（以下簡稱「作業辦法」）第四條所規定之金融保險業應加強揭露永續指標及「期貨商編製與申報永續報告書作業辦法」第二條所規定期貨商應加強揭露之永續指標所揭露之確信標的資訊及其適用基準詳列於附件一。

管理階層之責任

群益期貨應設定其永續績效和報導目標，包括辨識利害關係人及重大性議題，並依前述適用基準編製及允當表達民國一一二年度（2023年度）報告書內所涵蓋之確信標的資訊，且負責建立及維持與報告書編製有關之必要內部控制，以確保報告書所報導之確信標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依據財團法人中華民國會計研究發展基金會所發布之確信準則3000號「非屬歷史性財務資訊查核或核閱之確信案件」規劃並執行工作，以對第二段所述之確信標的資訊是否存在重大不實表達出具有限確信報告。另，本會計師執行有限確信時，對與有限確信攸關之內部控制取得必要之瞭解，以設計當時情況下適當之有限確信程序，惟其目的並非對群益期貨民國一一二年度（2023年度）永續報告書之相關內部控制設計或執行之有效性提供任何確信。

獨立性及品質管理規範

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



所執行程序之彙總說明

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

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

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

先天限制

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

結論

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

其他事項

本確信報告出具後，群益期貨對任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

安侯建業聯合會計師事務所

會計師：

黃郁婷
吳政諤

事務所地址：台北市信義路五段七號六十八樓

民國一十三年八月二十二日





附件一：確信標的資訊彙總表

編號	報告書 對應章節	確信標的資訊	適用基準												
1	公司治理_ 資訊安全管理 暨個資安全保護	<div>■ 本公司112年度未發生資訊外洩事件、與個資相關的資訊外洩事件占比及因資訊外洩事件而受影響的顧客數皆為零，亦無發生遭駭客入侵、駭客撞庫攻擊造成資訊外洩的事件。</div> <table><tr><th>指標項目</th><th>年度情形</th></tr><tr><td>1.資訊外洩事件數量</td><td>0</td></tr><tr><td>2.與個資相關的資訊外洩事件占比</td><td>0</td></tr><tr><td>3.因資訊外洩事件而受影響的顧客數</td><td>0</td></tr></table>	指標項目	年度情形	1.資訊外洩事件數量	0	2.與個資相關的資訊外洩事件占比	0	3.因資訊外洩事件而受影響的顧客數	0	<div>■ 作業辦法第四條第一項附表一之三編號一</div> <div>■ 期貨商編製與申報永續報告書作業辦法第二條第一項附表編號一</div> <p>資訊外洩事件數量、與個資相關的資訊外洩事件占比、因資訊外洩事件而受影響的顧客數</p>				
指標項目	年度情形														
1.資訊外洩事件數量	0														
2.與個資相關的資訊外洩事件占比	0														
3.因資訊外洩事件而受影響的顧客數	0														
2	不適用	<div>■ 因群益期貨無放貸業務，故不適用。</div>	<div>■ 作業辦法第四條第一項附表一之三編號二</div> <p>對促進小型企業及社區發展的貸放件數及貸放餘額</p>												
3	社會與環境_ 金融創新、綠色數位	<div>■ 為建立民眾及學子正確的期貨理財觀念，配合宣導金管會之「走入校園與社區辦理金融知識宣導活動」，希望藉由活動的參與，讓民眾及學生都能獲得正確的金融知識，提升人民金融知識水準。群益期貨長期投入大量資源培育出眾多人才，辦理「金融領航 菁英翱翔」專案，其中與各大學系所合作並結合實習生計畫，便是讓莘莘學子實際參與各部門的實務學習，並透過主管經驗分享、小組團隊合作，協助學生為進入社會打好紮實基礎的產學合作計畫。在活動尾聲舉行結業實習成果發表會，使全體實習學員們在實習期間體驗各部門業務內容，積極參與並挑戰交辦之任務，主動提供意見進行交流，分享時學員透過具體報告分享實習期間的學習成果，呈現精彩實習成果表現。該專案擬透過階段式實習培訓計畫（暑假實習→學期間工讀→畢業後擇優轉任正職）以及有計畫性的培訓課程規劃，期待引領校園學子踏出邁向期貨產業的第一步，以縮短學用落差，使業界與學界的關係能更加緊密，屬於積極社會參與、落實企業責任之一環。一系列實務課程皆為公司高階主管親自授課，帶領暑期生學習專業金融知識、業務開發、團隊合作、實務講解，讓同學在學中做、做中學，真正落實教育訓練合一，也期許同學在實習期間發掘自己的潛力及提昇自我含金量；此外群益期貨也有提供學生考取期貨專業證照補助，以及提供表現優異的同學獎學金做為獎勵。</div> <table><tr><th>期間</th><th>學校數量</th><th>實習人數</th></tr><tr><td>寒假</td><td>3</td><td>17</td></tr><tr><td>暑假</td><td>13</td><td>19</td></tr><tr><td>合計</td><td>16</td><td>36</td></tr></table>	期間	學校數量	實習人數	寒假	3	17	暑假	13	19	合計	16	36	<div>■ 作業辦法第四條第一項附表一之三編號三</div> <div>■ 期貨商編製與申報永續報告書作業辦法第二條第一項附表編號二</div> <p>對缺少期貨服務之弱勢族群提供金融教育之參與人數。</p>
期間	學校數量	實習人數													
寒假	3	17													
暑假	13	19													
合計	16	36													

編號	報告書 對應章節	確信標的資訊	適用基準
		<p>■ 群益期貨亦舉辦全國大專院校競賽「群益新力軍」，以培養投資新血及落實普惠金融。該活動藉由交易競賽、操盤培訓促使年輕學子培養正確投資觀念，實現普惠金融。於112年吸引來自近100所大專院校，逾2,600位學生報名。期間共舉辦84場校園說明會，讓年輕人提早進入金融市場，瞭解全球市場變化的關鍵因素，並且提供模擬的交易平台，讓學生有機會將理論與實務相結合，建立正確的金融投資觀念。群益期貨重視人才培育與發展，交易競賽名列前茅的學生更獲選參加「交易員贏家培訓計畫」，112年共有48位學生參與。於培訓計畫期間表現優異的學生，將有機會加入群益期貨，本公司希冀以良好的「選才、用才、育才、留才」循環為年輕世代提供優質的職涯平台。</p>	
4	社會與環境- 金融創新、綠色數位	<p>■ 為降低年輕世代投入市場的門檻與風險，發展槓桿交易業務，推出符合市場需求的差價契約(Contract For Difference, CFD)創新服務，接軌國際市場，CFD 商品可以提供年輕人學習且代價不會太高的投資工具，培養新一代年輕人未來在國際金融市場的競爭，其商品設計具有以下三個特點：1.商品特性規格小、門檻低、槓桿自設、2.商品定價合理、貼近資產價格、3.取得商標註冊，建立商品之品牌區隔及市場唯一性。提供符合小資族群的合法投資工具，如：「奈米金」、「奈米指」等奈米系列產品，以多元化方向發展槓桿交易業務，並結合創新金融科技應用，吸引年輕族群的參與，群益槓桿業務發展自105年開業截至112年底，40歲以下開戶數比例已達累積總開戶數43.23%，將持續推廣以落實普惠金融。</p> <ul style="list-style-type: none"> • 20~30歲(不含)：16.68% • 30~40歲(不含)：26.55% • 40~50歲(不含)：28.26% • 50~60歲(不含)：19.17% • 60~70歲(不含)：8.17% • 70歲以上：1.17% 	<p>■ 作業辦法第四條第一項附表一之三編號四</p> <p>■ 期貨商編製與申報永續報告書作業辦法第二條第一項附表編號三</p> <p>各經營業務為創造環境效益或社會效益所設計之產品與服務</p>