

CONTENTS

CONTENTS

A

Introduction 01

B

Corporate Governance Overview..... 04

I. Definition..... 04

II. OECD Corporate Governance Principles..... 04

C

**Corporate Governance System and
Development in Taiwan.....** 05

I.Design of the Corporate Governance System in Taiwan..... 05

II.Corporate Governance Development in Taiwan 06

(I) History 06

(II) Outcomes of implementing the "Corporate Governance
Roadmap"07

(III) Corporate Governance Roadmap (2018-2020)14



D

Current Status of the Implementation of Corporate Governance Principles in Taiwan 16

I.Deepening corporate governance and CSR	16
(I) Legislation	16
(II) Implementation and the Corporate Governance Roadmap	19
II.Responsibilities and functions of the Board of Directors	21
(I) Legislation	21
(II) Implementation and the Corporate Governance Roadmap	41
III.Promotion of shareholder activism	48
(I) Legislation	48
(II) Implementing and strengthening the Corporate Governance Roadmap	59
IV. Strengthening information transparency	62
(I) Legislation	62
(II) Implementing and strengthening the Corporate Governance Roadmap	69
(III)Corporate governance evaluation system (Action Plan I of the Corporate Governance Roadmap).....	78
V. Augmenting regulatory enforcement.....	84

CORPORATE GOVERNANCE IN TAIWAN

(I) Legislation 84

(II) Implementing and strengthening the Corporate Governance Roadmap 89

E

Corporate Social Responsibility and Sustainable Development 95

I. Introduction of Corporate Social Responsibility 95

II. CSR Advancement in Taiwan 97

III. Current Developments 101

(I) Legislation 101

(II) Actual implementation 107

F

Other important measures for corporate governance 113

I. Strengthening CPAs' accountability for audits 113

II. Strengthening the corporate accounting system 114

(I) Advancing the International Financial Reporting Standards (IFRSs) 114

(II) IFRSs development history 114

(III) IFRS adoption history 115



III.Special inspections of internal control systems and financial operations	117
(I) Regulations on internal control systems.....	117
(II) Amendments of the COSO "Internal Control - Integrated Framework"	118
(III) Strengthening the anti-money laundering and counter-terrorism financing system of financial institutions	119

Appendix 1 Important milestones in corporate governance (2016-August 2018)	122
Appendix 2 Overview of insider short-swing transaction disgorgement cases.....	124