

Yuanta Financial Holding Company Integrity Management Guidelines

Approved by the Board of Directors on October 25, 2011 (20th meeting of the 5th board)

Amendments approved on March 30, 2015 (28th meeting of the 6th board)

Amendments approved on January 23, 2019 (36th meeting of the 7th board)

Amendments approved on September 25, 2019 (6th meeting of the 8th board)

Article 1 (Purpose and Scope of Application)

These Guidelines are adopted by Yuanta Financial Holding Company (hereinafter: "the Company") to foster a corporate culture of integrity management and sound development.

The scope of application of these Guidelines covers business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds fifty percent (50%) of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

Article 2 (Prohibition of Unethical Conduct)

When engaging in commercial activities, directors of the board, managers, employees, and mandataries of the Company, or persons having substantial control over the Company (hereinafter: "substantial controllers") shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter: "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors of the board, supervisors, managers, employees, substantial controllers, or other stakeholders.

Article 3 (Types of Benefits)

"Benefits" in these Guidelines mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

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Article 4 (Legal Compliance)

The Company shall comply with the *Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest*, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate integrity management.

Article 5 (Policy)

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism, so as to create an operational environment for sustainable development.

Article 6 (Prevention Programs)

The Company shall in its own integrity management policy prescribe the specific integrity management practices and the programs to forestall unethical conduct (hereinafter: “prevention programs”), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 (Scope of Prevention Programs)

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

When the Company establishes the prevention programs, it shall at least include preventive measures against the following:

- (1) Offering and acceptance of bribes.
- (2) Illegal political donations.
- (3) Improper charitable donations or sponsorship.
- (4) Offering or acceptance of unreasonable presents or hospitality, or other improper

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benefits.

(5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.

(6) Engaging in unfair competitive practices.

(7) Damaging the rights and interests of stakeholders.

Article 8 (Commitment and Implementation)

The Company shall require directors of the board and senior management personnel to submit a statement declaring they will adhere to the integrity management policy, and require employees to adhere to the integrity management policy as a condition of employment.

The Company and its respective group businesses and organizations shall clearly specify in their rules, external documents, and on the company website the integrity management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The integrity management policy, statement, commitment, and implementation mentioned in Paragraphs 1 and 2 shall be compiled into documented information and retained properly.

Article 9 (Integrity Management in Commercial Activities)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of integrity management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with integrity management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 (Prohibition of Offering and Acceptance of Bribes)

When conducting business, the Company and its directors of the board, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

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Article 11 (Prohibition of Providing Illegal Political Donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors of the board, managers, employees, mandataries, and substantial controllers, shall comply with the *Political Donations Act* and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Prohibition of Improper Charitable Donations or Sponsorship)

When making or offering donations and sponsorship, the Company and its directors of the board, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 (Prohibition of Unreasonable Presents or Hospitality, or Other Improper Benefits)

The Company and its directors of the board, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 (Prohibition of Infringement of Intellectual Property Rights)

When conducting business, the Company and its directors of the board, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition of Engaging in Unfair Competitive Practices)

The Company shall engage in business activities in accordance with applicable competition laws and regulations.

Article 16 (Prevention of Damage to the Rights and Interests of Stakeholders)

When conducting business, the Company and its directors of the board, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards, and set up a stakeholder section on the Company's website in order to prevent damage to the rights and interests of

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stakeholders.

Article 17 (Organization and Responsibility)

The directors of the board, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments, so as to ensure thorough implementation of its integrity management policies.

To achieve sound integrity management, the Company shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the integrity management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

- (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 integrity management in compliance with the requirements of laws and regulations.
- (2) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly 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) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to integrity management policy.
- (5) Developing a whistle-blowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing integrity management are effectively operating, and preparing reports on the regular assessment of compliance with integrity management in operating procedures.

Article 18 (Legal Compliance in Operation)

The Company and its directors of the board, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention

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programs when conducting business.

Article 19 (Avoidance of Interest)

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors of the board, managers, and other stakeholders attending or present at board of directors meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board of directors meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The Company's directors of the board, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 (Accounting and Internal Control)

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly, so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the integrity management dedicated unit, and put down in writing in the form of an audit report to be submitted to the board of directors.

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Article 21 (Operational Procedures and Behavioral Guidelines)

The Company shall establish operational procedures and behavioral guidelines in accordance with Article 6 hereof to guide directors of the board, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

- (1) Standards for determining whether improper benefits have been offered or accepted.
- (2) Procedures for offering legitimate political donations.
- (3) Procedures and the standard rates for offering charitable donations or sponsorship.
- (4) Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- (5) Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- (6) Regulations and procedures for dealing with suppliers, clients, and business transaction counterparties suspected of unethical conduct.
- (7) Handling procedures for violations of these guidelines.
- (8) Disciplinary measures on offenders.

Article 22 (Education, Training, and Assessment)

The Company shall communicate the importance of integrity to its directors of the board, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors of the board, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties, so they understand the Company's resolve to implement integrity management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of integrity management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 (Whistle-blowing System)

The Company shall establish a whistle-blowing system in accordance with Paragraph 2 of Article 34 of the *Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries*, and designate units with the authority to exercise independence to be responsible for the acceptance and investigation of whistle-blowing cases.

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Article 24 (Disciplinary and Appeal System)

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the integrity management rules, and shall make immediate disclosure on the Company's internal website of the violator's date and details of the violation and the actions taken in response.

Article 25 (Disclosure of information)

The Company shall continuously promote the integrity management policy. It shall also disclose the measures taken for implementing integrity management and the status of implementation on the Company websites, annual reports, and prospectuses, and shall disclose the content of its Integrity Management Guidelines on the Market Observation Post System.

Article 26 (Review and Revision of the Integrity Management Policy and Measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning integrity management and encourage its directors of the board, managers, and employees to make suggestions, based on which the adopted integrity management policies and measures taken will be reviewed and improved with a view to achieving better implementation of integrity management.

Article 27 (Implementation)

These Guidelines shall be implemented after the Company's board of directors grants the approval, and shall be reported at a shareholders meeting. The same procedure shall be followed when the Guidelines have been amended.

When the Integrity Management Guidelines are submitted to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

For those businesses and organizations of the Group that apply these Guidelines that have set up supervisors, the requirements of the Guidelines for directors, managers, employees, mandataries or substantial controllers of the Company shall apply to the supervisors.

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The provisions of Paragraph 1 of Article 7, Subparagraph 2, Paragraph 2 of Article 17, and Paragraphs 2 and 3 of Article 20, which are amended on September 25, 2019, shall come into effect on April 1, 2020.

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