

Status of Corporate Governance, Departures from the *Corporate Governance Best-Practice Principles for Financial Holding Companies*, and Reasons for Such Departures 2023

Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
<p>1. Equity structure and shareholders' rights of financial holding company</p> <p>(1) Whether the financial holding company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?</p> <p>(2) Whether Yuanta FHC controls the name lists of the financial holding Company's major shareholders and their ultimate owners?</p> <p>(3) Whether the financial holding company establishes and implements some risk control</p>	✓		<p>1.</p> <p>(1) Yuanta FHC has disclosed the ways to communicate with Yuanta FHC in the "Contact Us" and Contact Person identified in the "Service" under the "Investor Relations" Section of its website. Shareholders' proposals, doubts or disputes, and litigation matters are handled appropriately and objectively by the relevant personnel in accordance with the handling procedures stipulated by Yuanta FHC, and no shareholders' disputes or lawsuits were known to have been filed during the years 2023 and 2024 through January 31.</p> <p>(2) According to Article 11 of the "Regulations Governing Approvals of the Same Person's or Same Related Parties' Applications to Own More Than a Certain Percentage of the Issued Voting Shares of a Financial Holding Company", Yuanta FHC will, on a monthly basis, disclose the information about any change in the major shareholders' equity on MOPS, and check the consistency with the roster of shareholders whenever the transfer registration is suspended, in order to control the information about major shareholdings. Meanwhile, Yuanta FHC sets up the "Shareholder Structure" section under the "Investor Information" of the "Investor Relations" on Yuanta FHC's website that provides relevant forms for download.</p> <p>(3)</p> <p>A. Yuanta FHC has established a "Risk Management</p>	There was no departure in this respect.

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and firewall mechanisms between Yuanta FHC and its affiliates?			<p>Department” being responsible for launching, supervising and implementing risk management measures. Each subsidiary has an independent risk management unit in place, depending on their business scale and risk attributes, to monitor the various risks involved.</p> <p>B. Yuanta FHC has complied with Articles 44 and 45 of the Financial Holding Company Act, regarding credit and non-credit transactions with related parties.</p> <p>C. Yuanta FHC has established the “Rules Governing Transactions with Related Parties,” “SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between Yuanta FHC and Stakeholders Defined in Article 45 of the Financial Holding Company Act,” “Rules Governing the Transactions Between Yuanta FHC and Self-Disciplined Counterparts” and “Regulations Governing Confidentiality and Prevention of Conflict of Interest With Respect to Information Provided by or Database Established by Subsidiaries” for the fulfillment of risk control and firewall mechanism.</p> <p>D. Yuanta FHC has formulated the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies of Yuanta Financial Holding Co., Ltd.” to manage the financial transactions between Yuanta FHC and its affiliates and to prevent irregular transactions and improper transfers of benefits. At the thirteenth (13th) meeting of the ninth (9th) Board of Directors held on March 29, 2023, the Board of Directors approved to amend the name of these Regulations to “Rules Governing Financial and Business Matters between Related Parties of Yuanta</p>	

<p>(4) Whether Yuanta FHC’s internal rules are adopted and disclosed on Yuanta FHC’s official website, which prohibit the insiders, such as Yuanta FHC’s directors or employees, from seeking profit based on the information unavailable on the market, and how such rules are practiced?</p>		<p>Financial Holding Co., Ltd.,” and to expand the scope of applicability from affiliated companies to all related parties, and to add that significant transactions related to related parties should be submitted to the Board of Directors for approval and to the shareholders meeting for consent or report.</p> <p>(4) Article 15 of Yuanta FHC’s “Procedures for Integrity Management and Guidelines for Conduct” expressly provides that insider trading is strictly prohibited, which is also disclosed on Yuanta FHC’s official website: Investor Relations>Corporate Governance> “Committees/ Sustainable Development Committee.” URL: https://www.yuanta.com/Res/Doc/Policies/CG/Procedures_for_Integrity_Management_and_Guidelines_for_Conduct_EN.pdf In accordance with the Yuanta FHC’s “Integrity Management Guidelines,” education and training should be provided to directors of the board, managerial officers, and employees on a regular basis. In 2023, in addition to providing all directors of Yuanta FHC with information on Integrity Management and Legal Compliance Advocacy, two seminars related to integrity management on corporate governance were held for directors and supervisors of the Yuanta Group. The topics and training hours are as follows: on March 16, 2023, 50 directors and supervisors participated in “Money Laundering Prevention and Countering Financing of Terrorism and Directors’ Legal Obligations and Responsibilities Promotion,” totaling 150 hours. On May 18, 2023, 59 directors and supervisors participated in “<i>Financial Consumer Protection Act</i> and Fair Treatment of Customers” for a total of 177 hours. In order to equip all employees and managerial officers with proper knowledge and judgment of the relevant laws and regulations and ethical conduct, Yuanta FHC regularly organizes annual training courses on Integrity Management and Legal Compliance Advocacy, the contents of which</p>	
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			<p>include customer data protection, financial consumer protection, stakeholders' transactions, insider trader guidelines, disclosure of merger-and-acquisition information, integrity, ethical behavior, and legal liability of all persons in the financial business, compliance resources, and whistleblowing system. Above-mentioned personnel are all required to attend courses and pass examinations. In 2023, a total of 11,550 employees participated in the training courses and passed the examination with total training hours of 10,870 hours.</p>	
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<p>2. Composition and responsibilities of board of directors</p> <p>(1) Has the financial holding company established the diversity policy about the members of the Board of Directors and discloses the specific management targets and fulfillment of such policy at Yuanta FHC’s website?</p>	✓		<p>2.</p> <p>(1) Yuanta FHC has established the “Procedure for Election of Directors”, in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. In order to strengthen the functions of the Board of Directors and its management mechanism, Yuanta FHC formulates an appropriate diversity policy based on its business operation, business type, and development needs, including but not limited to, the following two general standards:</p> <p>A. Basic requirements and values: Gender, age, nationality, and culture, et al.</p> <p>B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.</p> <p>As stated in the subparagraph 2 of the preceding paragraph, each Board member of Yuanta FHC shall have the necessary knowledge, skills, and experience required to perform their duties. The professional knowledge and skills that must be present in the Board as a whole are stated as follows:</p> <p>A. Ability to make judgments about operations.</p> <p>B. Accounting and financial analysis ability.</p> <p>C. Business management ability (including ability to manage subsidiaries).</p> <p>D. Crisis management ability.</p> <p>E. Knowledge of the industry.</p>	There was no departure in this respect.

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(2) Is the financial holding company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?			<p>F. An international market perspective.</p> <p>G. Leadership ability.</p> <p>H. Decision-making ability.</p> <p>I. Risk management knowledge and ability.</p> <p>In accordance with the aforementioned diversity policy, Yuanta FHC’s current board diversity objectives are intended to be as follows:</p> <p>A. Independent directors account for at least 40% of the board seats.</p> <p>B. Nominate at least one female director candidate from the ninth (9th) board of directors (2022) and increase the proportion of female directors to 20% of the board of directors by 2030, with a long-term goal of 30%.</p> <p>C. In accordance with the <i>Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company</i>, the number of directorships that meet the professional qualifications of natural persons shall be established.</p> <p>The information about diversified policies on the Board of Directors is disclosed in the “Board of Directors” in the section “Investor relations” > “Corporate Governance” on Yuanta FHC’s website. (Website: https://www.yuanta.com/EN/IR/Governance/Board).</p> <p>(2) Yuanta FHC’s Board of Directors approved the establishment of a “Sustainable Development Committee” (formerly known as: “Sustainability Committee”) on November 28, 2018 and a “Nominating Committee” on January 23, 2019, respectively.</p>	

			<p>In addition, in order to improve and strengthen the risk management mechanism, on March 15, 2023, the Board of Directors approved the establishment of a “Risk Management Committee.”</p>	
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(3) Does the Board of Directors of Yuanta FHC evaluate the external auditors' independence and suitability in reference to AQIs periodically (at least once per year) and disclose the evaluation procedure honestly?			<p>(3) Pursuant to Article 46 of Yuanta FHC's "Corporate Governance Guidelines," Yuanta FHC "shall periodically (at least once a year) evaluate the independence and suitability of the appointed accountants by referring to the Audit Quality Indicators (AQI)." Accordingly, Yuanta FHC has acquired the AQI of an external certified public accountant (CPA), which consists of five general aspects including professionalism, quality control, independence, supervision, and ability to innovate, and thirteen indicators, as the reference for assessment on the independence and suitability of external CPAs. Yuanta FHC conducted an assessment of the independence, professionalism, and audit quality of the CPAs and the results of the assessment were in line with the independence and suitability of the CPAs. Said assessment report, together with the "Statement of Independent Audit" issued by the independent auditor, were submitted to the Audit Committee and Board of Directors. Then, the motion for employment was subject to a resolution made by the Board of Directors.</p> <p>In 2024, Yuanta FHC assessed that Puo-Ju Kuo, Chien Hung Chou, and Li Yuan Chen, CPAs of PricewaterhouseCoopers Certified Public Accountants met Yuanta FHC's independence and suitability assessment criteria, and acquired the Statement of Independent Audit, which was approved at the 22nd meeting held by the Audit Committee of the ninth (9th) term on January 23, 2024, and the 23rd meeting of the Board of Directors of the ninth (9th) term on January 31, 2024.</p>	

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<p>(4) Have the regulations or procedures governing appraisal on performance of the Board of Directors established by the financial holding company is approved by the Board of Directors:</p> <p>A. Is the self-assessment conducted at least once per year and the performance appraisal result disclosed at Yuanta FHC’s website as the reference for remuneration to individual directors and nomination, and is the assessment result disclosed on Yuanta FHC’s website? (Note 2)</p>			<p>(4) Yuanta FHC has enacted the “Board and Functional Committees Evaluation Procedures.” The amendments to the same have been resolved and approved at the 20th meeting of the Board of Directors of the ninth (9th) term on October 25, 2023.</p> <p>A. The Board of Directors and functional committees conduct the performance appraisal on the Board of Directors and functional committees pursuant to the appraisal procedure and indicators referred to in Article 6 and Article 8, and record the assessment report based on the scores per the assessment indicators referred to in Article 8, and submit the report to the Nominating Committee and then to the Board of Directors for discussion and improvement.</p> <p>The self-assessment result on the performance of the Board of Directors and functional committee and the Board members (self or peer) 2023 has been discussed and approved at the eighth (8th) Nominating Committee meeting of the ninth (9th) Board on December 27, 2023 and the 22nd meeting of the ninth (9th) Board of Directors on December 27, 2023. The self-assessment results from performance evaluation this time show that all directors (including independent directors) gave positive feedbacks on the efficiency and operation of the board of directors and the functional committees. The members of the board and the functional committees based on their assessments responded to questions regarding the “level of involvement in Yuanta FHC’s operations,” “composition of each committee and member selection,” “awareness of a director’s responsibilities,” “raising</p>	<p>(4)A. No difference from the <i>Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies</i>.</p>

			<p>the decision-making quality of the meetings,” “director professionalism and continuing education,” “internal controls,” “evaluation and supervision of the risk management mechanism,” “supervision of compliance with laws and codes of practice,” and “involvement in sustainable development (ESG)” respectively, and provided positive feedbacks, affirming that the board of directors and the functional committees are in good operation and can fully perform their functions.</p>	
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B. Is it expressly stated that the external appraisal should be conducted at least once per three years and within the time limit defined in the relevant regulations, and the implementation and appraisal results should be disclosed at Yuanta FHC’s website?			<p>B. Paragraph 2, Article 3 of Yuanta FHC’s Regulations Governing Performance Appraisal on the Board of Directors and Functional Committees: The assessment on the performance of Yuanta FHC’s Board of Directors shall be contracted to an external professional and independent organization, or external experts/scholars for once per three years.</p> <p>Yuanta FHC has appointed “Taiwan Corporate Governance Association” in September 2021 to appraise the performance of the Board of Directors from September 1, 2020 to August 31, 2021. The Association delegated three (3) experts to appraise the Board of Directors’ performance, in the form of questionnaire and on-site survey, in terms of 8 elements subject to 10 indicators, including 1. Composition and Board of Directors, 2. Direction by Board of Directors, 3. Authorization by Board of Directors, 4. Supervision by</p>	

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			<p>Board of Directors, 5. Communication with Board of Directors, 6. Internal Control and Risk Management, 7. Self-Discipline of Board of Directors, and 8. Others, Such as the Board of Directors' meetings and supporting systems. The Association and experts had no business transactions with Yuanta FHC and, therefore, acted independently. The appraisal report was provided on October 8, 2021. Yuanta FHC reported the appraisal results at 36th meeting of the 8th term Board of Directors on November 19, 2021, and continued to improve the Board of Directors' functions based on the appraisal results. The general comments and recommendations provided by the Association, and the corrective actions taken by Yuanta FHC are stated as follows:</p> <p>(A) General comments:</p> <ol style="list-style-type: none"> 1. You (namely, Yuanta FHC) have appointed the external professional and independent organization to conduct the performance appraisal on the Board of Directors for the first time in 2018. The results thereof were reported to the Board of Directors. Meanwhile, the relevant suggestions were already included into the priorities to be corrected for the corporate governance. Following last external assessment, you continued to appoint the external professional and independent organization to conduct the performance appraisal on the Board of Directors. This signifies your ambition to improve yourself and keep upgrading the Board of Directors' performance. 2. You value the cultivation and training of senior 	

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			<p>management talents, set forth the perfect talent development system, enable each successor candidate to have in-depth knowledge about the Group's overall development strategies, cross-department communication and negotiation mechanism, policy-making logic, and execution of policies through the cross-department or cross-functional job training and attendance to related training courses, organize the Yuanta MBA program to train the cross-industry management and also specify the successors training as the priority work target for the supervisors at any level. The relevant implementation results and execution focus for next year would be also reported to the Board of Directors periodically.</p> <p>3. You use the best effort to practice the corporate sustainability, fulfill the corporate social responsibility and implement ethical management-related issues. The "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center" were established and subordinated to the "Corporate Sustainability Committee." Led by two(2) independent directors respectively, said two Centers convened the work meeting on a quarterly basis and set forth the Group's sustainability strategic roadmap for 2021-2025 and requirements for improvement of DJSI indicators. Said practices reflect your insistence on the sustainability and care about the independent</p>	

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			<p>directors' opinions and value.</p> <p>(B) Recommendations:</p> <ol style="list-style-type: none"> 1. You are advised to report the status of implementation of mid-term and long-term strategies to the Board of Directors at the beginning of each year. Considering that the strategic direction refers to one of the important functions to be performed by the Board of Directors, you are suggested to consider engaging in in-depth discussion with independent directors about the environment and important development strategies to be dealt with by Yuanta FHC at regular meetings or in any other occasion each year, in order to enable the independent directors to have more opportunities to participate in the construction and formation of various strategic intents and also provide professional guidance and consulting service, thus improving the Board of Directors' performance further. 2. The functions to be performed by your Nominating Committee for the time being primarily include preparation of the selection criteria for the Board members and related succession plan. Given this, you are suggested to include the senior management successor and training plans into the scope of supervision and review the operations of related mechanism periodically to strength the Board of Directors' and functional committees' functions to supervise the result of talent training and continue creating 	

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			<p>the momentum driving the sustainability.</p> <p>(C) Corrective action:</p> <ol style="list-style-type: none"> 1. Before reporting the status of implementation of mid-term and long-term strategies to the Audit Committee and Board of Directors for discussion, Yuanta FHC will engage in in-depth discussion with independent directors about the environment and important development strategies to be dealt with by Yuanta FHC and allow independent directors to the opportunities to provide professional guidance and consulting service, in order to improve the Board of Directors' performance. 2. The senior management's succession plan has been included into the Nominating Committee's job duties. The Board of Directors amended the Articles of Incorporation for Nominating Committee on March 15, 2022. <p>The information about the regulations or procedures governing appraisal on performance of the Board of Directors and Functional Committees is disclosed in the "Major Internal Policies" in the section of "Corporate Social Responsibility" on Yuanta FHC's website at Website: https://www.yuanta.com/EN/IR/Governance/Internal-Policies</p> <p>The information about the self-appraisal result on performance of the Board of Directors (functional committee) and the board members (self or peer) is disclosed in the "Board of Directors" in the section of "Investor relations"> "Corporate Governance" on Yuanta FHC's official website at Website:</p>	

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(5) Has the financial holding company disclosed the connection between the performance appraisal on and remuneration to directors and managers?			<p>https://www.yuanta.com/EN/IR/Governance/Board</p> <p>(5) Except for independent directors, Yuanta FHC shall allocate remuneration to directors in accordance with the Articles of Incorporation. The allocation of remuneration to directors shall be subject to the overall operating performance for the year, and follow the typical pay levels adopted by peer companies and consider the reasonableness of the correlation with future risk exposure. The actual allocation shall be based on Yuanta FHC's Regulations Governing Remuneration to Directors and take into account the self-appraisal result on the Board of Directors members, hours of directors' attendance at meetings and continuing education, and negative qualifications, and calculated on a pro-rata basis subject to the session of the Board of Directors, the number of directors seats (exclusive of independent directors) and the number of days which the directors hold the position in the year when the earnings to be allocated as remuneration to directors were sought. The remuneration shall be allocated per resolution of the Remuneration Committee and Board of Directors.</p> <p>The Board of Directors is authorized to resolve the remuneration to Yuanta FHC's independent directors based on the typical pay levels adopted by peer companies. The remuneration is paid at fixed amount on a monthly basis, excluded from Yuanta FHC's allocation of remuneration to directors.</p> <p>Yuanta FHC's managers set their personal operating objectives (including the operating development strategies, annual key works, operations and human resource management, group resource integration and supporting,</p>	

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(6) Has the financial holding Company disclosed the information about independent communication between independent directors and related units (or executive officers) and CPAs (e.g. means, items discussed and results of communication on Yuanta FHC’s financial report and business overview, et al.) on Yuanta FHC’s website?			<p>internal controls and compliance) based on Yuanta FHC’s business strategies and sustainable development objectives. According to Yuanta FHC’s Performance Management Regulations, Yuanta FHC must conduct the mid-term and final performance appraisals each year to rate the managers’ performance, subject to the physical execution result of the operating objectives set by them. Upon weighted summing up of all objectives, reported the results to help the Chairman conduct the performance appraisal on the managers. Yuanta FHC has set forth relevant incentive compensation rules, whereby it may provide group performance bonus subject to Yuanta FHC’s operating performance and earnings each year, which is decided by the Remuneration Committee and Board of Directors based on their personal performance, company operation performance, and reasonableness of the correlation with future risk exposure, as well as the typical pay levels adopted by peer companies.</p> <p>(6) Yuanta FHC has established the “Communication Procedures between the Audit Committee and the Certified Public Accountants,” which stipulates that the CPAs should meet with the Audit Committee individually on a regular basis or when necessary.</p> <p>Yuanta FHC has disclosed the exclusive communication means, discussed items, resolutions, and related information among Independent Directors, internal audit heads and CPAs, on its own official website, and can be found in “Committees>Audit Committee” under the section of “Investor Relations” section>Corporate Governance.” (Website: https://www.yuanta.com/EN/IR/Governance/Committees).</p>	

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3. Whether Yuanta FHC assigns the adequate number of competent corporate governance officers, and appoints the head of corporate governance responsible for the corporate governance affairs (including but not limited to, providing directors with the information needed to perform their duties, helping directors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.), and disclosed the scope of authority, annual business focus and status of continuing education on Yuanta FHC's website and in the annual report?	✓		<p>Yuanta FHC has delegated the unit and personnel dedicated to (concurrently in charge of) corporate governance:</p> <p>(1) Yuanta FHC's Secretariat Office would be responsible for handling the affairs related to meetings held by the Board of Directors, Audit Committee, and other functional committees, and designating the personnel dedicated to communicating and providing the relevant information required by directors for carrying out business. The Secretariat Office also arranges and plans the continuing education program of the directors, as well as helps independent directors and the general directors complete their annual continuing education courses.</p> <p>(2) Yuanta FHC's Administration Department would be responsible for the convention of shareholders' meetings and registration of incorporation and changes.</p> <p>(3) In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, according to the competent authority's policy planning about the new corporate governance roadmap, Yuanta FHC's Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and</p>	There was no departure in this respect.

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			<p>served by the Chief Secretary of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the “Head of Corporate Governance.” who shall have the professional qualifications for serving as the management dedicated to legal affairs, finance, shareholders service and parliamentary management, as well as corporate governance affairs, in financial institutions and public companies for more than three years. The head of corporate governance of Yuanta FHC is primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors’ meetings and shareholders’ meetings pursuant to laws to protect shareholders’ equity and enhance the Board of Directors’ functions.</p> <p>(4) Yuanta FHC’s head of corporate governance processed the affairs related to board meetings and shareholders’ meetings, and also helped the Board of Directors solidify the various committees’ mechanism pursuant to laws, and provide the directors with information required by them to perform their duties in 2023. The annual business was executed in the following manners:</p> <p>A. In line with the <i>Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</i> and the <i>Risk Management Best Practice Principles for TWSE/TPEx Listed Companies</i>, the head of corporate governance introduced a corporate risk management mechanism, planned to upgrade the level of the risk management committee from a non-functional</p>	

			<p>committee to a functional committee, and assisted in the establishment of the committee's organizational structure.</p> <p>B. Handling of matters related to the 2023 Annual General Meeting of Shareholders:</p> <p>(A) In accordance with Yuanta FHC's Articles of Incorporation and Article 57-2 of the Corporate Governance Guidelines, coordinated the operations related to the shareholders meetings of each unit.</p> <p>(B) Assisted in the convening of physical shareholders meeting, and for the first time, provided multiple channels for shareholders to participate in shareholders meetings through video conferencing.</p> <p>(C) Assisted the shareholders meeting in improving the relevant operations and smoothly implemented the meeting matters.</p> <p>(D) Assisted shareholders in understanding Yuanta FHC's operations related to corporate governance and updating information on the website to ensure shareholders' rights and interests.</p> <p>C. Supervised the development and adjustment of important regulations of Yuanta FHC's board of directors, including the revision of Yuanta FHC's organizational rules, Audit Committee Charter, Sustainable Development Committee Charter, Method for the Continuing Education of Directors, Corporate Governance Guidelines, Board and Functional Committees Evaluation Procedures, etc. and the establishment of the Risk Management Committee Charter.</p>	
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			<p>D. Supervised the ninth (9th) (2022) Corporate Governance Evaluation and Yuanta FHC was ranked in the top 5% of listed companies; ranked 11%-20% in the finance and insurance category.</p> <p>E. Managed the meeting operations of the board of directors and functional committees, and strengthened the compliance with the law of meeting procedures and recusal of interests.</p> <p>F. Provided information necessary for the directors of the board to carry out their business and reminded them of the relevant laws and regulations that they should comply with when (after) carrying out their business or when (after) making resolutions of the board of directors. After the board meeting, followed up on the suggestions or comments of the directors and their progress.</p> <p>G. Assisted in signing the board of directors' pledge to conduct business with integrity and the Financial Report Confidentiality Statement, and strictly monitored anti-money laundering and prevention of insider trading operations.</p> <p>H. Handled matters related to the continuing education of directors of the board; assisted directors of the board in putting into practice diversified learning mechanism.</p> <p>I. Managed the work related to the performance evaluation of the board of directors and functional committees.</p> <p>J. Educated the directors on the changes in the law and assisted them in complying with the law and in filing the relevant declarations.</p>	

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			<p>K. Assisted the directors in complying with the requirement that they may not trade in Yuanta FHC's shares during the closed period of 30 days prior to the announcement of the annual financial report and fifteen (15) days prior to the announcement of the quarterly financial report.</p> <p>(5) Yuanta FHC's Board of Directors Chief Secretary, Lawrence Lee, has held the position as the head of corporate governance since November 28, 2018, and completed the continuing professional education for twelve (12) hours in 2023.</p> <p>(6) The information about the head of corporate governance is disclosed in the "Board of Directors" > "Head of Corporate Governance" in the section of "Investor relations" > "Corporate Governance" on Yuanta FHC's website at Website: https://www.yuanta.com/EN/IR/Governance/Board</p>	

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4. Whether the financial holding company establishes communication channels with stakeholders (including but not limited to, shareholders, employees, and customers, and suppliers, et al.), and sets up a section for stakeholders at the official website of Yuanta FHC with the proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	✓		<p>Yuanta FHC establishes the well-founded spokesperson system pursuant to the “Uniform Spokesman Procedure”, and appoints the spokesperson and deputy spokesperson to release any public information, policy or other related information to the public on behalf of Yuanta FHC officially.</p> <p>Yuanta FHC and all of its subsidiaries use their best efforts to provide adequate information to stakeholders such as customers, correspondent banks, vendors, employees, and shareholders, and has established the “CSR” >in the section of “Stakeholders Engagement” on its website to disclose the identification of major concerns about stakeholders, channels of communication with the stakeholders and investigation on certain concerns. Meanwhile, Yuanta FHC attaches great importance to the rights and interests of stakeholders and to maintain fair channels of communication with them via mailbox or phone. Yuanta FHC’s Legal Affairs Department assists with and handles possible legal</p>	There was no departure in this respect.

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			<p>disputes. Where the opinion fed back by any stakeholder is considered material, the responsible unit must report the same to the Audit Committee and Board of Directors under Yuanta FHC’s internal control system. (Website: https://www.yuanta.com/EN/ESG/Stakeholder-Engagement). Yuanta FHC’s website also set up the “Investor Relations” section where the information about the Group’s operating performance, credit rating and other financial information are available. (Website: https://www.yuanta.com/EN/IR). Meanwhile, the exclusive email address/department and phone are set up in “Stakeholders Engagement” section to maintain effective communication with stakeholders and investors. (Website: https://www.yuanta.com/EN/IR/Service/Contact-Us). In order to establish the ethical and transparent enterprise culture, promote the sound management and encourage whistle-blowing against misconduct in Yuanta FHC, Yuanta FHC set up the “Reporting Mechanism” in the section of “Investor relations” > “Corporate Governance” on Yuanta FHC’s official website to disclose the requirements about the reporting mechanism, reporting hotline and email box. Website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism.</p>	
<p>5. Information Disclosure</p> <p>(1) Establishment of a corporate website to disclose information concerning financial affairs and corporate governance?</p>	✓		<p>5.</p> <p>(1) On the home page of Yuanta FHC’s website, the “About Us” section discloses corporate strategy, organizational charts and other related information. The “Sustainability” section discloses information related to the operations of corporate governance by Yuanta FHC. The “Group” section describes the business carried out by each of the Group’s subsidiaries. The “Investor Relations” section provides financial</p>	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
(2) Other information disclosure channels (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via Yuanta FHC website)?			<p>information and announcements related to shareholders and public information. The “Corporate Governance” in the section of “Investor relations” discloses the members, functions, operations and related regulations of the Board of Directors and other committees (e.g., Audit Committee, Remuneration Committee, Sustainable Development Committee, Nominating Committee, and Risk Management Committee, etc.), the risk management policies and organizational framework, information security management mechanism, policies, and operational management, intellectual property management plans, and practices and results thereof, and internal audit system, summary of whistle-blowing system, and information to be reported and disclosed under Article 46 of the <i>Financial Holding Company Act</i>. Meanwhile, according to the <i>TWSE Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds</i> and <i>TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities</i>, Yuanta FHC discloses the public information about Yuanta FHC’s and its subsidiaries’ finance, business and corporate governance on the MOPS, and also the important news section on Yuanta FHC’s website homepage.</p> <p>(2)</p> <p>A. Yuanta FHC has set up the official website in Chinese and English, established the spokesperson and deputy spokesperson system, and delegated the dedicated unit to update and disclose Yuanta FHC’s information.</p>	

Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
<p>(3) Whether Yuanta FHC announces and reports the annual financial report within the time limit prescribed by the Financial Holding Company Act and Securities and Exchange Act at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?</p> <p>(4) Whether Yuanta FHC establishes any cyber security risk management structure, cyber security policy and concrete management program, invests the resources of cyber security management, and discloses the same on Yuanta FHC's website?</p>			<p>B. Yuanta FHC would be invited to attend investor conferences periodically to disclose Yuanta FHC's overview of operation and information, and interact with domestic/foreign investors closely. Meanwhile, the related information, in Chinese and English, would be posted on the "Investor Relation" section and "MOPS" on the official website. (Website: https://www.yuanta.com/EN/IR).</p> <p>C. With respect to the ESG (Environmental, Social, Governance) issue concerned by investors increasingly in the recent years, Yuanta FHC has set up the "Sustainability" section in Chinese and English on the official website and disclosed the related non-financial performance and practices in detail. (Website: https://www.yuanta.com/EN/ESG)</p> <p>(3) Yuanta FHC has announced and reported the quarterly/annual financial reports and monthly operation overview for 2023 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2023 and the annual financial report were already announced and reported on May 22, 2023, August 23, 2023, November 21, 2023, and March 14, 2024.</p> <p>(4) A. Information security risk management structure: Yuanta FHC implemented ISO 27001:2005 ISMS and also passed the certification by the British Standards Institution (BSI) in 2011. Thereafter, Yuanta FHC would complete the continuing review once per year and the re-examination once per three years. In addition, in line with the ISO, Yuanta FHC officially released the new version</p>	

of the standard ISO 27001:2022 on October 25, 2022, and Yuanta FHC also passed the new version of the BSI certification in November 2023. Yuanta FHC has continuously strengthened the management and control of information security based on the PDCA cycle framework.

B. Concrete management program:

(A) In order to improve Yuanta FHC' strength in making decisions against information security issues, enhance the information security supervision, and consolidate information security policies to boost coordination and allocation of resources, Yuanta FHC Board of Directors passed the articles of association in December 2020, in order to establish the independent and dedicated information security unit, "Information Security Dept.," and "CISO," responsible for regulating, planning and supervising the information security throughout Yuanta FHC and boosting the implementation of information security management operations, and reporting the information security practices to the Board of Directors periodically.

(B) Yuanta FHC expressly states the information security objectives and information security responsibilities in its information security policy and establishes the multi-departmental information security taskforce, which coordinates and researches the handling and review on the information security policy, plan, allocation of resources, implementation, and crisis management through the taskforce's meetings and the information security management review meetings to be held at least once per year, and also to enhance the information security management system.

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	Yes	No	Summary	
			<p>C. In order to control the information security management system effectively, Yuanta FHC establishes the relevant policy, regulations (guidelines and enforcement rules, et al.), procedures (guidebook on the information security business) and QR/FM (Quality Records/Form) to be followed by the entire information business operation, management and control.</p> <p>The related information is disclosed on Yuanta FHC’s website “Investors Relations” > “Corporate Governance” > “Information Security.” URL: https://www.yuanta.com/EN/IR/Governance/Information-Security</p>	
6. Other important information enabling a better understanding of Yuanta FHC’s corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, stakeholders’ rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer policy, purchase of liability insurance by Yuanta FHC for directors, and donations to political parties, interested parties and public welfare groups)?	✓		<p>6.</p> <p>(1) Employee rights and interests: Yuanta FHC’s human resources management mechanisms all comply with labor laws and regulations and internal control requirements to safeguard employees’ legitimate rights and interests. In addition, labor-management meetings are held on a regular basis, where representatives of both employers and employees express their views on various motions and fully communicate with each other based on the principle of mutual trust and mutual respect, with a view to forging a consensus and fostering harmonious labor-management relations.</p> <p>(2) Employee care: Yuanta FHC cares about the physical and mental health of its employees and undertakes education and training, group insurance, employee shareholding trusts, and health checkups, and employee assistance programs (EAPs), etc.. Meanwhile, it encourages employees to cultivate diversified</p>	There was no departure in this respect.

		<p>hobbies, participate in various social clubs, and get used to having fun when working. Yuanta FHC also strives to realize employees' potential, and trains and rewards excellent talents so as to enhance employees' on-the-job competitiveness and market value and create a diversified and friendly working environment by encouraging a positive attitude toward corporate sustainability.</p> <p>(3) Investor relations and stakeholders interests:</p> <p>In its "Corporate Governance Best-Practices," Yuanta FHC has defined the contents of investor relations and stakeholders' interests. These principles are implemented in Yuanta FHC's day to day business and focus on the following aspects:</p> <p>A. Yuanta FHC maintains open channels of communication with investors, and respects and protects their legal rights.</p> <p>B. Taking advantage of the convenience of the Internet, Yuanta FHC has established a website, which carries information on financial affairs and corporate governance for the reference of shareholders and stakeholders. Yuanta FHC also set up the English version of the official website to provide the information in Chinese and English languages at the same time and make the real-time information about Yuanta FHC available to foreign investors, including the corporate governance practices, sustainable development, financial information, credit rating, activities and public notice, etc.</p>	
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Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
			<p>(4) Supplier relations:</p> <p>A. Yuanta FHC values the control over procurement risk and practices responsible procurement, asks the suppliers to include supplier's sustainable procurement clauses and ethical management clauses into the contract executed with Yuanta FHC, and also expressly states various labor conditions, occupational safety and health, environmental protection and labor human rights laws and regulations to be performed and followed by the suppliers. The contract shall also include the clauses providing that a supplier who violates laws may have their contract terminated directly, in order to jointly practice sustainable development.</p> <p>B. In order to include the concept of sustainability into procurement departments and to influence up-stream suppliers' practices, Yuanta FHC's Group-wide third-party certification has been ongoing since 2021. Yuanta FHC systematically manages the sustainable procurement process and implements the concept of sustainability in the procurement process of its subsidiaries, working together with suppliers to carry out sustainable actions.</p> <p>C. Yuanta FHC is committed to promoting corporate sustainable development. It practices sustainability proactively and also asks its suppliers to join the sustainability campaign. In 2023, three supplier conferences were held, attended by a total of 72 main suppliers to share their practices on supply chain management and concept about sustainable procurement, and also commend Level A suppliers with remarkable</p>	

			performance in sustainability practices.	
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Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
			<p>(5) Stakeholders' rights and interests:</p> <p>A. Yuanta FHC values the stakeholders' opinions, and uses the best effort to communicate with the stakeholders via various channels to verify and identify the issues concerned by them. Yuanta FHC analyzes stakeholders' concerns about environmental, social and corporate governance issues and the impact posed to the principal business by the senior management's review on various issues, in order to prepare the matrix chart for major topics.</p> <p>B. Yuanta FHC needs to take specific responsibility toward the stakeholders. In the "Sustainability" > "Stakeholder Engagement" section on the website site, Yuanta FHC also set up the communication channels exclusive for various stakeholder types, hoping to verify the stakeholders' needs and expectation toward Yuanta FHC in various manners and via the communication channels.</p>	

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	Yes	No	Summary	
			<p>(6) Continuing education of directors: In order to implement the training mechanism for the directors of the board, Yuanta FHC held four internal training courses for directors in 2023, including “Money Laundering Prevention and Countering Financing of Terrorism and Directors’ Legal Obligations and Responsibilities Promotion” on March 16, “<i>Financial Consumer Protection Act</i> and Fair Treatment of Customers” on May 18, “Net-Zero Carbon Emissions and Corporate Governance” on July 13, and “The Help and Impact of Emerging Information Security Technologies on Digital Innovation in Finance” on September 7. Yuanta FHC also arranges for directors to participate in external continuing education programs to assist directors in enhancing their professional functions and fulfilling sustainable corporate development.</p>	

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	Yes	No	Summary	
			<p>(7) Implementation of risk management policy and risk measurement criteria: Risk management policies and procedures clearly specify risk management scope, organization framework and operations thereof:</p> <p>A. Yuanta FHC has had the Board of Directors approve the risk management policy and related procedures to provide guidance with regard to management of risks.</p> <p>B. The risk management policy refers to Yuanta FHC's prime guidelines governing risk management, which specifies that the company confronts four major risks, including "financial risk," "business risk," "compliance & legal risk" and "climate change risk." The "financial risk" includes market risk, credit risk, market liquidity risk, capital liquidity risk, asset-liability matching risk, large risk exposure, insurance risk, and operational risk. The "business risk" includes information security risk, human resource risk, emerging risk, integrity risk, reputation risk and strategic risk. The "compliance & legal risk" includes compliance risk, legal risk, and ML/TF risk. The "climate change risk" includes investment and financing climate change risk and self-operation climate change risk. Each defined risk has its written mechanism.</p>	

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	Yes	No	Summary	
			<p>C. Subsidiaries shall establish the “risk management systems” that meet their business portfolio, business scale and capital scale, according to Yuanta FHC’s risk management policy, to measure and manage various risks they’re dealing with effectively.</p> <p>D. Yuanta FHC’s risk management structure consists of the Board of Directors, Audit Committee, Risk Management Committee, senior management, and the three lines of defense of risk management. Yuanta FHC has disclosed the “Risk Management Policy” in the “Sustainable Development” > “Internal Rules and Regulations” on its official website, expressly defining Yuanta FHC’s risk management scope, risk management organization’s framework and job duties, risk management procedures, and risk report and disclosure.</p> <p>E. Yuanta FHC regularly reports to the board of directors on the operation of the risk management, including:</p> <p>(A) Risk Management Department reports the execution of risk management measures, including Yuanta FHC and its subsidiaries to the Board of Directors on a monthly basis.</p> <p>(B) The Risk Management Committee convenes at least one meeting per quarter. The resolutions made at the meetings are reported to the Board of Directors.</p> <p>(C) The Risk Management Department compiled and submitted “The Risk Management Mechanism Evaluation Report 2023 (including identification methods, measurement standards, and monitoring and reporting procedures)” to the fifth (5th) meeting</p>	

			<p>of the ninth (9th) term Risk Management Committee on December 19, 2023. Thereafter the chairperson of the Risk Management Committee reported the risk management mechanism evaluation results of 2023 to the 22nd meeting of the ninth (9th) term Board of Directors on December 27, 2023.</p> <p>(D) The Risk Management Department compiled and submitted “Operating Risk Assessment Report 2024” to the fifth (5th) meeting of the ninth (9th) term Risk Management Committee on December 19, 2023. Thereafter the convener of the Risk Management Committee reported the operating risk assessment results 2024 to the 22nd meeting of the ninth (9th) term Board of Directors on December 27, 2023.</p> <p>(E) The operations of the Risk Management Committee are disclosed in the “Sustainability” > “Committees” > “Risk Management” on its official website.</p>	
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Scope of Assessment	Status (Note 1)			Departures from the <i>Corporate Governance Best-Practice Principles for Financial Holding Companies</i> and Reasons
	Yes	No	Summary	
			<p>(8) Implementation of customer policy: Yuanta FHC protects customer privacy based on “Confidentiality Measures on Customer Information for Yuanta FHC and Its Subsidiaries”, “Personal Data Protection Policy of Yuanta FHC” and “Personal Data Management Rules of Yuanta FHC”. Yuanta FHC uses customer information in accordance with the forgoing measures and within the scope of the law so as to fulfill its obligations in maintaining the confidentiality of customer information and protect customer privacy.</p> <p>(9) Purchase of liability insurance by Yuanta FHC for directors/supervisors and managerial officers: Yuanta FHC continues to purchase directors’, supervisors’, and managerial officers’ liability insurance for its directors (including independent directors), supervisors, and managerial officers in order to transfer Yuanta FHC’s operating risks and establish a sound corporate governance mechanism.</p> <p>(10) Donations to political parties, interested parties, and non-profit organizations: A. Handled in accordance with Yuanta FHC’s guidelines governing public donations. Public donations mean those donations which comply with the following laws and regulations: (A) Donations to political parties, political groups and political candidates in accordance with Political Donations Act. (B) Donations to the public welfare groups and syndicates defined in the General Provisions of the Civil Code, or any other educational, cultural,</p>	

			<p>public welfare or charity agencies or groups which are registered with the competent authorities or incorporated validly in accordance with other relevant laws and regulations.</p> <p>B. Where the donated subject is a related party, the donations shall be reported to the Board of Directors for resolution, regardless of the amount of the donations, and material information shall be announced in accordance with Paragraph 1.43 of Article 4 of the “Taiwan Stock Exchange Corporation’s (TWSE) Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities”.</p>	
<p>7. Please provide a description of the improvements that have been made as a result of the most recent annual Corporate Governance Evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, as well as a list of priority enhancements and measures for those that have not yet been made.</p> <p>(1) In the Taiwan Stock Exchange’s ninth (9th) (2022) Corporate Governance Evaluation, Yuanta FHC was ranked in the top 5% of listed companies.</p> <p>(2) With respect to the eleventh (11th) (2024) Corporate Governance Evaluation Indicators, the following are the indicators and measures that Yuanta FHC will prioritize for enhancement:</p> <p>A. Indicator 3.20: Will be invited to (on its own) hold at least two investor conferences and will disclose at least two complete audio-visual links to the meetings.</p> <p>B. Indicator 4.23: Policies for linking senior managerial officers’ compensation to ESG-related performance measures will be disclosed.</p> <p>C. Indicator 4.24: Presentation of Yuanta FHC’s prepared ESG Report to the Board of Directors for approval.</p>				

Note 1: Regardless of “Yes” or “No,” the status shall be stated in the “Summary” section.

Note 2: The differences from *Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies* and the reasons for such differences are explained.