



*Yuanta
Financial Holdings*



CSR

REPORT 2019



**Corporate Social
Responsibility
Report**



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About This Report

Yuanta Financial Holding Co., Ltd. (hereinafter referred to as Yuanta Financial Holdings) was established on February 4, 2002 and is headquartered in Taipei, Taiwan. We are Taiwan's only financial holdings company with dual-axis development in the securities and banking sectors. Taiwan is our main area of operation. Our core values are "seizing opportunities to create wealth for customers", "focusing on performance and enhancing employee welfare", and "innovating value to increase shareholder benefits". While expanding our business and creating profits, we also attach great importance to corporate governance, customer rights, employee care, environmental sustainability, and social welfare. Grounded in our commitment to sustainable operations, we aspire to become the "best financial service provider in the Asia-Pacific Region". Starting from our base in Taiwan, we made our entry into the Korean and Chinese markets, and cooperating with Taiwan government's Southward Policy, expanded into Southeast Asia, including Vietnam, Thailand, and the Philippines. By integrating the Group's resources, we provide cross-industry and cross-border financial services to meet a full range of financial needs, such as investments and wealth management, financing plans, and financial integration to achieve "local life, global financial management".

Reporting Period

Yuanta Financial Holdings issues non-financial information reports every year and published the "Yuanta Financial Holdings 2019 CSR Report" in June 2020 (hereafter referred to as "this report"). This CSR Report is available in Chinese and English, and both versions can be accessed from the CSR section of the Yuanta Financial Holdings website. This report covers Group performance in 2019 (January 1, 2019 to December 31, 2019) in three dimensions—financial, social, and environmental—as well as the management of the Group and its response to material issues.

Report Boundaries and Scope

The organizational boundaries of this report are set based on consolidated reporting principles and cover Yuanta Financial Holdings and our nine subsidiaries (Note). The report's scope of disclosure is primarily focused on Taiwan-based operations and activities. If there is any re-editing or special disclosure requirement of information, the scope definition and calculation methods will be indicated in the relevant data and sections.

All financial figures within this report are calculated in New Taiwan Dollars (TWD). All calculations adhere to international standards.

Note: On March 25, 2019, the Board of Directors of Yuanta Financial Holdings approved a resolution to sell its 100% equity stake in Yuanta Securities Finance to Yuanta Securities with March 26, 2019 as the settlement date. Following settlement, Yuanta Securities Finance became a 100% subsidiary of Yuanta Securities and 100% sub-subsubsidiary of Yuanta Financial Holdings. The scope of this report still includes Yuanta Securities Finance except for Chapter 7 Green Finance Innovation.

Within this report, "the Company" shall refer to Yuanta Financial Holdings, while "the Group" shall encompass Yuanta Financial Holdings and all nine subsidiaries (including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management, Yuanta Securities Investment Consulting, and Yuanta Securities Finance), and "the Foundation" shall refer to the Yuanta Cultural and Educational Foundation.

The previous report was issued in June 2019.



Report Authoring Principles

Sustainability

Compliance Standards

- GRI Standards Core Option
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Reports by TWSE Listed Companies
- Integrated Report (IR) Framework
- Sustainable Development Goals(SDGs)

Financial

Compliance Standards

- International Financial Reporting Standards (IFRS)
- Regulations Governing the Preparation of Financial Reports by Financial Holding Companies

Environmental

Compliance Standards

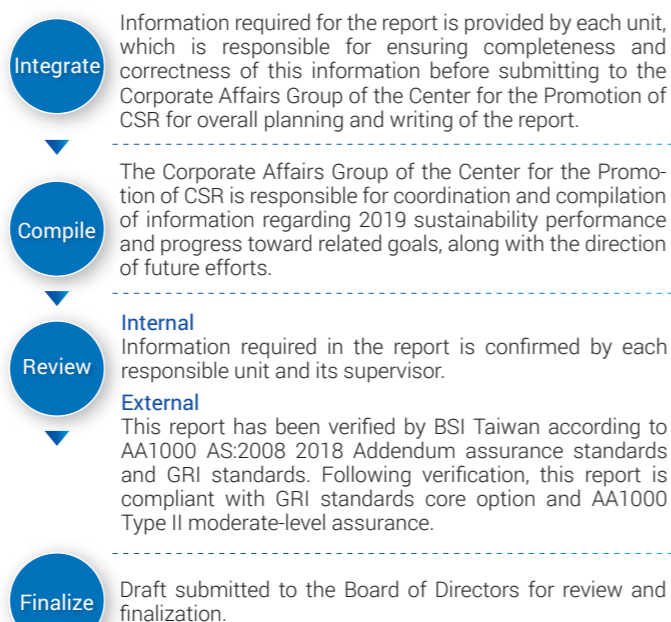
- ISO 14001
- ISO 14046
- ISO 14064-1
- ISO 20400
- ISO 50001

Social

Compliance Standards

- ISO 45001

Report Quality Management Process



Contact Information

- Yuanta Financial Holdings - The Center for the Promotion of CSR
- Address: No. 66, Sec. 1, Dunhua South Road, Taipei 105, Taiwan
- CSR Website: Website homepage > CSR
- CSR E-mail: csr.fhc@yuanta.com
- Phone: +886 2 2781-1999
- Fax: +886 2 2772-1585

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A Message from the Chairman

Since our founding, Yuanta Financial Holdings has grown deep roots in the Taiwan market and gained a foothold overseas in our quest to become "the best financial service provider in the Asia-Pacific Region". By integrating the Group's significant resources, we provide comprehensive cross-industry, cross-border financial services to meet the full range of customer financial needs, realizing the concept of "local life, global financial management". The Company delivered a strong performance in 2019 with after-tax net profits of NT\$20.446 billion, an EPS of NT\$1.75, and a ROE of 9.06%. Yuanta Financial Holdings' record high profits represent an increase of 9.5% over the previous year.

As Yuanta works to grow our business and profits, we also attach great importance to the development of corporate governance, customer rights, employee care, environmental sustainability, and social welfare. As we believe that "business value" is as important as "corporate social responsibility", Yuanta Financial Holdings promotes environmental (E), social (S), and corporate governance (G) initiatives and aligns them with UN's Sustainable Development Goals (SDGs), aiming to establish a sustainable business management and service model.

In our quest to become an international benchmark for sustainable enterprise, we have established the Sustainability Committee directly under the Board of Directors and set up the Center for the Promotion of Integrity Management and the Center for the Promotion of CSR under the Committee. The Board of Directors also established the Nominating Committee. Over the past few years, rating agencies in Taiwan and abroad have recognized our active implementation of corporate governance. Internationally, in 2019 Yuanta Financial Holdings was named to the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index, earned a MSCI ESG A rating, and was selected for the 2020 Bloomberg Gender-Equality Index (GEI). We have been included as a constituent stock in the UK's FTSE4Good Emerging Index for three years running. In the past two years, we received a Leadership level score of A- from international non-profit organization, CDP (formerly the Carbon Disclosure Project). Our performance in climate data transparency and concrete steps to combat climate change puts us among the top corporations globally as well as outperforming our Taiwan financial industry peers.

Domestic honors in 2019 included Taiwan Index Plus selecting us as a constituent stock of the Taiwan Sustainability Index for the fourth consecutive year. We also ranked in the top 5% of listed companies in the "Taiwan Stock Exchange Corporate Governance Evaluations" for the fourth time. For the fifth year in a row, our CSR Report was certified by the British Standards Institute (BSI). 1111 Job Bank also recognized the Company in their Happy Enterprise Service Industry Awards. To fulfill demand for sustainable, responsible investing, our subsidiary Yuanta Funds launched the Yuanta FTSE4Good TIP Taiwan ESG ETF in August 2019, the first ESG-themed ETF in Taiwan. It turned a new page for the market and sets new benchmark for ESG investing.

We also spare no efforts in energy conservation and carbon reduction to ensure the environmental sustainability of our operations. Yuanta Financial Holdings and our nine subsidiaries achieved ISO 14001 Environmental Management Systems certification and all 316 of our operating locations have passed ISO 14064-1 GHG Inventory Systems verification. Our 11 self-owned buildings received ISO 50001 Energy Management Systems certification. The Company has also implemented ISO 14046 Water Footprint assessment to evaluate our environmental impact on water resources and ISO 20400 Sustainable Procurement—Guidance to promote sustainable procurement. In 2019, green procurement expenditures totaled NT\$125.56 million. The Company was awarded by Taipei City Government's Department of Environmental Protection the Green Procurement Award for the ninth year running and was also recognized by the Environmental Protection Administration for the eighth year in a row. For the fourth consecutive year, we purchased 500,000 kWh of green power. Furthermore, Yuanta Financial Holdings held our first Supplier CSR Conference and revised supplier contracts to add a corporate social responsibility clause clearly stipulating that suppliers must comply with all laws and regulations governing labor conditions, environmental protection, and human rights of workers. The updates have been made on 100% of supplier contracts.

As a leading brand in Taiwan's financial and securities industry, we also actively participate in social welfare activities. In 2019, the Group held 721 charitable activities, involving more than 2,800 volunteers, who collectively participated in over 16,000 hours of volunteer work. More than 260,000 people across Taiwan benefitted from these activities.

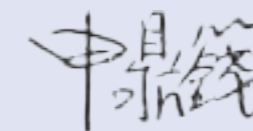
In early 2020, as the Covid-19 outbreak began spreading across the globe, Yuanta Financial Holdings immediately set up a cross-subsidiary, interdepartmental epidemic response team. With the president of the Company as its convener, the team is comprised of Group senior managers and works to stay on top of the latest developments, implement vital emergency response measures and follow Taiwan's Central Epidemic Command Center prevention guidelines, making every effort to maintain uninterrupted operations while also protecting the health and safety of all our employees.

During the pandemic, the Company has provided a multitude of customer care services. Our subsidiary Yuanta Bank set up a payment assistance program and loan and credit card interest rate reduction programs to reduce the burden on customers (applicable to qualified parties including people who tested positive for the virus and those under home quarantine or stranded abroad, front line medical personnel, and others directly impacted by the virus). We offered customers discounts on remittance fees for purchases of surgical masks through the government's online mask reservation system. Yuanta Life also provided emergency service for policy and insurance claims. In addition to offering deferred payment plans on premiums and insurance loan interest, Yuanta Life was the first in Taiwan to apply the clause of exempting the initial 30-day waiting period for infectious diseases, making medical insurance coverage immediately effective to customers.

Looking towards 2020, the Company will continue to integrate our expertise and influence in the financial industry. As we expand our business and profits, we will continue to dedicate ourselves to corporate governance, customer rights, employee care, environmental sustainability, and social welfare, working side-by-side with our stakeholders to create a better future while serving as a positive and sustainable influence on our community.

Chairman,
Yuanta Financial Holdings

Tony Shen




2

2019 Important Achievements and Sustainable Management Outcomes in 2019



Outside Recognition

- Selected as a constituent stock of both **the Dow Jones Sustainability Emerging Markets Index** and **Dow Jones Sustainability World Index**
- Rated "A" in **the Morgan Stanley Capital International (MSCI) ESG** rankings.
- Included in **the Bloomberg Gender-Equality Index (GEI)**.



- For the fifth time, Yuanta Financial Holdings was ranked among the **top 5%** of listed companies in the Taiwan Stock Exchange's Corporate Governance Evaluation (Note: Results were announced in April 2020).
- Awarded **Most Outstanding Company in Taiwan – Financial Sector** by Asiamoney Magazine.
- Named **Best Investor Relations Company** (Taiwan), **Asia's Best CEO** (Investor Relations) – President Tony Shen, and **Asia's Best CFO** (Investor Relations) – CFO Hsu-Shu Mai by Corporate Governance Asia Magazine.
- Included in **the FTSE4Good Emerging Index**.
- Selected as a **FTSE4Good TIP Taiwan ESG Index constituent stock**.
- Received the **Corporate Sustainability Report Gold Award** in the Taiwan Corporate Sustainability Awards.
- Received **the Excellence in Sustainability Award** from the British Standards Institution (BSI).



- Held a Group-wide blood drive for the **ninth** consecutive year during which **14,000** bags of blood were donated and we received the award for the **fourth** year running.
- The Company received Ministry of **Education Sports Enterprise Certification**. (Valid from 2019 to 2021)
- The Company were selected as **Happy Enterprise in service industry** by the 1111 Job Bank .
- The Mr. Yuanta APP received a total of six awards, including **Best Product of the Year Award** in the Ministry of Economic Affairs Industrial Development Bureau's 2018 Digital Content Product Awards, Best Product Award from the National Brand Yushan Awards, and **the Securities and Futures Institute's Golden Goblet Award** for Outstanding Financial Innovation.
- Yuanta's Taiwan ESG Sustainability ETF was named **Fund Launch of The Year** in Asia Asset Management's Best of the Best Awards 2020.
- Yuanta Futures received **the Securities and Futures Institute's Golden Goblet Award** for Excellence in Employee Development.
- Yuanta Cultural and Educational Foundation received **the Ministry of Education's Contributions to Education Gold Award**.
- Yuanta Cultural and Educational Foundation received **the Sponsorship Silver Award at the Ministry of Culture's Arts & Business Awards**.



- For the first time, we were awarded a **Leadership Band score of A-** by the Carbon Disclosure Project (CDP), the best result the Group has achieved. (Note: Results for the following year were announced in February 2020, and the Company received a Leadership Band score of A- for the second year in a row. We are in the top 7% of the 8,400 enterprises participating globally.)
- Taipei City Government's Department of Environmental Protection awarded Yuanta Financial Holdings **the Green Procurement Award for the ninth year running**.
- Environmental Protection Administration of Taiwan's Executive Yuan commended **Yuanta Financial Holdings for our outstanding green procurement performance** for the **eighth** year in a row.
- Yuanta Financial Holdings, Yuanta Bank, and Yuanta Life's efforts to promote **the Disabling Disposable and Melamine Tableware project** were recognized by the Taipei City Government.



Internal Optimization

E

Environmental Friendliness



Commitment to energy savings and carbon reduction to ensure environmental sustainability

- The Group completed ISO 14001 Environmental Management Systems and ISO 14064-1 GHG Inventory verification for **100%** of the organization. **Eleven** self-owned buildings received ISO 50001 Energy Management Systems certification.
- The Company implemented **ISO 14046** Water Footprint assessment to evaluate our environmental impact on water resources and **ISO 20400** Sustainable Procurement Guidance to promote sustainable sourcing.
- Purchased **500,000 kWh of green power** for the fourth consecutive year.
- Green procurement expenditures totaled **NT\$125.56 million** in our **ninth** consecutive year of implementing our green procurement plan (2011 to 2019).
- Held our first **Supplier CSR Conference** and revised supplier contracts to add a CSR clause.

S

Social Co-prosperity



Expand social participation and protect customer rights

- The employee engagement survey was expanded to cover both employees working in Taiwan and in **six** countries/regions abroad. A total of 11,148 employees responded to the survey for a participation rate of 86.88%. Employee satisfaction **has risen for three consecutive years**, which is the result of successful communication with our workforce. The survey results for **16** indicators lead our peers in the Taiwanese financial industry, while results for **14** indicators lead global high performers.
- Held **2,857** domestic training courses totaling **514,265** hours of training, which is an increase of **30,303** hours over last year.
- Yuanta Securities and Yuanta Bank officially launched the **ISO 45001** Occupational Health and Safety Management Systems implementation plan to ensure a safe workplace for our employees.
- The Group held a total of **721** public service activities, which were attended by **2,812** volunteers who donated a total of **16,144** volunteer hours and benefitted **268,787** people throughout Taiwan.
- Yuanta Financial Holdings, Yuanta Bank, and Yuanta Life passed **ISO 27001** certification (Yuanta Securities partially implemented the standard and passed certification) to effectively control the safety risks of customer information security.
- Subsidiaries have **established Fair Dealing Committees** or **promotion teams** and report policies regarding the fair and equitable treatment of customers and their implementation to the Board of Directors for approval.

S

Social Co-prosperity



Innovative financial products

- To provide the public with a green financial product platform and marketing services in a friendly digital environment, the Group has successfully applied for **31** patents. Our Mr. Yuanta APP's interface design has received **six** design patents. Yuanta Bank has **12** utility model patents, which include an automatic rate updating system, facial recognition, financial investigation system, and automated financial voice system with sound input/output device. Yuanta Funds holds **12** patents and Yuanta Futures received a patent for **an options trading system**.
- The Mr. Yuanta APP was downloaded over **810,000** times and achieved **94%** approval rating.
- Launched **the Continuous Trading Virtual Platform** synchronized with the Taiwan Stock Exchange. Accounts on the Yuanta platform reached **32,000** members who made a total of **2.44** million trades.
- Yuanta Securities has participated in six green bond issuances, with green bond underwriting reaching **NT\$7.236** billion.
- Yuanta Securities has issued green-energy linked warrant products, which have a **22.3%** market share and have been the market leader for **three** years in a row.
- Yuanta Funds launched the Yuanta FTSE4Good TIP Taiwan ESG ETF, linked to the **FTSE4Good TIP Taiwan ESG Index**, on August 23, 2019. By the end of the year, the ETF was valued at **NT\$5.872** billion (the number of beneficiaries exceeded 46,000).

G

Corporate Governance



Strengthen corporate governance

- The Company established the **Nominating Committee** to strengthen functioning of the Board of Directors and management mechanisms.
- The Board of Directors held a total of **16** meetings with an attendance rate of **98%**.
- Of the Group's **nine** subsidiaries, **seven** have female directors or supervisors with a total of **16** women holding these positions.
- The climate risk identification survey** was completed at the end of April to identify the risks and opportunities of the Group in response to climate change.

Yuanta Group Climate-Related Risks and Financial Impact

Faced with increasing numbers of extreme weather events and natural disasters, more attention is being paid to climate change risks. In early 2019, the World Economic Forum published its Global Risks Report 2019, which states that climate change risks make up more than half of the top five risks whether evaluating based on likelihood or potential impact. Climate change risks cannot be ignored, and global warming has become a concern across the world. As a manager and provider of capital, the financial industry plays a crucial role in the global fight against climate change.

The Group provides customers comprehensive financial products and services that include securities, insurance, banking, futures, funds, investment consulting, venture capital, and wealth management. In recent years, as climate change has intensified, unpredictability and risks to our operations have also grown. To improve Company identification and management of climate change related risks and opportunities, the Group supports the Task Force on Climate-Related Financial Disclosures (TCFD) framework. We report annual progress and achievements in the four main areas of governance, strategy, risk management, and metrics and targets and formulate and implement response strategies. Internal Company climate change response strategies and mechanisms are thereby more flexible and resilient. We also encourage customers to pivot towards industries implementing low-carbon transition. By utilizing capital to support global green economic development, the Company demonstrates our determination to promote sustainable development.

Governance

Board of Director Climate-Related Risks and Opportunities Monitoring

The Board of Directors established the Group's sustainable development vision and integrated climate change as a key part of our corporate governance and operating strategy, including our commitment to combatting climate change. The Company is considering linking sustainability performance to remuneration mechanisms to weave climate change risk management into the fabric of our company culture. The Sustainability Committee was established under the Board, which regularly reviews The Center for the Promotion of CSR's climate change work plan and implementation results as reported to the Board and approves relevant policies and disclosures. In addition to reducing the potential impacts of climate change on the Group's operations, these measures show our commitment and contribution to alleviating climate change.



Management Mechanisms for Climate-Related Risks

The Sustainability Committee leads development of the Group's Sustainable Development Action Plan and reports directly to the Yuanta Financial Holdings Board of Directors. The Company's Chairman serves as convener and membership is composed of independent directors. The committee is directly responsible for supervising and managing the risks and opportunities related to climate change and sustainability issues.

The Sustainability Committee must convene at least two meetings per year and develops the Sustainable Development Action Plan's short, medium, and long-term goals and performance indicators and is directly responsible for supervising and managing sustainability-related issues for the Group and the risks and opportunities posed by climate change. We have established climate change response policies and action plans that include the Yuanta Financial Holdings Sustainable Financial Standards, Energy and Climate Change Management Policy for Yuanta Financial Holdings and Subsidiaries, and Yuanta Financial Holdings Risk Management Policy, which were expanded to all subsidiaries for implementation following approval by the Board.

The Center for the Promotion of CSR is responsible for concrete actions in response to climate change and promoting the Group's sustainability policies and related business plans. The Center regularly assesses climate change risk factors and potential opportunities and develops relevant adaptive strategies and action plans. Currently there are three working groups under the Center involved in climate change related issues, the environmental sustainability, green operations, and corporate governance working groups. Each group holds meetings with subsidiaries to monitor progress on project implementation and provide resources and assistance where needed. At least one work meeting is convened per quarter to review its operational status and goal achievement rate. Work plans and their status are also regularly reported to the Sustainability Committee, which may suggest adjustment to report contents, and are then implemented following Board approval.

Implementation of relevant projects at each subsidiary is directly or indirectly supervised and managed by their respective presidents. Each subsidiary implements projects according to plans formulated by The Center for the Promotion of CSR, while integrating internal data and preparing for external disclosures. Additionally, related information is reported to the president for review on a regular basis, including work progress reports and greenhouse gas inventory reports. Subsidiaries also formulate operational standards or policies in line with the Group's policies specifically formulated for the needs of the subsidiary's operations and implement these policies after the approval of the president. The responsible units regularly submit implementation results to The Center for the Promotion of CSR for consolidation to assist in promoting and implementing the Sustainable Development Action Plan.

Strategy

We strive to understand the impact of climate change on the Company, as well as relevant risks and opportunities to strengthen our operational resilience. Through the efforts of the Sustainability Committee, Yuanta Financial Holdings and its subsidiaries have identified and assessed climate-related risks and opportunities based on their respective business characteristics. During the identification process, in addition to international trends and the corresponding policies and regulations of the respective operating locations, we also referred to the assumptions provided in reports issued by industry associations, NGOs, and credit rating agencies— such as the Intergovernmental Panel on Climate Change (IPCC), Moody's, and Standard & Poor's (S&P). The final assessment has identified the potential positive and negative financial impact of risks and opportunities on the Company.

Although many of the climate risks and opportunities identified occur on the client side, Yuanta discovered that they could still indirectly result in significant financial impact on the Company and our subsidiaries. Therefore, this year, Yuanta Financial Holdings called on all subsidiaries to set up TCFD Working Groups to conduct industry-specific climate scenario analysis to evaluate the expected financial risks and opportunities of investments and lending in the 2°C scenario. Based on Yuanta Financial

Holdings' industry-specific climate risk evaluation tool rankings of high climate risk industries (which include the steel, cement, plastics, and automotive industries), we decided to prioritize analysis of the steel industry. In the 2°C scenario, analysis showed that our steel industry counterparties will face transitional and physical risks. The resulting reductions in revenue or assets will lead to lowered credit ratings, which will in turn affect the Company's investment or loan income. To prevent these potential losses, the Group has already planned to include evaluations of steel industry enterprises' climate risk response capabilities, such as energy saving and carbon reduction performance, primary operating locations, and supply chain resiliency into our investment and loan approval processes. We will also exert our influence as stockholder or creditor to request they appropriately disclose climate-related information. As for market opportunities under the 2°C scenario, Yuanta Financial Holdings discovered that there is a huge potential demand for renewable energy equipment financing among our steel industry customers. Yuanta Bank will continue to pay attention to related markets and provide necessary products and services, so together with our customers we will be ahead of the curve on low carbon operations.

Risks and opportunities identified by the Yuanta Group are listed below with potential financial impacts and response measures:

Risk Categories	Transition Risk - Policies and Regulations	Transition Risk - Technology	Transition Risk - Market	Transition Risk - Reputation	Physical Risks	
Description of Risks	When carbon-related rules and regulations in an investee's operating location are tightened, additional costs due to carbon reduction may be generated which would result in decreased profits and a lower stock price; Yuanta may suffer investment losses as a result.	Due to climate change, existing industries are forced to transition or develop energy-saving, environmentally friendly products and technologies (e.g. transitioning from combustion-engine vehicles to those running on new energy options). Recipients of Yuanta investments or loans may incur additional costs because of such transitions or reduced revenues should they fail to transition in time, all of which may reduce Yuanta's earnings.	Awareness around sustainability has risen and institutional investors are paying more attention to climate change and environmental issues. If the proportion of highly polluting enterprises in a portfolio is too high, it may raise concerns about asset security and cause investors to substantially divest.	The resilience of highly polluting enterprises to climate change is generally low and they have a relatively poor public image. If a highly polluting Yuanta investee receives negative press coverage, Yuanta's own reputation may also be affected.	As climate change has resulted in more frequent natural disasters, there are increased threats to the safety of policyholders' lives. As a result, Yuanta Life's medical or accident insurance claims may increase.	If an investee or policyholder suffers property loss or business interruption because of extreme weather conditions, it may also affect Yuanta's profits.
Time Frame	Mid-term	Mid-term	Mid-term	Short-term	Long-term	Long-term
Geographical Scope of Impact	Global	Global	Global	Global	Taiwan	Global
Value Chain Position of Impact	Customer	Customer	Investor	Company Operations	Customer	Customer
Financial Impact	Decreased revenue ↓	Decreased revenue ↓	Divestment by investors ↓	Divestment by investors	Increased operating costs	Decreased revenue ↓
Response Measures	The Group monitors trends in international carbon tax and carbon related regulations. For investments in or loans to firms with high carbon emissions, we will strengthen engagement to reduce any potential financial impact.	The Group continues to react to market demand for low-carbon transition by providing existing customers with preferential loans to finance low-carbon technology and equipment that will assist with transitioning and create a win-win situation.	The Group introduced sustainable financial management into our asset management process and strengthened investigation into potential investments in high polluting, high carbon emitting enterprises to ensure the investment portfolio meets international investor expectations.	1.Strengthened audits and controls for investments in/loans to high polluting enterprises and actively engage in ESG management with these counterparts to reduce the potential for negative news reporting. 2.Independent initiatives and implementing responsible investing, sustainable insurance, responsible banking, and Equator principles to guide the Company to become an active sustainable financial institution and build a positive social image.	When designing products, we consider climate-related factors and provide insurance products that meet the needs of policyholders and align with climate change trends. While providing ample protections to policyholders, we can also expand Yuanta Life's market share.	For investments/loans of significant monetary amounts, during due diligence and know your customer (KYC) reviews, the Group shall evaluate investee/borrower ability to withstand extreme weather events. Factors to consider include factory location, supply chain resilience, and implementation of uninterrupted operations systems.

Opportunity Categories	Investment in Renewable/ Green Energy	Innovation in Products and Services	Market Opportunities	Market Opportunities	Operational Flexibility	Other Opportunities
Description of Opportunities	To support the development of green energy and related industries, Yuanta Securities actively participates in the underwriting of green bonds launched by the competent authorities. In response to the rapid growth of the green bond market, Yuanta Bank and Yuanta Life are also actively investing in such bonds to reduce the risks associated with asset allocation.	Given trends around climate change, Yuanta Life is actively developing digital insurance services and considering designing new products that include insurance benefits associated with natural disasters or weather-related accidents to take advantage of new opportunities.	To combat the threat of a rise in temperature of 2°C, countries around world have set greenhouse gas reduction targets. In view of this trend, Taiwan's Financial Supervisory Commission has actively assisted the green energy industry in obtaining funds to expand green energy to reach 20% of energy production in the country by 2025. Green energy is a global business trend and is in turn drives the growth of related industries. In response to increased market investment demand, Yuanta Securities is considering raising the proportion of warrants issued linked with green energy-related industries, thus seizing opportunities in this new market.	Ordinary investors have also begun to pay greater attention to climate change issues in recent years. Yuanta Securities Investment Trust understands customer needs and preferences and has developed funds which are focused on sustainable development through the asset management approach, enabling investors to participate and support businesses that operate sustainably through public funds, while also bringing in new sources of income for the Company.	Yuanta strives to seize opportunities arising from climate change and develop diversified investment opportunities including trading indexes or commodities related to carbon emissions and sustainable business index commodities or indicators, thus raising the Company's operational flexibility.	Natural disasters increase the risk of damage to power supplies and computer hardware. As such, Yuanta Financial Holdings and its subsidiaries are equipped with uninterruptible power supplies, generators, backup servers, and remote backup systems, which provide stable services to our various operations and builds customer trust in the Yuanta brand.
Time Frame	Mid-term	Mid-term	Long-term	Short-term	Long-term	Long-term
Geographical Scope of Impact	Taiwan	Taiwan	Global	Global	Global	Taiwan
Impact on Business and Strategy	Products and services	Products and services	Products and services	Investors	Company operations	Company operations
Financial Impact	Increased revenue ↑	Increased revenue ↑	New sources of income	New sources of income	Increased revenue ↑	Decreased operating costs ↓

Note: The time frame of risks and opportunities affecting the company are defined as follows: short-term (may occur within one year), mid-term (may occur within one to three years), and long-term (may occur after three years).

Risk Management

Climate risks directly and substantially contribute to investment and credit risks. Risks associated with extreme weather events and risks involving regulations, markets, policies, technologies, and company reputation while transitioning toward a low-carbon economy may possibly harm our business activities and cause property losses, thereby impacting the value of the Company's assets and reducing borrowers' ability to repay loans. As such, Yuanta Financial Holdings considers climate change a strategic business risk and has incorporated associated identification, assessment, and management into the Company's overall risk framework. Our methods for managing climate risks are as below:

1 Integrating climate risk into the risk management framework

Yuanta Financial Holdings and its subsidiaries have established a complete risk management organizational structure, policies, and management practices, which combat the various risks faced in the course of operations (including market risk, credit risk, exposure concentration risk, market liquidity risk, asset liability matching risk, insurance risk, operational risk, compliance risk, and legal risk). Additionally, emerging risks including climate risk have also been integrated into risk management. Details of our risk management framework, policies, and principles are available on the Yuanta Financial Holdings website. (Homepage>Investor Relations>Corporate Governance>Risk Management)

2 Climate risk management process

The Company's risk management procedures include identification, evaluation, monitoring, and risk management reporting to prevent any risk events (including climate risks) that may harm the Company or its assets.

- 1. Risk identification:** The process of analysis used to determine the types and attributes of risks faced by each business.
- 2. Risk evaluation:** Make reasonable estimates of the various risk characteristics that may cause or impact potential losses. For quantifiable risk characteristics, appropriate quantitative methods are used to evaluate the degree of risk; for unquantifiable ones, appropriate qualitative methods are used to present the degree of risk.
- 3. Risk monitoring:** Assess the actual risk level based on the risk limit of each area of business to ensure that risks are in line with the Company's authorization.
- 4. Risk reporting:** Report risk management-related information to the relevant management personnel. Adjustments should be made to the reporting level, content, and frequency of risk reports according to the nature of the risks and their impact on the Company's business, profitability, and net worth.

3 Adapting to climate-related risk exposures

Our customers hail from a diverse range of industries and are subject to varying degrees of climate risk impact. If they suffer losses due to climate change, Yuanta's asset value will also be affected. In order to properly reduce, transfer, assume, or control the impact of climate risks on the Company's transactions, the Risk Management Department of Yuanta Financial Holdings engages in discussions with external consultants and refers to industry climate risk reports and financial market trends issued by professional agencies. After gathering the climate risk factors of various industries, quantifying and assessing the climate risk levels for the industry, and then conducting comprehensive analyses of Company investments by industry and lines of credit, Yuanta created our industry-specific climate risk assessment tool. If the counterparty is identified as a potential risk, we will take extra caution in assessing whether to engage in the transaction. Through analysis using the climate risk assessment tool, Yuanta Financial Holdings has identified the steel, cement, plastics, and automotive industries as having potential climate risks and will develop corresponding management strategies based on these findings to offset or control risks of trading activities on the Company.

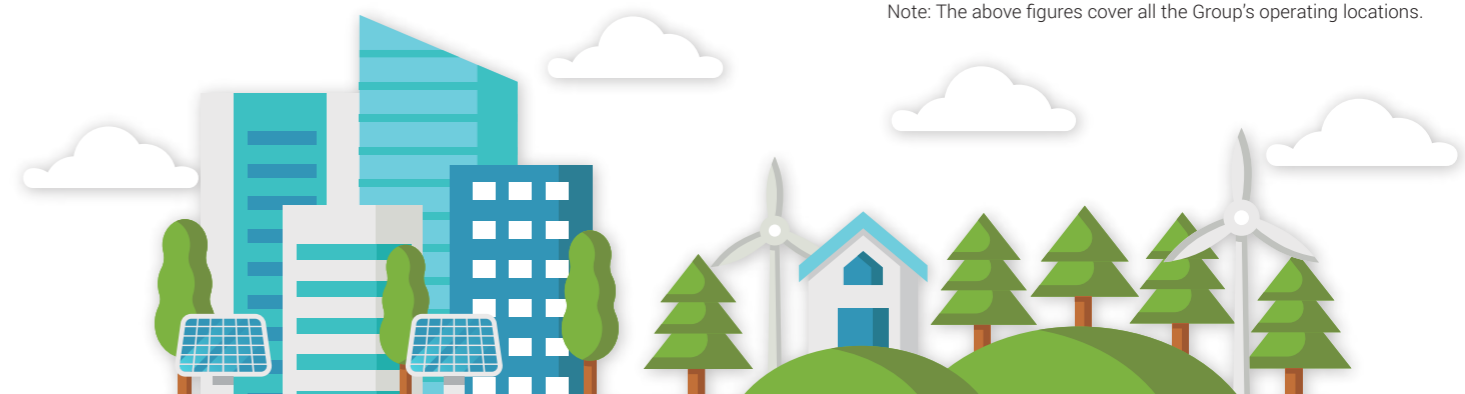
Metrics and Targets

Climate change, carbon reduction, and energy saving issues have been identified as the CSR material topics of Yuanta Financial Holdings over the past several years. In order to properly manage the risks and opportunities arising from climate change and meet the expectations of stakeholders, we have set climate-related key indicators, including greenhouse gas emissions, green power procurement, water resource consumption, and waste production levels, with KPIs set for each respective category. In addition, we regularly disclose implementation progress and related performance in our CSR report and actively participate in international sustainability assessments and initiatives such as the Dow Jones Sustainability Index (DJSI), Carbon Disclosure Project (CDP), and Science-Based Targets (SBT) to measure our progress.

Recent Progress on Climate-Related Goals

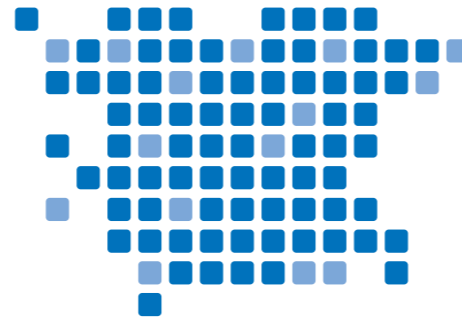


Note: The above figures cover all the Group's operating locations.



3

About Yuanta



Main Operating Directions of Each Subsidiary

Since acquiring Polaris Securities, New York Life, and Ta Chong Commercial Bank, the Group has gradually shifted its focus from security market flow management to a business model within which it focuses on both flow and stock. Our mid- and long-term development strategies include the comprehensive growth development strategy "solidifying our cores and driving growth" and for our subsidiaries, in addition to solidifying core business contributions and focusing on business layouts that drive growth and steadily deepening operations thereof, we have also been striving to enhance the benefits of the Group's overall growth. The main operating direction of subsidiaries this year are explained below:

Operating Direction of Subsidiaries in 2019

Innovative, diversified business and services, steadily improve operational performance

Yuanta Securities

Yuanta Securities continues to deepen its core businesses and expand our presence in regional markets overseas. To maintain its leadership position in markets, it focuses on deepening customer relations, precision marketing, and enhancing brand image and using financial technology, bolstering product R&D, and focusing on customer group management to take advantage of its strengths to develop more products and services characterized by diversity and differentiation to meet the ever-changing needs of customers. As to overseas operations in such mature markets as South Korea and Hong Kong, it strives to develop new business and create Group operational synergy. For developing markets, like Thailand, Indonesia, and Vietnam, its priorities are to expand its position on the local market and bolster operational efficiency, then gradually develop such businesses as investment banks and new financial products, building diversified profit sources to steadily increase business performance.

Expand asset scope and diversify income sources to maintain steady profit growth

Yuanta Bank

Yuanta Bank's operations continue to be characterized by "a balanced business structure, diversified profit sources, and effective use of capital." Taking both risk and earnings into account, it moderately increased overall credit scale and concentrated resources to enhance Group enterprise dealings. In addition, absorbing core deposits and foreign exchange deposits has enabled it to continue to support loan growth and enhance its wealth management business foundation. As to customer operations, systemized auxiliary co-marketing, customer cross-selling, and platform optimization are used to expand the business scope of customer dealings, thereby increasing customer loyalty.

Stable growth

Yuanta Life

Under its financial management control business plan, Yuanta Life has flexibly adjusted its commodity strategy in response to changes in the market environment. In addition to ongoing promotion of protection-type and long-term paying commodities, it has also strengthened its line of US dollar products to reduce hedging costs. The Company will introduce and control wealth management products that meet the needs of the Group's customers in a timely fashion and moderately accelerate the accumulation of assets to gradually realize steady profits.

A product line characterized by innovation and a solid base to meet the needs of diversified asset management

Yuanta Funds

Yuanta Funds will continue issuing trend or themed ETFs and promoting Feeder fund as well as deepening and expanding the "ETF-AI Smart Investment Platform" to leave behind the role of issuer to bring it closer to its goal of becoming an "ETF solution provider." As to Taiwan equity funds, it has placed its focus on "preferred investments, increasing returns, and reducing risks," providing customers with diversified solutions consisting of relatively stable and high-yield products in a low-interest rate environment. In terms of fund investments, it will make the most of big data and AI computational capabilities to provide information to assist fund managers, thereby enhancing fund operational performance and stability.

Thoroughly developing Taiwan, looking for opportunities in the Asia Pacific region

Yuanta Futures

Yuanta Futures has been strictly controlling customer risk for a long period of time, and has been developing and operating steadily in Taiwan. In response to developments toward digitalization in the financial industry, Yuanta Futures is transforming and optimizing its brokerage team, using new products and thinking to integrate virtual and brick-and-mortar channels, and employing innovative financial technologies as well as integrating resources across industries coupled with futures research and consultation specialties to further the development of brokerage and introducing broker (IB) business channels and to optimize brick-and-mortar brokerage services of legal entity. With regard to developing the international market, through the prospective layout on the overseas base platform in the international market, Yuanta Futures achieves cross-border service integration and is committed to becoming an international futures service provider.

Attaching equal importance to core and growing businesses

Yuanta Venture Capital

Yuanta Venture Capital business is divided into core business and growth business. Its core business consists of established business, relatively mature markets, and relatively stable earnings, but has little chance of explosive growth. This category includes investing again in old investments. As for growth business, because the technologies and markets are relatively new, future growth is relatively explosive. Yuanta Venture Capital will carefully evaluate these two business categories as it strives for balanced development.

The core values underpinning the corporate culture at Yuanta Financial Holdings include seizing opportunities to build wealth for clients, enhancing performance and promoting employee welfare, and creating value to increase shareholder returns. While deepening the development of financial business and creating profits, we also attach great importance to the development of corporate governance, customer rights, employee care, environmental sustainability, and social welfare. With the concept of sustainable operation, we continue to move forward toward our vision of being the "Best Financial Service Provider in the Asia-Pacific Region".

Looking to the future, Yuanta Financial Holdings Group remains backed by excellent asset quality and risk control capabilities and continues to strengthen our core competitiveness, drive growth, strengthen our overseas reinvestment return, and enhance overall Group performance. While deepening the development of our financial business and creating profits, we also continue to strive to improve corporate governance, customer rights, employee care, environmental sustainability, and social welfare.

3.1 Yuanta Financial Holdings Profile

Basic information of Yuanta Financial Holdings



Location of headquarters	No. 66, Dunhua South Road, Section 1, Songshan District Taipei
Established	February 4, 2002
Chairman	Mr. Tony Shen
President	Mr. Chien, Weng
Capital	NT\$116,706,115,000
Total assets	NT\$2,414,319,106,000
Number of employees	10,912
Industry type	Finance and Insurance
Stock code	2885

Focus on core business

Yuanta Asset Management

Yuanta Asset Management will continue to focus on its key business of dealing with secured cases and realizing management of unsecured cases, and take part in real estate foreclosure bids in a timely manner. It is also coordinating with the opening up of "Operation Principles for Financial Holding Companies (Banks) Reinvesting in Asset Management Companies (AMC)," making adjustments to a number of business items that AMCs have to undertake as it studies ways to undertake new business, so that the company can develop operations and profits that are more diversified in nature.

Enhancing digital services

Yuanta Securities Investment Consulting

In response to trends in mobile telecommunications, big data, and cloud technology, while enhancing convenience for and meeting the diversified needs of customers, Yuanta Securities Investment Consulting continues to provide abundant market information and thematic investment portfolios through the mobile telecommunications software to provide more customized investment services for customers.

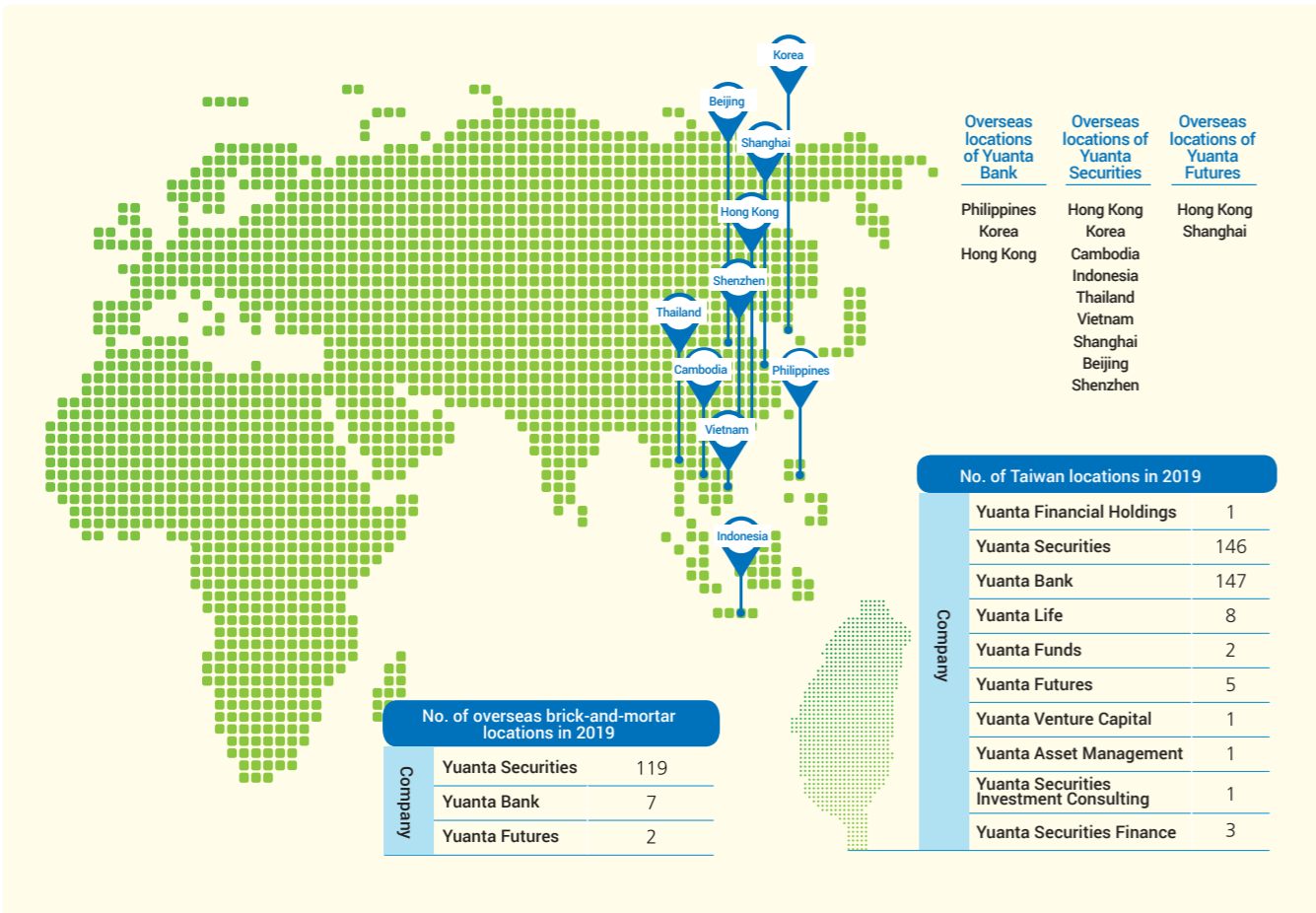
Consolidating financing business, activating bond business, and expanding guaranteed loan business

Yuanta Securities Finance

In 2019, since taking over operations of Global Securities Finance Corporation, Yuanta Securities Finance is the only securities finance company in Taiwan. Yuanta Securities Finance will employ a diverse business strategy to align itself with information and channels to increase margin purchase and short sale to maximize the effectiveness of value-added services. But since the credit trade market was opened up to securities firms to operate their own margin purchase and short sale business, there has been a gradual decrease in the market share of securities finance companies in margin financing. In order to respond to the gradual loss in profits from margin purchase and short sale, Yuanta Securities Finance has been actively developing the guarantee lending business and regarded as a key business in the company. In addition, after competent authorities opened up two-way security lending, Yuanta Securities Finance has seen an increase in loan channels, allowing it to lend financing collateral to securities lending centers, making loan channels wider, security sources more diversified, and securities lending business increasingly vigorous.

Global Locations

As of the end of 2019, we had a total of 146 securities locations (headquarters and branches) and 147 bank branches in Taiwan, with operations across entire Taiwan and employing 10,912 financial services professionals to provide our customers with a full range of financial services. In recent years, Yuanta Financial Holdings has focused on overseas development, and we currently have 128 overseas locations and are gradually working toward becoming "the Best Asia-Pacific regional financial holdings company".



3.2 Operating Performance

Management Approach

In order to implement mechanisms for corporate governance, legal compliance, and risk management, so that we can stand strong in the midst of a volatile financial environment, safeguard the assets of our customers and shareholders and pursue stable ongoing growth, the Company will continue to implement its main thrust of the mid- and long-term operational strategies of its operation model, as expressed in the phrase "solidifying our core and driving growth." In addition to stabilizing our core business and continuing to strengthen our competitiveness, we focus on the layout and operation of business, markets, and customers with growth momentum as well as the growth benefits for the Group realized through cross-industry and cross-border integration. The Corporate Planning Department, International Operations Division and Finance Department are responsible for the evaluation and planning of overall operational performance.

One of the core values underpinning the corporate culture at the Company is innovating value to increase shareholders' benefit. Through a series of mergers and acquisitions aimed at expanding domestic banking business and overseas securities business, the Company has been bolstering its domestic and overseas market positions and has created more diversified revenue and funding sources, so that our securities-centric business model has evolved into one which focuses on both securities and banking profits. A more diversified business model helps the Financial Holdings Group develop into a comprehensive regional financial services group. In the future, the Company will remain backed by excellent asset quality and risk control capabilities and continue to strengthen our core competitiveness and drive growth. We have established a business model focused on both flow and stock and created an earnings-generating capacity based on diversified enterprises to augment Company scale of assets and operating performance and to effectively stabilize and increase the profits.

Financial Performance

In 2019, despite continued turbulence in governments, economies, and financial markets around the world, the Company persisted to adhere to its prudent and sound operating principles, making internal adjustments in response to external changes. In 2019, the Company generated after-tax net profits of NT\$20.446 billion with an EPS of NT\$1.75 and an ROE of 9.06%. Yuanta Financial Holdings's profit performance increased 9.5% over the previous year.

Group Economic Performance

Unit: NTD thousand

	2016	2017	2018	2019
Direct Economic Value				
Net interest income	19,620,866	23,058,279	25,936,162	26,132,919
Net non-interest income	64,819,920	70,726,639	75,343,411	81,475,158
Service fees and commissions	17,401,417	20,441,508	22,281,465	17,796,223
Insurance business	29,413,918	32,400,843	34,675,722	40,738,914
Investment income	14,208,562	20,310,273	9,054,290	18,092,562
Foreign exchange profit	-1,082,235	-7,240,193	6,109,457	-635,767
Other income	4,878,258	4,814,208	3,222,477	5,483,226
Subtotal of direct economic value	84,440,786	93,784,918	101,279,573	107,608,077
Distributed Economic Value				
Operating expenses	48,236,163	50,137,543	53,115,998	58,634,193
Employee salary and benefits	19,145,958	23,081,525	23,690,550	23,276,027
Donation to governmental agency	50,503	55,002	164,931	40,932
Donation to school fund	3,720	4,020	2,656	4,058
Social welfare	74,490	81,164	104,766	108,711
Political donations	-	-	0	0
Pay dividends and interest	4,325,818	5,365,642	6,492,536	10,503,550
Income tax expenses	674,549	1,806,421	3,665,414	2,494,938
Fines	76,376	10,220	1,100	3,259
Others	74,370	352,057	0	0
Subtotal of distributed economic value	72,661,947	80,893,594	87,237,951	95,065,668
Retained Economic Value (= Direct Economic Value - Distributed Economic Value)	11,778,839	12,891,324	14,041,622	12,542,409

Unit: NTD

	2016	2017	2018	2019
Group EPS	1.16	1.37	1.59	1.75

Operating Performance of Subsidiaries

Unit: NTD thousand

Company	Item	2018	2019
 Yuanta Securities	Total assets	345,294,955	365,076,873
	After-tax gains and losses	9,391,408	9,018,519
	EPS	1.62	1.56
 Yuanta Bank	Total assets	1,278,099,257	1,329,968,350
	After-tax gains and losses	8,607,600	10,046,230
	EPS	1.16	1.36
 Yuanta Life	Total assets	239,390,357	284,651,026
	After-tax gains and losses	276,802	909,534
	EPS	0.31	0.93
 Yuanta Funds	Total assets	4,978,302	5,567,382
	After-tax gains and losses	1,005,530	1,188,944
	EPS	4.43	5.24
 Yuanta Futures	Total assets	72,108,776	73,149,665
	After-tax gains and losses	1,000,045	1,135,799
	EPS	4.31	4.89
 Yuanta Venture Capital	Total assets	2,611,815	2,740,721
	After-tax gains and losses	220,861	148,187
	EPS	0.90	0.60
 Yuanta Asset Management	Total assets	3,080,779	3,680,439
	After-tax gains and losses	153,915	124,033
	EPS	1.54	1.01
 Yuanta Securities Investment Consulting	Total assets	248,454	259,024
	After-tax gains and losses	1,256	3,175
	EPS	0.13	0.32

Note: Yuanta Securities acquired all equities in Yuanta Securities Finance with a delivery base date of March 26, 2019. The above transaction was the reorganization of the entities under joint control. As a result, when Yuanta Securities prepared previous financial statements, it was deemed to have been consolidated and retroactively reorganized previous financial statements in accordance with the regulations.

Regional Net Income

Unit: NTD thousand

	2018	2019
Taiwan	84,879,962	92,766,683
Korea	13,056,573	11,322,090
Others	3,343,038	3,519,304
Total	101,279,573	107,608,077

Regional Net Profit before Tax

Unit: NTD thousand

	2018	2019
Taiwan	20,757,353	22,959,589
Korea	3,168,880	2,523,676
Others	273,339	57,632
Total	24,199,572	25,540,897

Taxation Governance

In response to international trends, the increasingly complex cross-border taxation environment, and to strengthen our implementation of sustainable corporate development, in 2018 the Board of Directors passed the Group's "Taxation Governance Policy" to implement the following principles:

1. Comply with the tax regulations of each country in which we operate and complete the filing and payment of taxes in accordance with the law.
2. Comply with national laws applicable to transactions with related parties and prepare relevant documents for transfer pricing in each location in accordance with transfer pricing regulations.
3. When carrying out legitimate tax planning and adjustments to organizational structure, it should avoid double taxation and reduce tax costs. In addition, it should not transfer its profits or organizational structure to any jurisdictions on the European Union's List of Non-cooperative Jurisdictions for Tax Purposes or to any offshore low-tax countries or regions (i.e., tax havens) as defined in Taiwan's Income Tax Act for the purpose of tax avoidance. All aspects of its tax planning are to be aligned with the principles of sustainable development for businesses, corporate responsibility, and risk management, thereby protecting shareholders' rights and creating shareholders' value.
4. Maintain a good, appropriate communicative relationship with the tax authorities and provide our perspective and experience as part of the industry to help improve the tax environment and national taxation system.
5. Comply with International Financial Reporting Standards (IFRS) and other relevant laws and regulations and regularly disclose tax information in public, such as financial statements, to ensure that tax information is open and transparent.
6. Continue to improve and strengthen professional tax-related capabilities through education, training, and participation in various taxation-related seminars.

The 2018 and 2019 tax rates in Taiwan were both 20%, which is lower than the average tax rate for the comprehensive finance industry in both 2018 and 2019 (25.31%). Because Taiwan's tax code stipulates that some income is considered tax-free, such as income from securities trading, the rate is thus lower than the national statutory tax rate.

Group Tax Information

Unit: NTD thousand

Items	2018	2019	Average
Net profit before tax	24,199,572	25,540,897	24,870,235
Income tax expenses	3,701,334	3,399,314	3,550,324
Adjustment item	-968,911	-994,931	-981,921
Effective tax rate	19.30%	17.20%	18.22%
Income tax cash payment	3,665,414	2,494,938	3,080,176
Cash tax rate	15.15%	9.77%	12.38%

The tax rate of the Group differs from the average effective tax rate and the average cash tax rate in the banking industry provided by GICS because:

1. Single jurisdiction tax law:

The tax rate in Taiwan is 20%, lower than the average tax rate for the comprehensive finance industry in 2018 and 2019 (25.31%). Because Taiwan's tax code stipulates that some income is considered tax-free, such as that from securities trading, the rate is lower than the national statutory tax rate. The amount of tax-free income affected in 2018 and 2019 were NT\$6,338,518 thousands and NT\$6,484,999 thousands, respectively.

2. Time differences:

Mainly due to the impact of deferred income tax assets/liabilities, overestimation of income tax in previous years and unrecognized tax losses in previous years were used in this year. Deferred income tax assets/liabilities arose from temporary differences due to differences in accounting basis and tax law logic. The impacted amounts for 2018 and 2019 were NT\$-968,911 thousands and NT\$-994,931 thousands respectively.

Tax Deductions Recognized by National Taxation Bureau

Unit: NTD thousand

Items		2018	2019
Unrecognizable Deductions		0	0
Recognizable Deduction without a Limit Amount	Donations to aid in national defense infrastructure, support the military, to government at all levels, to the SME Development Fund, and otherwise approved by the Ministry of Finance.	62,431	37,432
Recognizable Deduction with a Limit Amount	Donations to education, culture, philanthropy, charitable groups/ institutions, and charitable trusts	201,684	101,067
	Election donations that comply with the Political Donations Act	0	0
	Donations to the China region	0	0

Note: The Group mainly gave donations to education, culture, public welfare, charitable institutions or groups and public welfare trusts in 2019. Yuanta did not give any improper donations or sponsorships.

The Domestic and Overseas Tax of Yuanta Groups

Unit: NTD thousand

Unit: NTD thousand	2018	2019
Domestic (Taiwan) tax amount	3,315,865	2,220,333
The ratio of domestic (Taiwan) tax amount to the total tax amount (%)	88.88	88.52
Overseas (Korea) tax amount	338,966	231,235
The ratio of oversea (Korea) tax amount to the total tax amount (%)	9.09	9.22
Overseas (other countries) tax amount	75,824	56,689
The ratio of overseas (other countries) tax amount to the total tax amount (%)	2.03	2.26

Major Positions on Public Associations

Participating Company	Public Association	Position Held
Yuanta Financial Holdings	The Bankers Association of Taipei	Top senior consultant Mr. Rong Jou Wang served as director general.
	The Bankers Association of the Republic of China	Top senior consultant Mr. Rong Jou Wang served as executive supervisor.
Yuanta Securities	Taiwan Securities Association	<ul style="list-style-type: none"> The vice chairman served as association chairman. Three people from the Company served as conveners of the Fintech Task Force, the Wealth Management Business Committee, and the Stock Agency Business Committee. Five people from the Company served as deputy conveners of the International Affairs Committee, the New Financial Commodities Committee, the Bond Business Committee, the Business Digitalization Committee, and the Audit Committee. Members of various business committees.
	Trust Association of R.O.C.	Alternate supervisor.
Yuanta Bank	The Bankers Association of the Republic of China -Electronic Payment Committee	Member.
Yuanta Life	The Life Insurance Association of the Republic of China	<ul style="list-style-type: none"> The president serves as a director of the board and member representative. Serve as the member of 20 projects subcommittees.
Yuanta Funds	Funds & Consulting Association of the R.O.C. (SITCA)	Committee Member.
Yuanta Futures	Taiwan Futures Exchange	<ul style="list-style-type: none"> President serves as a director of the board. Member of Clearing Committee.
	Chinese National Futures Association	<ul style="list-style-type: none"> Chairman serves as vice president. Member of various business committees.
Yuanta Securities Investment Consulting	Funds & Consulting Association of the R.O.C. (SITCA)	Member of Investment Consulting Committee.
Yuanta Securities Finance	Taiwan Depository & Clearing Corporation (TDCC)	Director of the board.

The Group actively participates in various public association activities, such as banking associations, securities associations, trust associations, and Chinese National Association of Industry and Commerce, Taiwan. The purpose of some public associations is to assist the government in the implementation of financial policies. Expenses related to implementation of financial industry policy research and promotion incurred by these types of public associations was NT\$59,060 thousands.

Financial industry policy research and promotion related expenditure statistics table

Unit: NTD thousand

	2016	2017	2018	2019
1. Chinese National Futures Association	23,815	25,324	29,867	27,452
2. Taiwan Securities Association	20,227	21,315	26,003	22,951
3. The Bankers Association of the Republic of China	2,260	2,664	2,942	2,913
4. Others	5,497	5,445	5,531	5,744
Expenses related to financial industry policy research and promotion	51,799	54,748	64,343	59,060

Note: Expenses related to the research and promotion of financial industry policy in 2019 were mainly aimed at promoting the development of Taiwan's financial industry. The Group actively participates in various public association activities, such as those organized by securities associations, futures associations, banking associations, and credit associations, and our directors or senior executives hold important positions in the associations, providing practical experience and helping promote the development of fintech and innovative digital technology to build a smart finance environment. We support the development of green finance and inclusive finance to build a sustainable financial society.

4

Stakeholder Engagement



4.1 Materiality Assessment Procedures

The Company cares about our stakeholders' concerns. Our stakeholders include shareholders and investors/creditors, government agencies, clients/debtors, current employees, potential employees, media, communities, and suppliers. We communicate with different types of stakeholders through various channels to understand and identify their concerns. In 2019, we used questionnaires to assess the concerns of our major stakeholders and their impact on the economy, environment, and society based on sustainability context, stakeholder inclusiveness, materiality, and completeness. After identifying issues of stakeholder concern, we selected material topics which would be discussed and confirmed with additional suggestions during internal meetings. Ultimately, they were submitted to the head of the Center for the Promotion of Corporate Social Responsibility and the heads of the teams for joint resolution. In this report, the Company made a complete disclosure on the management approaches it has adopted for and concrete actions it has taken on these material topics. The assessment procedures and the material topics identified are shown below:



Step 1 Identification
Based on GRI Standards, members of the Sustainability Committee consider the development of the financial industry, international trends (UN SDGs, etc.) and industry characteristics, and issues with which our stakeholders are concerned, and selected 19 critical sustainable issues.



Step 2 Prioritization
Survey responses were analyzed to determine the degree of concern of each issue from stakeholders and the degree to which sustainability issues impact local and overseas economies, environments, and societies. In 2019, we identified 14 material topics (See next page), including economic performance, legal compliance, customer privacy, financial product innovation and services, customer relationship management, sustainable finance, labor/management relations, inclusive finance, responsible investment, talent management and development, social welfare, healthy and safe workplace, energy and climate changes, and supplier management. (Note)

Note: The material topic added in 2019 was financial product innovation and services. Anti-money laundering & counter financing of terrorism were incorporated into legal compliance and are, therefore, considered one theme.

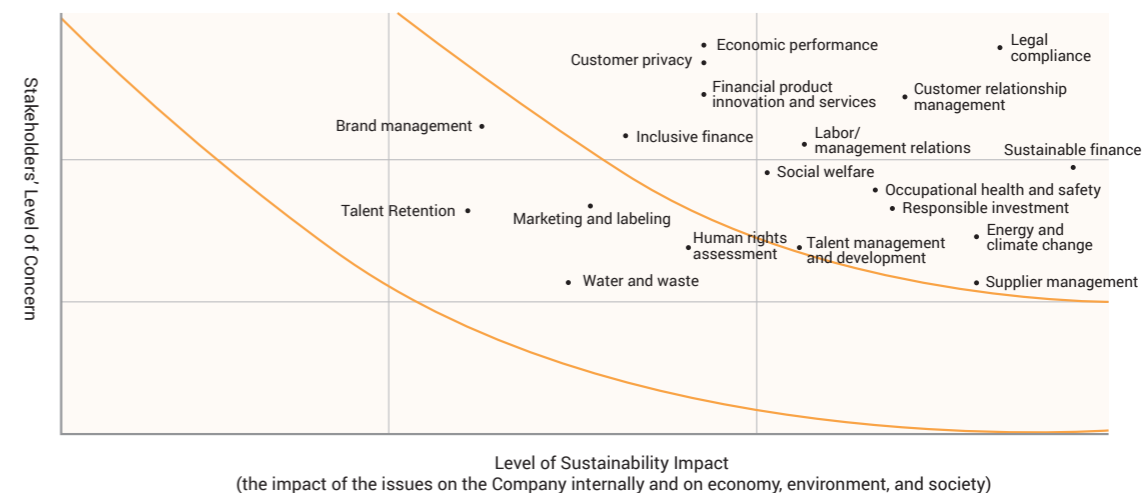


Step 3 Verification
Once material topics are identified, the head of the Center for the Promotion of Corporate Social Responsibility and the team leaders further determine the materiality and the internal and external boundary of each topic to ensure that key CSR information are completely disclosed in the report.



Step 4 Review
Once the report has been compiled, each team from the Center for the Promotion of Corporate Social Responsibility conducted a final inspection and review to ensure that the CSR information and accomplishments were not improperly or incorrectly expressed. The results of material topics identification and stakeholders' feedback also serve as an important reference for next year's report.

Yuanta Financial Holdings Material Topics Matrix



Material Topics and Their Impact Boundary

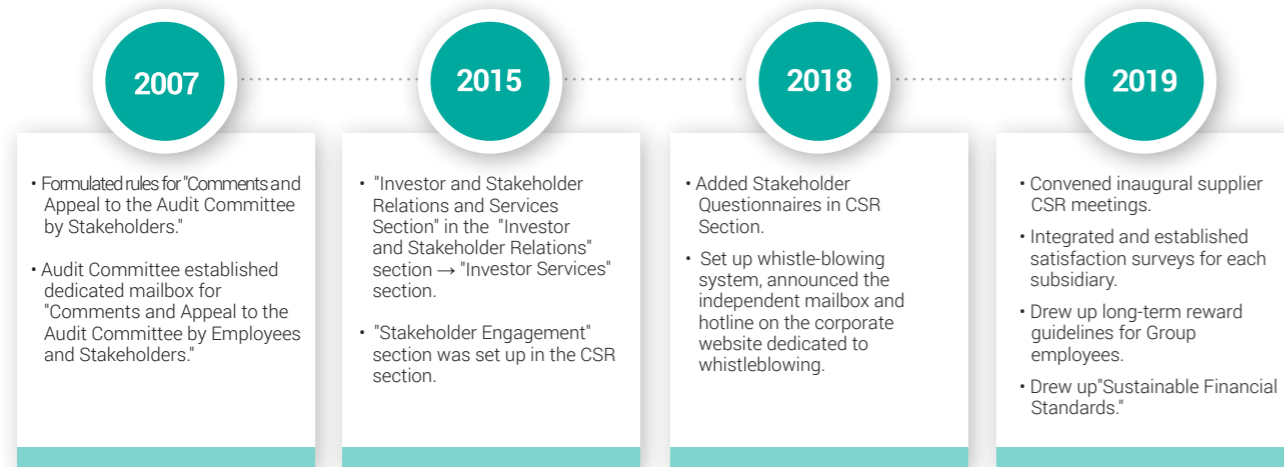
Aspect	Material Topics	Aspects to consider with respect to GRI Standards	Impacted parties-Internal stakeholders	Impacted parties-External stakeholders							Chapter of Topics	
				shareholders and investors/creditors	government agencies	potential employees	clients/debtors	media	communities	suppliers		
Corporate Governance	Economic performance	GRI 201: Economic Performance 2016	Yuanta Financial Holdings (Including current employees)									Operating Performance
Corporate Governance	Legal compliance	GRI 419: Socioeconomic Compliance 2016										Legal Compliance
Customer Care	Customer privacy	GRI 418: Customer Privacy 2016										Service Quality and Customer Relationship Management
Green Operation	Financial product innovation and services	NA										Digital Financial Services
Customer Care	Customer relationship management	GRI 418: Customer Privacy 2016										Service Quality and Customer Relationship Management
Green Operation	Sustainable finance	G4 Industry Disclosure-Financial Services: Product Portfolios										Responsible Finance
Employee Care	Labor/management relations	GRI 401: Employment 2016										Workforce Structure/Retention and Education
Green Operation	Inclusive finance	G4 Industry Disclosure- Financial Services: Local Communities										Financial Inclusion
Green Operation	Responsible investment	G4 Industry Disclosure- Financial Services: Product Portfolios										Responsible Finance
Employee Care	Talent management and development	GRI 404: Training and Education 2016										Retention and Education
Community Engagement	Social welfare	NA										Philanthropic Activities and Yuanta Group Strategy / Annual Philanthropic Impact
Employee Care	Occupational health and safety	GRI 403: Occupational Health and Safety 2018										Occupational Health and Safety
Environmental Sustainability	Energy and climate change	GRI 302: Energy 2016/GRI 305: Emissions 2016										Energy Management/ Energy Saving and Carbon Reduction Performance
Environmental Sustainability	Supplier management	GRI 308: Supplier Environmental Assessment 2016/ GRI 414: Supplier Social Assessment 2016										Supplier Management/ Water Resources and Waste Management/ Yuanta's Green Actions

(Note) Scope of the impact within the organization: Impacts caused directly by Yuanta (Example: Healthy and safe workplace). Scope of the impact outside the organization: Impacts caused by business relationships (Example: Supplier management).

4.2 Stakeholder Communications

Yuanta Financial Holdings is accountable to its stakeholders, so a stakeholder section (Website address: Homepage > CSR > Stakeholder Engagement) has been set up on the Company's website. A hotline is also available. A variety of different methods and channels are used to learn about what stakeholders require and expect of Yuanta Financial Holdings. Key communication performance over the years as well as communication methods and channels for stakeholders are described below.

Key Communication Performance



Government Agencies

Purpose of communication

By responding to questionnaires from the competent authority and the Taiwan stock exchange on a regular and nonscheduled basis, the Company meets the relevant requirements and strengthens its own management capabilities. In accordance with the requirements of the Taiwan Stock Exchange, the Company also replies to the content of announcements of material information inquired and publishes material information to clarify the media reports.

Priority concerns

Legal compliance
Customer privacy
Labor/ management relations
Occupational health and safety

Communication channels, feedback methods, and communication frequency

- Email responses to the Financial Supervisory Commission on a nonscheduled basis.
- Issuances of material information by relevant units of the Company on a nonscheduled basis.
- Responses and filings to Taiwan Stock Exchange questionnaire system by relevant units of the Company on a nonscheduled basis.
- Notifications to relevant units of the Company on a nonscheduled basis.
- Responses to Market Observation Post System within two days of receipt of credit rating results on a nonscheduled basis.

Key communication performance

- The Company was ranked in the top 5% listed companies in Taiwan Stock Exchange's sixth Taiwan Corporate Governance Evaluation System.
- The Company quarterly reports to the competent authority to sort out the operation overview so that the competent authority can master and sort out the financial environment.
- The Company has not violated Taiwan Stock Exchange's requirements for declaring information and press conferences for material information and explanations.

Table of Stakeholder Communications and Topics of Concern in 2019

Shareholders and Investors/Creditors

Purpose of communication

Two-way communications conducted by participating in nonscheduled local and overseas legal seminars and one-on-one meetings with institutional investors every year, allowing institutional investors to clearly understand the Company's long-term development strategies and financial and business overviews as well as to learn about institutional investors' suggestions and ideas and reflect relevant suggestions to decision makers for the Company's strategic direction in the future.

Priority concerns

Economic performance
Legal compliance
Sustainable finance
Inclusive finance
Responsible investment
Energy and climate change
Supplier management

Communication channels, feedback methods, and communication frequency

- Hold shareholder meetings annually.
- Receive credit ratings every year.
- Issue Corporate Annual Reports and CSR Reports annually.
- Set Chinese and English websites and "Investor Relationship" section.
- Take part in two-way communication meetings with institutional investors on a nonscheduled basis.
- Participate in local and international institutional investors' conferences on a nonscheduled basis.
- Disclose the latest information on the Market Observation Post System (MOPS) and Company web page on a nonscheduled basis.
- Communicate with investors and compile public prospectuses through bond underwriters.
- Provide the Company's credit rating report, reveal the latest financial and operating information as a reference for credit evaluation.

Key communication performance

- The Company participated in 6 investor conferences at home and abroad and conducted more than 100 meetings with investors, including one-on-one meetings, group meetings, and telephone conferences.
- Awarded Best Asian CEO (Investor Relations), Best CFO (Investor Relations) in Asia and Best Investor Relations in Taiwan by Asian Corporate Governance Magazine.
- The Company established a performance evaluation system for the Board of Directors and the evaluation is held every year. The results of the evaluation are reported to the Board of Directors and disclosed on the Company website.
- The Company was the first financial holdings company to pass the CG6011 (2017) Corporate Governance Evaluation of the Taiwan Corporate Governance Association. (The certificate is valid from June 12, 2018 to June 11, 2020).
- The Company signed fiduciary contracts with third-party institutions and the institutions will exercise the right to supervise and verify the Company's performance of corporate debt-related obligations on behalf of the creditors.

Current Employees

Purpose of communication

In conversations with our employees, we listen to employees' opinions and needs and explain to them Company policies on such issues as education and training, workplace safety, legal compliance and professional ethics, and performance evaluation, so everybody can work together better and enhance performance.

Priority concerns

Economic performance
Labor/ management relations
Talent management and development
Occupational health and safety

Communication channels, feedback methods, and communication frequency

- Establish Occupational Health and Safety Committee: Annual occupational health and safety training; regular testing of air quality, water quality, and lighting; regular health consultation services.
- Annual employee engagement surveys.
- Semi-annual performance evaluations and feedback.
- Quarterly labor-management meetings; meetings of varying frequencies, including monthly and yearly business performance reviews and committee meetings.
- Monthly and quarterly club activities, biennial employee health checks.
- Employee appeal mailbox, internal communications channels, and electronic newsletters.
- Employee Stock Ownership Plan, labor pension fund; monthly Employee Benefits Committee meetings.
- Regular training courses such as Summit Forum, and Yuanta E-Academy.
- Regularly invite employee to participate in charitable activities.
- Regularly offer digital training courses and testing.

Key communication performance

- The Company conducted a group-wide employee opinion survey for three consecutive years. A total of 9,906 domestic full-time employees were invited to participate in the survey. A total of 8,545 people completed the questionnaire with a participation rate reaching 86%. 88% of surveyed employees were positive about their overall work input.
- The Company took the initiative to show concern for our employees by establishing and implementing maternal health protection programs, work overload prevention programs, prevention of hazards due to human factors programs, illegal violation prevention programs, and other occupational safety and health prevention programs.

Potential Employees

Purpose of communication

The Company welcomes outstanding talents and helps students understand the current status of the financial industry to help them with their career choices.

Priority concerns

Talent management and development

Communication channels, feedback methods, and communication frequency

- Regular talks, industry & academia cooperation; receiving visits on a nonscheduled basis.
- Regular posts on Facebook fan page, job recruiting websites, and recruitment section of official website; campus recruitment activities every March–June.
- Cooperation with courses, career counseling, and professional guidance on a nonscheduled basis; annual/half-year internships.

Key communication performance

- The Group held a total of 32 campus fairs and briefing sessions last year, with 4,860 exchanges. In addition, it has collaborated with colleges, such as National Chengchi University, National Chiao Tung University, and National Tsing Hua University, holding lecture courses, attracting 2,294 participants.
- The Company operates Facebook fan page and official website internship opportunity matching page to help students understand Yuanta and various internship employment opportunities. It cooperated with three schools on credit courses to systematically teach students financial theories and practices. The Company has been invited to give financial lectures at more than 30 schools with a total of 1,178 students participating. It has also accepted 89 school internship collaborations, received seven schools for institutional visits, and shared and exchanged with 394 students.
- The Company sponsored the 13th EMBA Business Management Association Yuanta Cup case competition with more than 20 teams of students from EMBA programs from ten colleges and universities in Taiwan participating.

Clients /Debtors

Purpose of communication

The Company provides a complete range of products to meet customer needs, more diverse and convenient services, and combine multi-faceted issues and techniques to attract customer attention and increase customer loyalty. We make sure that customers understand the risks and the related costs before they purchase any financial products or services to reduce the probability of future disputes.

Priority concerns

Customer privacy
Financial product innovation and services
Customer relations management
Inclusive finance
Responsible investment

Communication channels, feedback methods, and communication frequency

- Set up Customer Service and Appeal Hotline in the "Investor Relations" section.
- Set up Customer Service Center, providing customer service telephone number and online customer service mailbox.
- Develop online services and mobile services app.
- Hold wealth management seminars, lectures and forums, etc. annually.
- Conduct customer satisfaction surveys and hold campaign activities.
- Provide daily/monthly newsletter and various investment research reports.
- Take the initiative to mail out repayment special offer notices. We frequently communicate and hold negotiations regarding repayments.
- The Company entrusts the Credit Management Department to check the list of debtors' income every year.
- After obtaining credit certificates, credit certificates are replaced every five years.

Key communication performance

- Yuanta Securities launched a smart stock selection app entitled "Mr. Yuanta," an innovation in the industry. By using big data to calculate investment targets, people, such as students, young people, beginners, and financially disadvantaged groups, can easily and quickly get the most professional and suitable financial services. As of the end of the year, the app had been downloaded over 810,000 times.
- Yuanta Bank took practical action by purchasing a total of NT\$2.8 billion in green bonds to help mitigate global warming and climate change caused by business development.
- In addition to continuing to promote micro-injury insurance, Yuanta Life also vigorously promotes group annuity insurance and assists young labor groups in making retirement preparations. The group annuities have underwritten a total of 12 units by the end of the year, with a total accumulated paid premium of approximately NT\$300 million.
- Financial Investment Activities: A total of 4,770 events were held.
- The Company checked the income list of the debtors of the asset class and found no new executable property.

Media

Purpose of communication

The Company has created good media relations and established smooth communication channels, so that the media can report fairly the Company's operating status to the public.

Priority concerns

Economic performance
Legal compliance
Financial product innovation and services
Social welfare

Communication channels, feedback methods, and communication frequency

- Unscheduled media presentations, press conferences and advertisements.
- Unscheduled incident explanation.

Key communication performance

- The Company issued 35 press releases.
- The Company won the "Insurance Dragon and Phoenix Award-The Most Aspiring Financial Holding Company" organized by the Modern Insurance Education Affairs Foundation.
- The Company regularly provides the latest market overview and financial commodity information to help the public understand market dynamics.

Communities

Purpose of communication

Businesses and society co-exist to benefit each other. We serve as the "Love Charity Platform" to help others realize their dreams, turn their lives around, and move towards happiness. It also helps the public become more aware of the Group and continues to spread endless positive energy in Taiwan.

Priority concerns

Social welfare

Communication channels, feedback methods, and communication frequency

- Organize annual "Dream Big" projects.
- Promote annual charity blood drives.
- Regularly participate in public organizations and associations.
- Regularly hold and support community welfare, academic, artistic, and conservation activities.
- Conduct community care and neighborhood visiting events.
- Collaborate with NPOs/NGOs through self-organized, co-organized activities, and sponsorships.
- Hold charitable events around conservation and the environment.

Key communication performance

- 2,812 volunteers from the Group volunteered 16,144 hours.
- The Group held a total of 721 events during the year, including 145 self-run events, 327 joint events, and 249 sponsored events. The public welfare activities in this year benefited 268,787 people.
- The Company held the "Dream Big, Yuanta Public Welfare Dream-fulfilling Project" for the third year, contributing money and effort to helping 19 groups in need. We promoted and expanded the effectiveness of public welfare through the community fan page online publicity activities. By the third session, we attracted more than 420,000 people.
- The Company has cooperated with Fu Jen Catholic University to promote the "Dreams Take-off Project" for nine consecutive years with a total of 1,212 people receiving Yuanta scholarships, including 90 bachelor's degree students and three master's degree students.

Suppliers

Purpose of communication

The Company ensures that its suppliers understand the Company's requirements for environmental protection and human rights. The Company works together with suppliers to promote the concept of CSR.

Priority concerns

Supplier management

Communication channels, feedback methods, and communication frequency

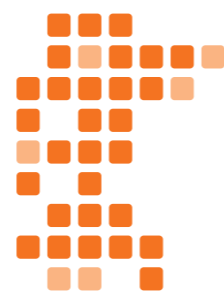
- Continue to conduct supplier management in accordance with the "Guidelines of Supplier Management" and conduct supplier evaluations in Q1 each year.
- Agree to adhere to Group's principles of business integrity, confidentiality, and personal information protection and sign human rights and sustainability commitments.
- Hold human rights and environmental issues promotion training for transactions valued at NT\$1 million or higher.
- Hold supplier meetings.

Key communication performance

- It has been awarded A- at the "Leadership Level" by the International Carbon Disclosure Project (CDP) for two consecutive years, among the best in the financial industry.
- The Group's offices in Taiwan have all passed the ISO 14064-1 greenhouse gas inventory with an inspection coverage rate of 100%.
- To implement an energy management system that complies with international standards, the Company has obtained British Standards Institution (BSI) ISO 50001 certification by setting energy-saving targets and plans.
- Six Company's subsidiaries, including Yuanta Securities, have completed procurement of 500,000-degree renewable energy certificates. The Company has also been awarded outstanding green procurement benchmark units by the Taipei City Government for nine consecutive years and has been praised by the Executive Yuan's Environmental Protection Administration for eight consecutive years.
- We require all suppliers to sign the "Environmental Sustainability and Human Rights Commitment" clauses and "Integrity Commitment Statement" in our procurement contracts.
- We evaluated 137 major suppliers which received an average of 86.6 points out of 100.

5

Blueprint for Yuanta Sustainable Management



5.1 Framework for Sustainable Management

Yuanta Financial Holdings Group's Vision and Strategies toward Sustainability

The Group's vision is to become an international benchmark enterprise for sustainability. To realize this goal, it has continued to implement the concepts of sustainable finance, environmental friendliness, and social co-prosperity through our corporate culture and business operation. The Company has worked to provide more diversified financial products, greener financial services, and better customer care, to create a friendly work environment for employees, to steadily enhance company value for shareholders, to take responsibility for society and public welfare, and to promote sustainable environmental protection to gradually establish a sustainable business management and service model.

Vision

An international benchmark enterprise for sustainability



DREAM

Based on ESG's three major business aspects of environment, society and governance, the structure and content of climate change-related financial disclosure (TCFD) have been introduced, and specific action plans have been adopted to respond to the United Nations Sustainable Development Goals (SDGs). The keyword "DREAM" of our "Dream Big" is the starting point, and is implemented and practiced in the five major areas of corporate governance, customer rights, employee care, environmental sustainability and social welfare.

- Devotion** - Committed to contributing to society
- Reliability** - Being a reliable choice for customers
- Equality** - Emphasizing workplace equality
- Achievement** - Excellence in corporate governance
- Motivation** - Actively promoting environmental issues

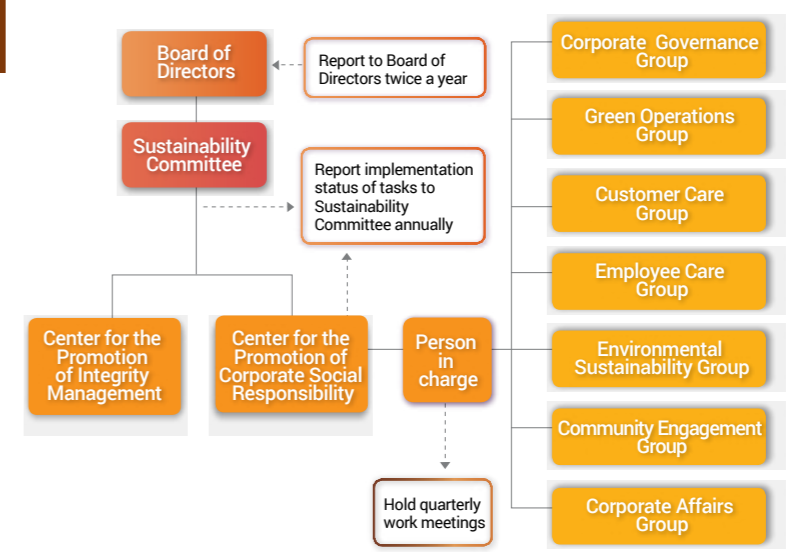
Mission

Committed to becoming the most loyal long-term partner of customers. The Company integrates the Group's internal and external resources to provide customers with the most complete, efficient, and value-added comprehensive financial management financial services. With the goal of "maximizing the interests of shareholders, customers and the Group of Yuanta Financial Holdings," it has become an extremely competitive financial holdings group. Together with the stakeholders of Yuanta Financial Holdings, we are creating wealth and realizing dreams.

Core values

The Company's core values are "seizing opportunities to build wealth for clients," "enhancing performance and promoting employee welfare," and "creating value to increase shareholder returns." While deepening the development of financial business and creating profits, we also attach great importance to the development of corporate governance, customer rights, employee care, environmental sustainability, and social welfare.

Sustainable Governance Operating Model



Sustainability Committee

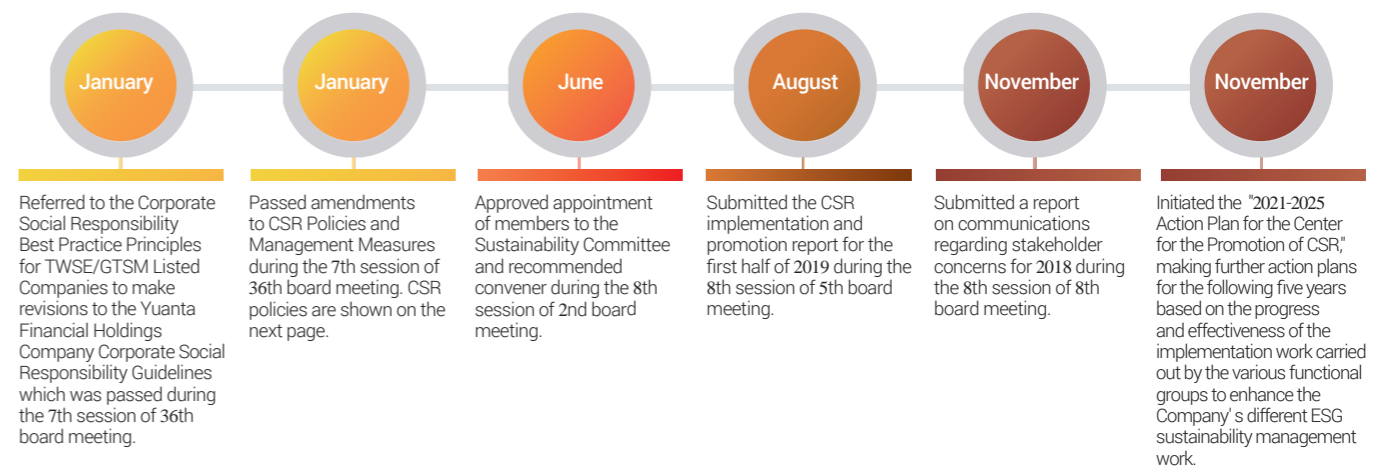
To fully implement the Company's corporate sustainable management philosophy and put in place sound corporate governance, in November 2018, Yuanta Financial Holdings established the Sustainability Committee under the Board of Directors, composed of the Company chairman as convener and four independent directors as its members. This committee was established to enhance the Board's integrity management and practice of corporate social responsibility.

Primary Responsibilities of the Sustainability Committee

1. Assist in integrating values of integrity management and corporate social responsibility into the Company's business strategy.
2. Adhere to the laws and regulations to formulate relevant measures to ensure integrity management and implement corporate social responsibility.
3. Supervise and implement the Company's integrity management and corporate social responsibility policies and evaluate their effectiveness.
4. Other matters related to the setting and supervision of the Company's integrity management and corporate social responsibility policies.



In conjunction with the establishment of the "Sustainability Committee," the "Corporate Social Responsibility Work Promotion Center" was renamed the "Center for the Promotion of Corporate Social Responsibility" and accompanied with organizational restructuring. With the operations of the respective functional workgroups adjusted to work with their promotional units and boost the integration of their operations, each group convenes quarterly meetings, continuously tracks the progress of work and accomplishment of targets, reviews and evaluates management measure effectiveness, and implements and promotes various sustainability-related projects. The main operations of the Center for the Promotion of Corporate Social Responsibility in 2019 are described below.



The Corporate Social Responsibility Policy of Yuanta Financial Holdings

1. Strengthen corporate governance quality
2. Value the rights and interests of employees, cultivate talent, and create a healthy and safe work environment.
3. Actively work to save energy and reduce carbon consumption to ensure environmental sustainability.
4. Adhere to the Code of Ethics and Integrity Management Guidelines.
5. Expand social engagement and give back to the society.
6. Protect the rights and interests of clients and win their long-term trust.
7. Provide accurate, timely, and transparent Company information to investors.



Major Topics and Corresponding SDGs

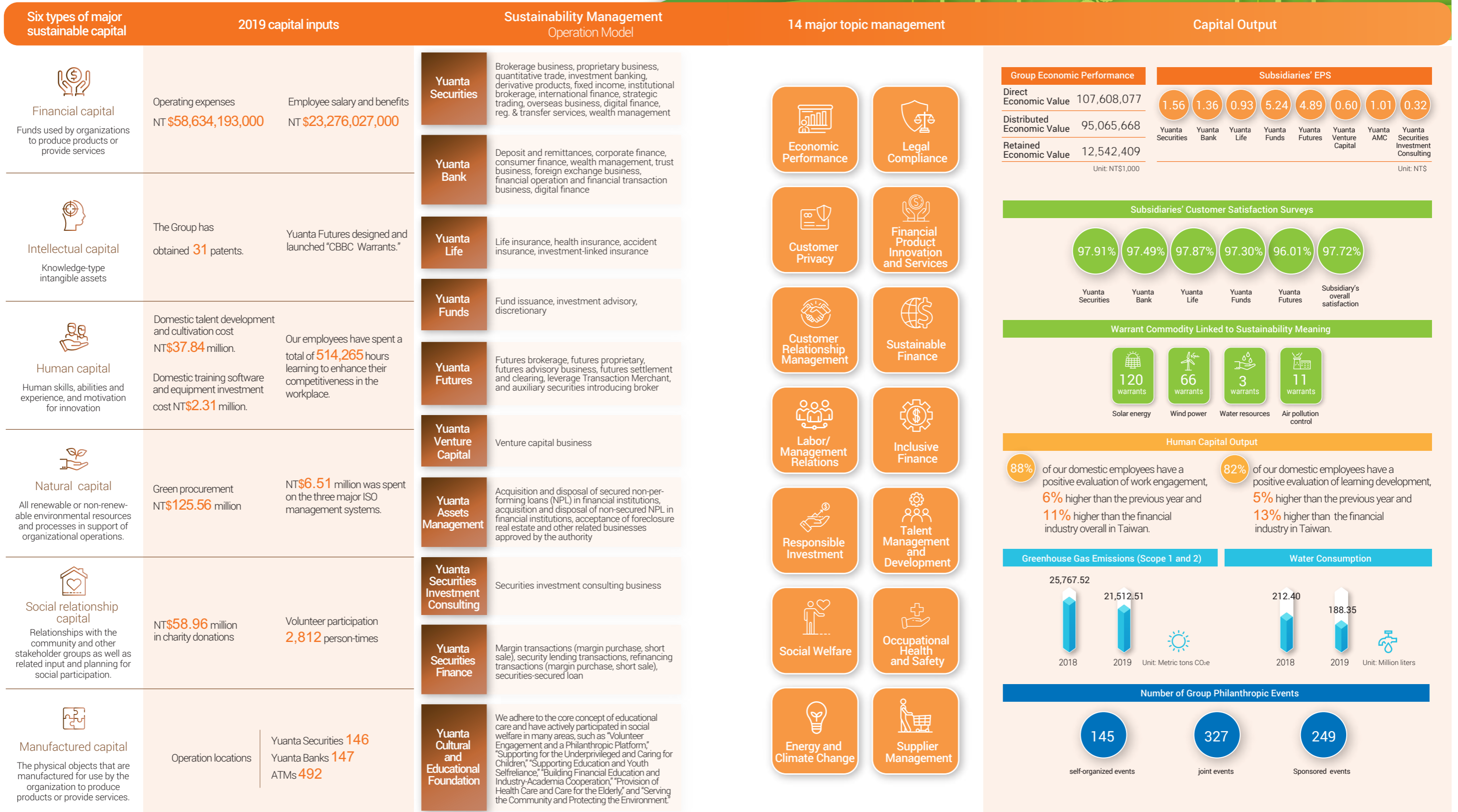
Major topic	Chapter	SDGs	2019 results
Economic Performance	Operating Performance		The Company generated after-tax net profits of NT\$20.446 billion with an EPS of NT\$1.75 and a ROE of 9.06%. Yuanta Financial holdings profit performance increased 9.5% over the previous year.
Legal Compliance	Legal Compliance		The Company did not violate relevant policies or regulations and was not penalized by the competent authority (Financial Supervisory Commission).
Customer Privacy	Service Quality and Customer Relationship Management		Yuanta Securities, Yuanta Bank, and Yuanta Life received certification "BS 10012: 2017 Personal Information Management System" (PIMS) international standard.
Financial Product Innovation and Services	Digital Financial Services		<ol style="list-style-type: none"> 1. Continued to upgrade app "Mr. Yuanta" functions. As of the end of the year, the app has been downloaded over 810,000 times. 2. The carbon footprint and carbon neutrality certification of the order system service has been commissioned by professional inspection companies to complete the introduction, and each subsidiaries is evaluating and planning. 3. Yuanta Futures launched the "Yuanta Intelligent Ecological Chain" to provide a one-stop intelligent investment platform.
Customer Relationship Management	Service Quality and Customer Relationship Management		<ol style="list-style-type: none"> 1. Due to differences in industry-specific characteristics, each subsidiary completed operation procedures or manuals of the customer service staff satisfaction survey. 2. Customer satisfaction targets set by each subsidiary have been reached and maintained overall at over 90%.
Sustainable Finance	Responsible Finance		The Company finished drawing up the Group's Sustainable Finance Standards; Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Venture Capital cooperated with the Standards, and started revising specifications to implement credit evaluation and green investment.

Major topic	Chapter	SDGs	2019 results
Labor/Management Relations	Workforce Structure/Retention and Education		<ol style="list-style-type: none"> 1. Conducted employee engagement survey of overseas employees for the first time. 2. Issuing new birthday cash gift.
Inclusive Finance	Financial Inclusion		Commodities such as CBBC warrants, dollar-cost averaging, and Taiwan stock ETF-linked umbrella funds were launched to provide small investors wealth management assistance.
Responsible Investment	Responsible Finance		Yuanta Securities Bond Department participated in the issuance of 6 green bonds.
Talent management and development	Retention and Education		The Group held 32 annual campus fairs and briefing sessions with 4,860 people exchanging and interacting.
Social welfare	Philanthropic Activities and Yuanta Group Strategy/Annual Philanthropic Impact		Group volunteers participated: 2,812 person-times and 16,144 hours.
Occupational health and safety	Occupational Health and Safety		The Group obtained a number of workplace health labels, including "Safety Workplace Certification," "Health Promotion Label," "Sports Enterprise Certification," "Smoke Control Label," and "Certificate of Self-management Certification for Indoor Air Quality in Public Places."
Energy and Climate Change	Energy Management/ Energy Saving and Carbon Reduction Performance		<ol style="list-style-type: none"> 1. Group's ISO 14064-1 certification 100% completed. 2. Purchased a total of 500,000 kWh of renewable energy certificates. 3. Business travel from each subsidiary has been included in the statistics and verified. 4. Received A-, "Leadership Rank" from CDP Carbon Disclosure Project.
Supplier Management	Supplier Management/Water Resources and Waste Management/Yuanta's Green Actions		<ol style="list-style-type: none"> 1. The first supplier meeting was held. 2. The green procurement amount was NT\$125.56 million.



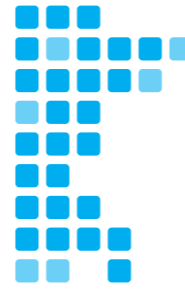
5.2 Yuanta Sustainable Value Creation Process

In order to provide more diversified financial products, greener financial services, and better customer care, we have integrated the Group's internal and external resources, actively responded to stakeholder concerns, and disclosed relevant management performance. With reference to the spirit of the integrated reporting (Integrated Reporting, IR) reporting framework developed by The International Integrated Reporting Council, the six major capital inputs, capital outputs, and sustainable management have been disclosed. Through the strategic allocation and use of each sustainable capital, the Group's capital will be maximized, and we are striving to create sustainable value for all of our stakeholders.



6

Sustainable Governance Operational Capabilities



Structure of the Board

On June 14, 2019, the Company convened the 2019 Annual Meeting of Shareholders to elect the 8th term Board of Directors (including independent directors) with the directors to serve a term of three years. All directors are eligible for re-election. The 8th term Board of Directors is comprised of 5 directors and 4 independent directors (no separate executive directors). All 9 are males with an average tenure of 3 years. The number of independent directors accounted for 44% of the Board of Directors. The members of the Company's Board of Directors have professional backgrounds covering finance, securities, banking, and life insurance and have extensive practical experience and expertise in legal, financial supervision or international business operations, mergers and acquisitions, international taxation or capital planning, and corporate governance, which can help improve board decision-making quality, strengthen internal supervision mechanism.

In addition to professional backgrounds and practical experience, we also focus on diversity and gender equality. In 2019, 7 of 9 Yuanta's subsidiaries had female directors or supervisors and we will continue to increase the number of women involved in corporate governance and business decisions in line with principles of gender equality, thereby helping inject a more diverse perspective into the Group's development for the sake of sustainable operations.

In response to the increasing importance of information security issues, the Group has elected directors who have related backgrounds to strengthen its operation. Director Wei-chen Ma served as the CEO of SYSPOWER, the main business of which is the integration of real-time financial information and the development of related software and systems. Nai-kuan Huang, the independent director of Yuanta Futures, served as the Chief Information Officer of the Taiwan Stock Exchange. Director Mei-ling Kuo serves as the Chief Digital Development Officer of the Company. Yuanta Life Director Chieh Wu served as the Chief Digital Development Officer of the Company.



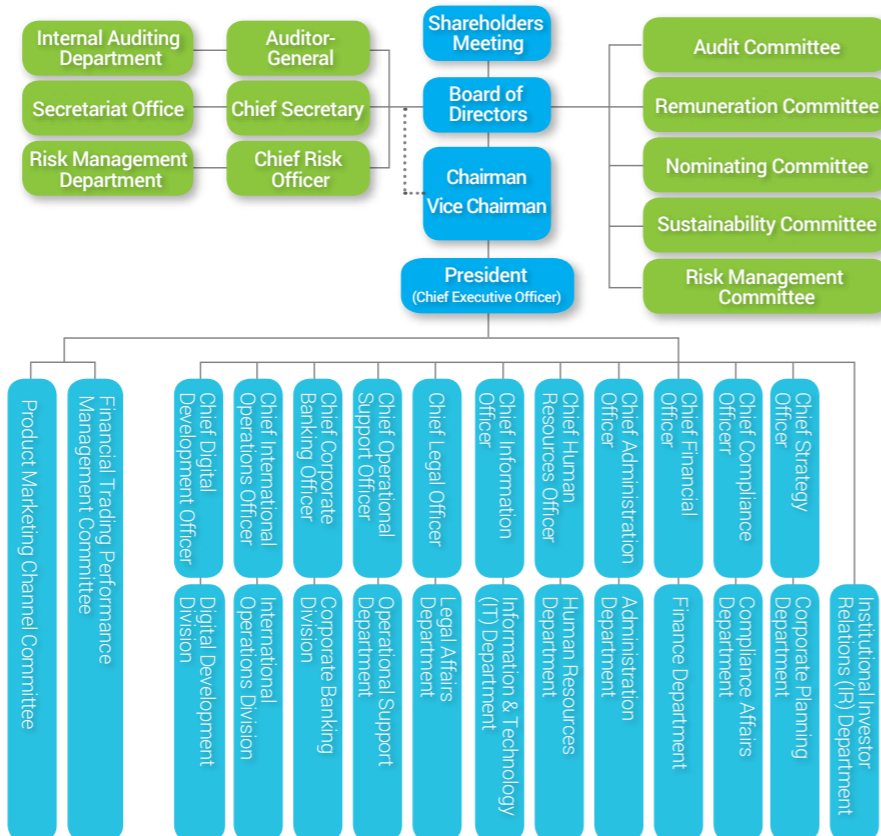
Data Base Date:
December 31, 2019

Company	Number of Female Directors and Supervisors
Yuanta Financial Holdings	0
Yuanta Securities	1
Yuanta Bank	0
Yuanta Life	5
Yuanta Funds	3
Yuanta Futures	3
Yuanta Venture Capital	1
Yuanta Asset Management	0
Yuanta Securities Investment Consulting	1
Yuanta Securities Finance	2

Note: On March 25, 2019, the Board of Directors of Yuanta Financial Holdings decided to sell 100% of the equities of Yuanta Securities Finance to Yuanta Securities with a delivery base date of March 26, 2019. Upon completion of the delivery, Yuanta Securities Finance became a 100% subsidiary of Yuanta Securities.

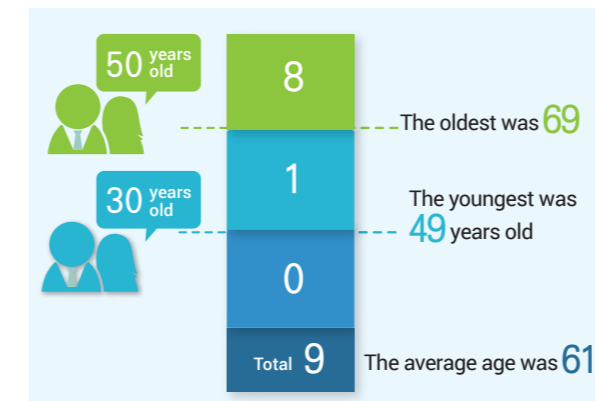
To establish a good corporate governance system and an effective corporate governance structure, the Company established the "Yuanta Financial Holdings Co., Ltd. Corporate Governance Guidelines." As the Company's highest corporate governance body, the Board of Directors is responsible for the leadership and supervision of company operations. Board member selection is based on a diverse set of considerations concerned with the Company's operational needs, the manner of those operations, and the Company's development. In addition to their professional skills in financial management, many directors have practical experience in the actual operation or execution of mergers and acquisitions, information technology, or construction. They have also contributed to the Company's local and overseas business management and risk control, enabling the Company to operate stably in a fast changing financial environment, while protecting and steadily growing customers and shareholders' assets.

6.1 Corporate Governance



The Company passed the establishment of the Nominating Committee on January 23, 2019 at the 36th meeting of the 7th Board of Directors.

Age Distribution of Directors in 2019



The "Scope of Duties for Directors of the Board of Yuanta Financial Holdings" clearly lays out the primary duties and responsibilities of directors and the "Scope of Duties for Independent Directors of Yuanta Financial Holdings" lays out the primary duties and responsibilities of the independent directors. Independent directors shall maintain their independence within the scope of their business operations and shall not have any direct or indirect interest in the Company. In addition to complying with the relevant provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the independent directors of the Company also meet the expectations of the Dow Jones Sustainability Index (DJSI) for independent directors' qualification requirements. Please specify the independence requirements on the official website. (Web page path: Home page > CSR > Yuanta Board > Director Selection Process > Independence Criteria for Independent Director)

The Board of Directors convened at least once a month and the annual attendance rate of each director's attendance at the Board of Directors (excluding proxy attendance) was clearly defined in 2019. The attendance rate should reach more than 80% and be included in the director performance evaluation. A total of 16 Board meetings were held in 2019. The average attendance rate of directors was 98%. The attendance rate of individual directors was over 80%.

In order to improve the performance of its Board of Directors, Yuanta Financial Holdings has established the "Board and Functional Committees Evaluation Procedures." As part of these guidelines, the Directors are to complete a self or peer performance assessment questionnaire. The evaluation results should be completed before the end of the first quarter of the following year. Additionally, performance evaluations of the Board of Directors shall be conducted by either an independent third-party institution or outside experts at least once every three years. The Board is also considering adjusting its member composition in light of the results of this evaluation.

In order to ensure the implementation and tracking of corporate governance, in 2018, the Company set up the position of corporate governance manager in accordance with the new corporate governance blueprint from the competent authority. In 2019, the Board of Directors passed the proposal for the Chief Secretary of the Board to serve as the head of corporate governance.

Remuneration Policy for Directors and Executive Managers

(1) Directors (including independent directors)

A. Board Directors and Independent Directors

The distribution ratio of Company directors' remuneration shall be handled in accordance with the provisions of the Articles of Incorporation. If there remains a surplus after accumulated losses are deducted from revenues in the final accounts, no more than 0.9% of that balance shall be allocated to remuneration for directors. The distribution of directorial remuneration is based on the norms of the industry and takes into account a reasonable relationship with future risks. Actual allocation is based on the results of the directors' self-assessment results, their attendance at meetings, training, and negative qualifications, calculated on a pro-rata basis according to the number of days they held office that year. With regard to remuneration for independent directors, the Board of Directors is authorized to set it after considering the norms in the industry. In order to avoid direct or indirect conflicts of interest, the remuneration for independent directors is fixed and to be paid out on a monthly basis and the allocation of company director remuneration is not applicable to independent directors. In accordance with the provisions of the Company's Articles of Incorporation, directorial travel expenses and expenses pertaining to the attendance of meetings are also paid out in line with industry standards.

B. Chairman and Vice Chairman

The remuneration and benefits of the chair of the Board of Directors shall be determined by the Remuneration Committee and the Board of Directors according to their participation in and contribution to the Company's operations and shall be determined according to industry standards. In addition, the pensions and severance pay of the chairman and vice chairman shall be determined in accordance with the Company's Articles of Incorporation and the "Guidelines for Pensions for the Chair and Deputy Chair of the Board of Directors" through review by the Board in line with the chair/deputy chair's participation in and contribution to the Company's operations and industry standards.

(2) Executive Managers

A. Remuneration Policy

According to the Company's operating strategy and annual business plan, executive managers set annual work targets and assessment criteria.

70% of the work targets of the President (CEO) of the Company are business development goals, including financial profitability and ROE achievement rate of Yuanta Group, the rates of achievement of core business and growth-driving business for each subsidiary, and effectiveness in sustainable development and CSR. The remaining 30% is concerned with internal management goals, including supervision of the rate of achievement of co-marketing targets of each subsidiary and the selection and cultivation of a successor team. Upper managers, from the vice president and above, set annual work targets according to their position, including inter-subsidiary system integration and mutual support, the selection and cultivation of a successor team, and the implementation of legal compliance and internal controls. These targets provide the primary foundation for the evaluation of the executive managers' performance and related bonuses. Additionally, in line with the Company's performance management guidelines, there will be both mid-term and end-of-term performance appraisals every year, with executive managers' pay subject to change through effective linkage with the results of each goal, their performance evaluation and the Company's profits.

The results of the executive managers' performance evaluations and the corresponding performance bonuses are submitted to the Remuneration Committee for deliberation and the Board for approval. Annual remuneration of executive managers is determined based on the standard for the financial holdings industry as well as on an assessment of their overall contribution to the Group in terms of operational management and performance.

In order to ensure and deal with future risk-adjusted profits, the Company has put in place a method for awarding bonuses to executive managers. Executive manager bonuses are awarded based on the Company's operating performance and consideration of the deferred issuance of future risk factors. At the time of disbursement, a certain proportion will be deferred for disbursement due to risk considerations. The variable compensation of the president is deferred for one year in a proportion of no more than 15% in the form of a stock ownership trust, giving it a correlation with the Company's profits and share price. In the event of some other major risk events affecting Company goodwill, the Company shall respond by reducing or not issuing bonuses.

The Company has designated an executive managers' shareholding guideline to encourage executive managers holding Company's stock, so that their executive duties can be connected with the Company's long-term performance and their interests and actions are consistent with the interests of Company shareholders, so as to strengthen the Company's corporate governance. The president's total shareholding value at the end of each year shall not be less than twice the total annual fixed salary converted from the current year since the next calendar year after holding the position for three years. The total value of shares held by executive managers other than the president at the end of each year shall not be less than 1 time the total annual fixed salary converted from the current year since the next calendar year after holding the appointed position for three years.

Note: Executive managers' shareholding guideline is applicable to the president, auditor-general, chief secretary, chief risk officer, and functional executives and executives above the vice president level. The average total shareholding value of executive managers other than the president in 2019 was 2.4 times the total annual fixed salary.

B. Remuneration Measure Matrix

The variable compensation of the Group's presidents is highly correlated with the rates of annual target achievement and the performance evaluation results.

The annual work targets of the Group's presidents are divided into three categories, including strategic objectives, operational objectives (including financial indicators, mid-/long-term strategic development targets), and sustainable objectives. The annual targets and measurement standards for each subsidiary's president are set furthermore according to different lines of business, such as financial holdings, securities, banking, life insurance, futures, funds, and investment consulting. With the achievement progress regularly reviewed every month and mid-term and end-of-term assessments conducted annually, target achievements are used to measure the performance of the president and the variable bonus is directly linked to performance level.

Category	Ratio	Description
Strategic Objectives	20%	Effectiveness of the annual key strategy implementation, such as capital allocation planning and execution, dividend policy planning and execution, bank consolidation synergy, new business advice, etc.
Operational Objectives	50%	Based on industry type, the set financial indicators include revenue achievement rate, ROE, operating expense ratio, performance achievement rate, capital adequacy ratio, capital utilization efficiency, common stock equity ratio, financial holdings and peers' double leverage ratio/ net debt ratio/asset-liability ratio, the income structure of life insurance, new business value (NBV), etc.
		Includes the transformation of business and revenue structure, peer competitive advantage, Group domestic and international operating management and business synergy, the business progress of blue ocean strategy, etc.
Sustainable Objectives	30%	The main contents include Group sales and business support effectiveness, succession echelon and talent development indicators, compliance and internal control management indicators.

On December 31, 2019, the total percentage of shares held by the Company's founding family members (Ma family) was 22.77% in accordance with "Administrative Measures for the Total Number of Voting Shares Issued by the Same Financial Holdings Company Held by the Same Person or the Same Related Party Exceeding a Certain Ratio." For details, please refer to the "Inquiry Information on the Report Form of Changes in the Shareholding of Major Shareholders of Banks (Financial Holding Companies)" in the Market Observation Post System (stock code 2885). (Webpage path: Market Observation Post System> Investment Zone> Bank (Financial Holding Company) Major Shareholders' Change of Shareholding and Qualification Situation Zone> Bank (Financial Holding Company) Major Shareholders' Change of Shareholding Declaration Query)

Responsibilities and Operation Status of Committees

Committee Name	Year Established	Main Responsibilities	Operating Status (Organizational Status, Number of Meetings in 2019, Average Attendance Rate)
Audit Committee	2007	Overseeing the propriety of financial statements, the hiring/dismissal of accountants and ensuring their independence and performance, the effective implementation of internal controls, corporate compliance with laws and regulations, and the management of current and potential risks to the Company.	<ul style="list-style-type: none"> The committee is composed of 4 independent directors who were elected at the 2019 Annual General Meeting. The committee meets at least once a month. Further meetings are convened as necessary. The committee convened 17 meetings. Average attendance rate was 98%.
Remuneration Committee	2010	Formulating and regularly reviewing the Company's policies, mechanisms, standards, and structure pertaining to directorial and managerial performance evaluation and remuneration. Regularly evaluating and formulating the Company's remuneration of directors and managers.	<ul style="list-style-type: none"> The committee is composed of 4 independent directors and meets at least twice a year. Further meetings are convened as necessary. The committee convened 8 meetings. Average attendance rate was 100%.
Sustainability Committee	2018	Implementing the philosophy of corporate sustainable operations, the committee strengthens the Board of Directors on integrity management and practices corporate social responsibility.	<ul style="list-style-type: none"> The committee is composed of 1 director and 4 independent directors and meets at least twice a year, convening further meetings as necessary. The committee convened 5 meetings with an average attendance rate of 100%.
Nominating Committee	2019	In order to improve the function of the Board of Directors and strengthen management mechanisms, the selection of directors (including independent directors) follows a nomination system in accordance with regulation, and the Nominating Committee is responsible for relevant nomination and review processes.	<ul style="list-style-type: none"> The committee is composed of 2 directors and 3 independent directors. It meets at least twice a year, convening further meetings as necessary. The committee convened 6 meetings with an average attendance rate of 100%.
Risk Management Committee	2012	Assisting the Board supervise risk management implementation and ensuring risk management is consistent with the Company's policies, operating strategies, and short- and long-term development goals to facilitate the Company's meeting of these goals and implementation of these strategies.	<ul style="list-style-type: none"> The committee is a non-functional committee of the board and is convened by the Chairman of the Company. It is composed of the presidents of the Company and its subsidiary companies, chief risk officer of the Company, and other people as deemed appropriate by the convener. The committee meets once each quarter and reports resolutions to the Audit Committee and the Board of Directors. The committee convened 5 meetings with an average attendance rate of 85%.

The Operating Status of Each Functional Committee

In order to enhance the sharing benefits of the Group's customers and overall business synergy, Yuanta Financial Holdings and its nine major subsidiaries, including Yuanta Securities, Yuanta Bank, and Yuanta Life, have dealt with each functional business through each functional group, besides regular management meetings. The operation of the relevant functional committees are as follows:

Committee Name (Year Established)	Main Responsibilities	Operating Status (Organizational Status, Number of Meetings in 2019, Average Attendance Rate)
Financial Trading and Performance Management Committee (Established in 2007)	Coordinating and supervising the Group's financial trading affairs. Main responsibilities include assisting with drafting trading-oriented financial product operations strategies and investment portfolio management, as well as assisting in management of operating quotas and supervising operational performance.	<ul style="list-style-type: none"> Currently convened by the president of the Yuanta FHC with the chairman of Yuanta Futures as deputy convener. The chairman of Yuanta Investment Consulting, the president of Yuanta Bank, the president of Yuanta Futures, the executive vice president of Yuanta Securities, the CFO and the Chief Risk Officer of Yuanta FHC are members. These eight individuals make up this eight-person committee. Meetings are convened at least once a month, with more meetings convened as necessary. The average attendance rate was 81%.
Product Marketing Channels Committee (Established in 2009)	Primarily coordinating the product development, cross-selling business of each channel, and shared marketing strategy planning. Aiming to leverage combined resources for overall business synergy.	<ul style="list-style-type: none"> Convened by the president of Yuanta FHC and composed of members of relevant managers from the Group. Meetings are convened basically once quarterly, with more meetings convened as necessary. Convened four meetings with an average attendance rate of 82%.

Integrity Management

The Company has set up the "Center for the Promotion of Integrity Management" under the Sustainability Committee to handle operations related to integrity management and regularly report on the implementation status to the committee. It promotes policies based on integrity to form a sound corporate governance and risk control mechanism founded in operational concepts of integrity, transparency, and responsibility.

The Company formulated the "Yuanta Financial Holdings Co., Ltd., Integrity Management Guidelines" (hereafter referred to as the "Integrity Management Guidelines") and "Yuanta Financial Holdings Co., Ltd., Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines"). The scope of application covers all subsidiaries of the Company and foundations and other organizations or legal entities with substantial control capabilities that accumulate over 50% of direct or indirect donation from the Company and clearly delineates the matters that the aforementioned directors, managers, employees, assignees, and persons with substantial control power in the enterprises and organizations are to focus on and the laws and regulations they are to observe when engaged in commercial activities and business. In 2019, the Company also had directors, supervisors, and executive managers sign a "Declaration of Integrity" and pledge to abide by the rules.

The "Integrity Management Guidelines" and "Conduct Guidelines" explicitly lay out prohibited behavior or interest marked by lack of integrity. As such, the Company has adopted preventive measures for business activities within its business scope with a high risk of dishonesty, employing relevant regulations, such as ethical code of conduct, the Board of Directors' meeting procedures, the audit committee's organizational rules, and the external donation operation standards closely linked to the Company's other relevant internal controls, to facilitate the following of internal control and operation procedures by the various departments. In addition, the Internal Audit Department regularly conducts general business inspections every year and incorporates relevant operations to ensure the implementation of the integrity management policy.

Group employees are all regulated by the relevant financial and human resource management laws and regulations. In accordance with regulations stipulated in guidelines for conduct, if any individual is involved in unethical behavior or major ethical violation, he or she is to be handled in accordance with relevant laws and regulations or Company human resource management regulations. In the event that any individuals are found to be engaged in unethical behavior against the Company that involves anything illegal, the Company will also notify judicial and prosecution bodies. In the event that it involves any government agencies or officials, it will notify relevant government agencies dealing with government ethics and corruption. In addition, to strengthen corporate governance oversight measures, the Board also passed the "Whistleblowing System and Implementation Measures" in 2018, establishing a hotline and email for whistleblowing and assigning the Compliance Affairs Department and the Internal Auditing Department to the processing and investigation of reports. It also clearly requires that personnel handling reports make written declarations to keep the identity of whistleblowers and the content of reports confidential, so as to encourage personnel to report dishonesty or misconduct in accordance with the aforementioned measures. Whistleblowing reports which have been verified following an investigation shall be handled in accordance with the procedures below:

1. Immediately require the subject of the whistleblowing report to cease the improper behavior and prepare any necessary preventive or emergency response measures.
2. Require the relevant department to submit a written report reviewing the matter and setting out corrective measures to be taken. After receiving the report, the investigating unit shall follow up with the relevant department until improvements have been completed.
3. In cases where major violations have occurred or where improper actions have caused material damage to the Company, the relevant department shall report directly to the Audit Committee on its review of the matter and corrective measures to be taken.
4. In order to protect its reputation and interests, when necessary, the Company shall take legal steps to seek compensation for damages incurred.

All Company employees and managers must take the "Regulatory Compliance and Anti-Bribery & Corruption Advocacy" class every year and pass the test to ensure that they have a correct understanding and proper judgement of relevant laws and ethical behavior. The Company also supervises its subsidiaries and works with them to promote aforementioned training courses.

6.2 Risk Management

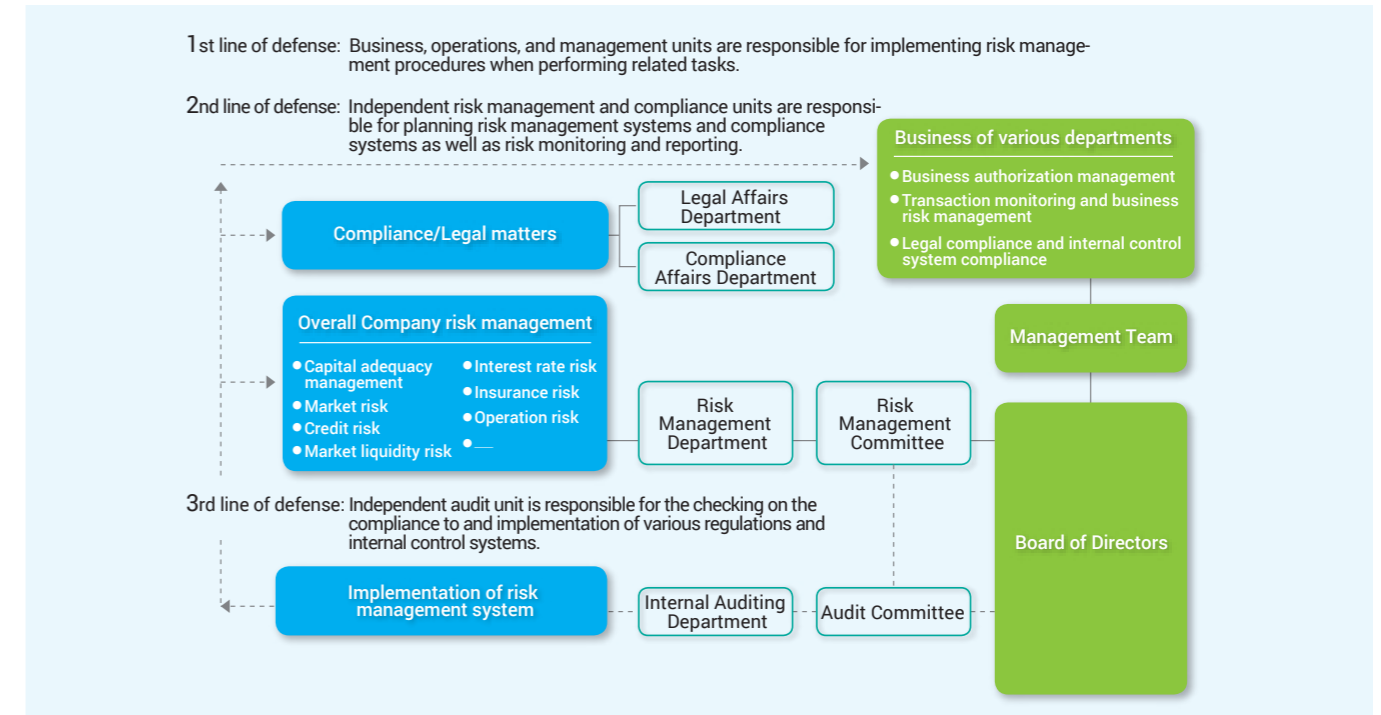
In order to establish risk management standards and ensure the integrity, effectiveness, and reasonableness of its risk management, the Company has stipulated a specific Risk Management Policy to serve as the supreme guiding principle for its risk management efforts. Various risk management systems are based on this policy, categorized appropriately in accordance with the category of risk and its potential impact on operational stability and capital security.

The Company's risk management systems cover market risk, credit risk, market liquidity risk, funding liquidity risk, interest rate risk, insurance risk, operational risk, regulation compliance risk, legal risk, and other risks related to business operations. Subsidiaries shall, in line with this Company's risk management policies and the relevant regulations of the local authorities, establish a suitable business portfolio, business scale, and capital scale risk management systems to effectively manage the various risks they assume.

Each subsidiary has established its own appropriate risk management policies in accordance with its particular business portfolio, business scale, and capital scale. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bears.

Risk Management Structure

In order to achieve effective risk dispersion, transfer, or reduction and create a win-win-win situation for customers, shareholders, and employees, the objective of the Company's risk management is to serve customers, while taking into account finance-related business objectives, overall risk appetite, and external legal restrictions. The Company follows a "Three Lines of Defense" model, with each line having clearly defined organization, responsibilities, and functions to ensure the effective implementation of risk management mechanisms.






The Company's risk management structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, the management team, the risk management department, the compliance affairs department, the legal affairs department, and various business units. Their duties and responsibilities as laid out below.

Unit	Responsibilities
Board of Directors	The Board of Directors holds ultimate responsibility for risk management regarding all operations. Its major duties include approval of the Company's risk management policies and significant risk management systems, approval of annual risk limits, and supervision of the implementation of the risk management systems.
Audit Committee	The Audit Committee assists the Board of Directors in its risk management role. Its chief responsibilities include review of the Company's risk management policies and significant risk management systems, review of annual risk limits, and assisting the Board of Directors in supervising the implementation of risk management systems.
Risk Management Committee	The Risk Management Committee assists the Audit Committee and the Board of Directors in executing their risk management duties. Its main objectives include review of annual risks limits, review of risk management reports, integrating and coordinating Company subsidiaries risk management issues, and communication of other important matters relating to risk management.
Management Team	Monitoring risks associated with all Company business operations and ensuring that the Company's risk management system can effectively control all relevant risks.
Risk Management Department	Directly responsible to the Board of Directors, the Risk Management Department is responsible for the drafting of the Company's risk management system, establishing effective methods and systems for measuring risks, controlling and analyzing risks, as well as the timely reporting and early warning of significant risks.
Compliance Affairs Department	The Compliance Affairs Department executes control over compliance risk, ensuring the compliance of business activities and risk management systems with relevant laws, and helping to evaluate any legal risks associated with the Company's operations.
Legal Affairs Department	The Legal Affairs Department executes control over legal risk, and assists in evaluating business and legal documents, contracts, and other matters that may involve legal risk.
Business Units	The Company's business units are responsible for thoroughly reviewing various risk management guidelines before executing businesses and complying with various risk management guidelines indeed.

Each subsidiary has established its own appropriate level and scale of risk management organization in accordance with its particular business portfolio, business scale, and capital scale. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bears.

The Company and its subsidiaries are primarily engaged in financial services-related business, classified into internal business risks and external business risks according to the products, businesses, targets, and regions involved. The main internal and external operational risk factors, their causes, and response countermeasures are as follows:

External Business Risks

Risk Factors	Causes	Countermeasures
 Changes in the Financial Market	1. The impact of the trade war between the US and China has caused the IMF to lower its predictions for economic growth both globally and for major countries and aggravated China's debt crisis. Also impacted, businesses have seen income from exports and their ability to service their debts decline. 2. The appreciation of the US dollar has had a major impact on emerging markets in terms of finance and trade. The appreciation of the US dollar will increase the cost of servicing foreign debts for both emerging nations and enterprises, making the credit and loan situation for emerging markets more tense. The credit standing of emerging nations and their enterprises could weaken a great deal as a result, which could, in turn, make it difficult for enterprises to issue bonds overseas to borrow money, thereby increasing operational pressures on businesses.	1. Formulating various risk management mechanisms and various risk limits, and regularly monitoring and implementing them. 2. Monitoring and reporting the impact of changes in risk on the Company. 3. Evaluating and analyzing trends and changes in capital adequacy ratio and the structure of risk-based capital to ensure adequate liquidity and compliance with statutory capital requirements.
 Anti-Money Laundering and Combating the Financing of Terrorism	In addition to facing corresponding penalties (e.g., ceasing the issuing of financial products, being closed down) and high fines, financial institutions that do not meet the risk management and related systems standards for anti-money laundering and combating the financing of terrorism of supervisory authorities both in Taiwan and abroad also cause society to be adversely impacted and result in economic turmoil. In order to be able to get in step with the rest of the world in terms of fighting money laundering and the financing of terrorism and then meet international standards in these areas, competent authorities have issued pertinent practical guidelines and policies and have made fighting money laundering and the financing of terrorism priorities and made penalties more severe.	1. Our subsidiaries have developed anti-money laundering and anti-terrorism financing assessment procedures and established a risk-based assessment approach. 2. Through the risk assessment process, subsidiaries incorporate national and industrial risk assessment results into a comprehensive review of key factors in exposure to money laundering and terrorism financing risks to comply with the expected targets of FATF recommendations. 3. Every year, the Company and its subsidiaries regularly organize "Anti-money Laundering and Combating the Financing of Terrorism" courses and tests, helping put into practice concepts and behavior around money laundering prevention.
 Consumer Protection	The wealth management business has gradually evolved from a model focused on single commodities, like structured products, funds, or policy sales, to one focused on integrated cross-commodity services like complex derivatives, discretionary management, or asset management. As such, it is increasingly important that we uphold our responsibility to sell the right products to the right customers and exercise good management to protect our customers.	1. The Group continues to build and implement systems, including know your customer (KYC) and know your product (KYP) systems and systems for the management of pricing and risk disclosure for complex, high-risk derivatives. 2. Subsidiaries have established wealth management or commodity sales personnel management standards and continue to train wealth managers, commodity salespeople, and business personnel. 3. Establishing a customer complaints communication platform to reduce disputes, litigation, and compensation for losses regarding improper sales to achieve our goals of protecting customers, protecting employees, and protecting the Company.

Internal Business Risks

Risk Factors	Causes	Countermeasures
Cross-border Legal Compliance and Supervision	The business of the Group continues to grow in the direction of cross-currency and cross-border business. The cross-border business depends on flexible cross-border management and effective tiered governance capabilities.	1. Continuously cultivating transnational legal talent and accumulating experience in matters related to compliance with foreign laws and regulations, while also effectively strengthening the management of such compliance. 2. Implementing a reporting mechanism for major operational risk events in overseas reinvestment projects.
Reinvestment Management	The Company's reinvestment business is mainly located in the emerging markets of Asia and is mostly in a period of development. While pursuing business development and profitability, we still need to accelerate the establishment of various risk management mechanisms and ensure capital movement security and capital stability to achieve a balance between flexible business development and risk control.	The Company has established an early warning and notification mechanism for reinvestment projects. In the event of changes in market trends, exposure to important risk events, major changes in profit and loss, and so on, the Company shall be promptly notified. Through the implementation of this notification mechanism, we are able to improve the Company's ability to stay on top of events and strengthen reinvestment management.
Information Security and Personal Data Protection	The combination of digital technology and financial services provides consumers with different experiences and a different sense of trust, and customer relationships and stickiness will influence customers' future choices. As countries strive to develop financial digitalization and gradually promote innovative practices, information security and the use of personal information are among the most important areas of discussion with regard to legal compliance and supervision issues. The strict supervision and regulatory requirements of the financial industry, in addition to avoiding speculative behavior in financial activities, also protect the security of consumer personal information to maintain the stability and security of the financial industry.	The Group has established information security management systems and introduced information security certification. In 2011, Yuanta Financial Holdings introduced the ISO 27001 Information Security Management System (ISMS) standard and passed BSI certification. The Company continues to conduct annual renewals and three-yearly re-examinations, using the cyclical structure of the PDCA to continually enhance the monitoring and management of information security. In addition, our major Yuanta Securities, Yuanta Bank, and Yuanta Life subsidiaries have also introduced ISO 27001 Information Security Management System (ISMS) and BS 10012 Personal Information Management System (PIMS) standards and certification, reinforcing their information security and personal information protection management mechanisms. To continue focusing employees' attention to issues of information security and obeying relevant regulations, the Company and its subsidiaries regularly carry out "Information Security and Personal Information Protection" courses and tests every year, helping implement mechanisms for the management of information security.

Results or Follow-up Plans/Actions for Emerging Risks 2019

With sustainable development having become one of the main focuses of the financial industry, the Group is confronting the challenges of climate change and sustainable management, incorporating climate change into strategic planning and investment considerations to assess potential opportunities and risks that may come with climate change. Through the introduction of standardized processes and certifications, as well as joining sustainability indices to conform with international trends and evaluation criteria, and strengthen communication and cooperation with stakeholders in the hope of pursuing better performance and corporate value, we are doing all we can to uphold our corporate social responsibility. The impact of climate change on the world has been gradually intensifying, and the loss of life and property caused by natural disasters has become increasingly severe. The Company is continuing its efforts toward environmental sustainability, striving to meet international standards. In June 2017, in line with the "Task Force on Climate-related Financial Disclosures (TCFD) Recommendation" issued by the Financial Stability Board (FSB), we established our TCFD Project. Yuanta Group completed climate risk identification by the end of April 2019, and identified the risks and opportunities of climate change on the Group. Following on from this, we will continue to engage in further review and evaluation of the financial impact of climate risks on the Company and continue to strengthen our management of such risks.

In addition to climate risks, we have also identified other emerging risks, including economic and financial risks, legal compliance and supervisory issues as well as digital finance and information security issues. Details on the impact of these risks on operations and our response plans are explained below.

 Economic and Financial Risks	 Environmental Governance (including Climate Risk Management) and Sustainable Management Issues	 Legal Compliance and Supervision Issues	 Digital Finance and Information Security Issues
<p>Description of Risk</p> <p>Increased instability in financial markets due to changes in the global economic environment and potential increases in volatility or corporate default rate, damage caused by potential black swans to the nation or businesses, resulting in instability in the financial market.</p> <p>Impacts on Operations or Influence</p> <p>May cause financial asset transaction losses and increases in default rates for the credit loan or financing business, increases in Company losses, or may affect Company capital or solvency.</p> <p>Response Plan</p> <ol style="list-style-type: none"> 1. Strengthening assessment and analysis of potential risks. 2. Assessing the impact of core business on capital adequacy ratio. 3. Assessing and measuring various potential or expected losses. 4. Conducting various risk stress tests to assess how serious the Company will be impacted in the event an adverse event brought about by a risk. 	<p>Description of Risk</p> <p>Violation of relevant laws and regulations related to environmental protection, failure to grasp business opportunities related to environmental governance, failure to control risks and opportunities arising from climate change, and failure to meet international trends/standards such as sustainable management.</p> <p>Impacts on Operations or Influence</p> <p>According to a warning in paper issued by BIS, unless relevant government authorities adopt actions to counter the risks of climate change, climate change threats will cause a "green swan" that could trigger a systemic financial crisis. Relevant authorities and businesses in countries around the world must respond in a timely manner. In addition, violations of laws and regulations related to environmental protection will result in penalties/damage to the Company's reputation, business opportunities lost or increased operating costs of ESG, climate change or sustainable management issues due to the impact of climate change.</p> <p>Response Plan</p> <ol style="list-style-type: none"> 1. Identifying and establishing sustainable management organizations. 2. Promoting the implementation of environmental protection measures. 3. Establishing the TCFD project and continuing to further examine and evaluate the financial impact of climate-related risks on the Company, while continuing to strengthen the Company's management on such risks. 4. Introducing ISO and other international standard certifications. 5. Participating in social philanthropy and social care. 	<p>Description of Risk</p> <p>Violating anti-money laundering regulations, leaking or improper usage of personal data, theft of customer transaction information.</p> <p>Impacts on Operations or Influence</p> <p>It could cause significant financial losses, infringement of customer privacy, damage to the Company's reputation, incur penalties or prohibition of business development from the competent authority.</p> <p>Response Plan</p> <ol style="list-style-type: none"> 1. Establishing compliance management for anti-money laundering and combating the financing of terrorism mechanisms and related regulations, including management mechanisms for identifying, measuring and monitoring risks of money laundering and terrorism financing. 2. Introducing international standard certifications for personal data protection such as PIMS BS10012. 3. Strengthening controls on outbound emails. 	<p>Description of Risk</p> <p>Data leakage, hacking, fraudulent transaction, and customer personal data stealing.</p> <p>Impacts on Operations or Influence</p> <p>According to a study by Trend Micro, because the financial industry has been working harder than before to combine information technology (IT) and operational technology (OT), financial accounts, the convenience of being able to take things away anytime has also given opportunity to cybercrime groups. Although the latest laws and regulations serve to bolster regulations to protect online information security and privacy, the financial industry and its customers remain primary targets for cyber criminals and this situation is not likely to change in the near term. This highlights that the financial industry has become the main target of hacking, with the potential for major financial losses, damage to companies' reputations, and incurring penalties from the competent authority.</p> <p>Response Plan</p> <ol style="list-style-type: none"> 1. Implementing management systems: Introducing the ISO 27001 Information Security Management System (ISMS) standard and passing the BSI certification to enhance the monitoring and management of information security. 2. Boosting the ability to respond to sudden security incidents by increasing employee awareness of information security and holding regular exercises focused on information protection and backup. 3. Strengthening defenses: Building network firewalls, introducing Internet access controls, intrusion detection, spam filtering, and malicious mail Advanced Persistent Threats (APT) systems to prevent intrusions from outside, and using mail audit system, Internet Data Loss Prevention (Internet DLP), and mobile endpoint device DLP systems to strengthen controls on outbound email and data transmission.

Crisis Management

To enable the Company to meet crises quickly, effectively, with sound judgment, and a strong integration of staff and resources to minimize damage and losses and to quickly return to normal operations, it has set the Crisis Management Policy and Procedure Rules to serve as the fundamental guiding principle when facing crises. It became effective after being approved by the Board of Directors.

Should a crisis occur, a Crisis Management Team is to be set up as soon as possible. Appropriate crisis management strategies and procedures are to be used to minimize potential impact, both internally and externally, while also protecting the interests of the Company, shareholders, customers, and employees. Additionally, crisis management progress and methods of control are to be properly communicated to both Company employees and external media in the event of a crisis. In accordance with regulatory requirements, reports are to be filed with the competent authority or information made public through specified methods.

The Company's Crisis Management Team consists of the president (CEO), executive vice presidents, and managers of each

department. In the event of a crisis, the president or designated executive vice president shall serve as the team convener, and the team shall be formed depending on the scope and nature of the incident. The team shall convene for its first meeting as soon as possible to keep abreast of the situation. The convener shall report to management and the directors as necessary while the crisis is being dealt with. If the crisis event is legally considered as material information, an announcement shall be made on the Market Observation Post System within the prescribed time limit.

After the crisis incident is dealt with, the team shall propose a plan for post-crisis recovery and implement it accordingly after permission. In addition, progress and subsequent handling results are to be reported to management meetings. Once the crisis has come to an end, corporate management is to conduct a thorough investigation into the causes, management, results, and impact of the crisis, along with potential preventative measures, with a report completed for future reference.

6.3 Anti-Money Laundering and Countering the Financing of Terrorism

As technology continues to advance and the world is connected ever more closely, money laundering and terrorism financing have become major issues affecting economies, livelihoods, and security around the world. As financial institutions can directly access money and financial products, and through our inquiring into and caring for our customers, we learn the investment purposes and sources of funds of our customers. As such, through risk management, anti-money laundering, and internal controls, we can directly detect possible money laundering and terrorism financing and enact risk controls or report to the relevant units/agencies. Given all of this, the roles financial institutions play in anti-money laundering and countering the financing of terrorism cannot be understated.

Yuanta Financial Holdings is committed to implementing anti-money laundering (AML) and combating the financing of terrorism (CFT) systems. It established its "Anti-Money Laundering and Counter-Terrorist Financing Policy" in accordance with regulations, such as the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, to prevent money laundering as a rule to be followed by all subsidiaries.

Relevant Regulations for Subsidiaries

Each subsidiary (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Securities Investment Consulting, and Yuanta Securities Finance) has established relevant internal regulations (including, but not limited to AML/CFT policies and procedures) based on the nature and type of business they are involved in. These regulations include:

- 1 Verifying customer identity, continuing to conduct due diligence on customers, and verifying the authenticity of customer documents.
- 2 Verifying customer identity through non-documentary means, such as site visits.
- 3 Due diligence policy includes searching lists of terrorist organizations.
- 4 Continually inspecting politically exposed persons.
- 5 Keeping AML/CFT-related documents for at least five years.
- 6 Only particular senior management can approve cases relating to politically exposed persons or with high potential for money laundering or connections to terrorism.
- 7 Internal auditing units have listed anti-money laundering, countering the financing of terrorism, and preventing the proliferation of weapons as items to audit.

Internal Auditing Related Processes include



2019 AML/CFT Related Practices of Subsidiaries

The Group has drawn up Anti-Money Laundering and Countering the Financing of Terrorism policies and assigned personnel to implement them. The accomplishments of Company subsidiaries in 2019 are shown below.

Company Type	Staffing	2019 Accomplishments
Yuanta Securities	Anti-money Laundering Team	<ol style="list-style-type: none"> 1. Declaring 64 suspected criminal cases to Taiwan's Ministry of Justice Investigation Bureau. 2. Setting up an Anti-Money Laundering Team. 3. Working with the view of the Financial Examination Bureau, determine whether there are any concerns about customers that apply to close their accounts in terms of money laundering or financing terrorism and keep records of their assessments. 4. Adding an occupation category item to the anti-money laundering system customer risks to identify the laundering risk of specific individuals who are not financial industry specialists. 5. Adding ledger business transactions to increase the effectiveness of transaction monitoring and screening and making adjustments of transaction parameters and thresholds of OSU. 6. The Legal Compliance Department went to Yuanta, Vietnam to explain the work status of the implementation of anti-money laundering and countering the financing of terrorism as well as relevant practical control mechanisms and provided consultation and recommendations for setting up an anti-money laundering and countering the financing of terrorism.
Yuanta Bank	Anti-money Laundering Department	Cases that have been reported to and received feedback from the Investigation Bureau include successfully blocking 19 violations of the Securities and Exchange Act, 2 business tax evasion incidents, 1 violation of Foreign Exchange Regulation Act, 2 situations involving corruption, and 3 violations of the Banking Act.
Yuanta Life	Teams Units Responsible for Anti-money Laundering and Countering the Financing of Terrorism Senior Managers Responsible for Overseeing and Managing Anti-money Laundering and Countering the Financing of Terrorism in Operational Units	<ol style="list-style-type: none"> 1. Taking the initiative to report 92 incidents in which money laundering was suspected. 2. Completing all 16 items in an anti-money laundering and countering the financing of terrorism program. 3. To instill a correct understanding of risks among front-line employees in recruitment, underwriting, claims settlement, and customer service units, FAQs have been set up based on the different types of business engaged in by various units to explain to customers and training of employees have been enhanced so they can better respond to customer queries.
Yuanta Funds	Managers and Employees Specifically Responsible for Anti-money Laundering and Countering the Financing of Terrorism	<ol style="list-style-type: none"> 1. Proactively reporting 2 transactions in which money laundering was suspected. 2. In October, completing a comprehensive risk assessment of anti-money laundering and countering the financing of terrorism and reported in writing to the Financial Supervisory Commission for future reference as required by regulations. 3. Optimizing risk factors, such as adjusting customer and area risk level scores, adding and modifying risk factor items. 4. Enhancing the monitoring systems for suspicious money laundering or transactions for financing terrorism. 5. Setting up and completing annual training programs on anti-money laundering and countering the financing of terrorism in accordance with the law. 6. Organizing 8 campaigns to prevent money-laundering and counter the financing of terrorism.
Yuanta Futures	Anti-money Laundering and Countering the Financing of Terrorism Team	<ol style="list-style-type: none"> 1. Reporting 5 transactions in which money laundering or financing of terrorism was suspected. 2. Anti-money Laundering and Countering the Financing of Terrorism Team held 13 meetings. 3. Holding 6 training sessions to instill correct understanding in operation supervising managers, sales personnel, and specialists and conducting anti-money laundering and countering the financing of terrorism classes focused on legal aspects and case studies. 4. Regularly reviewing projects in light of penalty case studies for financial institutions violating anti-money laundering or countering the financing of terrorism regulations issued by the Financial Supervisory Commission.
Yuanta Securities Investment Consulting	Managers, Employees, and Supervisors Specifically Responsible for Anti-money Laundering and Countering the Financing of Terrorism	<ol style="list-style-type: none"> 1. Anti-money laundering and countering the financing of terrorism personnel completed required training. 2. In October, completed a comprehensive risk assessment on anti-money laundering and countering the financing of terrorism.
Yuanta Securities Finance	Managers, Employees, and Supervisors Specifically Responsible for Anti-money Laundering and Countering the Financing of Terrorism	<ol style="list-style-type: none"> 1. 2 incidents in which customers refused to provide information which could be used to determine whether they were involved in the negative news or customers who were declined to open accounts because they were convicted of vote buying. 2. Adding a new business supervising manager. 3. Adjusting customer risk factor assessment items. 4. Making adjustments to the country risk list and levels. 5. Procuring international business databases to perform name verification operations. 6. Continuing to hold training for employees focused on AML/CFT education and cases studies underscoring penalties for violations.

In 2019, none of the aforementioned subsidiaries was issued any penalties by the competent authorities for Anti-Money Laundering and Countering the Financing of Terrorism. The one exception is an incident in which the competent authorities corrected Yuanta Securities Finance. For a detailed explanation, please refer to 2019 Statistics on Penalties for Violations of Laws and Regulations under 6.4 Legal Compliance.

Anti-Money Laundering and Countering the Financing of Terrorism Training

To continue to stress the concept of anti-money laundering and countering the financing of terrorism and to embed the concepts deeply into the corporate culture, Board members also took part in training courses to enhance their relevant knowledge. In 2019, 65 Group directors and supervisors participated in a total of 282 hours of related training.

In addition to requiring Board members to receive training on anti-money laundering/countering the financing of terrorism, the Company also arranges for employees to receive training. The courses are focused on different business areas to help employees understand operating norms and risks and to enhance their financial knowledge with regard to AML/CFT work.

In the future, the Company will continue to adjust its anti-money laundering policies and procedures to keep pace with the times. By improving control measures, such as customer investigations, we continue to enhance employee awareness of money laundering and the financing of terrorism, and strengthen various mechanisms to prevent money laundering and to counter the financing of terrorism.

AML/CFT Employee Training of Yuanta Financial Holdings				
	Item	2017	2018	2019
Anti-money/laundrying / countering the financing of terrorism	Total number of courses	170	216	189
	Total training hours	31,712	36,278	36,599
	Total number of trainees	20,798	30,164	22,856
	Total number of employees	11,568	10,986	10,912
	Average training hours per person (=Total training hours/ Total number of employees)	2.74	3.30	3.35

6.4 Legal Compliance

Management Approach

In order to reduce legal compliance risks, to ensure that it operates in accordance with relevant laws and regulations, and to guarantee investment and maintain financial order, the Company has been promoting sound management and making employees more conscientious of following the law, while maintaining the effective and appropriate operation of internal control systems. The Company has set up "Standards for Practical Implementation of Legal Compliance," with the Compliance Affairs Department as the main driver behind compliance to be responsible for planning, management, assessment, and implementation, ensuring that legal compliance systems are operating effectively. The Compliance Affairs Department confirms that all operations and management rules are in compliance with the latest regulations, analyzes or issues opinions on compliance with laws and internal regulations, provides appropriate legal training for personnel in various departments, and assesses the legal compliance of the operations of each unit and subsidiary. The Compliance Affairs Department reports to the Board of Directors at least once every six months. If major violations of the law or downgrades by

financial authorities are found, directors are to be notified immediately and the matter to be referred to the Board of Directors.

To strengthen risk control, legal compliance, internal audit and internal control management of overseas branches, Yuanta Financial Holdings Compliance Affairs Department supervises the establishment of legal compliance systems and implements compliance reporting mechanisms (including reporting of changes in important local regulations affecting the overseas reinvestments, major violations of laws and regulations found through internal and external audits) to assess the legal compliance status of subsidiaries. In addition, the International Operations Division, under the auspices of the president, supervises subsidiaries' regular convening of Overseas Unit Management Meetings. The Audit, Legal Compliance, and Risk Management Departments of the respective subsidiaries also report to the Board of Directors regarding their respective responsibilities, reporting on the occurrence of any major defects and the status of improvement measures for any major penalties.

Internal Audits

Yuanta Financial Holdings establishes effective corporate governance and internal controls through the Internal Auditing Department under the Board of Directors. This department assists the Board of Directors and executive managers review and evaluate the effectiveness of risk management and internal control operations. The Internal Auditing Department incorporates the operation of the Board of Directors, stakeholder transactions, and other important issues related to corporate governance as focuses of audits. Additionally, this department reviews the Group's audit reports, along with any control deficiencies and improvements with regard to internal control mechanism and legal compliance self-check, which are to be included as references for the issuing of statements on and evaluating the effectiveness of internal control mechanisms of both the Board of Directors and the management of each department. At the end of the year, the Internal Auditing Department prepares the audit plan for the coming year, planning for at least one audit of the Company's general business and a semi-annual project audit in line with regulations.

Company subsidiaries such as Yuanta Securities, Yuanta Bank, and Yuanta Life, all have their own internal auditing departments under the Board of Directors to conduct various audit tasks in accordance with audit plans passed by the Board of Directors. The Company's Internal Auditing Department checks each subsidiary's core business at least once every six months. Legal compliance is an important element and any deficiencies are tracked and followed up until they are completely addressed.

Yuanta Financial Holdings established a reporting system (whistleblowing mechanism) with the August 29, 2018 passage of the "Whistleblowing System and Implementation Measures" by the Board of Directors. These rules clearly state that the whistleblowing system is to be handled by the Compliance Affairs Department with investigations handled by the Internal Auditing Department. If the Internal Auditing Department receives a case, the details of the report and related documents are to be investigated, the investigation results compiled, and suggestions for follow-up action placed in a written report.

Reporting Channels

- Address: Whistleblowing Reporting Unit, Yuanta Financial Holdings Co., Ltd., No. 66, Dunhua South Road, Section 1 Songshan District, Taipei City 105
- Telephone: +886-2-2173-6834
- Website: Homepage>investor relations>corporate governance>reporting mechanism

In 2019, the Company's internal audit found no major deficiencies.

Actions Taken in Legal Compliance and Internal Audits

While the Group is actively expanding its business, it also continues to note changes in financial policies and laws implemented by domestic and overseas regulatory authorities. The Company and its subsidiaries have set up internal audit related operation methods and regularly handle internal audit operations every year. Please refer to the table below for the legal compliance policies and staffing, as well as compliance with 2019 laws and regulations and internal audit in each subsidiary.

Company	Policy Name	Staffing	2019 Actions Taken in Legal Compliance	2019 Actions Taken in Internal Audits
Yuanta Securities	1. Law Compliance System and Management Policy 2. Law Compliance Risk Management Policy 3. Whistleblowing System and Implementation Measures	The Compliance Department has established a dedicated manager and a team of 8 compliance employees.	The Board of Directors passed the "Law Compliance System and Management Policy" and "Law Compliance Risk Management Policy."	1. The annual internal audit found no major deficiencies. 2. 156 people participated in training related to internal audits and the course hours were 9 hours.
Yuanta Bank	1. Implementation Rules for Legal Compliance 2. Regulations on the Implementation of Risk Management and Supervision of Legal Compliance 3. Whistleblowing System Implementation Measures	1. The organization has one legal compliance manager and a team of 6 legal compliance employees. 2. The manager of domestic business units and the head of each department of the head office shall be the legal compliance manager, and the foreign branches shall have another supervisor of legal compliance.	In order to manage and supervise the compliance risk of the whole bank, we formulated the "Regulations on the Implementation of Risk Management and Supervision of Legal Compliance" and carried out annual legal compliance risk assessment operations.	1. The annual internal audit found no major deficiencies. 2. 159 people participated in training related to internal audits.
Yuanta Life	1. Legal compliance system 2. Operating Procedures of Regulatory Change Management 3. Yuanta Life Whistleblowing System and Implementation Measures	The organization has a legal compliance manager and a team of 7 legal compliance employees (including a specialist group of 3 to focus on anti-money laundering).	A total of 14 lessons in "Legal Compliance and Auditing," covering 19 hours, were held to promote legal education, with 1,565 people participating.	1. The annual internal audit found no major deficiencies. 2. The chief auditor and 9 auditors participated in 122 training courses, totaling 413 hours of training.
Yuanta Funds	Management Points for Handling Legal Compliance Evaluations and Processes	The Compliance Department established a dedicated manager and a team of 7 compliance employees.	1. Yuanta Funds regularly organizes education and training in important rules and regulations and tests. 2. Each year, we undertake legal compliance self-assessments. 3. Every half-year, responsible units report to the Board of Directors and supervisors on the implementation of the legal compliance systems. If any major violations of the law are found or downgraded by the financial authorities, they are to notify the directors and supervisors immediately and report to the Board of Directors based on the legal compliance matters.	The annual internal audit found no major deficiencies.

Company	Policy Name	Staffing	2019 Actions Taken in Legal Compliance	2019 Actions Taken in Internal Audits
Yuanta Futures	<ol style="list-style-type: none"> Management Points for Handling Legal Compliance Evaluations and Processes Operation Standards of Legal Compliance Risk Management and Risk Assessment 	A total of 3 specialist employees dedicated to compliance, including a compliance manager.	<ol style="list-style-type: none"> 1,169 people participated in educational training courses of "Legal Compliance," including annual compliance training for new employees, legal compliance and anti-vote buying and anti-corruption compliance, and self-assessment of futures regulations compliance. For overseas branches, Yuanta Futures holds regular monthly back office meetings to facilitate understanding and supervision of the compliance measures of overseas branches, as well as occasionally carrying out education for overseas legal compliance staff. In addition, to ensure that they understand relevant laws and regulations in Taiwan, the parent company sends personnel to overseas branches for inspections from time to time to ensure that each subsidiary is implementing compliance measures. 	The annual internal audit found no major deficiencies.
Yuanta Securities Finance	<ol style="list-style-type: none"> Legal Compliance Implementation Guidelines Key Points of Legal Compliance Self-assessment Work Whistleblowing System Implementation Measures 	<ol style="list-style-type: none"> The head office has a legal compliance supervisor and 2 legal compliance officers. Branch office managers and the managers of the various departments are the legal compliance officers for the unit they are in charge of. 	<ol style="list-style-type: none"> Handling the communication and consultation of laws and regulations, confirming that all operations and rules and regulations are in compliance with laws and orders, supervising the implementation of regular self-assessment by various units, and providing appropriate regulations training to personnel of various departments. The head office's legal compliance manager's report to the Board of Directors and supervisors at least every six months. If a major violation of laws or regulations is found or the evaluation is downgraded by the competent authority, the directors and supervisors are to be notified immediately and the compliance with the laws and regulations is to be reported to the Board of Directors. 	The annual internal audit found no major deficiencies.

Legal Compliance/Internal Audit Training of Yuanta Financial Holdings

Item	2017	2018	2019
Total number of courses	439	263	272
Total course hours	40,242	30,194	41,405
Total number of trainees	37,070	41,541	51,908
Total number of employees	11,568	10,986	10,912
Average training hours per person (=Total training hours/ Total number of employees)	3.48	2.75	3.79

2019 Statistics on Penalties for Violations of Laws and Regulations

Company	Violation	Improvement Measures
Yuanta Securities	The 3 penalties imposed by the competent authority are summarized as follows: <ol style="list-style-type: none"> When handling the opening of a client's futures account, the client was not informed about the transaction fee amount and the account opening documents and written materials were not delivered after the completion, violating the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms and so forth. The Financial Supervisory Commission corrected it. 	<ol style="list-style-type: none"> Those responsible were disciplined. Strengthened the promotion, education and training of futures management laws and internal regulations.
	<ol style="list-style-type: none"> Subsidiary Yuanta Securities (Hong Kong) had not established a verification mechanism for newly opened customer accounts or the financial health and transaction amounts were not equivalent, and for the statement that the remittance funds were not from the mainland when investing in domestic stocks, etc. Yuanta Securities did not supervise adequately, violating Article 2, Paragraph 2 of Regulations Governing Securities Firms. The Financial Supervisory Commission corrected it. 	<ol style="list-style-type: none"> Supervised the amendments to "Key Points for Investing in Taiwan Securities" and established and opened up a Taiwan Stock Exchange transaction mechanism. Supervised the establishment of a Taiwan stock monitoring system and an inspection mechanism.
	<ol style="list-style-type: none"> The approval level of the application for the trade of inactive contract of concurrent operation of auxiliary futures business did not meet the criteria as set forth in the internal control system. In addition, the effectiveness of the design and implementation in internal control system was insufficient and did not meet the regulations stipulated in Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. Yuanta Securities proprietary department co-operated with the bond spot position held by the securities department to engage in interest rate hedging transactions, and the business and accounting are not independent, violating Article 2, Paragraph 1 of the Regulations Governing Futures Commission Merchants. The Financial Supervisory Commission imposed a penalty of NT\$480,000. 	<ol style="list-style-type: none"> The relevant management and control measures were stipulated in the "Procedures for Futures Proprietary Trading Control." Bond-related futures transactions were transferred to the futures trader's account for execution.

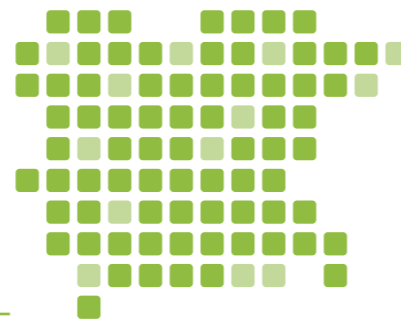
Company	Violation	Improvement Measures
Yuanta Bank	The 5 penalties imposed by the competent authority are summarized as follows: <ol style="list-style-type: none"> For the structured commodity business, the customer's recorded files were not completely retained, the internal control system was not implemented, the information operation risk management was not properly verified, violating provisions of Article 45-1, Paragraph 1 of the Banking Act. Considering that this case was a voluntary report, the competent authority, in accordance with provisions in Article 129, Paragraph 7 of the Banking Act, imposing a fine of NT\$2 million. 	An inspection and control mechanism has been established. We added new auditing mechanisms for checking and verifying legal data backup media before and after mergers with other banks, and post-merger confirmation of the merged party's equipment before they are scrapped to avoid similar situations from happening again.
	<ol style="list-style-type: none"> When conducting home loans, such issues as continuing to deduct from the premiums and mortgage repayments of borrowers that had already paid off their home loans and home loans settlement lending to other banks were done without fully informing the borrowers of the amount of the loan to be paid off, thereby adversely impacting the customers' rights and raising concerns that this might impede sound management. According to the relevant authority, this violated provisions in Article 61-1, Paragraph 1 of the Banking Act and the relevant authority corrected it. 	Relevant internal specifications have been revised. Control and review mechanisms have been added to avoid similar situations from happening again and strengthen internal control systems. We have strengthened employee education and training.
	<ol style="list-style-type: none"> In the Site Industries, Inc. credit fraud case, such issues as credit and approval of loans and verification procedures of appropriation raised concerns of sound management. According to the relevant authority, this violated provisions in Article 61-1, Paragraph 1 of the Banking Act and the relevant authority corrected it. 	The relevant procedures have been reviewed for the deficiency of credit operations in this case, and relevant internal regulations have been revised to strengthen control measures.
Yuanta Securities Finance	<ol style="list-style-type: none"> When conducting proprietary trading of New Taiwan dollar government bond, Yuanta Bank violated provisions in Article 30 of Regulations Governing Securities Firms and should be corrected in accordance with Article 65 of the Securities and Exchange Act. 	Relevant internal specifications have been revised to strengthen internal control systems, as well as strengthening employee education and training to enhance legal compliance.
	<ol style="list-style-type: none"> A former employee at the Neihu branch misappropriated customer credit card payments, touching on such issues as division of responsibilities and checks, raising concerns of sound management. According to the relevant authority, this violated provisions in Article 61-1, Paragraph 1 of the Banking Act and the relevant authority corrected it. 	In addition to retrieving the entire money amount to safeguard customers' rights, relevant operating procedures have been amended and controls enhanced to prevent similar situations from occurring again.
	<p>Prior to issuing high risk account notification, Yuanta Futures offset trader position on behalf of clients and the account risk indicator of the trader was lower than 25%. Yuanta Futures did not implement offset operations on behalf of clients and not set procedures of system shunt and backup as well as test. A penalty of NT\$360,000 was imposed on the Company.</p>	<ol style="list-style-type: none"> Notification records have been incorporated into the risk system, so write-offs on behalf of clients are only to be done after high risk account notifications have been issued. Enhanced employee education on relevant laws and regulations. When risk indicators are below 25%, they are to conduct write-offs on behalf of clients in accordance with regulations. Internal regulations have been incorporated into the procedures of system shunt and backup and test walkthroughs conducted.
Yuanta Securities Finance	The number of personnel assigned to anti-money laundering and countering the financing of terrorism work and at one branch was lower than levels set in regulations, violating such regulations as Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and was corrected by the Financial Supervisory Commission.	<ol style="list-style-type: none"> Amended customer risk assessment work for anti-money laundering and countering the financing of terrorism. 5 individuals added to make up the deficiency in the branch office.

Note: Yuanta Financial Holdings, Yuanta Life, Yuanta Funds, Yuanta Venture Capital, Yuanta Asset Management, Yuanta Securities Investment Consulting did not violate any related policies or laws and thus were not penalized by the competent authority (Financial Supervisory Commission) in 2019.





Green Financial Innovation



Social and environmental issues are gradually gaining greater attention. While the financial industry is not engaged in production or manufacturing, as providers and managers of capital, industry members still serve an important role in directing funds to low-carbon industries and helping the economy move in a sustainable direction. The Group provides a variety of financial services and has actively implemented the "three pillars" development strategy, which includes securities, banking, and insurance. Integrating the business expertise of each subsidiary, we can foster sustainable company development and expand the influence of sustainable finance.

Lending is one of Yuanta Bank's major sources of revenue. Yuanta has integrated ESG factors into its credit risk analysis and lending services to prudently evaluate the risks posed by potential borrowers to society and the environment. By avoiding borrowers who may cause negative environmental or social impacts or violate laws and regulations, we can ensure the capital is used to positively impact society and industry. In addition to implementing responsible financing, Yuanta Bank takes concrete actions, such as investing in green bonds, to provide financial support to the green energy industry.

Yuanta Securities' Guidelines for Proprietary Investment Trading Decision Making incorporates the spirit of responsible investment, including relevant provisions for medium and long-term investment trading decision-making operations and issuing warrant product linked to green energy, thereby using our industry expertise to support the green energy industry.

In 2019, to exert our influence, we focus on sustainability issues together with our customers. In order to integrate the spirit of corporate social responsibility in all aspects of our business planning and operations, the Company formulated Guidelines for Sustainable Finance at group level to lead Yuanta towards our vision of becoming a sustainable financial institution.

[Case Study] Yuanta Financial Holdings' Yuanta Asia Forum

Date: June 19 – 20, 2019

Number of Participating Enterprises: 32

Number of Participants: 1,518 individuals / 3,507 cumulative participants

Event description

Yuanta Financial Holdings has held the Yuanta Asia Forum for the fourth year running. This year's Forum focused on four main themes: 5G Mobile Telecommunications Networks, Electric Cars, Biotech 2.0, and High Dividend Yield Stock Investing. Activities included four specialist lectures, two general economic/financial lectures, six high net worth client seminars, and 32 publicly-listed company investor conferences. The forum looked to the opportunities and challenges ahead in the second half of 2019 both in the Asia market and worldwide. Industry heavyweights were invited to outline the hottest development trends and applied technologies of the future, and how to identify investment opportunities and market highlights in the face of uncertainty. At the Yuanta Asia Forum, Yuanta Securities Investment Consulting's research team performed an in-depth analysis and discussed the impact of the US-China trade war on financial markets and the resulting uncertainty clouding the industry and overall economy. They provided domestic and international institutions and enterprises with new investment perspectives and clearly outlined 2019 industry trends and investment opportunities both within Taiwan and around the globe. The Yuanta Asia Forum is arguably the largest such event in Taiwan. Digital registration and check in via QR code were implemented throughout the event and the Forum Handbook and lecture handouts were offered digitally, which saved over 10,000 sheets of paper and related costs.



7.1 Responsible Finance

Management Approach

Environmental and social risk evaluation is part of the Company's investment and financing selection process. We integrate ESG sustainability issues into our investment strategy and encourage enterprises to pay attention to environmental and social issues protection, advancing consumers' concept for green consumption.

To prevent creditors from adversely impacting the environment or society, or violating laws and regulations, and thus avoid loan defaults or investment losses that come with penalties or business closures, Yuanta Bank has integrated ESG factors into its credit risk analyses and lending process and undertakes careful assessments of the targets and uses of potential loans. In addition to implementing the concept of responsible financing, Yuanta Financial Holdings emphasizes the importance of responsible investment, harnessing the combined business expertise of each subsidiary to foster company development built on sustainability and furthering the influence of sustainable finance.

In 2019, Yuanta Financial Holdings set up the Yuanta Sustainable Financial Product Development Strategy Working Group and formulated the Guidelines for Sustainable Finance. In accordance with these standards, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Venture Capital implemented revisions of internal regulations to implement credit evaluations and green investment. Yuanta Securities participated in the issuance of six green bonds in 2019, launched a green credit card, and provided mortgages for green buildings and car loans for new energy vehicles and other products and services that create environmental benefits. In response to Taiwan government's "Five plus Two" Innovative Industry Policy, Yuanta Securities issued green warrant products to provide financial support to the green energy industry and assist enterprises on their path towards sustainable development.

7.1.1 Guidelines for Sustainable Finance

Yuanta Financial Holdings formulated our Sustainable Financial Standards to promote sustainable development among our customers and implement the spirit of corporate social responsibility in our business planning and operations to stay on top of international sustainable development trends. We have thereby established green investment and financing policies at the Group level to serve as guidelines for subsidiaries to follow as they implement sustainable lending and investment. A list of enterprises to avoid was also drawn up. These efforts will guide enterprises to focus on environmental protection and further consumers' understanding of green consumption.

After the Guidelines for Sustainable Finance were approved by the Board in November 2019, the Company officially informed subsidiaries to revise any related internal regulations accordingly to incorporate the spirit of sustainable finance in their daily operations. Each subsidiary has begun implementation. Review and revision of the related processes are expected to be completed by July 2020.

Subsidiary implementation is described below:

Yuanta Bank will adjust relevant regulations and processes to bring them in line with the spirit of the Guidelines for Sustainable Finance. Through a principled framework, Yuanta Bank will integrate the concept of corporate social responsibility into procedures for credit business and actively conduct due diligence to manage the potential environmental and social risks of granting loans and prompt enterprises to practice environmental protection and fulfil their corporate social responsibility. Together we can create beneficial effects across environmental, social and governance dimensions of our work, adhering international ESG and sustainable development trends while fulfilling our responsibility as a global citizen.

Yuanta Life's investments are primarily governed by the Yuanta Life Investment Policy and Yuanta Life Operating Procedures for Utilizing Investment-related Funds. Three steps are required prior to making an investment: 1) Check the AML system to ensure that the company in question is not a politically exposed person (PEP), a relative or close associate (RCA), or on the blacklist, and is not involved in money laundering and terrorist financing activities. 2) Verify whether the company in question issues a CSR report, actively links core competencies with CSR, and acts in response to government policy as well as whether its subsidiaries develop socially responsible products and operations, and whether there are any negative reports regarding environmental protection, corporate integrity, or social responsibility during the evaluation period. 3) During the investment evaluation period, ensure that the company is not a controversial enterprise or among the prohibited enterprises as articulated in Article 5, Paragraph 2 and Article 6 of

the Guidelines for Sustainable Finance. By implementing these investment principles and establishing a list of enterprises that should be avoided, Yuanta Life can build an investment policy that encourages enterprises to be more environmentally conscious.

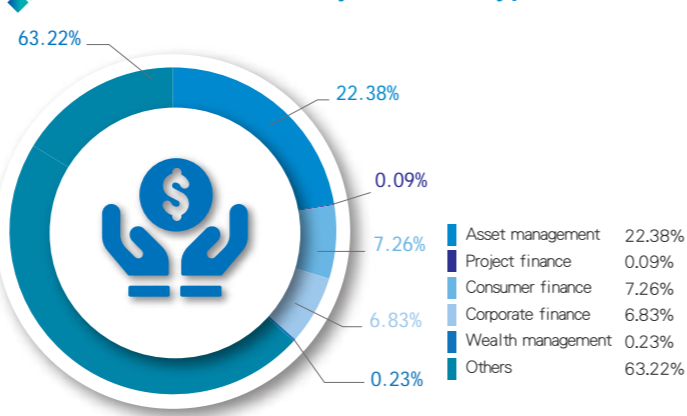
Yuanta Securities has already incorporated the concept of Guidelines for Sustainable Finance and the spirit of responsible investment into its investment operations in 2018. Medium and long-term investment transaction decision process as outlined in Guidelines for Proprietary Investment Trading Decision Making includes related articles and procedures for ESG evaluation and serves as the guidelines governing medium and long-term investments in negotiable securities. In addition, we also require subsidiaries to review and revise relevant regulations. Currently, Yuanta Securities Finance has revised the Guidelines for Establishing the Negotiable Securities Investment Working Group to serve as a guiding principle in carrying out related operations.

To further strengthen the Group's ESG screening mechanisms for investments and loans, Yuanta Financial Holdings, in accordance with the Guidelines for Sustainable Finance, plans to formulate the Rules Governing Industry Specific Environmental and Social Risk Management in 2020, which will require personnel processing applications from applicants in high environmental and social risk industries such as steel, semiconductors, and plastics to fill out an Industry Specific Environmental and Social Risk Management Checklist for the specific Yuanta business. The Checklist will help in examining the counterparty's resiliency to environmental and social risks and if the associated risks are controllable risks.

7.1.2 Responsible Products and Services

The Group utilizes our core business to develop ESG-themed products and services and leverage our capital to support enterprises involved in air pollution prevention and control, alternative energy, recycling, waste incineration, sewage treatment, water purification, and biotechnology, assisting potential investment targets to expand their sustainability efforts. In response to the demands of the consumer finance market, we provide new energy vehicle and green building loans, offer credit cards linked to social and environmental factors, and give options to go paperless to help the environment. Together with customers, we can build the foundation for sustainable finance. In 2019, the proportion of investment products with sustainable concepts under Group management rose by 2.99% over 2018. The proportion of consumer finance services with sustainable concepts rose by 0.56% compared to 2018.

Revenue breakdown by business type



Products and Services with Sustainable Concepts – Investment Products

Product Category	2018			2019		
	Asset Size (NT\$1,000)	Total Assets (NT\$1,000)	Proportion of Total Assets (%)	Asset Size (NT\$1,000)	Total Assets (NT\$1,000)	Proportion of Total Assets (%)
Yuanta Global Utility Fund	587,720		0.11	706,607		0.10
ESG Funds	0		0.00	5,872,160		0.87
Healthcare, Communications, Infrastructure Fund	1,133,329	527,382,326	0.21	16,044,742	677,618,653	2.37
Green Energy Sustainable Warrants	61,731		0.01	39,846		0.01
Other Sustainable Investment Products	363,292		0.07	372,785		0.06
Total	2,146,072		0.41	23,036,140		3.40

Products and Services with Sustainable Concepts – Consumer Finance Services

Credit Category	2018			2019		
	Amount Loaned (NT\$1,000)	Total Amount of Credit (NT\$1,000)	Proportion of Total Credit (%)	Amount Loaned (NT\$1,000)	Total Amount of Credit (NT\$1,000)	Proportion of Total Credit (%)
Social Welfare Credit Card	74,257		0.02	75,557		0.02
Green Credit Card	33,265,533	476,539,557	6.98	35,605,421	487,098,833	7.31
Green Building Mortgages	10,000		0.00	794,254		0.16
New Energy Vehicle Loans	6,563,905		1.38	7,088,732		1.46
Total	39,913,695		8.38	43,563,964		8.94

Mutual Fund Products

Yuanta Global Utility Fund

Yuanta Funds established the Yuanta Global Utility Fund in November 2007. The fund invests in public sector-related negotiable securities in the Americas, Asia, Europe, and Oceania that target energy, transportation, water resources, and telecommunications equipment companies. We hope that these investments both improve and popularize energy efficiency and thereby mitigate global warming.

Yuanta FTSE4Good TIP Taiwan ESG Index ETF

This exchange traded fund (ETF) was jointly developed by Taiwan Index Plus and FTSE Russell, and is the first investment ESG index in Taiwan that combines both ESG (Environment, Social, and corporate Governance) factors and financial indicators, enabling people to enjoy stable, long-term investment returns while also conducting sustainable investment. The FTSE4Good TIP Taiwan ESG Index is based on FTSE Russell's ESG assessment system, assessing the inputs and performance of listed companies in ESG and then screening component stocks through financial indicators, creating an index of listed companies with suitable corporate sustainability and business performance. In 2019, linked to FTSE4Good TIP Taiwan ESG Index, the FTSE4Good TIP Taiwan ESG Index ETF introduced by Yuanta Funds was listed on August 23, 2019. As of the end of 2019, the ETF was valued at NT\$5.872 billion (the number of beneficiaries exceeded 46,000) and was named Fund Launch of The Year in Asia Asset Management's Best of the Best Awards 2020.

Yuanta Global Agribusiness Fund

This fund primarily focuses on global agribusiness. At the end of 2019, assets under management totaled about NT\$342 million (nearly 1,600 beneficiaries), and invests in four main links in the agricultural value chain:

Agricultural Resources: includes grain, fruits and vegetables, flowers and plants, livestock, aquatic products, forestry, palm trees, sugar cane, cotton, coffee, and other staple agricultural products. Businesses involved in development of arable land for agriculture and agricultural supplies.

Agricultural production: refers to the provision of food for human consumption, including all aspects of food production. This primarily includes agricultural planting, seeds and fertilizer R&D and supply, agricultural chemical R&D and supply, biotechnology, agrotechnology (such as supply of farmland and basic equipment), and agricultural machinery and equipment.

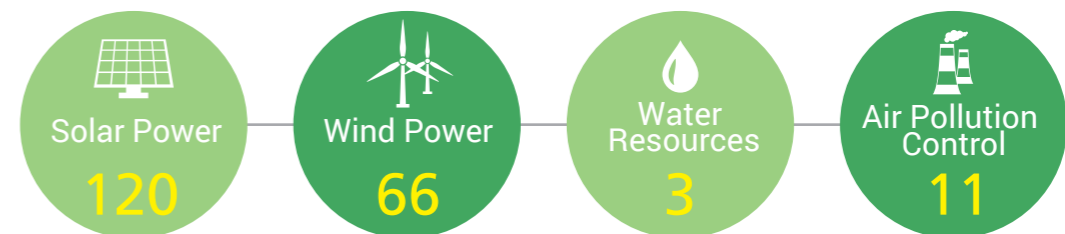
Finished goods and distribution: includes companies involved in edible agricultural products such as processed grain, meat, and beverages and non-food agricultural products such as alternative energy, furniture, paper, and textiles. Sales and distribution includes companies performing storage, transportation, packaging, and sales of the above products. Loans are primarily issued to banks with agricultural industry links and to those providing related services (such as climate consulting).

Water resource related enterprises: refers to water treatment enterprises (including water purification and water treatment technologies like disinfection, desalination, and monitoring), enterprises committed to increasing water usage efficiency (including home appliances, grey water recycling, and water metering), water supply and distribution enterprises (including supply and recycling, water distribution, and water supply management and engineering), water infrastructure providers, water resource service providers, water-related enterprises involved in food and beverage production (such as irrigation and bottled water), and farmland irrigation-related enterprises.

Warrant Products

In recent years, the markets have gradually increased its attention in sustainability issues. Yuanta Securities has responded to this demand by issuing warrants linked to green energy. According to statistics from the Financial Trading Department, for the three consecutive years from 2017 to 2019 Yuanta Securities had the highest market share in green energy warrants, at 18.7%, 21.4%, and 22.3 % respectively.

Numbers of green power related warrants in 2019





Wealth Management Products

In recent years, financial markets are paying ever more attention to social and environmental risks. Climate risks, transition to a low-carbon economy, and energy transition are all emerging trends. To safeguard the legal rights and interests of customers and maintain our commitment to attentive service, Yuanta Securities includes mutual fund products comprised of international ecologically-minded companies with alternative energy, environmental pollution control, low carbon economy transition, and wastewater treatment policies in our wealth management investment options. We help customers stay on top of future market trends and provide them with professional investment planning. As of the end of 2019, six such funds have been included with a commitment of NT\$6.895 million.

Green Building and Hybrid Car Loans


Expected carbon reduction resulting from green building and hybrid car loans

Product/Service	Proportion of Total Company Low Carbon Related Product Revenue (%)	Expected Carbon Reduction (metric tons of CO ₂ e)
 Green Building Loan	0.26	30.62 ^(Note 1)
 Hybrid Car Loan	19.18	60.42 ^(Note 2)

Notes: 1. Green building loan expected carbon reduction: The expected carbon reduction in 2019 is calculated based on Bureau of Energy announcement that the average usage for a household is 303 kWh of electricity per month, Ministry of the Interior statistics that green buildings on average consume 20% less energy compared to regular buildings, and the number of loans made by the Company for green buildings .
 2. Hybrid car loan expected carbon reduction: The expected carbon reduction in 2019 is calculated based on Hotai Motor Corporation statistics that every 100,000 miles driven a hybrid car will lead to 10.6 tons fewer CO₂ emissions, the assumption that an average car logs 10,000 kilometers per year, and the number of hybrid car loans made.

Going Paperless to Promote Green Living

Expected carbon reduction resulting from paperless services

Product/Service	Proportion of Total Company Low Carbon Related Product Revenue (%)	Estimated Paper Reduction(1,000 sheets)	Expected Carbon Reduction (metric tons of CO ₂ e)
 Digital and Paperless Financial Services	28.13	98,541	788.32 ^{Note}

Note: Based on average sheets of paper sent for the service in 2019 x total number of these services in 2019 x carbon emissions per sheet of paper (0.000008 ton/ sheet, carbon footprint source website path: Environmental Protection Administration Homepage > Carbon Product Labeling Information > Paper Star copy paper > Product Code A4,80g(210mm x 297mm)

Paperless Measures and Services

Through bank teller guidance, digital marketing programs, and adjustments to the digital platform, the Group utilizes online capabilities such as electronic statement subscriptions, online passbook applications, and opening new accounts online to provide real-time, mobile financial information and services. We also developed an automated research report output platform to reduce paper used to print out evaluations. Through social media, we actively encourage customers to perform account inquiries and transactions, apply for accounts and credit cards, and sign documents online to achieve our paperless goals, which will conserve resources and reduce energy use.

Category	Related Measures
Research Report Output Platform Automation	Developed an automated research report output platform to enable analysts, research assistants, and managers to review research reports amongst each other electronically to reduce paper use.
Paperless Meetings, Courses, and Lectures	Yuanta Funds registration system enables electronic registration and QR Code scan check in and handouts are all available in digital format. Together these measures help achieve our paperless carbon reduction goals and conserve energy.
Electronic Teller Services	In recent years, the Group has promoted digital services. Customers can subscribe to online newsletters and financial statements, apply for an online e-passbook, open accounts online, apply for insurance online, and file taxes online, which are convenient and also reduce paper usage and in turn reduce the work and energy involved in sending physical statements. These measures effectively conserve resources and reduce overall energy usage.

7.1.3 Responsible Financing

Procedures for Assessing and Screening Environmental and Social Risks

To promote sustainable development of Yuanta Bank and its customers, the Company has incorporated the spirit of corporate social responsibility into our business plans and operation. In November 2019, we formulated Guidelines for Sustainable Finance to integrate ESG factors into our lending business operations and decision making. Potential borrowers and transactions are evaluated for potential ESG risks and to ensure said risks can be controlled. Following any transaction, we continue to monitor post-transaction developments and follow the progress of implementation.

Implemented in 2015, Article 10 of the Yuanta Commercial Bank Credit Business Guidelines stipulates, "When handling a project financing review, it is advisable to consider whether the borrower is exercising sound environmental protection, corporate integrity management, and social responsibility." In August 2017, this was amended to "When conducting a corporate credit review, it is advisable to consider whether the borrower is exercising sound environmental protection, corporate integrity management, and social responsibility." In October 2018, Article 10-1 was added, stating: "The Bank's project financing not only shall be handled in accordance with general credit and lending rules, but shall also conduct due diligence, enhance its risk assessment, and ensure management systems including post-loan management are carry out."

In 2019, to clearly regulate project financing risk management, the Project Financing Management Guidelines were formulated in accordance with Article 10-1 of the Credit Business Guidelines as a basis for handling project financing operations.

Processes for Monitoring Client Compliance with Agreements

After extending a loan, reviews and follow up assessments should be implemented to understand whether the borrower is using the funds according to the original plan and is fulfilling contract provisions and other agreed matters. For important funding cases, field review should be performed if necessary. To strengthen post-lending management, maintain credit asset quality, and ensure the safety of claims, Yuanta Bank established the scope, method, and follow up considerations as the basis for such credit review operations in accordance with Article 20 of The Bankers Association of the Republic of China Member Credit Guidelines and Article 31 of the Bank's Credit Business Guidelines.

When undertaking project financing, as stipulated in the Project Financing Management Guidelines, post-lending management mechanisms must be applied to follow up on the implementation status of each instance of project financing and strengthen review operations. During the time a borrower has been extended credit, the impact of any negative news published in the media about a borrower or its executives (such as food safety concerns, fires, environmental controversies, etc.) shall be carefully evaluated. Through regular visits, we gain a better control on actual financial status of the borrower, can check if the lending of funds is in line with proposed project and the purpose of loan application, and examine the flow of funds and the reasonableness and authenticity of transaction documents.

Should it be discovered that the borrower did not follow the funding purpose or plan as outlined in the application, or if there was falsification during the application process, signs of default, worsening of financial or business situation, or other violations of credit granting regulations or risks to the creditor's rights, a review must be performed immediately to determine the cause and adjust the credit rating or credit risk level. When necessary, safety measures shall be implemented (including increasing collateral, increasing interest rates, freezing credit, recovering the balance, or negotiating repayment) and the relevant business units will be notified through the early warning system.

(Note: In 2019, there were no instances of borrowers violating environmental or human rights regulations, which would lead to a cessation of financing or other related repercussions.)

Responsible Lending Products and Services

Corporate Finance Credit Business

In response to the Government's "Five plus Two" Innovative Industry Policy, Yuanta Bank has lent to these seven industries, including green energy technology and circular economy, to assist these key industries in raising capital. The Group has also begun financing industries with sustainable models such as solar cell manufacturing, optoelectronic materials and parts manufacturing, power generation, transmission and distribution equipment manufacturing, electrical and gas supply industry, wastewater and sewage treatment industry, waste disposal industry, recycling industry, and renewable energy generation industry. Yuanta Bank provides the capital Taiwan's low carbon industries need to develop and supports energy transition in the real economy. As for social development, the Bank also provides healthcare and education financing.

Areas of Credit	2018			2019		
	Loan Amount (NT\$1,000)	Total Amount of Credit (NT\$1,000)(Note)	Proportion of Total Credit (%)	Loan Amount (NT\$1,000)	Total Amount of Credit (NT\$1,000)(Note)	Proportion of Total Credit (%)
"Five plus Two" Innovative Industry Financing	159,230,596	377,462,088	42.18	155,480,209	383,455,276	40.55
Sustainability-related Industry Financing	2,602,375		0.69	1,014,842		0.26
Mass Transit	1,710,150		0.45	4,929,888		1.29
Education and Healthcare Financing	3,591,821		0.95	3,965,500		1.03
Total	167,134,942		44.28	165,390,439		43.13

Note: Total Amount of Credit equals the total balance amount of corporate finance loans for the entire bank.

Sustainable Construction Financing

Yuanta Bank, in order to assist enterprises focused on developing energy infrastructure and clean energy technology, provided NT\$6.7 billion in infrastructure loans in 2019. These loans promote local construction and support enterprises moving towards low-carbon development to create low-carbon cities. Reductions in loan totals for solar energy infrastructure and recycling and waste disposal infrastructure compared to 2018 were due to natural repayment of loans outstanding. Only education and healthcare industry loans increased, with an increase of NT\$370 million over 2018.

Types of Infrastructure Loans	2018			2019		
	Loan Amount (NT\$1,000)	Total Amount of Credit (NT\$1,000)(Note)	Proportion of Total Credit (%)	Loan Amount (NT\$1,000)	Total Amount of Credit (NT\$1,000)(Note)	Proportion of Total Credit (%)
Solar Power Infrastructure Financing	1,571,041	377,462,088	0.42	1,188,025	383,455,276	0.31
Sewage Treatment Infrastructure Financing	373,987		0.10	126,987		0.03
Recycling and Waste Disposal Infrastructure Financing	479,887		0.13	74,550		0.02
Education and Healthcare Infrastructure Financing	3,591,821		0.95	3,965,500		1.03
Transportation and telecommunications Infrastructure Financing	1,422,925		0.38	1,393,123		0.36
Total	7,439,661		1.97	6,748,185		1.76

Note: Total Amount of Credit equals the total balance amount of corporate finance loans for the entire bank.

7.1.4 Responsible Investment

Procedures for Assessing and Screening Environmental and Social Risks

To achieve the financial industry's corporate social responsibility, Yuanta Financial Holdings considers an investment target's environmental and social performance to reduce the environmental and social risks caused by said investment. At the same time, each subsidiary has included ESG-related investment screening standards as appropriate for its operations into relevant regulations to implement the spirit of sustainable investing promoted by the competent authorities. Each subsidiary establishes internal mechanisms to create products and services with environmental and social benefits in the spirit of responsible investing.

To promote responsible investing, the Yuanta Securities' Guidelines for Proprietary Investment Trading Decision Making was amended on November 12, 2018 to add relevant provisions for medium and long-term investment trading decision making operations to serve as operating guidelines for the Company's investment in medium and long-term negotiable securities. When considering products, the responsible investing checklist enclosed in the research reports drafted by investment consulting or internal units evaluates the target company's ESG compliance, including whether there have been any ESG violations in the past year, if the company has outstanding examples of promoting ESG, and whether it is in a high-risk/highly-controversial industry. If any violations of relevant laws or policies are confirmed and internal inspection finds relevant risks to the Company, the decision will be made not to invest, and relevant conclusions will be recorded in the meeting minutes.

As outlined in Yuanta Life's Insurance Product Development Management Guidelines, during product development, relevant departments must put forward a product requirement form. Aside from the legality of the product, consumer rights protections and money laundering and terrorism funding prevention standards must also be considered. The Insurance Product Management Team meets every six months to review product compliance with consumer rights protections and other internal mechanisms and makes any necessary adjustments.

Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Funds have all signed on to the "Stewardship Principles for Institutional Investors" and issued a compliance statement. In terms of investment targets, Yuanta continues to follow related news, financial information, industrial performance, operating strategy, environmental protection, social responsibility, and corporate governance of the companies receiving the investment. In addition, Yuanta also communicates with the companies' management via telephone or conferences, or by attending investor conferences and stockholder meetings. Should a company in which we have invested violate ESG principles on particular issues and damage the interests of our customers or beneficiaries, Yuanta will exercise our voting rights or other shareholders' rights to present our position and appeal to the management of the company involved, thereby influencing the behavior of that company.

Processes for Monitoring Clients' Compliance with Agreements

Before the Wealth Management Department of Yuanta Securities contacts customers, sales staff must first understand the customer according to the Yuanta Securities Co., Ltd. Wealth Management Trust Business Non-Professional Investor Product Suitability Operating Rules. Customers who wish to apply for professional investor status must have their trading experience, specialist knowledge, and financial documents verified in line with the Yuanta Securities Co., Ltd., Professional Investors' Knowledge and Trading Experience Evaluation Guidelines. After opening an account, when a customer applies to purchase a product, it must be evaluated to ensure it meets their risk tolerance. They are required to participate in our regular and irregular survey to check customer understanding and update risk tolerance level in adherence to the Company's regulations.

Processes for Improving Employees Competence in Relevant Policies and Procedures

In addition to obtaining relevant licenses and accepting pre-employment and on-the-job training as prescribed by the competent authority, employees of Yuanta Securities shall receive training in relevant laws, regulations, and operating rules. Whether through meetings or training, employees will gain an understanding of products and market conditions, improving their knowledge of financial products and obtaining the latest investment market information. Further, when Bond Department traders conduct ESG inspections of investment targets, they must produce a responsible investment checklist, attaching said checklist to their investment analysis report to ensure that execution is in compliance with relevant Company policies and reduces operational risk through standardized processes and documentation of information.

Responsible Investment Products and Services

In response to sustainability trends, the Investment Banking Department of Yuanta Securities actively provides "Five plus Two" Innovative Industry and other sustainability-related industries with IPO, SPO, capital increase, and convertible bonds consulting services. In 2019 the proportion of "Five plus Two" Innovative Industry and sustainability-related consulting business increased by 7.58% as compared to 2018.

Type	2018			2019		
	Sustainability Consulting IPO/SPO Value (NT\$1,000)	Total Consulting Service Value (NT\$1,000)	Proportion of Total Consulting Service Value (%)	Sustainability Consulting IPO/SPO Value (NT\$1,000)	Total Consulting Service Value (NT\$1,000)	Proportion of Total Consulting Service Value (%)
"Five plus Two" Innovative Industries	6,739,487	20,825,972	32.36	13,134,233	24,778,296	53.01
Other Sustainability-Related Enterprises	2,907,500		13.96	221,270		0.89
Total	9,646,987		46.32	13,355,503		53.90

Green Bonds

In 2019, Yuanta Securities underwrote six green bond issuances valued at a total of NT\$7.236 billion. The funds raised through these bond offerings will be used to develop green energy and related industries. In the future, we will continue to use concrete action to pursue environmental sustainability and develop the green energy related technology industry.

In addition to Yuanta Securities underwriting green bonds, Yuanta Bank purchased NT\$2.8 billion worth of green bonds in 2019, an increase of 40% as compared to 2018. The purpose of these investments is also to promote renewable energy and energy efficiency.

Type	2018			2019		
	Green Bond Value (NT\$1,000)	Total Value of Underwritten Bonds(NT\$1,000)	Proportion of Total Underwritten Bond Value (%)	Green Bond Value (NT\$1,000)	Total Value of Underwritten Bonds(NT\$1,000)	Proportion of Total Underwritten Bond Value (%)
Underwriting Green Bonds	2,710,000	82,510,000	3.28	7,236,000	100,250,000	7.22

Yuanta Securities Green Bond Underwriting in 2019					
Bond Company Name	Date of Issue	Term to Maturity (years)	Interest Rate (%)	Amount (NT\$1,000)	Green Investment Plan Category
Societe Generale, Taipei Branch	2019.7.10	2	0.7	3,600,000	Renewable energy and energy technology development
		5	0.77		
		10	0.95		
		15	1.4		
E.SUN Commercial Bank	2019.8.13	3	0.65	600,000	Renewable energy and energy technology development
Central American Bank for Economic Integration	2019.11.15	5	2.76	approx. 336,000	Renewable energy and energy technology development
Ørsted	2019.11.19	7	0.92	1,500,000	Renewable energy and energy technology development
		15	1.5		
Taiwan Cooperative Bank	2019.11.28	3	0.69	700,000	Renewable energy and energy technology development
Taiwan Power Company	2019.12.16	10	0.85	500,000	Renewable energy and energy technology development
Total				7,236,000	

Responsible Investment

To keep up with international trends in sustainable development, the Group actively invests in sustainability-related enterprises, which includes investments in "Five plus Two" Innovative Industry, green bonds, green energy sustainable warrants, and sustainability-related mutual funds. Through the ESG screening mechanism, resources are directed towards domestic and overseas enterprises committed to sustainable development. In 2019, the Group's investments in sustainability-related assets grew by 2.13% as a percentage of all investments over 2018.

Type of Investment	2018			2019		
	Amount Invested (NT\$1,000)	Total Investments (NT\$1,000)	Proportion of the Total(%)	Amount Invested (NT\$1,000)	Total Investments (NT\$1,000)	Proportion of the Total(%)
"Five plus Two" Innovative Industry Investment	2,839,231	1,013,513,942	0.28	6,620,251	1,206,574,618	0.55
Green Bonds	15,200,460		1.50	19,293,655		1.60
Green Energy Sustainable Warrants	61,731		0.01	39,846		0.00
Investment in ESG performers	2,770,927		0.27	4,445,107		0.37
Sustainability-Related Mutual Funds	1,703,930		0.17	22,261,700		1.85
Total	22,576,279		2.23	52,660,559		4.36

"Five plus Two" Innovative Industry

The Financial Supervisory Commission called on the insurance industry to invest in key innovative industries, public investment, and long-term care. The program encourages the insurance industry to support and promote the "Five plus Two" innovative industries, which include green energy, Asian Silicon Valley, biomedicine, national defense, smart machinery, high-value agriculture, and circular economy to assist these key industries in raising operating capital. Yuanta Life continues to focus on Five plus Two industry investment, which grew by 60% year-on-year to reach NT\$13.25 billion in 2019.

Yuanta Life's venture capital partner made investments in various Five plus Two industries including green energy, Asian Silicon Valley, biomedicine, and smart machinery. For two years in a row, the competent authorities awarded Yuanta Life with the Investment in Innovation, Public Construction, and Long-Term Care Evaluation - Financial Investment Group Award. We actively respond to government policy, with the aim to create a win-win situation for these innovative industries and the insurance industry.

Responsible Investment Management Action Plan

To comply with principles for responsible investment and the Group's Guidelines for Sustainable Finance, Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Venture Capital formulated or revised related policies, regulations, and SOPs to implement responsible investing practices in the management of every type of asset. Detailed explanations of management processes and practices are summarized in the table below.

Voting and Engagement Policy/Practice

	Engagement Policy/Practice	Voting Policy/Practice
Yuanta Securities	In accordance with the stewardship policy, Yuanta Securities will continue to pay attention to invested company CSR compliance and will assist them to improve ESG performance through attending shareholder meetings, exercising voting rights, and communicating with management.	In accordance with the voting policy, prior to attending a shareholder meeting, Yuanta Securities shall refer to the Company's Sustainable Financial Standards and come to an internal consensus that the voting option does not violate those standards.
Yuanta Bank	In accordance with the stewardship policy, Yuanta Bank will continue to pay attention to invested company CSR compliance and will assist them to improve ESG performance through attending shareholder meetings, exercising voting rights, and communicating with management.	
Yuanta Life	In accordance with Procedures Governing Exercising Shareholder Rights for Holders of Securities, Yuanta Life will continue to pay attention to invested company CSR compliance and communicate and interact with the company as necessary.	In accordance with Procedures Governing Exercising Shareholder Rights for Holders of Securities, when Yuanta Life attends a shareholder meeting and exercises voting rights, it must adhere to the principles of participation without interference and ESG promotion.
Yuanta Funds	In accordance with Procedures Governing Shareholder Meeting Attendance and Exercising Voting Rights, should the management of the issuing company damage company integrity through improper management or impact social responsibility or environmental protection efforts, fund management units shall hold a meeting to discuss. After approval by the department head and company president, designated personnel shall exercise voting rights in accordance with the meeting resolution.	
Yuanta Venture Capital	In accordance with Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital will review invested company CSR compliance when appropriate. Should assessment find there are potential negative effects on ESG, these risks will be communicated through attending shareholder meetings, exercising voting rights, and communicating with management.	

Responsible Investment Management Action Plans

Yuanta Securities	
Types of Assets	Stocks, Private Equity, Fixed Income
Management of Own Assets	In accordance with the Guidelines for Proprietary Investment Trading Decision Making, Yuanta Securities trading decisions must be based in the spirit and principle of responsible investing. Only after the potential investment target is evaluated for ESG compliance (if it has taken specific actions that comply or violate ESG) can any investment occur, and the meeting minutes must record a summary of the relevant conditions. Investment targets are selected to actively support those enterprises with good potential for sustainable development and avoid those on the list of prohibited enterprises.
Yuanta Bank	
Types of Assets	Stocks, Private Equity
Management of Own Assets	In accordance with Guidelines Governing Financial Markets Operations Division Medium and Long-Term Investment Evaluation Committee Establishment and Evaluation, Yuanta Bank's medium and long-term investment targets may not be controversial enterprises or on the list of prohibited enterprises.
Types of Assets	Fixed Income
Management of Own Assets	In accordance with Guidelines for Transactions Involving Investment of Bank Funds, Yuanta Bank bond positions shall incorporate ESG factors into investment decisions. Should the bond issuer be a controversial enterprise, the reason must be explained in the investment report and the appropriate level of management must approve before the investment can be executed.
Types of Assets	Property
Management of Own Assets	In accordance with Guidelines Governing the Acquisition or Disposition of Real Estate, Yuanta Bank must evaluate the characteristics of the property to be acquired or disposed of and market conditions (including the potential impact of climate change on the property value) to serve as the basis to formulate the price and method of property acquisition or disposition.
Yuanta Life	
Types of Assets	Stocks, Private Equity, Fixed Income
Management of Own Assets	In accordance with its investment policy, Yuanta Life incorporates ESG factors into investment decision consideration. Yuanta Life, in accordance with its Operating Procedures for Investment-related Application of Funds, actively supports enterprises with good potential for sustainable development that are not on the list of prohibited enterprises.
Types of Assets	Derivative Products and Alternative Investments
Management of Own Assets	In accordance with its investment policy, when investing in hedge funds, Yuanta Life selects products from funds with an ESG policy or that considers ESG risks and opportunities in its operational strategy.
Types of Assets	Infrastructure
Management of Own Assets	In accordance with its investment policy, when evaluating potential investments in special projects, public utilities and social welfare, Yuanta Life shall consider environmental impact and social benefits when making the investment decision.
Types of Assets	Property
Management of Own Assets	In accordance with its investment policy, when selecting real estate investment targets and new construction projects, Yuanta Life shall consider the potential impacts of climate change on asset value.

Yuanta Funds

Types of Assets	Stocks, Private Equity, Fixed Income
Management of Own Assets and Customer Asset Management	In accordance with Procedures for the Management of Investments Using Company Assets and the Guidelines Governing Investment Decision Making Team Operations, Yuanta Funds incorporates ESG factors into investment decisions and, consistent with the Stock Investment Target Risk Management Guidelines, maintains a list of domestic and overseas private equity investment targets.

Yuanta Venture Capital

Types of Assets	Stocks, Private Equity
Management of Own Assets	In accordance with Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital includes ESG as a key factor in evaluating investments. Any investment letter of intent will explicitly state Yuanta Venture Capital expectations regarding the investment target's environmental protection, corporate ethical management, and social responsibility.

7.2 Financial Inclusion

As a financial institution, Yuanta Financial Holdings must fully realize our role in service to society. We utilize our core competencies to develop financially inclusive products and services in the hope we can provide comprehensive financial services that remain friendly and accessible to all. In response to the Financial Supervisory Commission's promotion of financial inclusion policies, the Company has internalized the key concepts of financial inclusion, accessibility, usability, and quality to ensure that disadvantaged and low-income individuals along with micro, small, and medium-sized enterprises can also benefit from the newest financial services. These efforts aim to solve the issue of lack of access to financial services provided to the populations in rural areas and economically disadvantaged groups and increase the frequency of using available services. In keeping with financial technology innovations, financial services are becoming increasingly diverse and are moving toward more digitization, providing convenient and low cost financial experience to users. Living in this era where information is readily available and technology is advancing at a blistering pace, the Group makes the most of our financial knowledge and expertise in the industry to advance financial education and consumer protection measures, helping to build a healthy attitude on financial management, which can in turn improve social well-being.

Management Approach

Yuanta Financial Holdings is also committed to strengthening the inclusiveness of financial services. Integrating the core concept of "Make your Biggest Dream Come True", the Company provides diverse financial services that are accessible and affordable for underprivileged groups and micro-enterprises, effectively promoting local financial development. Through equal access to financial services and accessible financial services, we can expand our reach and include disadvantaged groups in our service scope.

On November 13, 2019, the Company's Chief Digital Development Officer convened a digital finance manager meeting and asked each subsidiary to develop new products and services for enterprises and individuals who need financial services—which can be provided with no restriction of identity, geography, or industry—to achieve our financial inclusion goals. In 2019, 27 people purchased injury microinsurance with the underwritten value totaling NT\$24,894. We promoted callable bull/bear contracts primarily to customers aged from 20 to 40, with 430 accounts participating and a total of 157,572 transactions.

In 2019, each subsidiary designed financially inclusive products and services to benefit society. Yuanta Securities launched regular shares savings plan (RSSP) services. A total of 23,897 accounts belonging to low-income investors have signed up for the deductions and there are 41,168 valid contracts. Participants under 40 years old make up 48% of those taking advantage of the program. Yuanta Funds established Taiwan stock ETF-linked umbrella funds—Yuanta TWSE Taiwan 50 Index ETF Feeder Fund, Yuanta Taiwan High Dividend ETF Feeder Fund, and Yuanta GreTai 50 Index ETF Feeder Fund. Through the end of 2019, the beneficiaries of these three funds totaled nearly 3,400 people with a total value of NT\$923 million, which benefitted small investors. Yuanta Bank underwrote a total of 4,024 long-term care and low-cost elderly insurance policies with premiums of NT\$96 million.

Future plans include holding regular financial inclusion meetings and expanding them to include departments in the Group related to financial product design and service. On January 14, 2020, the Financial Supervisory Commission announced 21 financial inclusion evaluation metrics and four observational indicators. After seeking opinions at all levels, the Group rolled out related measures. Through digital financial services, we hope to better meet the needs of individual and corporate customers and improve quality, efficiency, and convenience, while also fulfilling our corporate social responsibility and achieving sustainable operating goals.

7.2.1 Accessible Financial Services

Installing Accessible ATMs

Back in 2013, Yuanta Bank began using international accessibility standards, including those from the USA, Japan, and the EU, when procuring new ATM machines. Currently all Yuanta Bank ATMs meet accessible ATM standards. However, due to the characteristics of its location or because we do not own the space, currently 341 of our ATMs, 70% of the total, are accessible by wheelchair users. Priority will be given to ATMs installed in non-accessible locations when making renovation or relocation designs to ensure accessibility. To protect the rights of the visually impaired, Yuanta Bank has installed one talking ATM that can be used by visually impaired users without assistance.

Considerate Service Measures

Yuanta Securities

1. We provide financial services in person, over the phone, online, and through our mobile platform that include opening a new account, signing documents, trading, listening to or browsing the latest stock market movements, and looking up transaction details to meet the needs of our visually and hearing-impaired customers.
2. Customers can contact an operating location before visiting to request guidance from staff members and the required services.
3. The customer service hotline has options for speaking with a staff member, interactive voice response, and text to speech services to meet the financial and investment needs of visually and hearing-impaired customers.

Yuanta Bank

1. Service counters can provide accessible services such as applying for a credit card, activating a card, or reporting one lost. We also provide services over our interactive voice response system and the online bank to meet the needs of visually and hearing-impaired customers. For hearing-impaired customers, we can also provide loan status updates in writing or via text message or email.
2. Operating locations are equipped with accessibility features (such as ramps), service bells, and service personnel available to provide appropriate guidance and services.
3. Visually impaired persons opening a new account or applying for a loan or other financial services with the Bank may choose to have the documents notarized in accordance with the Notary Act or request one witness to assist.
4. The Bank enables customers to access financial services (such as interest and exchange rate quotes, bank transfer, credit card activation, and to report a lost or stolen card) via an interactive voice response system, online, or mobile APP.
5. The Bank's website provides exchange rates, interest rates, and other public information via a web page that has received accessibility certification.

Yuanta Life

1. Provide people with physical or mental disabilities with friendly, accessible services to ensure they receive fair and reasonable treatment. Provide counter and non-counter services in accordance with each individual's needs.
 - (1) Counter service: In accordance with the Friendly Financial Service Guidelines for Insurance Companies, counters shall provide wheelchairs, magnifying glasses, reading glasses, first aid kits, charging cables for mobile devices, umbrellas, and parking certificates. Service personnel will fully provide necessary information and assist customers in filling out application documents. Should it be required, Yuanta Life can dispatch staff to the customer's home to provide services. To make a reservation for counter services, customers can call the service hotline at 0800-088-008 or reserve online through the customer service area of the website.
 - (2) Non-counter service: For people with disabilities who have specific needs, Yuanta Life can arrange to visit them at home. If customers have any requirements or questions, they can contact the customer service hotline at 0800-088-008 or by emailing the customer service mailbox: life@Yuanta.com.
2. In all aspects of our business, Yuanta Life's guiding principles regarding customers with disabilities comply with the Financial Supervisory Commission's official communication no. 10704938190 issued on July 10, 2018. People with disabilities are treated the same as any other customer and consistent underwriting rules shall be applied without discrimination of any kind.

Yuanta Funds

- To provide people with disabilities a friendly environment, our business locations are equipped with accessibility features.
1. Staff assistance: There is a guard desk on the first floor and a receptionist on the 11th floor. They are available to aid those with disabilities if needed.
 2. At headquarter office, there are elevators, handrails, automatic faucets, and no thresholds.
 3. Yuanta Funds provides friendly financial service to those with disabilities, providing special assistance according to specific needs of each individual and assisting them to use the transaction method that suits them best.

Yuanta Futures

- Yuanta Futures has five operating locations with the below accessibility features:
1. The service desks have receptionists who can provide necessary assistance immediately to visitors with disabilities if needed.
 2. Our headquarters and the Hsinchu, Taichung, and Tainan branches have elevators, ramps, and handrails. The Kaohsiung branch is also threshold-free.

◆ Making Digital Platform More User Friendly

Yuanta Securities, Yuanta Life, and Yuanta Bank have implemented the below accessibility measures for their digital platforms:

Yuanta Securities	
Website	Yuanta Securities set up the Friendly Financial Services section of our website to provide accessible services such as communications, services, products, and information to enable people with disabilities to enjoy high quality financial services and create a friendly environment for customers. The website was awarded the National Communications Commission (NCC) accessible website level A certification.
Yuanta Bank	
Website (Accessible exchange and interest rate website)	Awarded NCC accessible website level A certification on September 20, 2019.
Online Bank	The website was awarded NCC accessible website level A certification on September 20, 2019. Services include exchange rate queries, instant transfers in New Taiwan Dollars, New Taiwan Dollar transaction lookup, changing online banking user IDs, changing online banking passwords, and text to speech services (enables customers to hear the fields on screen to complete the transaction and to set up shortcut keys). Users can use the keyboard to quickly access the needed features. The website was set up specifically for customers with disabilities in mind. Through the end of 2019, users with disabilities had logged in to the online bank 1,031 times and logged in to the accessible mobile bank 1,937 times.
Mobile Bank	The mobile bank received a passing accessibility test report from the Taipei Association for Parents of the Blind on June 13, 2019. Services include New Taiwan Dollar transfers to preregistered accounts and New Taiwan Dollar savings account transaction lookup. The mobile bank utilizes text magnification and text to speech services, so customers can read or hear the necessary information to complete their transactions.
WebATM	WebATM was awarded NCC accessible website level A certification on May 22, 2019. Services include text to speech capability, scheduled transfer services, account balance lookup, and pin change. Text to speech capabilities enable customers to hear the fields on screen. The site was designed specifically for customers with disabilities. Beginning on September 28, 2019, the online application system allows customers with disabilities to apply for three withdrawals per month from out-of-network ATMs with no fees to provide a friendlier financial environment.
Yuanta Life	
Website	Yuanta Life set up the Friendly Financial Services section of the website to inform people with disabilities of our various counter and non-counter services and provide our customer service hotline number, operating locations, our headquarters service desk and reservation services, policy service and application downloads, and information request services. We also display the Friendly Financial Service Guidelines for Insurance Companies for reference. In 2019, new website plans include an accessible webpage, which is expected to go live in 2020 and we will seek NCC accessible website certification so all users can have equal access to the Yuanta Life website and we can effectively provide a more comprehensive online platform to serve more diverse customers.

7.2.2 Charitable Trusts

Type	2018			2019		
	Total Trust Assets (NT\$1,000)	Total Trust Assets Overall (not including non-discretionary trusts and funds under custody) (NT\$1,000)	Proportion of Total Trust Assets (%)	Total Trust Assets (NT\$1,000)	Total Trust Assets Overall (not including non-discretionary trusts and funds under custody) (NT\$1,000)	Proportion of Total Trust Assets (%)
Elderly Care Trusts	14,351	47,004,538	0.03	19,823	43,387,231	0.05
Employee Welfare Trusts	4,979,467		10.59	5,114,844		11.79
Charitable Trusts	125,655		0.27	126,494		0.29
Total	5,119,473		10.89	5,261,161		12.13

Yuanta Bank sets up charitable trusts to ensure that assets are invested in public welfare and effectively support underprivileged groups. With civic awareness rising, society expects transparency in charitable expenditures. We assist enterprises and individuals to plan charitable trusts and publish annual charitable trust business reports and asset statements on our official website to ensure greater transparency of cash flow. As of December 2019, Yuanta Bank has handled five charitable trusts valued at nearly NT\$126 million and include Mountains Fund, Huangwu Social Welfare Fund, Taian Social Welfare Fund, Shanlin International Charity Trust, and Cheng Shin Maxis Social Welfare Fund. In 2019, the proportion of overall Group business made up by charitable trusts rose by 1.24% over 2018.

7.2.3 Policy-subsidized Mortgages and Social Housing Mortgages

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and social housing mortgages. From January to December 2019, policy-subsidized mortgages and social housing mortgages for individual households averaged NT\$260 million and total mortgages through the end of December 2019 totaled approximately NT\$8.8 billion.

7.2.4 SME Financing

In 2019, Yuanta Bank gave loans to 5,928 small and medium-sized enterprises. Enterprises are classified as SMEs based on the Executive Yuan's Standards for Identifying Small and Medium-sized Enterprises or are Small and Medium Enterprise Credit Guarantee Fund of Taiwan guarantee recipients. We hope to provide funding to assist SMEs with cash flow and maintaining working capital and help microenterprises grow to strengthen the economy.



Credit Category	2018			2019		
	Amount Loaned (NT\$1,000)	Total Amount of Credit(NT\$1,000)(Note)	Proportion of Total Credit (%)	Amount Loaned (NT\$1,000)	Total Amount of Credit(NT\$1,000)(Note)	Proportion of Total Credit (%)
SME and Microenterprise Funding	135,362,246	377,462,088	35.86	141,627,384	383,455,276	36.93

Note: Total Amount of Credit equals the total amount of corporate finance loans for the entire bank.

7.2.5 Providing Financially Inclusive Insurance Products

◆ Long-term care and low-cost elderly insurance

Yuanta Bank's financially inclusive insurance products are primarily long-term care and low-cost elderly insurance, which provide the public with affordable protection to prepare for life's risks. In 2019, the Bank sold 4,024 financially inclusive insurance products with total premiums of NT\$96 million.

Insurance Product	Year	Number of Policies	Total Premiums (NT\$1,000)	Intended Customer
 Long-Term Care	2019	4,003	96,369	<ul style="list-style-type: none"> Concerned with healthcare quality, risk conscious Family history of illness, potentially high-risk group Primary breadwinner Single or married without children
 Low-Cost Elderly Insurance	2019	21	468	<ul style="list-style-type: none"> Limited financial capacity, but wants basic life insurance protections Older customer who wants basic life insurance protections Does not want to be an economic burden on their children
Total		4,024	96,837	

◆ Microinsurance

To advance the basic insurance coverage for the economically disadvantaged and other specified groups, Yuanta Life introduced Yuanta Life Injury Microinsurance (MI) in 2014. A collective insurance product, this one-year personal injury insurance features low sum insured, low premiums, and easy-to-understand coverage. For a low cost, lower income customers can protect their families or themselves from falling into financial difficulties should disaster strike. In the event of a major accident, disadvantaged families can have basic insurance protections to help in their time of need.

Yuanta Life Injury Microinsurance		
Year	No. of People Insured	Total Underwriting Amount (NT\$)
2015	154	49,270
2016	50	36,660
2017	28	28,613
2018	16	24,973
2019	27	24,894

◆ Group Annuity

To help underprivileged groups build savings, plan for retirement, reduce financial pressure on the government from the public pension system, and improve the retirement planning of the young working class, in January 2017, Yuanta Life introduced the Group Interest Sensitive Annuity Type A and Type B group annuity products. As of the end of December 2019, twelve units are insured under these group annuities, which contribute a cumulative total of approximately NT\$300 million in premiums.

Yuanta Life Group Annuity		
Year	Number of Groups Insured	Total Group Annuity Premiums (NT\$1,000)
2017	12 groups insured	190,728
2018	12 groups insured	63,567
2019	12 groups insured	47,571

Yuanta Life

Yuanta Life continues to develop a variety of protection-oriented insurance products, providing healthcare, cancer, critical illness, long-term care, and accident and injury coverage to supplement social safety protections and ease the financial burdens on society and families. In 2019, we launched major injury and illness policies and riders and accident and injury riders. Major injury and illness products only require a doctor's first diagnosis of major injury or illness and for the insured person to obtain a certificate of major injury or illness from the National Health Insurance for the insured to receive their full claim in one lump sum payment. The payout can be used flexibly to cover any medical treatments required or keep on hand for other family expenses.

Major injury and illness policies have payment periods of 10, 20, or 30 years that can be selected by the insured party, who can enjoy lifelong protection. In addition to major injury and illness protection, for eight major injuries and illnesses the policy further provides an additional 50% over the sum assured. For accidents that occur when riding public transit, the policy offers double the sum assured. If the illness or injury results in a level 2 to level 6 disability, the insured can receive an insurance fee waiver and combine with other riders, providing a complete protection plan for policyholders. Current policyholders can add major injury and illness rider to the contract of an existing policy to strengthen major injury and illness protections. Added to Yuanta Life's existing major injury and illness term health insurance, these new options can provide policyholders with the most suitable major illness and injury planning in line with their needs and budget.

In the fourth quarter, we launched Yuanta Life GO travel accident and injury insurance rider (EP) to provide extra protections for specific accidents, which include traffic collisions and natural disasters, while abroad or on weekends and holidays, that can be applied for online and feature special rates. The program increases the reach of our insurance products and fulfils the government policy to promote protection-oriented insurance.

7.2.6 Providing Inclusive Financial Planning Products

Warrants

Warrants are a financial product that provide a lower cost means to participate in the stock market. They can effectively reduce the threshold for entering the capital market through affordable transactions and are a wealth management tool suitable for various groups. Yuanta Securities is a leading domestic issuer of warrants. In order to encourage more investors, especially those with limited funds, to get to know and trade in warrants to achieve their financial goals, we have listened to market demand over the years to provide warrant products that meet the conditions of the market and the needs of investors.

To familiarize the investing public with warrant products, Yuanta Securities introduced a series of educational videos about warrants in 2018 and launched the Yuanta Warrant Online virtual trading platform on the LINE APP in 2019. Through features such as virtual trading, an online warrant classroom, smart search, and the latest market information, the platform provides investors with all the tools they need to educate themselves about the product. Through the power of the internet, we can become part of people's lives and enable them to build investing knowledge anytime, anywhere.

Yuanta Securities 2016-2019 Warrant Related Product Information

Year	Number of Warrant Products Issued	Total Amount of Warrant Products Issued (NT\$1,000)	Total Amount of Warrant Related Transactions (NT\$1,000)
2016	3,899	46,006,051	111,410,417
2017	5,355	51,728,449	196,147,220
2018	7,766	87,692,254	214,993,993
2019	7,827	97,290,385	144,475,923

TWSE Callable Bull/Bear Contract Products

In May 2019, Yuanta Futures launched TWSE Callable Bull/Bear Contracts (CBBC) that enable small and novice investors to magnify their investment capability and answer the competent authorities' call for innovative applications of financial technology. The product was awarded the Outstanding Financial Innovation Award this year at the (15th) Golden Goblet Awards. The product is a derivative contract with limited risk, so is especially suited to new investors getting their first experience with financial markets. They only require NT\$1,000 to participate, greatly reducing the threshold to enter the market and making it accessible to even small investors. In October we released a TPEx CBBC linked to the TPEx 200 Index enabling investors to invest in the Taipei Exchange simply and conveniently. Through actual and virtual channels working in parallel, the product is easily integrated into the digital lifestyles of young people thereby increasing its visibility.

TWSE Callable Bull/ Bear Contracts (CBBC)			
2019	Total	Investors Aged 20-40	Proportion of Investors Aged 20-40
Accounts	430	219	51%
Transactions	157,572	55,150	35%

During the launch, Yuanta Futures held several seminars and educational activities to demystify options and futures to expand customers' financial knowledge. The types of activities held to build people's foundation in basic investment theory and the numbers of participants are shown at the right:

Seminars Held		
Type	Number of Sessions	Total Attendance
Large-Scale Investor Seminar	14	822
Small-Scale Investment Seminar	148	2,342
Education and Training	23	374
Industry-Academia Cooperation	15	545
Online Livestreaming	6	900
Total	206	4,983

Regular Shares Savings Plans

In February 2017, Yuanta Securities became one of the first securities firms to launch a regular shares savings plan (RSSP) enabling small investors to conveniently invest in local stocks. Beginning in January 2018, the minimum investment went down from NT\$3,000 to NT\$1,000, lowering the threshold to investment. Regular shares savings program customers are primarily young, low-budget investors, meeting government financial inclusion policy goals. Of RSSP customers, 48% are below the age of 40 and monthly contributions below NT\$3,000 make up 49% of total contracts. Through RSSPs, Yuanta Securities provides a low barrier to entry method of investing to enable small, long term investments in the markets to encourage savings and getting a head start on building wealth, so people can achieve their dreams.

Considering that RSSP investing is a long-term strategy and many of the customers are stock market novices, we must not only look at diversity and investor preference when considering the available investment options. The most important factor is risk, so stocks are chosen extremely carefully. Every six months, Yuanta Securities holds an RSSP Review Meeting to discuss new investment targets and the status of the existing selection. Currently there are nine ETFs and 15 blue chip stocks suitable for long-term investment available for customer selection in the RSSP program. At the same time, our website provides investors with an ROI calculator and we often offer lower transaction fees promotions to meet customer needs. RSSP performance through the end of 2019 is shown in more detail to the right:

年度	2019	2018	Growth Rate
Regular Shares Savings Plan (RSSP) Accounts	23,897	13,686	74.61%
RSSP Accounts (account holder under 40 years old)	11,473	6,840	67.73%
Proportion of account holders under 40	48%	47%	-
Number of scheduled deductions	41,168	24,385	68.83%
Number of scheduled deductions (of below NT\$3,000)	20,190	12,722	58.70%
Proportion of deductions less than NT\$3,000	49%	52%	-
Total amount invested over the year	NT\$1.88 billion	NT\$1.07 billion	75.70%

ETF Feeder Funds

Yuanta Funds, to reduce barriers to investment and help investors properly allocate their assets, received government approval in 2019 and launched the Yuanta TWSE Taiwan 50 Index ETF Feeder Fund, Yuanta Taiwan High Dividend ETF Feeder Fund, and Yuanta GreTai 50 Index ETF Feeder Fund. Through these three ETFs, investors are linked with our three most representative funds, including the Yuanta/P-shares Taiwan Top 50 ETF, which enables people with limited capital to invest in ETFs. The Taiwan ETF feeder umbrella fund was established on June 10, 2019. Through the end of 2019, the three feeder funds had 3,400 beneficiaries and total investments of more than NT\$923 million.

Compared to traditional ETFs, ETF feeder funds have the below advantages:

Multiple channels	Not restricted to investment trust IPO or securities firms. By linking to a fund through the ETF, investors can purchase through a bank, investment trust, or investment consultant.
Low Purchase Threshold	Using Yuanta/P-shares Taiwan Top 50 ETF (0050), Taiwan's most representative ETF as an example, 1,000 of 0050 costs nearly NT\$90,000. While an ETF feeder fund can be purchased with as little as NT\$10,000. Under a regular shares savings plan, just NT\$3,000 per month is required, so small investors can easily participate.
More flexibility and diverse asset allocation	Whether purchasing individually or as part of an RSSP, investors can create the portfolio that best suits their short, medium, and long-term financial goals for different stages of life, no matter if they are saving for retirement, education, or buying a car or house.

Feeder funds offer an opportunity to invest in a variety of products such as foreign bonds, stocks, and other asset classes. With so many choices, investors can select products that fit their risk profile and adjust their asset allocation at any time. With the low threshold and variety of sales channels, relatively low-income investors can still have a wide range of investment choices.

Social Welfare Credit Card

Yuanta Bank integrated philanthropy into our core business to create the Yuanta Bank social welfare credit card. A portion of each transaction is donated to local charitable organizations. Currently, there are 505 cards in circulation, which were used for NT\$7,875,903 in transactions in 2019 that resulted in NT\$15,422 in charitable donations.

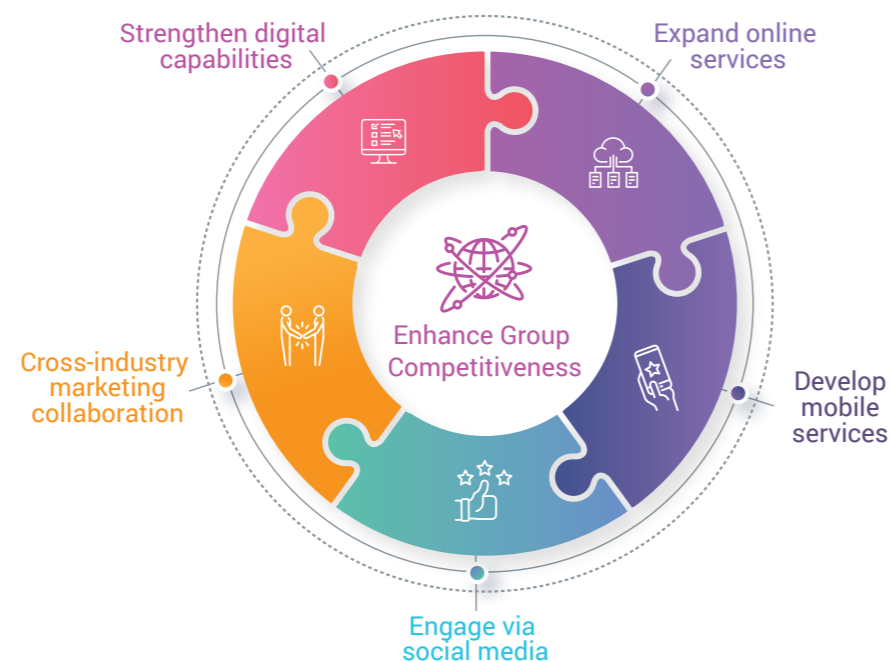
8

Outstanding Services and Customer Relationships



Technological innovations such as mobile communications, e-commerce, and the sharing economy have led to rapid developments in Fintech. Financial industry services have also evolved from traditional physical venues to online, mobile, and other platforms to better meet the financial needs of customers. With the integration of the physical and online worlds, we have entered an age of full-service finance. At the same time, as corporate governance and corporate social responsibility become increasingly important to the sustainable development of businesses, financial products and services must also consider social and environmental impacts and risks in their development and design.

In response to the ever-evolving ways customers interact with financial institutions, Yuanta has announced our plan to digitize existing physical channels and incorporate them into our electronic channels, to reorganize the physical and virtual from the inside out. After thoroughly considering customers, processes, and employees and their job responsibilities, we combined all our business channels, linked up the operations of each subsidiary, and utilized data analysis to design a customer-oriented experience. By fulfilling its clients' needs as a one-stop financial service provider, we offer customers with comprehensive, efficient, and high value-added services from the entire group with a consistent customer experience.



8.1 Digital Financial Services

Financial Product Innovation and Services

Management Approach

As the financial industry continues to adopt the latest digital technologies, financial products and services are becoming ever more diverse and complicated. Differences between firms within the industry are also gradually shrinking, while competitive pressure only increases. In the age of digitization, strengthening the entire Group's digital competitiveness is of primary importance. By developing the Group's competitive advantages and strengthening customer relationships, while also fulfilling regulatory requirements and providing transparent financial product information, we can enhance the flexibility and diversity of our financial services. Newly developed products must first pass Yuanta internal review to ensure we provide a green financial product platform and marketing services in a friendly digital environment that protects investor rights and interests.

Yuanta Securities launched the Mr. Investor APP in 2019 and by the end of the year it was downloaded over 810,000 times and customer satisfaction reached 94%. In 2019, the value of Yuanta Securities' electronic order transactions made up 69% of the total, which outpaced the proportion of electronic trades in 2018. Yuanta Funds launched the FundTech App, which was downloaded 36,000 times in 2019. Electronic trades made up 94% of all Yuanta Futures transactions in 2019. In 2018 and 2019, Yuanta Securities received six patents, Yuanta Bank and Yuanta Funds received 12 patents each, and Yuanta Futures received one patent. In the future, the Group will continue to pour our efforts into financial product innovations and services, to launch more mobile services, expand our online offerings, build our digital capabilities, and take advantage of social media and cross-industry marketing collaborations to strengthen the Group's digital competitiveness.

8.1.1 Mobile Services Development



Yuanta Mr. Investor APP

Provides real time quotes, technical analysis, corporate trends, margin trading and short selling changes, revenue performance, and after-hours information, as well as offering comprehensive stock market information for exchanges in Taiwan, the USA, Hong Kong, and China. Yuanta Securities Investment Consulting's professional team utilized innovative artificial intelligence (AI) stock picking technology and an intuitive order interface to provide investors with appropriate stock selection advice. The app has been recognized with several design patents and we continue to upgrade its features to make it even more convenient for investors. In 2019, we added functions for futures options trading and domestic and overseas options orders to give customers an even more convenient investing tool. The app supports biometrics, so users can quickly log in using facial or fingerprint recognition. Even new users can get the hang of things quickly. In 2019 we launched the Continuous Trading Simulation Platform simultaneously with the Taiwan Stock Exchange (TWSE). From 2:30 pm to 5:00 pm after the market closes, customers can place simulated trades to get a preview of the speed and diverse trading options of the new system. In 2019, there were 32,000 trading accounts on Yuanta's simulation platform that made a total of 2.44 million trades, which enabled novice investors a chance to quickly build correct investing concepts and knowledge. Through the end of 2019, the Mr. Investor APP was downloaded over 810,000 times.

Mr. Investor APP Awards

- Industrial Development Bureau, Ministry of Economic Affairs Digital Content Product Award - 2018 Best Product
- Business Next Magazine's Future Commerce Awards 2019 - Best Product Innovation Award
- Awarded Best Product at the National Brand Yushan Awards, then conference attendees selected Mr. Investor to receive the National First Prize.
- Received the Best Smart Banking Award in Business Today Magazine' Best Wealth Management Award of Banks and Securities.
- Securities & Futures Institute bestowed the biannual Golden Goblet Award for Outstanding Financial Innovation.
- At the Taiwan Corporate Sustainability Awards, the app received the Innovation Growth Award.



Action Point of Hope APP : Went offline at the end of 2019

Unlike most mobile stock quote software on the market, this app boasts a proprietary interface tailor-made by the Yuanta Securities development team. The app offers intuitive operation and interfaces for linked orders and market price quotes, on-demand cloud transactions, and mobile auctions along with an industry-first fingerprint identification login function and Apple Watch support. With the various transaction and subscription options available, mobile stock management was extended to the world of wearable financial services. Because these functions were integrated into the Mr. Investor APP, Action Point of Hope was discontinued at the end of 2019.



Yuanta Wanshitong APP

A pioneering one-stop service, the app reflects the innovative thinking of the digital era and features domestic and overseas transactions, auction underwriting, borrowing and lending funds for unrestricted purposes, bidirectional lending between natural persons, wealth management services, 24 hour online account opening, live video, financial news, and market analysis. Using a patented identity verification system, the app ensures customer security. We aim to provide investors with the very best financial services experience. By the end of December 2019, first-time applications on the Yuanta Wanshitong APP exceeded 491,000.

Yuanta Futures Wizard APP

Yuanta Futures is committed to innovation in products and services and continues to apply for Fintech patents in risk control and smart trading. One of these new innovations is the Yuanta Futures Wizard App, which integrates a domestic commodity trading system with updates on the latest investment information and market conditions in real-time. The platform offers reminders and analyses for self-selected portfolios. In response to the different needs and natures of various products, the interface is customizable. The app lowers the barrier to market entry, streamlines the decision process, and accelerates trading to meet our customers' investment vision and help them stay on top of the latest market movements.

Mobile Banking APP

Yuanta Bank utilized project and process optimization to upgrade the system and provide new features such as completing transactions using biometrics, opening trust accounts online, and cardless ATM withdrawal. The newest fintech features have been introduced like biometric identification to log in and execute some transactions, QR Code transfers, and cardless ATM withdrawal to make transactions more convenient. The app also features a loan calculator that enables users to quickly comprehend their financial situation and accelerate loan approval and receipt of funding. Now, users can even receive online certification for credit loans, and apply for car loans and mortgages through the app. It is like a bank in your pocket that is open 24/7.

8.1.2 Expand Online Services

Yuanta e-Counter

Provides electronic services like online newsletter/electronic statement subscriptions, e-Passbooks, and opening accounts online. We continually review and improve services where needed to make them quicker and more convenient. By going paperless, we reduced paper and energy consumption required to mail hardcopy statements. Through the end of 2019, a total of 804,000 accounts applied for electronic statements, which saves resources and reduces overall energy use. In 2019, Yuanta launched online credit loan application services that allow for online certification. Through December 31, 2019, the number of credit loans submitted online showed a year-on-year increase of 169%, while 30% of credit card applications are now done online. The amount borrowed for approved credit loans makes up 22% of all approved borrowing. These growing figures show that customers find these convenient, time-saving digital financial services worthwhile.

Expanded Online Banking Services

Yuanta Bank provides digital services through personal online banking. To expand our customer base, we provide high-net worth customers with a digital banking experience available any time of the day or night 365 days a year. In June 2019, the Mutual Fund Quick Order Module was completed. After discussing with their wealth management consultant, customers can use the simple, straightforward interface to apply for mutual fund transactions with just one click on their computer or mobile device. As of December 31, 2019, quick orders made up 30% of all online fund transactions and increased overall online fund transactions by about 5%.

Corporate Online Banking

Yuanta Bank's corporate online bank includes cash management, salary transfer, import and export trade, and financing management modules. The system reduces management costs for business owners and enables them to make optimal use of funds. In July 2019, the corporate online bank added an English language interface to meet the needs of multinational corporations and English-speaking businesspeople. In 2019, applications for corporate online services increased 33% over the previous year and transactions increased by 10% during the same period.

Online IPO ETF Purchases

In the past, investors wishing to participate in IPO ETF purchases could only apply on paper. To upgrade our electronic services, when we launched the Yuanta Global NextGen Communications ETF for the first time ever we allowed eIPO purchases during the fundraising period and received NT\$50 million worth of orders over five days.

Smart Ecological Chain

Yuanta Futures' Online Service Platform enables users to open new accounts, sign documents, make payments, update their information, and place orders online. The strategic platform primarily consists of the Yuanta Online Advisor, which combines O2O classes, futures and options research reports, and cloud trading strategies to provide a one-stop intelligent investment platform. Yuanta's smart ecological chain serves as an outpost for investors using Expert Advisor. Yuanta Futures provides AP/APP/API trading platforms and led the futures industry with our launch of an artificial intelligence application interface. The Yuanta Futures Wizard program provides five major intelligent services to meet the ever-expanding trading needs of investors and provide the newest, most optimized financial services. We are also the only company in the industry providing Token Wizard web crawling services, which enable investors to quickly retrieve the market information they need and provide them with the tools to execute their investment strategy.

Electronic Transaction Performance of Each Subsidiary

Numbers of users successfully signing up for new accounts online or through the mobile app

In 2019, newly opened accounts at Yuanta Securities and Yuanta Funds increased significantly due to upgrades in the Yuanta Securities online account application process. The usually tedious process to open a new account is now much simpler and only takes five minutes, compared to 40 minutes in the past. Yuanta Funds launched ETF feeder funds in 2019. Because opening an account online is now faster, investors are much more willing to use the new process and signups grew significantly, as did the proportion of online applications compared to all new account applications.

Company	Year	Annual New Accounts Opened Online	Total Annual New Accounts Opened (online + in person)	Proportion (%)
Yuanta Securities	2017	34	85,748	0.04
	2018	50	87,756	0.06
	2019	4,225	105,108	4.02

Note: Accounts opened online include opening credit accounts, renewal/credit limit adjustment, borrowing, security lending, and wealth management.

Yuanta Bank	2017	7	50,944	0.01
	2018	135	62,148	0.22
	2019	113	74,597	0.15

Note: Accounts opened online refer to digital savings accounts.

Yuanta Funds	2017	226	1,146	19.72
	2018	197	905	21.77
	2019	737	1,868	39.45
Yuanta Futures	2017	1,715	15,716	10.91
	2018	1,907	13,304	14.33
	2019	1,883	11,033	17.07

New Accounts Applying for Electronic Statements

As opening accounts online has become more convenient, 2019 saw the number of new accounts at Yuanta Securities opened in this manner rise significantly. When opening an account online, customers will nearly always also apply for electronic statements. In 2019, Yuanta Funds launched ETF feeder funds, which have become very popular. Opening an account online can get investors trading in no time and accounts opened online can only receive electronic statements. This led to significant jumps in the number of accounts and correspondingly, the number of accounts using electronic statements over the year, but the overall proportion only increased by a few percentage points.

Company	Year	Number of new securities accounts using electronic statements	Total number of new securities accounts	Proportion (%)
Yuanta Securities	2017	63,496	85,748	74.05
	2018	68,696	87,756	78.28
	2019	89,041	105,307	84.55

Company	Year	Number of new personal savings accounts using electronic statements	Total number of new personal savings accounts	Proportion (%)
Yuanta Bank	2018	75,692	103,579	73
	2019	108,837	129,792	84

Note: 1. In June 2018, Yuanta Bank launched a program to raise the proportion of accounts receiving electronic statements in order to save paper and reduce energy use.
2. Regularly monitor the program's implementation and relevant figures are evaluated during each branch's administrative assessment.

Year	Number of newly issued credit cards with electronic statements	Total number of newly issued credit cards	Proportion (%)
2018	70,060	284,401	25
2019	39,825	70,512	56

Number of newly issued credit cards with electronic statements: The sum of the number of newly issued credit cards (primary cards) for each month that requested electronic statements over the year.

* Total number of newly issued credit cards: sum of the number of new credit cards reported to the Financial Supervisory Commission each month in the year (does not include reissued cards or new cards on an existing credit account)

Company	Year	Number of new accounts with electronic statements	Total number of new securities accounts	Proportion (%)
Yuanta Funds	2017	1,036	1,146	90.40
	2018	666	905	73.59
	2019	1,416	1,868	75.80

Company	Year	Number of new accounts with electronic statements	Total number of new securities accounts	Proportion (%)
Yuanta Futures	2017	13,502	15,716	85.91
	2018	11,666	13,304	87.69
	2019	10,019	11,033	90.80

Digital Orders

As part of its Finance 3.0 plan, the Financial Supervisory Committee is aiming for 70% of securities orders to be performed digitally by 2020. In response, Yuanta Securities actively promotes digital order services (online, mobile, or interactive voice response). In 2019, the value of successful digital orders made up over 68% of total annual transactions.

Year	Total Amount of Digital Transactions (NT\$1,000)	Total Annual Transactions (NT\$1,000)	Proportion (%)
2017	4,705,465,407	7,917,851,929	59.43
2018	5,934,173,606	9,142,280,794	64.91
2019	5,668,267,681	8,311,902,200	68.19

8.1.3 Strengthen Digital Capabilities

(1) Application of Blockchain Technology

Yuanta Bank worked together with Financial Information Service Co. Ltd. to research and develop blockchain technology applications. We provide online applications for external confirmation authorization agreements. Without manual intervention or sending hardcopies of any documents, commercial account financial information can be sent to the company's accountant electronically in response to their inquiry. The technology significantly increases the accuracy and timeliness of external confirmation information, while also strengthening the overall application process to create higher financial value and the best possible customer experience. Since the service went online at the end of last year, it has received rave reviews from corporate customers. Currently, 160 corporate customers have authorized blockchain external confirmation. Through the end of 2019, the system has replied to 1,557 industry authorizations.

(2) Application of Patented Technology

Yuanta Bank trademarked the Chinese word for FinTech in September 2018 and released the "FinTech" series of online videos introducing financial technology to a general audience to raise our online profile. Through December 31, 2019, we have received 12 utility model patents from the Taiwan Intellectual Property Office for various technologies including automated rates, facial recognition, financial evaluation, and an automated financial voice system with sound input/output device. Of these, facial recognition is already featured in a marketing campaign. We continue to work on new applications for our patents and to expand the Bank's patent portfolio.

Financial Service-related Patents 2017-2019

Year	Type (Invention/Utility Model/Design)	Patent	Company
2019	Design Patent	Graphical user interface for a display (1)-(4) Graphical user interface with a changing appearance (1)	Yuanta Securities
	Utility Model Patent	Automated rate updating system	Yuanta Bank
	Utility Model Patent	Automated appointment system	
	Utility Model Patent	Facial recognition marketing system	
	Utility Model Patent	Financial Evaluation System	
	Utility Model Patent	Automated financial voice system with sound input/output device	
	Utility Model Patent	Automated money allocation system	

Year	Type (Invention/Utility Model/Design)	Patent	Company	
2019	Utility Model Patent	Investment management equipment	Yuanta Bank	
	Utility Model Patent	Online bank personalized services system		
	Utility Model Patent	Multiple transfer transaction system		
	Utility Model Patent	Currency exchange processing system		
	Utility Model Patent	Mutual fund recommendation system		
	Utility Model Patent	Inter-bank online banking system		
	2018	Utility Model Patent	Quantitative transaction analysis device	Yuanta Funds
		Utility Model Patent	Financial product price trend prediction system	
		Utility Model Patent	Debt to equity ratio trend prediction system	
Utility Model Patent		Option trading system for intraday settlement and liquidation	Yuanta Futures	
Design Patent		Graphical user interface for a display		
Invention Patent		Mutual fund consumption system		
2017	Invention Patent	Intelligent scheduling equipment and method for net settlement of mutual fund investments	Yuanta Funds	
	Utility Model Patent	Server for fund investment operational risk notification		
	Utility Model Patent	Display device utility model certificate		
	Utility Model Patent	Server equipment for dynamically providing an event-driven investment information window based on previous browsing behavior		
	Utility Model Patent	Server and user equipment for dynamic evaluation of user transaction characteristics		
2017	Utility Model Patent	Fund Consumption Method and System	Yuanta Funds	
	Utility Model Patent	Currency Fund Trading System		

8.1.4 Cross-Industry Marketing Collaborations

1. Open Banking

- To build scenario-based financial services and seamlessly blend digital technology into consumers' lives, Yuanta Bank has begun gradually deploying Open Banking. By building strategic alliances with innovative entrepreneurs working on the front lines of multiple payment services, information integration, identity verification, digital marketing, and Fintech, and using Open API technology, we are developing innovative financial information, user identification, payment transfers, bill payments, and marketing and promotion technologies. These efforts are increasingly leading to personalized digital financial services for consumers.
- We are actively working with Fintech innovators and using Open API to collaborate with other industries on projects like the Insurance Passbook App, which enables users to select their preferred method for paying insurance premiums. At that point, we can suggest suitable credit cards and direct the user to the card application page.

2. Campus Payment Services: Students from colleges and universities that are part of Yuanta Bank's cooperative school network are encouraged to utilize electronic payments instead of cash. We also held several campus payment seminars with a Pay Your Bills and Win lucky draw. Over 4,000 people participated in these activities on campus.

- At the end of 2019, Yuanta Bank was authorized to receive tuition and fees payments on behalf of 56 schools and there were nearly 165,000 payments made through the Yuanta School Payment website. School cross-sector payments seminar: In 2019, several seminars were held on campuses and attended by approximately 1,500 people. Through close interaction at these events, we can better understand the students and their payment needs.
- Actively participate in the Campus Mobile Payment Promotion Plan: The Ministry of Education commissioned the Information Service Association of Chinese Colleges to promote its campus mobile payment promotion plan and Yuanta Bank was one of their first banking partners. In the fourth quarter, we ramped up our efforts and took part in several large-scale activities to promote mobile payments on campuses including the International ICT Innovative Service Awards held on November 2 at the National Taiwan University Sports Center and the Ministry of Education's Campus Mobile Payment Seminar and Demonstration held on December 27. These in person events give students and teachers the opportunity to experience mobile payments for themselves and see just how convenient they are, which will help popularize the technology and encourage future advances.

- Integrated with the Taiwan Clearing House's eFCS platform, Taipei City Government's Pay Taipei and other smart payment platforms enable residents to easily pay their gas bill and school tuition online. Customers can log into the Yuanta mobile bank and simply scan the bill's barcode to see more details and to remit payment online. At over 345 elementary and secondary schools in Taipei, Tainan, and Yunlin County, parents can already deduct tuition and fees directly from their Yuanta accounts with no additional charges or fees.
3. Cross-border Payment Services: Yuanta Bank was one of the first financial institutions in the market to offer cross-border payment services, which result in much lower fees than traditional cash transactions between different currencies. Yuanta Bank works with Alipay to offer customers the ability to make and receive cross-border payments simply and easily. The volume of transactions made in 2019 rose 45% over 2018, while the total number rose by 24% over the same period. By popularizing electronic payments domestically and optimizing cross-border electronic payment services, small and microenterprises in Taiwan can expand their customer base and increase brand awareness. In September 2019, the Financial Supervisory Commission approved Alipay cross-border transaction payment services for individual sellers. In the fourth quarter, we already began offering services for individual accounts, which gives our customers the widest variety of payment options.
4. Next-generation Bank Branches: Yuanta Bank developed a pioneering Finance Creative Space in our next-generation Huashan Branch. The design takes a cue from its surroundings and expands our conceptions of a bank branch to include cultural and educational spaces. The traditionally somber and boring waiting area of a regular bank branch is transformed into an exhibition space. In addition to offering talks on financial management, the branch hosts fintech educational activities, exhibitions, philanthropic and artistic presentations, and Fintech service demonstrations. A simple trip to the bank becomes something infinitely more.
- From September to November 2019, the Huashan next-generation branch held the Imagine Your Digital Life exhibition where the public could experience the convenience of mobile payments. There were two highlights that served as the event's focus. The first was facial recognition marketing, which used facial recognition technology to recommend the financial products that best suited each customer. The second star of the event was a smart vending machine developed through cross-industry collaboration. By scanning a QR Code, participants could use the vending machine and experience mobile payment technology for themselves.
 - Wanhua Branch digital experience area: Opened in November 2019, the area features facial recognition technology that suggests suitable financial products. Through collaboration with retailers, the area is also equipped with a smart vending machine, which uses QR code, providing customers a chance to experience mobile payments.
5. Utilization of Digital Technology in Marketing
- Fintech Taipei 2019: Yuanta Bank's patented Facial Recognition Marketing and automated financial voice system were on display for visitors to try out.

8.1.5 Social Media Operations

Yuanta Bank is focused on developing interactions with young people, our potential future customers, primarily through social media and our mobile bank. We utilize Facebook, LINE, YouTube, and Instagram to connect with younger users primarily through lifestyle and themed marketing to grow our fans and followers to increase Yuanta Bank's popularity and visibility among those groups.

As of the end of 2019, Yuanta Bank posted more than 270 times on Facebook on a range of topics including our monthly investment report, Fintech education, Mobile Banking Life, Way to New Year Investing, Credit Loan Classroom, Overseas Travel Tips, New Investor Starter Kit, and Online e-Application Services to give customers the latest financial and market news. After upgrading our social media offerings, members can use the Facebook's iMessage, and LINE's "I Want to Invest" menu function to access any needed financial information, strengthening the integration of finance and social media.

Yuanta Securities set up the Yuanta Warrants Online simulated trading platform through the LINE app that combines realistic simulated trading, an online warrant classroom, smart search, and the latest market information. Simulated trading competitions add to the fun and let users test out their new skills. Yuanta Warrants Online educates people about warrants in a relaxed and interesting manner.

The platform provides a comprehensive self-directed learning environment that takes full advantage of the internet's wide-ranging capabilities to bring investing into people's everyday lives. No matter when or where, people can get online and learn. Through the end of 2019, we held six simulated trading competitions, our LINE friends reached 20,834 people, and we sent 36 warrant education-related messages and livestreamed 15 live warrant education classes.

8.2 Service Quality and Customer Relationship Management

The Group considers the needs of our customers in everything we do and engages in continuous and innovative use of Fintech to provide fast, novel digital financial services, while at the same time focusing on relationships with customers, adhering to the principle of fair treatment, and protecting customer privacy, which solidifies the trust between our customers and the Group. Meanwhile, we must also make good use of the core business of our subsidiaries to reinforce CSR concepts and promote responsible financing, responsible investment, and financial inclusion. From Customer Care to Green Operations, Yuanta Financial Holdings is committed to establishing sustainability in all aspects of our financial services.

Management Approach

In the wake of the Great Recession of 2008 and the rise of technology in recent years, the question of how to maintain customer relationships and manage customer privacy and information security to rebuild consumer confidence in the financial services industry is a pressing one. Yuanta Financial Holdings' culture is one of integrity, professionalism, honesty, and stability, with the fair treatment principle at its core. We respect consumers' rights and listen carefully to our customers. "Creating optimal benefits for customers, shareholders, and the Group alike" is our objective and Yuanta is committed to providing the best financial services and building a financial brand that is synonymous with peace of mind.

In accordance with the Personal Data Protection Act, Cyber Security Management Act, and regulations from the competent authorities such as the Financial Holding Company Act and Regulations for the Management of Shared Marketing Across Subsidiaries of Financial Holding Companies, the Company formulated Yuanta Financial Holdings and Subsidiary Companies Customer Information Confidentiality Measures. Yuanta Financial Holdings has various official channels such as corporate website, a customer service hotline, and email so customers can easily contact us. We can effectively gauge customer service performance by regularly monitoring average answer rate, the average processing time for customer complaints, and customer satisfaction surveys. To improve the quality of our customer service, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures have all completed their customer service satisfaction survey procedures or manuals in 2019.

In 2019, the Group conducted the Advocacy of Personal Data Protection Act Training Course, accumulating 13,847 training hours. Also, each subsidiary achieved its customer satisfaction goals of 90% or higher. To support government policy and implement fair treatment principles, Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Futures each established their own policy for fair treatment and internal organizations that regularly report the implementation status of relevant regulations to the Board and put these measures into practice in operations. In 2019, Yuanta Securities, Yuanta Bank, and Yuanta Life received BS 10012:2017 Personal Information Management System (PIMS) certification.

8.2.1 Customer Satisfaction

As well as maintaining relationships, solving customer problems is also an important part of customer relationship management. Yuanta Financial Holdings takes a proactive attitude toward problems, keeping a close eye on customer complaints and the affected subsidiaries. "Moment of Truth" management is something we place great emphasis on, engaging in horizontal communications across departments to solve customer issues. We listen to our customers' problems carefully and with empathy, endeavoring to understand the root of each problem and follow up to understand whether it was resolved to their satisfaction. Through education, training, and regular managerial guidance, we strive to strengthen our customer service system and place customer satisfaction firmly at its core, while also improving our communication and problem solving skills.

- Proactively discovering customer issues: Communicate with customers through our customer satisfaction survey to find out where we need to improve to raise customer satisfaction.
- Tracking customer complaints: Monitor average answer rate and average processing time for customer complaints to ensure that the Company receives and responds to customer needs to enhance our relationships.

Customer Satisfaction Survey

Satisfaction Survey	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2019 Goal (%)
Yuanta Securities (Note 1)	98.97	98.07	99.03	97.91	96
Yuanta Bank	85.09	86.83	88.26	97.49	90
Yuanta Life (Note 2)	-	-	97	97.87	90
Yuanta Futures	95.6	95.2	95.3	96.01	95
Yuanta Funds (Note 3)	-	-	98.8	97.30	95
Subsidiary Weighted Results (Note 4)	92.56	93.34	96.37	97.72	
Data Coverage Rate (Income Coverage Rate) (Note 5)	37	41	97	98	

Note 1: The Action Point of Hope App was discontinued, and the electronic platform and some service permissions were adjusted, which resulted in lower satisfaction in 2019 compared to 2018. Yuanta Securities carried out a review and has implemented improvement measures. We hope to further improve customer satisfaction through the friendly, helpful attitudes of our employees and by adding training courses to strengthen employee capabilities.

Note 2: Yuanta Life began surveying customers who visited for insurance counter service in March 2018.

Note 3: Yuanta Funds began implementing customer satisfaction surveys in September 2018.

Note 4: Average of subsidiary customer satisfaction results for the year in question weighted by subsidiary income.

Note 5: Measure of what proportion of the Group's overall domestic income is represented by the domestic income of subsidiaries included in the customer satisfaction survey data.



Mr. Investor App Customer Satisfaction

In addition to the customer satisfaction surveys discussed above, we also solicited customer satisfaction data regarding our digital services to provide our customers with the best possible investment experience. From September 18, 2018 to January 31, 2019, customers who made trades on Mr. Investor received surveys that focused on five aspects of our online services including trading and stock picking. Nearly 5,000 surveys were returned with an overall satisfaction rate of 94%.

94%

Case Study - Operation-specific satisfaction surveys



Yuanta Securities and its Stock Transfer and Registrar Department regularly conduct customer satisfaction surveys tailored to the characteristics of their customers. The Stock Transfer and Registrar Department designed a customer satisfaction survey mechanism specifically in regards to its shareholders' meeting operations, which included questions regarding the compliance of the shareholders' meeting schedule, initiative of service staff and on-site management capabilities, to determine customers' overall satisfaction with the meeting.

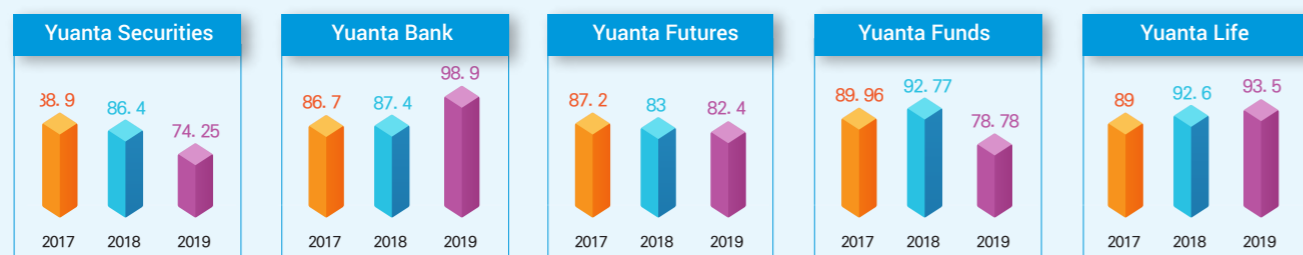
Stock Transfer and Registrar Department	2017	2018	2019
Number Surveyed	191	203	212
Average Satisfaction Rate	96.84%	96.89%	98.23%

Average Answer Rate

The customer service line is an important channel for the company to communicate with stakeholders. By tracking the average answer rate, we can gauge employee initiative in responding to customer issues. We aim to answer customer complaints even more quickly and comprehensively to improve our service quality.

In 2019, with the introduction of the Mr. Investor App, Yuanta Securities spent additional phone time on customer inquiries regarding installation, operation, transactions, and continuous trading, which affected the average answer rate. The enthusiastic customer response to Yuanta Funds' newly launched ETF feeder funds and ESG sustainability ETF led to a large reduction in answer rate in 2019. The increase in Yuanta Life's answer rate is due improved employee performance linked to proper personnel management, training, and contests and rewards. In the future, each subsidiary will continue to strengthen their customer complaint mechanisms to protect consumer rights and interests.

Average Answer Rate (%)



Calculation formulas:

1. Yuanta Securities Average Answer Rate (%) = the number of calls received by the customer service staff / the number of calls to the customer service center x 100%
2. Yuanta Bank Average Answer Rate (%) = (the number of calls - the number of abandoned calls) / the number of calls x 100%
3. Yuanta Futures Average Answer Rate (%) = the number of dial-in calls / the total number of incoming calls x 100%
4. Yuanta Funds Average Answer Rate (%) = the number of dial-in calls / the total number of incoming calls x 100%
5. Yuanta Life Average Answer Rate (%) = the number of answered calls / the total number of incoming calls x 100%

8.2.2 Protecting Customer Rights and Interests

Fair Treatment of Customer

The Financial Supervisory Commission announced the fair treatment principle in 2015 to promote the development of a financial services industry corporate culture centered on the idea of fair treatment. The FSC encourages companies to formulate related policies and strategies, then put them into practice. In 2019, the FSC launched the Evaluation System for Practicing of Fair Treatment Principle in the Financial Services Industry and named specific areas of concern. In accordance with the competent authority policy, the Group is committed to a corporate culture of integrity and honesty with fair treatment at its core. Customer rights are our utmost concern and we listen to our customers to provide them with the highest caliber service and build a financial brand that equals peace of mind.

Internal Control and Audit Systems Checkpoints

In response to competent authority policy, Yuanta Securities' Board of Directors adopted the Policy on Fair Treatment of Customers and Strategy for Fair Treatment of Customers on March 24, 2016 to properly adhere to these principles in our operations. Yuanta Securities has required departments to include the policy and strategy of fair treatment of customers, internal regulatory compliance, and the Code of Conduct in employee training, incorporate requirements related to fair treatment of customers into items to be audited by internal control and auditing systems, and propose actions for improvement to the Committee for Promoting Fair Treatment of Customers, which regularly reports to the Board. These efforts will increase employee awareness of consumer protection, compliance with financial consumer protection laws, and effectiveness in dealing with customers in the event of a dispute or litigation.

Yuanta Bank's Board of Directors, the ultimate authority overseeing the implementation of the fair treatment principle, established the Implementation Team for Fair Treatment of Customers on August 16, 2019, with the president serving as convener. The team is primarily responsible for coordinating planning and implementation of principles on fair treatment of customers and supervising their implementation within each department. The team also monitors bank-wide customer complaint case statistics and the status of relevant improvements, while also discussing major customer disputes. Each month the team compiles its findings in the team's work report, which is presented to the Board.

The Board of Directors of Yuanta Life approved the Policy on Fair Treatment of Customers and Strategy for Fair Treatment of Customers on April 26, 2016 and established the project team for fair treatment of customers in the same year. Business units serve as the first line of defense and regularly provide supervisory reports detailing implementation in each department and office. The Compliance Affairs Department and Risk Management Department serve as the second line of defense and formulate related regulations and control policies. The Audit Department, the third line of defense, supervises each department and office as they implement improvement measures. On September 2, 2019, the Fair Treatment Committee was established followed by the Dispute Committee on the following day, September 3. Each quarter the committees report to the Board regarding the progress in carrying out the principles for fair treatment. This framework serves to cement fair treatment as a common value throughout Yuanta Life and as an important part of our code of conduct. Each related policy and its implementation are incorporated into internal controls and auditing systems. In 2019, following the policy of the competent authorities, Yuanta Life began executing the Evaluation System for Practicing of Fair Treatment Principle in the Financial Services Industry.

Groups Established Within Each Subsidiary to Implement Fair Treatment Policy

Company	Name of Group (committee or implementation team)	Group Composition and Management Level	Frequency of Meetings	Notes (content of resolutions, if any)
Yuanta Securities	Committee for Promoting Fair Treatment of Customers	President serves as convener and the Product Sales Team, Customer Dispute Resolution Team, and Business Team were established under the Committee	Quarterly	Report to the Board on a quarterly basis regarding relevant operations
Yuanta Bank	Implementation Team for Fair Treatment of Customers	President serves as Team convener	Monthly	Report the contents of Work Report to the Board each month
Yuanta Life	Fair Treatment Committee	Task force belonging to a permanent interdivisional office that is under the jurisdiction of the president	Quarterly	Established the Fair Treatment Committee on September 2, 2019 and Dispute Committee on September 3, 2019. Status of all operations is reported to the Board quarterly.
Yuanta Futures	Fair Treatment Committee	President serves as committee chairman and there are two vice-chairmen	Quarterly	The Fair Treatment Committee was established on October 4, 2019 to oversee promotion and implementation of the Principle on Fair Treatment of Customers. The status of customer dispute and complaint handling is reported to the Board each quarter. On December 25, 2019, the Committee reported the latest details of Customer Care Action Project implementation to the Board. The four key areas of fair treatment implementation are financial services, risk management, customer service hotline, and personal data protection.

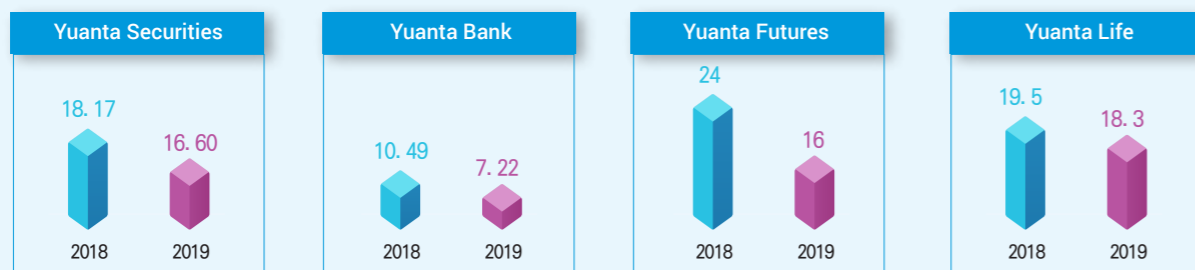
Customer Complaint Handling Principles

Customers can contact us any time with questions or complaints via Yuanta Financial Holdings' website, customer service hotline, or email. We have also set up regulations governing the internal control system, customer complaint handling process, and telephone recording system management instructions to efficiently track and improve problems, which enables the Company to offer the best service and customer rights protections. When a customer complaint is received, we immediately notify relevant units which then process the complaint and reply to the customer, Company, or competent authorities to keep them informed about the status of the reported issue. Yuanta Financial Holdings and our subsidiaries, in accordance with the regulations of each respective industry, formulated strict customer complaint handling procedures to properly handle and respond to each instance. Yuanta Bank's customer service center features a customer-centric complaint handling process with rapid, consistent, and systematic responses that raises service quality to maintain or improve customer loyalty and satisfaction. In December 2019, implementation of ISO 10002 customer complaint management systems began, with certification expected to be achieved in June 2020.

Average Processing Time for Customer Complaints

From these statistics, we can understand the time involved in handling customer issues. In 2019, Yuanta Securities' rate of verbal reply increased. Because offering a verbal explanation takes less time than a written response, the average processing time was lower this year compared to 2018.

Average No. of Days to Fully Process Consumer Complaints



Calculation formulas:

- Yuanta Securities Average No. of Days to Fully Process Consumer Complaints = total days required to process all customer complaints cases over the year / the number of customer complaint cases
- Yuanta Bank Average No. of Days to Fully Process Consumer Complaints = total days required to process all customer complaints cases over the year / the number of customer complaint cases. In 2018, following the merger, former Ta Chong Bank customers were not familiar with Yuanta Bank and initial loss of front line customer service staff resulted in customer complaints due to insufficient personnel. With the revision of the Consumer Dispute Resolution Act in 2019, the basis of calculations for 2019 was changed to the Bank headquarters, 2018 figures were also retroactively adjusted.
- Yuanta Futures Average No. of Days to Fully Process Consumer Complaints = number of days processed (transaction day) / total number of cases
- Yuanta Life Average No. of Days to Fully Process Consumer Complaints = total days required to process all customer complaints cases over the year / the number of customer complaint cases
- Due to the "0206 option price fluctuation event" in 2018, Yuanta Futures proposed the below improvement measures after discussion with the competent authorities:
 - Investors turn off SPAN and margin optimization
 - Use futures dealer daily stress test results used to set customer risk notification based on internal controls.
 - Margins are required when investors attempt to trade relatively illiquid products or act as options writers.
 - Added operations to offset the futures on behalf of the principal.
 - Opening only orders may not use market order, if the transaction cannot proceed, a price inquiry must be made, and ROD orders are prohibited during the entire process to maintain the stability of the futures market.

Excellence Magazine held the 2019 Excellence Outstanding Insurance Survey and Yuanta Life stood out from the pack, winning the Best Service Quality Award. Survey results showed the public gave responded positively on below aspects of Yuanta Life's service:

- Overall satisfaction with front line counter service personnel and telephone customer service staff performance was very high.
- Customer service personnel are friendly, have good communication skills, and are great problem solvers. Yuanta Life received positive marks for quickly resolving problems, providing accurate information, and having short waiting times.
- High marks were given for clean, spacious service environment and easy to use online services.

Principle of Product or Service Suitability

As the banking industry develops and becomes ever more diverse, Yuanta Bank formulated the Strategy for Fair Treatment of Customers and Operating Guidelines for Customer Investment Risk Level and Product Suitability to ensure full understanding of our customers and provide them with suitable products approved by Yuanta Bank that fit with their risk tolerance. Yuanta Bank established the New Product Evaluation Committee, Financial Product Evaluation Committee, Financial Management Product Listing Evaluation Team, and Financial Marketing Products Listing Evaluation Team, which are responsible for evaluating the Bank's new products, financial management products, and financial marketing products to ensure operating efficiency and proper risk management.

For financial product operations, Yuanta Bank established governing rules for evaluation of professional customer qualifications and know your customer (KYC) operational guidelines were set up for corporate finance. Trust and derivative product operations are governed by internal operating systems and procedures along with regulations governing non-investor product suitability. In addition to a KYC data sheet used to evaluate customer attributes, we must increase the frequency and strength of product suitability risk reviews and upgrade the management levels and product scope for product review meetings to ensure customers can bear the risk posed by said products.

When Yuanta Life finance channel, brokerage channel, direct channel, and multi-channel insurance sales personnel solicit customers, to get a full picture of the finance consumer's needs and abilities, they must fill out the "understanding potential policyholder and insured person's needs and suitability assessment analysis and salesperson report" to ensure that the product in question is appropriate for the customer. Yuanta Life, in order to develop the correct money laundering and terrorist funding risk sensitivity in front line insurance sales personnel, has drawn up a customer questionnaire suited to the business of each relevant unit and strengthened employee training in interacting with customers.

Yuanta Securities' policy on fair treatment of customers clearly stipulates that prior to entering into a contract for products or services, the company must fully understand, document, and update any relevant customer information in a timely manner and evaluate customer investment capability, the status of previous dealings, and credit application procedures to ensure the product or service in question is suitable for the customer. In accordance with the characteristics of different products or the investment area, Yuanta Securities established a diversified ex-ante evaluation mechanism to distinguish between professional and non-professional investors. Contents must at least include an evaluation of the product attributes, know your customer procedures, and evaluation of customer's attributes to investigate the customer's investment experience, financial condition, trading purpose, and understanding of the product, as well as the suitability of product.

Principle of Selling Complex High-Risk Products

Yuanta Bank, to ensure proper operations and risk management, established the Financial Product Evaluation Committee, Financial Management Product Listing Evaluation Team, and Financial Marketing Products Listing Evaluation Team to evaluate products for the Bank's financial marketing and wealth management operations. These financial marketing and wealth management products are reported and evaluated in accordance with the Bank's relevant regulations prior to being listed for sale. New financial products or operations must be reported and evaluated as stipulated in the regulations governing evaluation of products. If the new product is a complex high-risk product it must be submitted to the Board of Directors for approval to improve the product evaluation system and strengthen measures to protect customers.

As products become more diversified and markets evolve, written product information disclosures often cannot fully meet customer needs. Also, any lack of clarity in the writing of such information will affect customer understanding of the product. In recent years, the Group has held a variety of classes to strengthen our clients' wealth management and financial knowledge.

Financial Education Activities

Company	Description (Methods to improve customer financial knowledge)	Events Held in 2019	Performance results (Includes no. of attendees, no. of viewers, report circulation)	
Yuanta Securities	Held in cooperation with the competent authorities: Investor education seminars	7	928 people	
	Investment forums held in cooperation with external organizations: 2019 Global Markets Key Investment Opportunities Forum Series	3	435 people	
	Education and promotion held in coordination with the media: Working with the Economic Daily News and the Commercial Times, we invited customers to join in on the TWKC touring lectures and set up educational booths at event sites to promote the securities business and interact directly with customers, helping with their inquiries.	3	600 people	
	Held through cross-subsidiary cooperation: Occasional investment seminars on specific industries and markets.	5	650 people	
	Financial Services Charity Carnival Activities: Tainan and Hsinchu Events (financial inclusion)	2	1,000 people	
	Small-scale customer briefings from branches: Branches around Taiwan each held their own customer briefings on a variety of themes for different customer groups or offered classes on how to use the electronic platform for insurance, stocks, and funds.	2,344	47,819 people	
	Held through inter-departmental cooperation: 2020 Investor Forum	23	800 people	
Yuanta Bank	Warrant Education Lectures: Worked with several colleges and universities to promote classes and lectures regarding warrants.	22	977 people	
	Small-scale financial seminars held in Bank branches	493	6,821 people	
Yuanta Securities Finance	Large-scale financial seminars	22	1,273 people	
	Assisted agents and brokers to hold investment seminars	6	240 people	
Yuanta Futures	Introduction to subjective trading	270 in-person events	15,797 people	
	Introduction to program trading	462 online events		
	Large-scale forums / seminars / lectures	25	1,750 people	
	General Customers	Consultant webinars / online classes	130	Over 878,800 views
	Issued consultant publications	Building Automatic Financial Management through Futures and Options		552 copies
Yuanta Funds	Institutional Corporate Clients	Global economic and financial trends lectures	22	396 people
		Corporate education training course (general economic indicators / technical analysis)		
Yuanta Securities Investment Consulting	Funds Investment Classroom	30	2,121 people	
	Held investment conferences and lectures	901	36,040 people	
	Issued investment consulting monthly report	Issued 12 times	40,000 copies	

● Principle of Notification and Disclosure

As part of Yuanta Securities' fair treatment principle strategy we have formulated regulations governing our various operations that stipulate prior to signing a contract for goods or services, employees must adequately explain the important contents of the products or services contract to the customer and fully disclose its risks. When a bank offers a complex high-risk product to a customer who is not a professional institutional investor, the bank shall fully explain to the customer the important parts of the trading terms and conditions and disclose associated risks. A record of the above explanation and disclosure shall be retained by audio recording. Each week's internal audit evaluation report evaluates whether qualified business personnel were assigned to clearly explain to the client the contents of the rights, obligations, and risks report and did the client issue a statement confirming s/he was fully informed and read, understood, and received the provisions of the risk notice and other regulations to ensure we fulfil the principle of notification and disclosure in our business operations.

Yuanta Bank continually upgrades and optimizes our mobile bank. Our online bank's Online Teller Counter offers a comprehensive statement application and transaction history lookup to fully disclose all relevant information related to customer transactions. In the fourth quarter, we gradually completed a mobile bank homepage revision and process optimization. Traffic to related operations has already increased by 1.5 times previous levels. Our mobile bank is like a bank in your pocket that is open 24/7.

In response to the rise of open banking in recent years, Yuanta Bank has joined hands with Yuanta Life and multiple third-party service providers to develop personalized financial services using Open API technology to become one of the first financial institutions to introduce an Open Banking platform. In addition to managing their insurance policies, when making payments online, customers can utilize functions developed by third party partners to look up the best deals for credit card payments and easily look up and compare exchange and interest rates at different banks. By providing complete information about products and services, we can offer customers many opportunities to save money.

In accordance with regulations governing marketing activities for our various sales channels including the finance channel, brokerage channel, direct channel, multi-channel, and digital channel, Yuanta Life established business solicitation processing systems and procedures for each sales channel including cooperative sales channel contract provisions, business solicitation qualifications and management, and prohibitions on using improper solicitation methods to sell insurance policies. These measures ensure that marketing activities comply with laws and regulations. Each year we regularly promote fair treatment principles with each of our sales channels and require insurance sales personnel comply with relevant regulations and avoid any improper activities while soliciting customers.

● Principle of Truthfulness in Marketing and Advertising

Through publicly disclosed information, Yuanta Financial Holdings provides customers with the means to fully understand the content of products and their interests pertaining thereto, while also further developing relevant marketing and advertising rules to facilitate policy consistency across subsidiaries. However, fully disclosed information may be filled with technical terms that make it difficult for customers to understand and lead to differences in interpretation. To address this, Yuanta Financial Holdings and its subsidiaries provide customers with access to information via a variety of channels including our website, customer service lines, social networking sites, and finance lessons so they can gain information on financial products and services that is useful and relevant.

Yuanta Securities, in addition to complying with relevant marketing and advertising regulations established by the parent company, formulated and adheres to the Yuanta Securities Co., Ltd. Key Points for the Handling of Trusts Business, Including Advertising, Sales, and Promotional Activities to avoid advertising activities that violate any laws or regulations.

In order to ensure compliance with marketing regulations and guarantee customers' rights, Yuanta Securities has put in place operating procedures and controls around an internal control system related to CA-18800 Sales, Advertising, and Promotional Activities Management Operations. Due to Yuanta Securities increased diversification in recent years, the securities financial management section has been particularly focused on product evaluation guidelines and setting down assessment guidelines for both professional and non-professional investors to strengthen controls.

In 2019, Yuanta Life and Yuanta Futures began reaching out to a wider variety of potential customers using different social platforms, media, and styles to provide customers with more diverse ways to interact. To keep in closer contact with customers and ensure the accuracy of information provided on social media platforms, Yuanta Life drew up the Social Media Establishment and Maintenance Procedures. To ensure the publicly available product information provided in online search engine results are accurate, in 2018 Yuanta Life added the Guidelines Regarding Disclosure of Public Product Information in Cooperation with Third-Party Websites. In the following year, the Group had no incidents of non-compliance with marketing and communication related regulations.

● Principle of Professionalism of Salespeople

In order to further ensure that the relevant units and staff fully understand company policies, the subsidiaries of Yuanta Financial Holdings have added relevant training courses to ensure first-line staff comply with all legal requirements in marketing and promotion activities.

◆ Marketing and Labeling Training Courses

Company	Course Name/Content	Sessions	Number of Trainees	Training Hours
Yuanta Securities	Education and training (marketing + products + practice exercises)	108	3,132	4
Yuanta Bank	Training for newly hired wealth management staff – Business regulations	7	202	7
	Statutory course e-learning (including financial customer protection laws and case studies)	3	1,988	4
	Review of revisions to important regulations and operations regarding wealth management	2	672	0.5
Yuanta Life	Multi-channel marketing personnel quarterly legal compliance conference (northern, central, southern)	16	223	16
	Business quality courses	6	214	1

◆ Protecting Customer Privacy

The financial services industry in recent years has become increasingly diverse and therefore protecting the confidentiality of personal data and customer privacy is also a growing concern. It is our responsibility to properly store customer information, legally collect, process, and utilize customer data within the scope of laws and regulations, and establish a control mechanism to ensure the confidentiality of customer-related information and customer privacy. Subsidiaries of Yuanta Financial Holdings have established regulations and management practices in line with the Personal Data Protection Act and Cyber Security Management Act and regulations from the competent authorities to protect customer and investor privacy.

Yuanta Securities' Personal Data Protection Implementation Team is tasked with formulating personal data protection regulations governing the collection, processing, and use of personal data. Each year, a personal data safety breach contingency drill is held to ensure our ability to respond to any potential personal data issues. We also hold an annual personal data protection management review to certify personal data protection policies are implemented properly. In 2018, Yuanta Bank and Yuanta Life received BS 10012:2017 Personal Information Management System (PIMS) certification and Yuanta Securities did the same in January 2019. Yuanta Bank and Yuanta Life continue to maintain the established personal data protection management measures and their certification was renewed in 2019.

In 2019, Yuanta Bank was accused by regulatory authorities of violating customer privacy in one specific case. A Bank employee made a customer personal information inquiry without permission and contacted the customer for non-business purposes. After investigating the situation, Yuanta Bank immediately reprimanded the employee in question and added a requirement that any request for customer information needed to go through the manager review and authorization process to strengthen privacy controls. We will continue to strengthen protection mechanisms to fulfil our responsibility to protect customer privacy.

In view of the different industry-specific characteristics of each company, Group subsidiaries have each established individual personal data protection regulations and cyber security management regulations to protect customer rights and interests. Personal data protection regulations are focused on promoting, coordinating, and supervising each subsidiary's data protection operations. Each department implements customer data protections to ensure the proper collection, processing, and use of personal data. Cyber security management regulations primarily govern IT device management, email audit management system, and network security and response. Implementation of these regulations shows Yuanta's commitment to protecting customer data and maintaining the security of Group data by managing related risks. We work to provide customers with the finest financial services, while also giving them peace of mind.

To properly fulfil our responsibility to maintain the confidentiality of customer and investor data, Yuanta Financial Holdings established the Yuanta Financial Holdings and Subsidiary Companies Customer Information Confidentiality Measures in accordance with the Personal Data Protection Act, Financial Holding Company Act, Regulations for the Management of Shared Marketing Across Subsidiaries of Financial Holding Companies, Cyber Security Management Act, and relevant regulations enacted by the competent authorities. Furthermore, we hold information security and personal data protection training courses to promote consistent compliance across subsidiaries and divisions and ensure employees fully understand the importance of personal data processing and protection to maintain customer and investor privacy. In 2019, the 128 relevant training courses held were attended 35,984 times for a total of 46,623 training hours. When the Company uses customer information for a purpose different from the primary reason for its collection, under the preconditions that such use is in compliance with the law and approved by the customer, only the company that has a business relationship with the customer will contact them by phone, there is no inter-subsidiary use of customer information for marketing purposes. The proportion of customer data used for marketing purposes by Yuanta Financial Holdings' subsidiaries in 2019 was 7%.

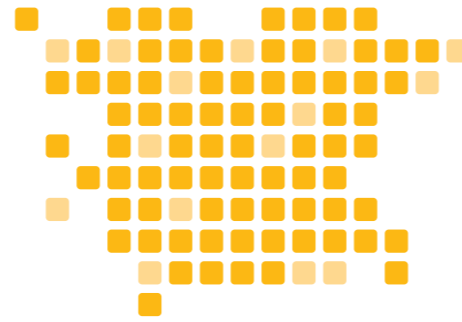
◆ Information Security and Personal Data Protection Legal Compliance Training Course information

Data	2016	2017	2018	2019
Total Courses Held	71	93	154	128
Total Training Hours	14,442	25,538	45,586	46,623
Total Training Attendance	16,383	27,041	39,879	35,984
No. of Employees	11,828	11,568	10,986	10,912
Average Hours of Training Per Employee	1.22	2.21	3.75	4.27



9

Employee Cohesion



Management Approach

The Group, as a member of the financial services sector, is highly reliant on our workforce. Practicing proper management and cultivating highly qualified employees is our constant goal. Establishing comprehensive communication channels and providing employees with a fair, friendly, healthy, and safe working environment that promotes harmonious labor relations are key to achieving this goal. Yuanta Financial Holdings has established Employee Care Group dedicated to protect employee rights and interests.

The Company recognizes and supports the human rights protections and basic principles outlined in international covenants such as the Universal Declaration of Human Rights, United Nations Global Compact, and International Labor Convention and complies with all relevant local labor laws and regulations.

In 2018, the Company formulated our Human Rights Policy, which stipulates human rights protection in the workplace, a healthy, safe workplace, and human rights advocacy. The policy represents our commitment to respecting and safeguarding the basic human rights of our employees. In 2019, the Company identified potential human rights risks and formulated corresponding risk management countermeasures. We regularly evaluate the effectiveness of these measures and adjust accordingly to control and mitigate risk and improve the protection of human rights within the Group.

To provide effective vertical lines of communication, we established an employee complaint hotline and implement regular employee engagement surveys. In 2019, the Group's employee engagement survey participation rate for the Taiwan region was 86% and 88% of participating employees gave positive marks to overall work engagement, an increase of six percent over 2018 results. This result is also 11 percentage points higher than our Taiwanese financial industry peers who are using the same employee engagement survey system.

9.1 Workforce Structure

In 2019, there were a total of 10,912 employees in the Group, consisting of 35.1% male and 64.9% female. Among Taiwan workforce, 53.8% of the management positions are female with the proportion of females in entry level management positions at 61.47% and senior management positions at 34.7%. The proportion of female managers in revenue-generating units is 23.7%. We employed a total of 84 physically disabled employees in 2019.

Total Employees (Including Overseas Employees) by Year

Year	Gender	Taiwan	Overseas	Total
2017	Male	4,121	1,724	5,845
	Female	7,447	1,297	8,744
	Total	11,568	3,021	14,589
2018	Male	3,866	1,816	5,682
	Female	7,120	1,376	8,496
	Total	10,986	3,192	14,178
2019	Male	3,827	1,851	5,678
	Female	7,085	1,375	8,460
	Total	10,912	3,226	14,138

Note: Employee numbers for Taiwan region include employees of Yuanta Financial Holdings, its first-tier subsidiaries, and Yuanta Securities Finance.

Employee Status Breakdown by Year – Taiwan

2017	Male	Female	2017	Male	Female
Permanent Contract	4,120	7,444	Full-Time	4,121	7,444
Temporary Contract	1	3	Part-Time	0	3
Total	4,121	7,447	Total	4,121	7,447
2018	Male	Female	2018	Male	Female
Permanent Contract	3,866	7,117	Full-Time	3,866	7,117
Temporary Contract	0	3	Part-Time	0	3
Total	3,866	7,120	Total	3,866	7,120
2019	Male	Female	2019	Male	Female
Permanent Contract	3,826	7,081	Full-Time	3,827	7,082
Temporary Contract	1	4	Part-Time	0	3
Total	3,827	7,085	Total	3,827	7,085

Note: Three visually impaired masseuses employed at Yuanta Life work three hours per day (15 hours per week).

Full-Time Employees by Gender, Age, Management Level, and Ethnic Group – Taiwan

		2017					Total	Percentage (%)
	Age	Managerial	Non-managerial	Aboriginal Taiwanese	Non-aboriginal Taiwanese	Foreign Citizens		
Male	Under 30	0	473	1	468	4	473	4.09
	30-50	534	2,360	1	2,889	4	2,894	25.02
	51 or Over	271	483	0	754	0	754	6.52
Female	Under 30	0	770	2	764	4	770	6.65
	30-50	593	4,906	4	5,495	0	5,499	47.54
	51 or Over	230	948	0	1,178	0	1,178	10.18
Total		1,628	9,940	8	11,548	12	11,568	100
Percentage (%)		14.07	85.93	0.07	99.83	0.10	100	

2018								
	Age	Managerial	Non-managerial	Aboriginal Taiwanese	Non-aboriginal Taiwanese	Foreign Citizens	Total	Percentage (%)
Male	Under 30	2	544	0	546	0	546	4.97
	30-50	528	2,016	3	2,535	6	2,544	23.16
	51 or Over	295	481	0	776	0	776	7.06
Female	Under 30	6	875	0	876	5	881	8.02
	30-50	630	4,294	8	4,915	1	4,924	44.82
	51 or Over	311	1,004	0	1,315	0	1,315	11.97
Total		1,772	9,214	11	10,963	12	10,986	100
Percentage (%)		16.13	83.87	0.10	99.79	0.11	100	

2019								
	Age	Managerial	Non-managerial	Aboriginal Taiwanese	Non-aboriginal Taiwanese	Foreign Citizens	Total	Percentage (%)
Male	Under 30	4	513	0	517	0	517	4.74
	30-50	509	1,970	1	2,469	9	2,479	22.72
	51 or Over	314	517	0	830	1	831	7.61
Female	Under 30	3	839	0	835	7	842	7.72
	30-50	610	4,149	4	4,744	11	4,759	43.61
	51 or Over	350	1,134	0	1,482	2	1,484	13.60
Total		1,790	9,122	5	10,877	30	10,912	100
Percentage (%)		16.40	83.60	0.05	99.68	0.27	100	

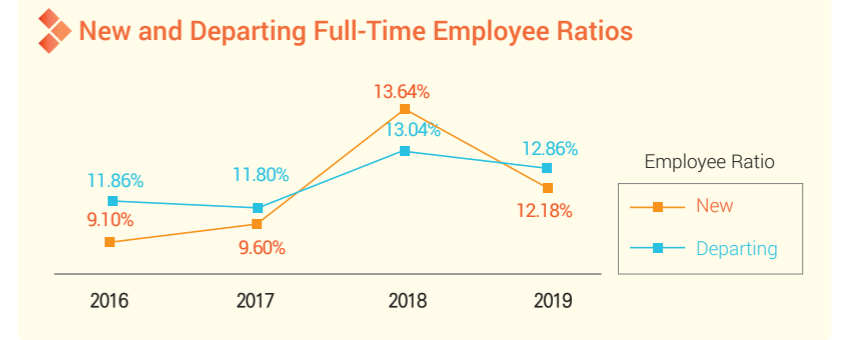
Note: 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.
2. Managerial refers to employees with approval authority.

Physically Disabled Employee Statistics									
Company	2017			2018			2019		
	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota	Legally Required Quota	Active Employees with Disabilities	Hiring Beyond Quota
Yuanta Financial Holdings	1	0	-1	1	2	1	1	1	0
Yuanta Securities	11	30	19	12	30	18	12	27	15
Yuanta Bank	28	18	-10	35	26	-9	27	31	4
TC Bank	15	21	6	0	0	0	0	0	0
Yuanta Life	8	13	5	8	15	7	7	12	5
Yuanta Funds	3	10	7	2	10	8	2	8	6
Yuanta Futures	2	4	2	2	2	0	2	2	0
Yuanta Venture Capital	0	0	0	0	0	0	0	0	0
Yuanta Asset Management	0	0	0	0	0	0	0	0	0
Yuanta Securities Investment Consulting	1	1	0	1	1	0	1	1	0
Yuanta Securities Finance	0	2	2	0	2	2	0	2	2
Total	69	99	30	61	88	27	52	84	32

Note: 1. With the insured entity as the base, if the number of insured employees is fewer than 67, the requirement to employ people of disabilities does not apply and the legally required quota is shown as zero.
2. People with severe disabilities are considered two employees for quota calculation.
3. In January 2018, TC Commercial Bank and Yuanta Bank officially merged, with Yuanta Bank as the surviving entity.

New Employees and Departing Employees

In 2019, the Group recruited a total of 1,329 new full-time employees in Taiwan, which made up 12.18% of the workforce. Among these new hires, 581 were male and 748 were female. During the same period, the total number of departing full-time employees was 1,403, or 12.86% of total employees and included 616 male employees and 787 female employees.



2019 New Employee Statistics in Taiwan Region											
Company	Male			Male Total	Female			Female Total	Total New Employees	Total Employees	New Employee Ratio (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Yuanta Financial Holdings	3	5	1	9	5	7	0	12	21	132	15.91
Yuanta Securities	100	44	0	144	82	53	2	137	281	4,772	5.89
Yuanta Bank	121	206	8	335	158	297	17	472	807	4,432	18.21
Yuanta Life	11	18	0	29	18	54	12	84	113	758	14.91
Yuanta Funds	5	10	0	15	7	6	0	13	28	288	9.72
Yuanta Futures	27	10	1	38	19	4	1	24	62	374	16.58
Yuanta Venture Capital	0	0	0	0	0	1	0	1	1	14	7.14
Yuanta Asset Management	0	0	1	1	0	1	0	1	2	17	11.76
Yuanta Securities Investment Consulting	5	2	0	7	1	1	0	2	9	71	12.68
Yuanta Securities Finance	1	2	0	3	1	1	0	2	5	54	9.26
Total	273	297	11	581	291	425	32	748	1,329	10,912	12.18
Percentage (%)	20.54	22.35	0.83	43.72	21.90	31.98	2.41	56.28	100		

Note: 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted life insurance salespeople.
2. Calculation methods for new employees:
· New Employee Ratio (%) = (Total number of new Employees / total employees at year end) x 100
· Percentage (%) = (Total employees in each category / total new employees) x 100

2019 Departing Employee Statistics in Taiwan Region											
Company	Male			Male Total	Female			Female Total	Total Departing Employees	Total Employees	New Employee Ratio (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Yuanta Financial Holdings	4	3	2	9	2	1	2	5	14	132	10.61
Yuanta Securities	55	34	24	113	50	65	29	144	257	4,772	5.39
Yuanta Bank	107	256	44	407	113	372	50	535	942	4,432	21.25
Yuanta Life	8	16	4	28	8	42	7	57	85	758	11.21
Yuanta Funds	5	7	2	14	3	11	0	14	28	288	9.72
Yuanta Futures	18	19	0	37	11	12	2	25	62	374	16.58
Yuanta Venture Capital	0	1	0	1	0	1	0	1	2	14	14.29
Yuanta Asset Management	0	0	1	1	0	0	0	0	1	17	5.88
Yuanta Securities Investment Consulting	3	1	0	4	4	1	0	5	9	71	12.68
Yuanta Securities Finance	0	1	1	2	0	0	1	1	3	54	5.56
Total	200	338	78	616	191	505	91	787	1,403	10,912	12.86
Percentage (%)	14.26	24.09	5.56	43.91	13.61	35.99	6.49	56.09	100		

Note: 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted life insurance salespeople.
2. Calculation methods for departing employees:
· Departing Employee Ratio (%) = (Total departed employees / total employees at year end) x 100
· Percentage (%) = (Total employees in each category / total departed employees) x 100

9.2 Retention and Education

Management Approach

In the extremely competitive financial services industry, outstanding talent is essential to providing high-quality service and maintaining our track record of innovation and vitality. Retaining exceptional employees is therefore a key focus within the Company. In 2019, we continued to build employee value in the workplace and personal competitiveness by providing opportunities for employees to expand their skills, which also upgrades the Group's overall competitiveness.

To attract outstanding talent with a diverse range of expertise, and retain and motivate employees to fully achieve their potential, the Company continues to build itself into an employer of choice, while actively investing in our employees to develop new abilities and cultivate talent. Comprised of the Human Resources and Administration Departments, the Employee Care Group coordinates the employee training and development programs.

We utilize the Kirkpatrick Model to evaluate the effectiveness of employee training, and make use of employee performance evaluations and career development feedback as well as regularly conducting employee engagement surveys. In 2019, the majority of survey participants gave positive responses in the areas of Education and Growth, Talent Management, Engagement, and Intention to Stay, with an increase of 3 to 6 percentage points over the previous year. Compared to our peers in the Taiwanese financial industry and global high performers, our positive results in each category were from 3 to 20 percentage points higher, which shows employees recognize and approve of our training efforts.

	2019 Rate of Positive Response among Employees in Taiwan	2018 Rate of Positive Response among Employees in Taiwan	Overall Taiwan Finance Sector Rate of Positive Response	Rate of Positive Response among Global High-Performers
Education and Growth	82%	77%	69%	74%
Talent Management	78%	72%	58%	67%
Engagement	88%	82%	77%	85%
Intention to Stay	81%	78%	73%	73%

Note: Global high-performers are enterprises which performed above industry average in profits for three consecutive years and have above industry average engagement scores. The finance industry accounts for 25%.

The enthusiasm and efforts of the Group towards talent cultivation have been widely recognized. In 2019, the Group has received the below employee development awards:

- Awards and Honors**
- Yuanta Financial Holdings was awarded Common Wealth Innovation Academy Learning Benchmark Enterprise Award 2019.
 - Yuanta Securities was awarded Taiwan Institute for Sustainable Energy's Talent Development Award.
 - Yuanta Futures was awarded Securities and Futures Institute's Golden Goblet Award for Excellence in Employee Development.

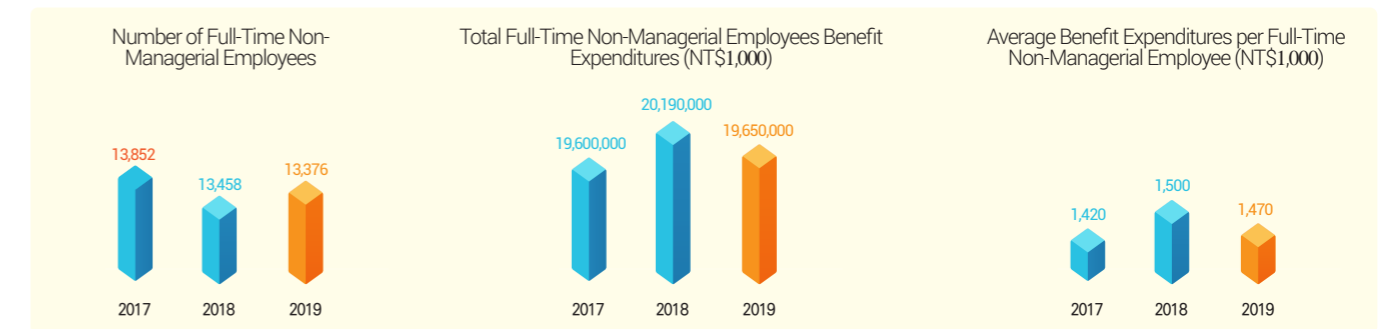
Employee Benefits

The Group operates primarily in the Taiwan region and full-time employee standard benefits include benefit subsidies, cultural and social activities, and other services.

Full-Time Employee Benefits (Does not include temporary or part-time employees)

<p>Life Insurance</p> <p>Yuanta Financial Holdings' employees enjoy employee group insurance, which covers term life insurance, accident insurance, critical illness insurance, medical insurance, and business travel insurance, the premium of which is borne by the company.</p>	<p>Retirement Plan</p> <p>Yuanta Financial Holdings established the Labor Retirement Reserve Supervisory Committee in January 2003 and makes monthly allocations to pension reserve in accordance with the law and deposits them in a dedicated account with the Bank of Taiwan. Since the Labor Pension Act was enacted on July 1, 2005, for new employees and those who have chosen the new Labor Pension Act system, the Company will allocate and deposit a pension amount of 6% of their monthly insurance salary in dedicated individual pension accounts on a monthly basis.</p>
<p>Medical Insurance</p> <p>Medical insurance is included as part of the employee group insurance coverage.</p>	<p>To enrich post-retirement life for our employees, Yuanta Financial Holdings collaborated with Yuanta Life to design a group annuity product exclusively for Yuanta employees, which employees can purchase to save up and prepare for their retirement.</p>
<p>Disability Insurance</p> <p>Disability insurance is included as part of the employee group insurance coverage.</p>	<p>Employee Stock Ownership Plan (ESOP)</p> <p>In August 2003, Yuanta Financial Holdings set up an employee stock ownership plan (ESOP). Employees deposit a fixed amount each month and the company issues corporate stocks in that amount, so employees are also shareholders in the company.</p>
<p>Parental Leave</p> <p>Yuanta Financial Holdings provides employees with parental leave in accordance with the law. Eligible employees can apply for leave in view of their needs after preparing the necessary documentation.</p>	<p>Flexible Working Hours</p> <p>Flexible working hour program is available to specific job functions. Qualified employees can send in their request and adjust working hours based on their individual needs.</p>
<p>Employee Benefits Committee</p> <p>In January 2003, Yuanta Financial Holdings set up the Employee Benefits Committee. The Company allocates employee benefits monthly and these funds are independently managed and utilized by the Employee Benefits Committee. We also drafted procedures governing social club subsidies to encourage employee participation in social clubs to pursue physical and mental health and encourage employee interaction. Additionally, the Employee Benefits Committee regularly arranges dining, clothing, accommodation, travel, and entertainment discounts and benefits at partner companies. Employees can stay informed of new discounts by checking our internal website. These partnerships enable employees to enjoy more convenient, happier lives. In October 2019, a new birthday subsidy was approved and came into effect on January 1, 2020.</p>	<p>Telecommuting</p> <p>In the event of special circumstances and job demand, the utilization of digital technology make telecommuting possible, providing more flexibility and convenience in terms of working hours and locations.</p>

In 2019, total cost of non-managerial employee benefits was NT\$19.65 billion, which represents an average benefit expenditure of NT\$1.47 million per non-managerial employee.



In accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of CSR Reports by TWSE Listed Companies, the Company discloses the average and median salaries for our non-managerial employees. In 2019, full-time non-managerial employees had an average salary of NT\$1.09 million, an increase of 1.3% over 2018. The median salary of full-time non-managerial employees over the same period was NT\$894,000.

	2018	2019
Average Salary of Non-Managerial, Full-Time Employees (NT\$1,000)	1,076	1,090
Median Salary of Non-Managerial, Full-Time Employees (NT\$1,000)	N/A	894

Note: In line with TWSE regulations, non-managerial employees of a financial holding company include the domestic banking, insurance, and securities subsidiaries of the merged entity, but exclude overseas branches as stipulated in Article 4 of the Financial Holding Company Act.

Information regarding the ratio of the Group's male and female employee salary is summarized below. Moving forward, we will continue to focus on the issue of gender pay disparity to fully meet our corporate social responsibility.

Taiwan Region Salary Ratios by Gender for the Group			
2019		Male	Female
Management Positions	Senior Managers	110%	100%
	Mid- and Entry-Level Managers	117%	100%
Non-Managerial Employees		118%	100%

Note1: Senior Managers refer to department heads and above.
Note2: Male-female salary ratio = average male salary / average female salary.

Yuanta Financial Holdings offers a variety of programs and subsidies for employees with children, including menstrual leave, maternity leave, paternity leave, family care leave, and the opportunity to apply for unpaid parental leave. We also assist employees with their return to work after the period of parental leave expires. By contracting with institutions to provide company childcare services, we can help employees better balance work and family and boost working performance while enabling us to retain outstanding talent. In 2019, 768 employees qualified for parental leave, of whom 61.85% were women and 38.15% were men, which is consistent with the gender distribution of the Group's employees.

Parental Leave Statistics									
Year	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees Eligible for Parental Leave	313	529	842	332	518	850	293	475	768
Employees that Took Parental Leave in the Current Year	20	154	174	12	157	169	13	131	144
Number of Employees on Leave Expected to Return in the Current Year	14	104	118	9	86	95	7	74	81
Actual Number of Employees that Returned	6	55	61	7	56	63	3	59	62
Return Rate (%)	42.86	52.88	51.69	77.78	65.12	66.32	42.86	79.73	76.54
Employees Who Returned from Parental Leave in the Previous Year	5	60	65	6	55	61	7	56	63
Number of Employees Still with the Company 12 Months after Returning from Leave the Previous Year	4	35	39	1	28	29	6	39	45
Retention Rate (%)	80.00	58.33	60.00	16.67	50.91	47.54	85.71	69.64	71.43

Note: 1. Return Rate = (Number of employees returning to work / number of employees expected to return) x 100
2. Retention Rate = (Number of employees remaining at the Company 12 months after returning from parental leave in the previous year / actual number of employees who returned from leave the previous year) x 100

Taiwan Full-time Employee Training Statistics

Yuanta Financial Holdings is committed to cultivating financial professionals to "satisfy the needs of both the finance industry and the development of the Group's business". To this end, we have established a diverse talent development system to provide training to management and technical employees through our Management Academy, Professional Academy, Licensing Academy, and Life Academy, which offer training courses and educational resources.

In 2003, we set up our digital learning platform, Yuanta e-Academy. Through specially designed courses, the platform delivers tacit knowledge and enables employees to pass on valuable personal experience. Beginning in July 2017, we purchased digital content from the Common Wealth Innovation Academy with courses primarily aimed at developing employee business acumen. The content features latest topics in the global financial industry and important information about the Group, our weekly Yuanta e-Academy Newsletter fosters employees' habit of refreshing their knowledge. By encouraging self-motivated study of "anywhere, any time, and on demand", we aim to enhance employees' knowledge and skill set and prepare them for future competition.

The Group encourages employees to actively participate in a variety of learning and training opportunities to strengthen their skills or gain new job capabilities. Training expenses for employees assigned to or approved for training are covered in full by the Company. We also award incentives to encourage employees to participate in international finance and English language certifications. At the same time, Yuanta Financial Holdings utilizes the combined strengths of our subsidiaries to regularly rotate employees between these subsidiaries according to operational needs. We encourage employees to apply for internal job rotation to spur the flow of talent across subsidiaries and expand employee skill sets, while also replicating successes within the Group and maximize the beneficial effects..

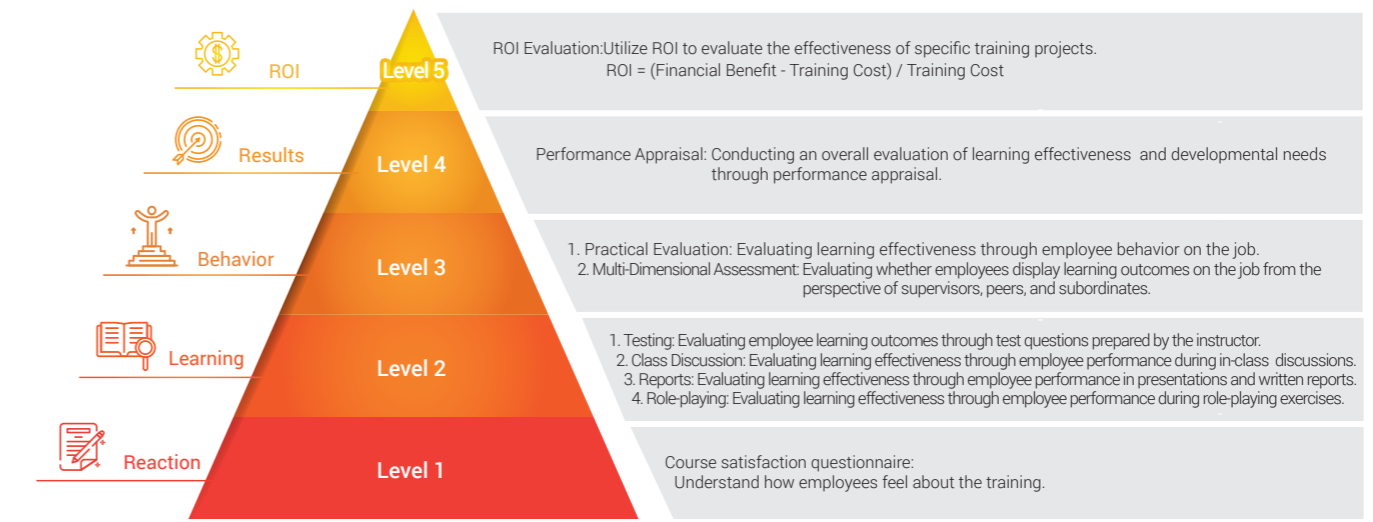
Talent Development System - Upgrading Professional Skills



The Company focuses on four key areas for training in 2019—Cultivating Managers, Cultivating Professional Talent, Cultivating International Operations Talent, and Industry-Academia Collaboration—and each area is described in more detail below:

Areas of Focus	Development Strategies	Highlights
Cultivating Managers and Succession Candidates	Yuanta identifies certain key managers as succession candidates based on professional qualifications, job performance, development potential, fit with the Group's core values, and their personal desire for advancement. Succession candidates develop their skills through on the job experience and participating in professional training courses on legal compliance, finance, and strategic management, regularly attending important Company meetings, and acting as surrogates for key managers to gain a deeper understanding of the Company's overall development strategy, cross-company communication and negotiation mechanisms, decision making, and policy implementation. They can then develop the higher-level thinking and meticulous execution required of executive managers.	<ol style="list-style-type: none"> At Yuanta Financial Holdings and our subsidiaries, 95% of managers holding the position of department head and above were promoted internally. Currently, every key executive has one to three succession candidates. Succession Candidate Training is included as a key indicator in performance evaluations for managers at all levels. During semi-annual performance reviews each year, candidates are evaluated on their progress and ability to fulfill the targeted role.
Cultivating Professional Talent	Yuanta continues to strengthen internal training in line with key supervisory issues. Following the Company's development strategy, in 2019, Group employees were encouraged to diversify and learn new skill set to keep current on digital finance trends as part of Group-driven growth strategy.	<ol style="list-style-type: none"> Money laundering prevention, regulatory compliance, and internal auditing and control training make up 15.2% of all training hours. Personal data protection and information security related training make up 9.1% of total training hours. Financial license qualification, financial instrument, and product sales training make up 39.7% of total training hours.
Cultivating International Operations Talent	To meet the needs of the Group's overseas expansion, each year the Company selects employees for overseas assignments to expand our international operations. Through roadshows, agency visits, business negotiations, professional forums and lectures, employees can gain a deeper understanding of overseas markets and take advantage of local business opportunities. At the same time, we select middle and back office staff to go on business trips or for temporary assignment at our overseas branches to perform risk evaluations or assist with information system set up. Such visits strengthen overseas operations and supervisory mechanisms, while middle and back office employees better understand our business abroad and are more able to assist. We also arrange for management associates (MAs) and International Operations Division staff to receive field operations training to develop international operations management talent.	<ol style="list-style-type: none"> A total of 45 employees were assigned to overseas positions, of which 9 are MAs. Staff travelled abroad 1,186 times to implement international operations. Middle and back office employees went on business trips abroad or were temporarily stationed at overseas operating locations a total of 188 times. MAs and International Operations Division employees were sent on field operations training 19 times.
Industry-Academia Collaboration	To build more diverse talent pipelines, encourage the next generation to enter the financial services industry, and grow our brand recognition, in 2019 we actively sought out industry-academia collaboration opportunities. Through a variety of channels, we seek to establish our reputation as an employer of choice and attract new college graduates to choose Yuanta as their preferred employer when applying for jobs.	<ol style="list-style-type: none"> Signed recruitment and cooperation agreements with 89 colleges and universities. Hired 217 students from Taiwan and abroad as Group interns. Invited 394 students from 7 schools for institutional visits and exchanges. Collaborated with over 30 universities to hold financial seminars which were attended by a total of 1,178 students. Created elective university courses attended by 146 students. 4 students took part in our special research program in cooperation with National Chiao Tung University.

The Company has adopted Donald Kirkpatrick's training evaluation model (the Kirkpatrick Model), which uses Reaction, Learning, Behavior, Results and ROI to assess learning effectiveness.



To meet the needs of our overseas and domestic operations, the Company actively cultivates international operations talent, multi-skilled employees, and succession candidates to strengthen our competitiveness. In 2019, to achieve our comprehensive strategy of "solidifying our core and driving growth" while also meeting our short, medium, and long-term goals, we held a total of 2,857 classes in Taiwan for a total of 514,265 hours of training. This was an increase of 30,303 hours, or 6.3% over last year. Based on 10,912 total employees, full-time employees in Taiwan received an average of 47.1 hours of training, which is 3.0 hours more than 2018 for an increase of 6.8%. Because the Group has promoted online learning in recent years to provide employees with convenient, flexible, self-learning opportunities, the total number of training hours have increased year on year, while annual training cost decreased.

Full-Time Employee Training Statistics in Taiwan			
Category	2017	2018	2019
Total Courses Held	3,243	3,210	2,857
Total Training Hours	Male	160,990	156,968
	Female	319,028	307,210
Total Training Hours	Managerial	81,556	82,644
	Non-managerial	398,462	381,534
Total Training Attendance	480,018	483,962	514,265
Total Training Attendance	Male	306,194	280,680
	Female	4,121	3,866
Total Number of Employees	Male	7,447	7,120
	Female	1,628	1,772
Total Number of Employees	Managerial	9,940	9,214
	Non-managerial	11,568	10,986
Average Hours of Training Per Employee	Male	39.1	40.6
	Female	42.8	43.1
Average Hours of Training Per Employee	Managerial	50.1	46.6
	Non-managerial	40.1	41.4
Average Hours of Training Per Employee	41.5	44.1	47.1
Total Training Cost (NT\$1,000)	48,000	42,130	37,840
Average Training Cost Per Employee (NT\$1,000)	4.149	3.835	3.468

Note: 1. Total number of employees, gender, and managerial status is set based on those numbers as of December 31 of the specified year.
 2. Total Training Hours are calculated during the period from January 1 to December 31 of the specified year.
 3. Total Training Attendance is calculated cumulatively from January 1 to December 31 of the specified year.
 4. Average Training Cost Per Employee = Total Training Cost / Total Number of Employees.

Key Training Data of the Group				
Types of Training	2017	2018	2019	
New Employee Training	Total Courses Held	228	232	228
	Total Training Hours	9,370	16,141	26,669
	Total Training Attendance	6,912	5,876	12,661
	Total New Employees	1,112	1,499	1,445
	Average Hours of Training New Per Employee (= Total Training Hours / Total Number of New Employees)	8.43	10.77	18.46
Corporate Social Responsibility	Total Courses Held	12	26	67
	Total Training Hours	1,823	7,130	10,700
	Total Training Attendance	6,308	14,923	10,937
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.16	0.65	0.98
Occupational Health and Safety	Total Courses Held	228	181	77
	Total Training Hours	9,370	18,465	16,372
	Total Training Attendance	6,912	7,059	10,162
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.81	1.68	1.50
Sexual Harassment Prevention	Total Courses Held	28	33	28
	Total Training Hours	385	990	768
	Total Training Attendance	1,018	1,879	1,596
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.03	0.09	0.07
Anti-Money Laundering and Combating the Financing of Terrorism	Total Courses Held	170	216	189
	Total Training Hours	31,712	36,278	36,599
	Total Training Attendance	20,798	30,164	22,856
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	2.74	3.30	3.35

Key Training Data of the Group				
Types of Training	2017	2018	2019	
Information Security	Total Courses Held	71	112	90
	Total Training Hours	20,166	30,662	32,776
	Total Training Attendance	19,440	25,317	22,881
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	1.74	2.79	3.00
Personal Data Protection	Total Courses Held	29	42	38
	Total Training Hours	10,659	14,925	13,847
	Total Training Attendance	13,152	14,562	13,103
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.92	1.36	1.27
Physical and Mental Health	Total Courses Held	29	26	25
	Total Training Hours	1,722	2,283	1,718
	Total Training Attendance	1,170	1,816	1,176
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.15	0.21	0.16
"Common Wealth Innovation Academy" Digital Courses	Total Courses Held	148	174	98
	Total Training Hours	16,130	27,192	15,894
	Total Training Attendance	16,130	27,192	15,894
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	1.39	2.48	1.46
Fair Dealing / Financial Consumer Protection	Total Courses Held	17	30	49
	Total Training Hours	7,183	30,084	38,835
	Total Training Attendance	10,400	15,355	24,098
	Total Employees	11,568	10,986	10,912
	Average Hours of Training Per Employee (= Total Training Hours / Total Employees)	0.62	2.74	3.56

Full-Time Employee Performance Appraisal and Development in Taiwan

Yuanta Financial Holdings performs regular performance evaluations through a performance management system built around a cycle of "beginning target setting", "midterm tracking and improvement", and "terminal review and assessment". During these appraisals, we review employees' working performance over the year and set their future career development goals. We use the results as a reference for human resources decision-making, such as performance bonus, promotion, salary adjustment, and talent development. In 2019, 100% of employees undertook regular performance evaluations and occupation development reviews no matter their gender or managerial/non-managerial classification.

In addition to these employee evaluations, Yuanta offers a variety of internal development opportunities. Based on the Company's core values, organizational development, and strategic goals, employees with outstanding performance will be trained as elite talent at each level through promotions or rotations in line with their interests, expertise, and future career plans to motivate them to continue leveraging their talents for Yuanta.

In 2019, internal promotion was given to 1,781 employees in the Group for their outstanding performance, which accounts for 16.3% of all employees. The Group's talent development strategy follows the concept of "solidifying our core and driving growth" and encourages employees to realize individual learning and development goals to "consolidate existing core competencies and pursue development of new professional competencies" through training and job rotation. Yuanta Financial Holdings encourages employees to apply for internal transfer or accept job rotation according to organizational needs. Through developing multiple skills and familiarizing themselves with different regions or fields, employees can boost their own occupational value and Yuanta's competitiveness. In 2019, a total of 2,003 employees underwent job transfers, accounting for 18.4% of the total number of employees. At the same time, capitalizing on the Group's comprehensive financial services advantage, 64 employees applied for internal transfer to extend their professional skills and achieve proficiency in multiple fields. We stimulate a diverse range of innovative perspectives and cultivate comprehensive financial talents within the Group to maintain the competitiveness of our sustainable operations.

Year	Number of Employees at Year-End	Number of Job Transfers				Number of Transfers Within the Group			
		Male	Female	Total	%	Male	Female	Total	%
2019	10,912	748	1,255	2,003	18.4	35	29	64	0.6
2018	10,986	706	1,215	1,921	17.5	36	24	60	0.5
2017	11,568	444	723	1,167	10.1	52	50	102	0.9

Note: 1. Job transfers refers to employees who changed work units within same company during the period. Job Transfer Percentage (%) = Number of job transfers / number of employees at year-end.
2. Transfers within the Group refers to employees moving within the Group from Company A to Company B. Within Group Transfer Percentage (%) = Number of transfers within the Group / number of employees at year-end.




Year	Number of Employees at Year-End	Numbers of Internal Promotions			
		Male	Female	Total	%
2019	10,912	632	1,149	1,781	16.3
2018	10,986	842	1,588	2,430	21.3
2017	11,568	543	933	1,476	12.8

Employees with lagging assessment results will be provided with three to six months of guidance by direct supervisors to hopefully achieve improvement or job reassignment within that period. At the end of the specified period, if the necessary improvement is not attained, the employee will be dismissed or asked to retire by means in accordance with the Labor Standards Act. In 2019, a total of 371 people underwent improvement assistance in the Group, with 16 people resigning or being lawfully laid off.

Year	Number of Employees Receiving Guidance			Resignation/Legal Severance		
	Male	Female	Total	Male	Female	Total
2019	161	210	371	11	5	16
2018	188	240	428	26	21	47
2017	82	73	155	13	10	23

Note: The Group, in accordance with the Labor Standards Act, provides advance notice of dismissal as described below:
1. Those working continuously for more than three months, but less than one year are given 10 days' notice.
2. Those working continuously for more than one year, but less than three years, receive 20 days' notice.
3. Those working continuously for more than three years receive 30 days' notice.

Performance and Professional Development Review Methods:

 Directors	Every year, the directors of the Company conduct a self-assessment of Board operations and board member participation. This assessment, coordinated by the Human Resources Department, covers five aspects: rate of attendance at meetings, hours spent on training, negative eligibility reviews, company operation status, and legal compliance. The results of the assessment are reported to the Remuneration Committee and the Board of Directors to be used as reference in deciding the renewals of directorships for subsidiaries.
 Senior and Appointed Managers	In line with the Company's performance management guidelines, performance evaluations for senior and appointed managers employ a goal management approach. Based on organizational development strategies and operational goals, managers set annual individual job goals and their individual performance is assessed through monthly performance review meetings to evaluate progress and mid-term and end of year reviews to evaluate actual results and accomplishment of goals.
 Non-managerial Employees	With the exception of specific personnel designated by management (e.g. mid- and entry-level management) who make use of a goal management approach for performance evaluation, non-managerial employees are subject to a fixed set of evaluation criteria which measures daily performance and actual work results.

9.3 Occupational Health and Safety

Management Approach

Financial services enterprises are tightly regulated and licensed by the government as the operations of our industry can affect the stability of the national economy. Employees suffer from high levels of stress and must often spend long periods of time in the office due to the nature of their jobs. The Group is committed to providing employees and customers with a safe, healthy environment through continued promotion of workplace environment safety protections. In accordance with the Occupational Safety and Health Act and its sub-laws, we have formulated, announced and implement the Occupational Health and Safety Work Code, Occupational Health and Safety Management Program, Automatic Occupational Safety Inspection Plan, Workplace Environment Monitoring Implementation Guidelines, and Regulations Governing Occupational Health and Safety Education and Training. In 2019, Yuanta Securities and Yuanta Bank officially launched the ISO 45001 Occupational Health and Safety Management Systems implementation plan. They utilized the PDCA management method to plan effective preventative and protective measures to reduce the risks of harm and received ISO 45001 certification in May 2020.

As required by law, Yuanta Financial Holdings' subsidiaries have also established Occupational Health and Safety Management Units responsible for occupational health and safety related issues including hazard identification, risk assessment, and accident investigation along with planning and executing the Occupational Health and Safety Management Program. Employees can bring related issues to discuss through unions and labor-management meetings. The 2019 employee engagement survey showed that 82% of respondents had a positive view of the Company's health and welfare programs, an increase of 10 percentage points over 2018. This result leads our Taiwanese financial industry peers by 11 percentage points and those in the Asia-Pacific region by a full 18 percentage points.

Certifications and Awards

Employees have truly taken the Group's safe, healthy workplace culture to heart. Our efforts have also received several national certifications. In addition to qualifying for the government's Sports Enterprise Certification, Safe Workplace Certification, and Badge of Accredited Healthy Workplace for many years, in 2019 we also placed third in the Sports Administration, Ministry of Education's 2019 i sports Corporate Competition. Yuanta Bank achieved fourth place in the Taipei Healthy Workplace Awards. Taipei's Department of Environmental Protection sent staff to take indoor air quality readings at Yuanta Securities and Yuanta Bank operating locations and both received the Indoor Air Quality Voluntary Management Certificate. At the same time, several subsidiaries received Common Health Magazine's Healthy Corporate Citizenship Certificate.

Certifications and Awards	Yuanta Financial Holdings	Yuanta Securities	Yuanta Bank	Yuanta Life	Yuanta Funds	Yuanta Futures
Ministry of Health and Welfare: Safe Workplace Certification	●	●	●	●		
Ministry of Health and Welfare: Badge of Accredited Healthy Workplace	●	●	●			●
Sports Administration, Ministry of Education: Sports Enterprise Certification	●		●	●		●
Department of Health, Taipei City Government: Excellent Breastfeeding Room Certificate			●	●		
Common Health Magazine: Healthy Corporate Citizenship Certificate	●		●	●	●	●
Tobacco Hazard Prevention Certificate		●	●			
Taipei Healthy Workplace Awards			Fourth Place, Taipei City			
Indoor Air Quality Voluntary Management Certificate		●	●	●		



Yuanta Bank received the fourth-place trophy in the 2019 Taipei Healthy Workplace awards.

		Yuanta Financial Holdings	Yuanta Securities	Yuanta Bank	Yuanta Life	Yuanta Funds	Yuanta Futures
On-site physician	Contract with doctors and specialists to provide on-site healthcare services.	●	●	●	●	●	●
Workplace inspection	Regularly check drinking water quality, carbon dioxide levels, lighting, and firefighting equipment in the workplace.	●	●	●	●	●	●
Four free cancer screenings	Early detection to ensure early treatment.	●		●		●	●
Mental health lectures	Learn how to manage stress and promote physical and mental health.	●	●	●	●	●	●
Health education lectures	Promote work-life balance and encourage employees to take an active role in managing their health.	●	●	●	●	●	●
Fitness Activities and Tests	Test employee fitness and provide professional fitness consultations to promote physical health.	●	●	●	●	●	●
Office stretching exercises	Promote circulation through stretching.		●	●	●		●
Scalp Care	Learn how to clean and protect the scalp.		●				●
CPR + Automated External Defibrillator (AED)	Teach correct first aid knowledge and skills.	●	●	●	●		●
Talking about Arthritis	Learn about arthritis and prevention methods.		●				●
Understanding Sjogren's Syndrome	Learn about autoimmune diseases.		●				●
Healthy weight loss class and activities	Provide information on healthy diet and exercise to assist employees to control weight and improve health.	●		●		●	
One Day Nutritional and Healthy Eating Competition	Teach the importance of eating a balanced diet.	●		●			
Smoking cessation class	Promote employee health by implementing our smoke-free healthy workplace policy.	●		●			
Employee health insurance	Provide employees with group health insurance.	●	●	●	●	●	●
Sports activities	Hold the 10,000 Steps A Day activity, group runs, relay races, and a badminton competition.	●		●	●	●	●
Employee weekend activities	Weekend outings to relieve stress.			●	●	●	●
Office greening	Increase work efficiency and assist employees to achieve mind-body balance.				●		●

Note: As the workforces of Yuanta Venture Capital, Yuanta Asset Management, Yuanta Securities Investment Consulting, and Yuanta Securities Finance are relatively small, they participate in health promotion activities held by Yuanta Financial Holdings.



Yuanta Financial Holdings & Yuanta Bank Fitness and Weight Loss Group



Yuanta Securities, and Yuanta Futures' Fitness Test



On-site physician consultations

Employee Health Promotion and Occupational Health Services

Our employees' physical and mental health is of utmost importance to Yuanta Financial Holdings. To provide staff with services tailored to their specific needs, we conduct analysis and evaluation based on average age, work position (e.g. standing, sitting), lifestyle, health check results, physical and mental health questionnaire, healthy eating survey, daily activity survey, and a needs and expectations questionnaire. In coordination with the Health Center, Sports Administration, and other community resources, we plan a variety of occupational health activities to actively promote the wellbeing of our workforce.

In 2019, we held a wide variety of health promotion activities that included regular employee health checks, workplace environmental testing, and other activities covering pulmonary diseases, health warning signs, interpersonal communication in the workplace, healthy diet, workplace health maintenance, fitness and weight loss, and cancer prevention. We also gave participation surveys to gauge employee response to these activities. In 2019, overall evaluation scores ranged from 4.2 to 4.8 (on a 5-point scale).

Furthermore, to further encourage employee participation in health promotion activities, we also offer small gifts for attendance and prizes for competing at events. With senior executives leading the charge, the spirit of a healthy workplace is fully executed from the top down.



Sports Administration, Ministry of Education's Sports Enterprise Certification



Yuanta Life's Table Tennis Club



Yuanta Funds & Yuanta Futures Relay Race

Occupational Health and Safety Committee

Under Taiwan's Regulations Governing Occupational Safety and Health, the Group is classified as a Category 3 business, which by law must set up an Occupational Health and Safety Committee should it have 3,000 or more employees. Therefore, Yuanta Securities and Yuanta Bank have each established an Occupational Health and Safety Committee.

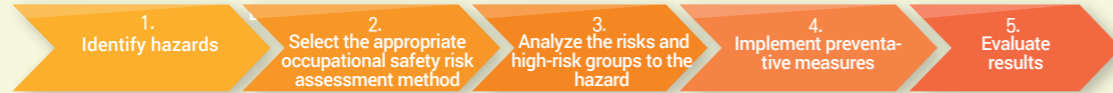
	Yuanta Securities	Yuanta Bank
Total Committee Membership	7	11
Number of Labor Representatives	3	4
Member Term (Years)	2	2
Annual Meetings Held	4	4

The Company's Occupational Health and Safety Management Unit is responsible for formulating, planning, supervising, and promoting health and safety related measures while also guiding relevant departments with implementation. The Occupational Health and Safety Committee provides suggestions regarding health and safety policy, while also reviewing, coordinating, and providing advice regarding related issues. Occupational health and safety officers along with dedicated nurses and occupational health physicians work in the Occupational Health and Safety Management Unit to implement employee health promotion, occupational disease prevention, health management, and hold regular occupational health training.

Yuanta Securities / Yuanta Bank Workplace Health and Safety Management Process

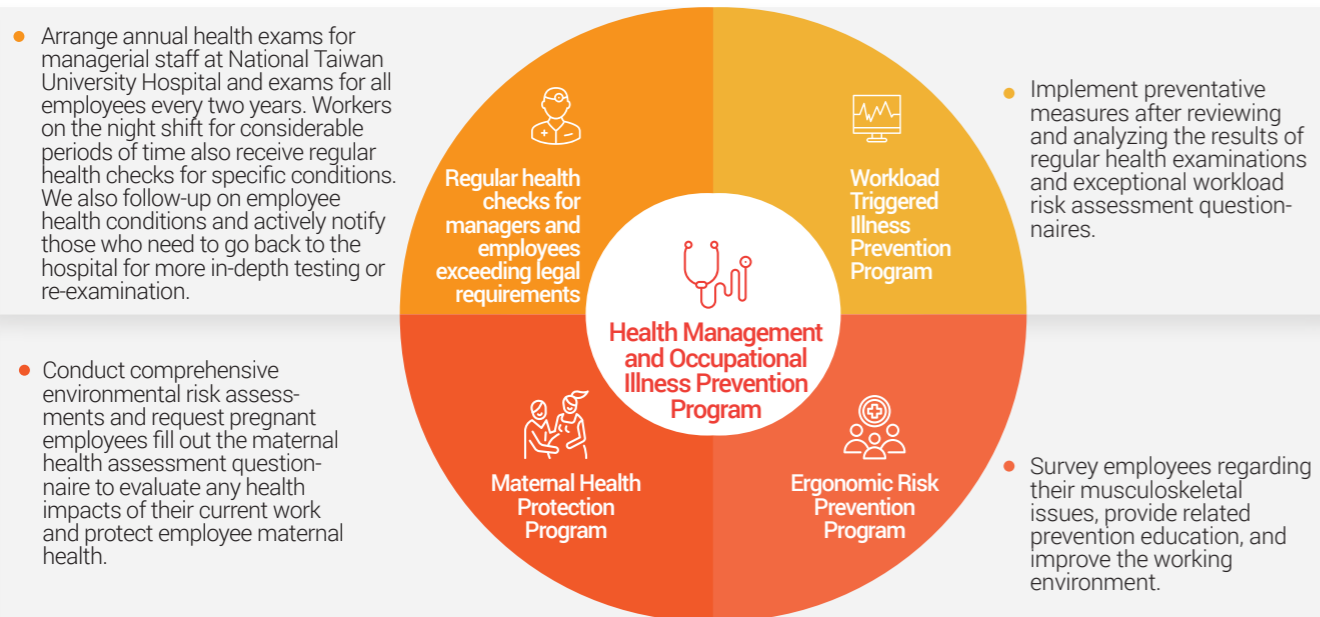


Yuanta Securities / Yuanta Bank Occupational Health and Safety Promotion Management Process



Health Management and Occupational Illness Prevention Measures

The Group screens and identifies employees at risk for occupational health issues according to indicators such as nature of work, workplace environment, age and gender, and health risks, and drafts a prevention plan. Currently there are four main categories of health management and occupational illness prevention implementation measures as outlined below:



The Group provides several channels for employee health and safety participation, consultation, and communication, including the Occupational Health and Safety Committee, unions, and labor-management meetings. Alternatively, through yearly occupational health and safety training and our electronic "Occupational Health and Safety Committee Newsletter", employees can gain a greater knowledge of occupational health and safety and their relevant rights; additionally, they can consult relevant medical professionals through regular on-site clinics.

Yuanta complies with all occupational health and safety related laws and regulations. We conduct occupational health and safety work, education and training, and employee health checks as we strive for an ideal workplace. For general employees, we hold occupational health and safety training and disaster drills as required by law for both new hires and existing employees. Company occupational health and safety officers, first-aid personnel, fire management personnel, and security personnel also receive training in occupational safety management, emergency first aid, and fire safety management. Disaster prevention drills are also held on a regular basis to further reduce the risk of occupational accidents. In 2019, the participation rate in online occupational health and safety courses exceeds 95%. Occupational Health and Safety Committee members have all completed a three-hour refresher course every three years to ensure we provide our employees with a safe, healthy working environment.

In addition to implementing robust occupational health and safety training and management for employees, Yuanta Financial Holdings also encourages value chain partners such as suppliers to sign Human Rights and Environmental Sustainability Provisions. In accordance with Article 26 of the Occupational Safety and Health Act, we inform contractors of the work environment, potential hazards, and measures required with signing of the contract and related safety and health regulations. Contractors when entering into the contract must also sign a Contracting Operation Hazardous Factor Notification Form, Contractor Labor Safety Disciplinary Commitment Letter, and Work Safety Commitment Letter. Furthermore, beginning in 2019, all procurement contracts include specific clauses regarding occupational accident prevention or the Environmental Sustainability and Human Rights Commitment Letter. Beginning in 2020, the party requesting the procurement shall confirm the above obligations have been met before inspecting and taking receipt of purchases.

Occupational Health and Safety Courses		2019
Occupational Health and Safety for New Employees	Attendance	4,481
	No. of Sessions	15
	Total Hours	11,567
Annual Occupational Health and Safety Course	Attendance	9,874
	No. of Sessions	32
	Total Hours	15,223
Occupational Health and Safety Officer Training	Attendance	5
	No. of Sessions	5
	Total Hours	182
Fire Safety Management Personnel Training	Attendance	88
	No. of Sessions	1
	Total Hours	176
First Aid Personnel Education and Training	Attendance	195
	No. of Sessions	39
	Total Hours	791





Occupational Health and Safety Statistics

After analyzing employee work processes and responsibilities, we identified four areas that pose the greatest risk to financial service industry employee health. These are traffic accidents during their commute, metabolic syndrome, ergonomic hazard, and insufficient activity. We take these four health risks seriously and continually evaluate and improve in these areas.

No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures
1	Health risk / Traffic Accidents to/ from Work	Medium High	<ul style="list-style-type: none"> Strengthen employee awareness of traffic safety. Provide two shuttle buses to reduce the need for employees to drive for business purpose.
2	Health risk / Metabolic syndrome	Medium	<ul style="list-style-type: none"> Health counseling provided by medical staff. Hold nutrition lectures, weight management classes.
3	Health risk / Ergonomic Hazard (office posture)	Medium	<ul style="list-style-type: none"> Ergonomic hazard prevention program. Assist with improvements to office environment and promote proper posture. Arrange consultation with a physician, health counseling provided by medical staff.
4	Health risk / Insufficient Activity	Medium	<ul style="list-style-type: none"> Hold events to encourage more physical activity.

Most injuries in 2019 occurred on the way to and from work, with a total of 33 employees who applied for injury leave and have returned to their positions following recovery. In 2019, no major occupational accidents or deaths occurred among our workers, nor were there any injuries incurred by related workers, including those from property management companies (guards, cleaning staff), branch security, or dispatch staff (drivers).

Occupational Injury Statistics by Year for the Group

Item	Total					
	2016	2017	2018	2019		
Total Annual Working Hours (Hours)	22,853,160	18,153,160	21,662,611	21,655,672		
 Type of injury	Injured on duty	Male	0	3	0	0
		Female	1	4	3	1
		Total	1	7	3	1
	Injured on business trip	Male	1	1	2	4
		Female	3	1	0	6
		Total	4	2	2	10
	Injured during commute to/from work	Male	12	12	5	6
		Female	17	17	13	16
		Total	29	29	18	22
	 Number of people who took work related injury leave	Male	13	16	7	10
		Female	21	22	16	23
		Total	34	38	23	33
Injury rate (IR)(%)	Total	11.43	46.43	8.08	11.80	
 Total days lost due to disabling injury	Male	248	382	293	133	
	Female	421	270	121	363	
	Total	669	652	414	496	
Lost day rate (LDR)(%)	Total	29.27	50.21	19.12	22.90	
 Total days of absence	Male	6,302	4,023	3,258	3,393	
	Female	16,189	10,407	8,708	9,852	
	Total	22,491	14,430	11,966	13,245	
Absentee rate (AR)(%)	Total	0.79	0.64	0.44	0.49	

Calculations or descriptions of above indicators:

- Injury rate (IR) = (Number of people who took work related injury leave / total annual working hours) x 1,000,000. Each injury above represents one employee.
- Disabling injury is determined by a physician in accordance with regulations. Lost days due to disabling injury are calculated as the number of lost workdays due to Group employee injuries leading to temporary (or permanent) inability to return to work.
- Lost day rate (LDR) = (Total days lost due to disabling injury / total annual working hours) x 1,000,000.
- Total days of absence: In 2017, total days of absence are the sum of absences for work-related injury, sick leave, personal leave, and unexplained absence. In 2018 and 2019, total days of absence include absences due to work-related injury and sick leave. The total days of absence are the sum of absences for all Group employees.
- Absentee rate (AR) refers to the actual lost days as a percentage of total days scheduled to be worked in the same period.
- Absentee rate (AR) = (Total days of absence / total working days) x 100. In 2019, the absentee rate goal was 0.54, which was achieved.
- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.

9.4 Regulatory Compliance

Protecting our employees is of the utmost importance, so we are committed to labor regulation compliance. Listed below are recent revisions to labor laws and the Group's response. We have also disclosed our compliance to relevant labor laws below.

Ministry of Labor Announcements :

In accordance with Article 20, Paragraph 1 of the Occupational Health and Safety Act, the Ministry of Labor has declared that in 2019 and 2020 health examinations shall be conducted for employees working at night for long periods. In response to this announcement, this year we have already completed health checks for all employees working the night shift for long periods.

Compliance Issues and Improvement Measures

2019 Labor Standards Act Violations					
Company	Competent Authority	Date of Penalty/Sanction	Penalty Document No.	Law Violated	Detail of Violation
Yuanta Bank	Department of Labor, Taipei City Government	2019/12/06	No. 10860731781	Paragraph 2, Article 22, Labor Standards Act	Wages not paid in full.
Yuanta Bank	Taoyuan City Government	2019/08/16	No. 1080200979	Paragraph 1, Article 24, Labor Standards Act	Wage for extended work hours was not paid in accordance with regulations.
Yuanta Bank	Taoyuan City Government	2019/08/16	No. 10802009791	Paragraph 2, Article 32, Labor Standards Act	Extended work hours exceeded those allowed by law.

Yuanta Banks Response: To comply with legal regulations, Yuanta Bank had repeatedly reinforced the importance of applying for overtime hours during managerial meetings to be duly carry out at each department. Beginning in December 2019, each branch will hold monthly reviews in accordance with the newly formulated Guidelines Governing Employee Overtime Management. We also continue to improve our digital timekeeping system to track employees eligible for overtime wages. For those who have already reached the overtime threshold, the system will send a reminder to apply. Should overtime hours for the month exceed statutory limits, a reminder will be triggered by the system. Furthermore, we will strengthen education among wealth management staff regarding guidelines governing bonus distribution and other related regulations.

9.5 Employee Communication

To implement effective communication and thereby achieve harmonious labor-management relations, Yuanta has constructed several systems and channels for communication, grievances, and reporting, and has commissioned an international management consulting firm to conduct annual employee engagement surveys since 2017. In 2019, we expanded the scope of these surveys to include overseas employees. In the area of labor-management communications, we provide different channels for receiving employee feedbacks, including designated employee complaint hotlines, the employee engagement survey, educational development evaluations, and performance feedback interviews. For occupational health and safety issues, employees can express their opinions by sending their proposal to their union or the Occupational Health and Safety Committee.

Union Participation

The Group has always valued communication with unions and employees. Every three months we hold regularly scheduled labor-management meetings to discuss issues with unions or labor representatives to promote labor-management harmony and strengthen cooperation. Should any operating activities significantly impact employees, such activities will promptly be announced on the Company intranet and where necessary, management shall engage all employees in the communication. Yuanta Financial Holdings maintains an open and liberal attitude towards union membership. As of the end of 2019, the total number of union members was 2,970, accounting for 27.22% of our Taiwan employees.

Union	Number of Union Members	Number of Union Members as a Percent of Total Employees (%)	Number of Union Representatives as a Percent of Total Employees (%)
Yuanta Commercial Bank Co., Ltd. Enterprise Union	1,975	44.56	0.47
Yuanta Commercial Bank Co., Ltd. Union	926	20.89	0.59
Yuanta Life Insurance Co., Ltd. Enterprise Union	69	9.1	1.6

Note1: The collective agreement with the Yuanta Commercial Bank Co., Ltd. Union is effective through December 31, 2020 and the agreement applies to 8.49% of the Group's Taiwan employees.

Note2: "Union representatives" refers to union directors and supervisors.

Employee Engagement Surveys

For the past three years beginning in 2017, Yuanta Financial Holdings' HR Department has planned for and commissioned a foreign management consulting company to conduct employee engagement surveys, inviting domestic full-time employees who have passed their probation period to participate. In view of the effective communication facilitated by the 2017 and 2018 employee engagement surveys, in 2019 we also invited overseas employees to participate in the survey to better understand the experience of our workforce both at home and abroad.

Through the employee engagement survey, we can better understand our employees' comprehension of and agreement with Company strategy and operations management. Over the past three years, responses in each survey dimension have moved in a positive direction year after year. In the 18 survey dimensions with a positive employee response, this year's results were 2 to 10 percentage points higher than last year. The 2019 employee engagement survey results show that more than 90% of domestic employees clearly understand and agree with the Company's core values and 88% agree that those values play a guiding role in their daily work. These results are due to the strong values and beliefs of our operating team. Through goal setting, system operation, and implementation by all levels of management at each of our subsidiaries, our core values are instilled in our employees. Employee opinions regarding operations management mechanisms and workplace experiences gleaned through the survey serve as important reference for our management team.

In 2019, a total of 11,148 domestic and overseas employees took part in the employee engagement survey, of which 40.2% were men and 59.8% were women. The results for each survey dimension did not differ significantly by gender. In a total of seven dimensions including engagement, intention to stay, and learning and development, both male and female domestic and overseas survey participants had the same rate of positive evaluation. For the other 14 dimensions with overall positive response, including innovation, customer orientation, salary and benefits, and health and welfare, there was a difference of 1 to 3 percentage points between the two genders, which is still within a reasonable range. Among domestic employees, positive responses were the same for men and women in 14 survey dimensions, while there were only seven dimensions with a gender difference, ranging from 1 to 3 percentage points.

At the annual Group-wide manager meeting in early 2019, the Company president reiterated that we must encourage the younger generation of employees to participate and share their opinions. This year, the presence and influence of younger employees can be seen on important projects at each of our subsidiaries. The Company held lectures on generational work values differences to promote better understanding between different generations in the workplace. By selecting 30 younger employees and commissioning a management consulting company to hold a Young Generation Focus Group, we hope to better understand young people's workplace needs and add this topic to the 2019 employee engagement survey. In 2019, the employee engagement survey included the young generation workplace experience dimension, which received a positive response from 82% of younger workers, which was a significant affirmation of the Group's effort in promoting communication and cooperation between generations.

An overview of the 2019 employee engagement survey results: 88% of employees in Taiwan gave positive feedback in the overall working engagement, an increase of 6 percentage points from the previous year and 11 percentage points higher than our Taiwanese financial peers. 81% of employees expressed intention to stay at their job, an increase of 3 percentage points from the previous year and 8 percentage points higher than our Taiwanese financial peers. 84% of employee respondents had a positive view of diversity and inclusion at the Company, which is a full 13 percentage points higher than the financial industry in the Asia-Pacific region as a whole. Overseas employees enthusiastically responded to the employee engagement survey, with an 87% participation rate. Of overseas respondents, 87% had a positive response to engagement. These results provide as very valuable reference for the Company's international operations management and communication priorities in 2020.

From 2017 to 2019, our employee engagement survey results for Taiwan have shown healthy participation rates and engagement. In view of the fact that results for every indicator are superior to our peers in the Taiwan financial industry, the consulting company suggested that beginning in 2020, the survey for domestic employees could be held once every two years. In 2020, we will continue to conduct employee engagement survey for overseas employees and build a culture of communication with our overseas employees and improve the effectiveness of this communication.

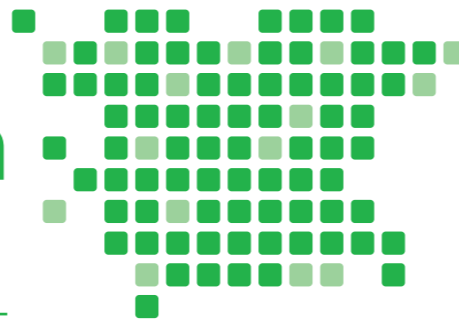
Group Employee Engagement Survey Data by Year				
Year	Number of Domestic Employees Invited to Participate in the Employee Engagement Survey	Number of Domestic Employees Who Responded to the Survey	Employee Respondents as a % of Total Employees	% of Participants with Positive Response to Engagement
2017	11,052	7,929	Domestic Employees	72%
			Domestic and Overseas Employees	54%
2018	10,143	8,844	Domestic Employees	87%
			Domestic and Overseas Employees	63%
2019	9,906	8,545	Domestic Employees	86%
			Domestic and Overseas Employees	87%

Note:
 1. For the 2017 and 2018 employee engagement surveys, in consideration of the gap between the overseas conditions and the network infrastructure with the Taiwan (domestic) region, we invited only full-time employees (including appointed managers, but not the Chairman or President) of the Company and nine subsidiaries who have passed their probation period to participate in the survey. In 2019, we expanded the survey and invited domestic and overseas full-time employees (including appointed managers, but not the Chairman or President) who have passed their probation period to participate. Invited employees can decide whether or not to participate.
 2. The base date of calculating the number of domestic employees responding to the 2017 survey is September 30, 2017. Domestic employee respondents as a % of total domestic employees = 7,929/11,052=72%. Group employees total 14,632 (including domestic and overseas employees). Employee respondents as a % of total Group employees = 7,929/14,632=54%.
 3. The base date of calculating the number of domestic employees responding to the 2018 survey is September 30, 2019. Domestic employee respondents as a % of total domestic employees = 8,844/10,143=87%. Group employees total 14,632 (including domestic and overseas employees). Employee respondents as a % of total Group employees = 8,844/14,128=63%.
 4. The base date of calculating the number of employees responding to the 2019 survey is August 1, 2019. Domestic employee respondents as a % of total domestic employees = 8,545/9,906=86%. Total number of Group employees invited to respond (including domestic and overseas employees) was 12,831. Employee respondents as a % of total domestic and overseas Group employees = 11,148/12,831=87%. In 2019, our target was to achieve an employee survey response of 80% and employee engagement result of 85%, both of which were met.

Employee Engagement Survey Dimensions		2017	2018	2019
	Core Values	●	●	●
	Innovation	●	●	●
	Goals and Direction	●	●	●
	Teamwork	●	●	●
	Customer Orientation	●	●	●
	Execution and Efficiency	●	●	●
	Corporate Brand Image	●	●	●
	Authorization	●		
	Risk Culture		●	●
	Integrity		●	●
	Diversity and Inclusion			●
	Organizational Communication	●	●	●
	Leadership	●	●	●
	Direct Supervisors	●	●	●
	Performance Management	●	●	●
	Talent Management	●	●	●
	Learning and Development	●	●	●
	Salary and Benefits	●	●	●
	Health and Welfare	●	●	●
	Younger Generation Work Experience			●
	Engagement	●	●	●
	Intention to Stay	●	●	●

10

Yuanta's Green Actions



In recent years, the environment and climate change have begun to pose significant challenges to enterprises' sustainable operations. Although a financial services business may not be directly impacted by climate change, when our clients' operations are impacted, we will face the indirect effects. Therefore, by identifying the potential risks and opportunities of climate change, we developed a response strategy and adaptation measures. Furthermore, the administration departments at Yuanta Financial Holdings and our subsidiaries formed the Environmental Sustainability Group tasked with introducing various environmental management systems. The Environmental Sustainability Group is also responsible for proper management of energy and water resources and waste disposal, along with green procurement and supply chain management. In 2019, there were no incidents at the Company that violated national environmental regulations or company policy. We have also set up a variety of ambitious short, medium, and long-term environmental goals to reduce our impact and advance towards environmental sustainability.

Goals

Goals	Short-term Goals	Medium-Term Goals	Long-Term Goals
Meet scope 1 and scope 2 carbon reduction targets Note: 2017 is the base year	Reduce scope 1 and scope 2 carbon emissions by 5% over the base year by 2020	Reduce by 8% over the base year by 2030	Reduce by 50% over the base year by 2050
Reduction of indirect emissions (Scope 3)	Maintain existing level of business travel	Maintain existing level of business travel	Maintain existing level of business travel
Participate in CDP (Carbon Disclosure Project)	Continue participation in CDP (Carbon Disclosure Project)	Continue participation in CDP (Carbon Disclosure Project)	Continue participation in CDP (Carbon Disclosure Project)
Sustainable procurement goals	100% of all major suppliers' contracts include a sustainable procurement declaration	60% of all major suppliers fill out a CSR questionnaire (including ESG topics)	80% of all major suppliers fill out a CSR questionnaire (including ESG topics)
Establish waste reduction goals Note: 2019 is the base year	Reduce waste by 5% over the base year by 2023	Reduce waste by 8% over the base year by 2030	Reduce waste by 10% over the base year by 2050
Reduce water usage Note: 2019 is the base year	Reduce water usage by 5% over the base year by 2023	Reduce water usage by 8% over the base year by 2030	Reduce water usage by 10% over the base year by 2050
Utilize renewable energy	Purchase 2,000 renewable energy certificates (From 2018 to 2021 purchase a total of 2,000 certificates / 2 million kWh)	Continue to purchase renewable energy certificates	Continue to purchase renewable energy certificates
Receive green building certification for construction of self-owned buildings	Receive green building certification for one self-owned building	Receive green building certification for three self-owned buildings	All new construction shall receive green building certification

10.1 Energy Management

Management Approach

Compared to many other industries, financial services has a relatively low environmental impact. Energy consumption at our operating locations and the resulting greenhouse gas emissions are our primary source of impact. Only if we work to actively and properly manage these emissions can we balance our business operations with environmental sustainability. The Group also drew up the Yuanta Financial Holdings Environmental Policy, Yuanta Financial Holdings Energy and Climate Change Management Policy, and Human Rights and Environmental Sustainability Provisions.

In 2015, the ISO 14001 Environmental Management System was implemented in the Yuanta Financial Tower with the scope of certification expanded in 2019 to the head offices of Yuanta Financial Holdings and each subsidiary. In 2017, Yuanta Financial Holdings and its subsidiaries completed GHG inventories in all operating sites, and fully passed ISO 14064-1 GHG Inventory Systems certification in April 2018 and again in 2019. In addition, Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Funds, and Yuanta Securities Finance received ISO 50001 Energy Management Systems certification for their self-owned buildings in 2018. We aim to achieve ISO 50001 certification for all self-owned buildings in Taiwan by 2021.

Three Major ISO Management Systems Certification Status in 2019

	ISO 14001	ISO 14064-1	ISO 50001
Yuanta Financial Holdings and its subsidiaries	√	√	Receive certification for all Group self-owned buildings by 2021 (In 2019, Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Funds, Yuanta Securities Finance self-owned buildings have already been certified)



The Group began actively purchasing green power in 2016 with 500 thousand kWh from the Taiwan Power Company. Since 2018, we have purchased 500 renewable energy certificates (500,000 kWh) annually. At the same time, we also promote green procurement, which totaled over NT\$125.5 million in 2019. Through controlling energy consumption and GHG emissions, we hope to improve energy efficiency and thereby reducing our environmental impact.

In 2015, the Group began implementing three major ISO standards as the foundation of our energy management. Yuanta Bank led the way with implementation of ISO 50001 in January 2016 and passed certification in July of the same year. In 2019, Yuanta Financial Tower, Yuanta Securities (Taipei Datong Building, Taipei Chengde Building, and Baoqing Building), Yuanta Bank (Taipei Chengde Building, Tainan Yongkang Building, and Tainan Fucheng Building), Yuanta Funds (Taipei Datong Building), Yuanta Securities Finance (Taichung Chongde Building) self-owned buildings all passed ISO 50001 certification. Our goal is relevant certification for all Yuanta's self-owned buildings by 2021 to continuously improve energy efficiency and reduce environmental impacts. Energy consumption in 2019 totaled 141,285,355.79 (MJ) and energy consumption intensity was 485.85(MJ/m²). By controlling energy consumption, we already met our short-term carbon reduction goal.



Yuanta Group Energy Usage by Year

Type of Energy	2016	2017	2018	2019	2019 Target	Target Status	2020 Target	
Non-Renewable Energy Usage	Gasoline (Liters)	104,450.39	182,316.50	168,531.13	155,586.70			
	Diesel (Liters)	666.60	8,263.00	3,365.00	2,229.20			
	Total Electricity Consumption (kWh)	7,851,180.04	45,238,610.00	44,353,757.36	37,805,960.40	43,730,656.33	Achieved	42,976,679.50
	Total Electricity Costs (NT\$)	20,537,902	117,656,576.89	115,355,252.14	98,325,741.81			
	Total Heating Value (MJ)	31,682,617.49	169,019,719.58	165,213,797.78	141,285,355.79			
	Total Energy Consumption (MWh)	8,800.73	46,949.96	45,892.75	39,245.96	45,384.96	Achieved	44,602.46
Renewable Energy Usage	Green Power / Renewable Energy Certificates (kWh)	500,000	500,000	500,000	500,000.00	500,000	Achieved	500,000
	Heating Value (MJ)	1,799,120	1,799,120	1,799,120	1,799,120			
Data Coverage Rate (%)	87.35	100	100	100				

- Note:
- The scope of annual energy usage is consistent with the scope of GHG emissions.
 - Electricity consumption is Yuanta's primary form of energy use. Use of heating, cooling, and steam equal zero.
 - Yuanta belongs to the financial services industry with no self-produced energy and no energy-selling activities. Therefore, energy sales of electricity, heating, cooling, and steam equal zero.
 - All conversion values are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and the "2018 Energy Statistics Handbook - Energy Products & Energy Units Table" of Taiwan's Energy Bureau, Ministry of Economic Affairs.
 - The total electricity cost is calculated by the average electricity price of the 2018 Energy Statistics Handbook-Annual Electricity Price List of Taiwan's Ministry of Economic Affairs.
 - Data coverage rate represents ratio of locations included in the data compared to total units in the specified year. In 2016, the data coverage rate was calculated by total assets; the 2017 and 2018 data cover all operating locations of Yuanta Financial Holdings and our subsidiaries.

10.2 Energy Saving and Carbon Reduction Performance

Yuanta Group began to implement the ISO 14064-1 Greenhouse Gas Inventory System in 2015, with subsidiaries Yuanta Securities and Yuanta Funds passing certification in May and September of 2016 respectively. In 2019, we undertook ISO/FDIS 14064-1:2018 inventory of GHG emissions and Yuanta Financial Holdings and our subsidiaries passed certification with a 100% coverage rate. In 2019 Scope 1 and Scope 2 GHG emissions totaled 21,512.51 metric tons of CO₂e, while emission intensity was 0.0740 (metric tons CO₂e/m²). In 2019, considering the impact of investments and the availability of related information, the Group estimated Scope 3 emissions of listed equities in our portfolio to be 114,259 metric tons of CO₂e.

Yuanta Greenhouse Gas (GHG) Emissions by Year

Amount of GHG Emissions (Metric tons of CO ₂ e)	2016	2017	2018	2019	2019 Target	Target Status	2020 Target
Scope 1	306.33	1,545.00	975.18	1361.94	1,493.50	Achieved	1,467.75
Scope 2	4,145.41	24,196.00	24,792.44	20,150.58	23,389.47	Achieved	22,986.20
Scope 1 + 2	4,451.74	25,741.00	25,767.52	21,512.51	24,882.97	Achieved	24,453.95
Data Coverage Rate (%)	87.35	100	100	100			
Explanation of the Data Scope	9 subsidiaries	324 operating locations of Yuanta Financial Holdings and our 9 subsidiaries	316 operating locations of Yuanta Financial Holdings and our 9 subsidiaries	316 operating locations of Yuanta Financial Holdings and our 9 subsidiaries			
Scope 3			6,440.30	5,667.59	6,440.30	Achieved	6,440.30

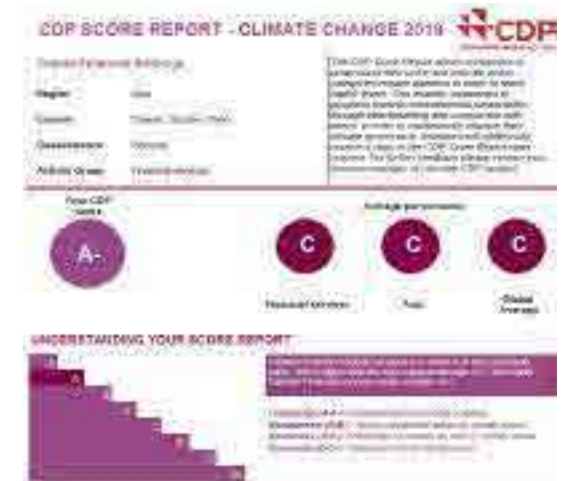
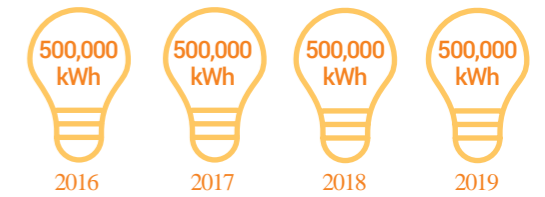
- Note:
- Since GHG inventory was completed for all locations in 2017, it serves as the base year for the Group.
 - We use operating controls as the method of consolidating greenhouse gas emissions. In 2016, the data coverage rate was calculated by total assets; the 2017 and 2018 data cover all operating locations of Yuanta Financial Holdings and our subsidiaries.
 - The GHG emissions are primarily calculated as emission factor method = activity data x emission factor x Global Warming Potential (GWP). Global Warming Potential (GWP) is from the "Intergovernmental Panel on Climate Change (IPCC) 2007 AR4".
 - The Scope 1 GHG emissions are mainly from gasoline for company vehicles and air conditioner refrigerant. The emission factors are from the "Taiwan EPA Greenhouse Gas Emission Factor Management Table 6.0.4". The GHG emissions from gasoline for official vehicles includes CO₂ (emission factor: 2.26313 metric tons of CO₂/m³), CH₄ (emission factor: 0.00081 metric tons of CH₄/m³), N₂O (emission factor: 0.00026 metric tons of N₂O/m³); the GHG emissions from air conditioner refrigerant includes HFCs (emission factor: 0.03 metric tons HFCs/m³).
 - Scope 1 and 2 GHG emission types include carbon dioxide, methane, nitrous oxide, and HFCs.
 - Scope 2 GHG emissions are mainly from purchasing electricity. The emission factor is based on the Taiwan Energy Bureau's 2018 electricity retailing utility enterprise carbon emissions coefficient.
 - Scope 3 biogenic carbon dioxide emissions measured in metric tons of CO₂e equal zero. 2018 Scope 3 emissions by category (metric tons of CO₂e): transmission loss 4,857.70, electricity purchases for other than owned assets 595.89, waste disposal 461.47, external ATM electricity usage 294.21, business travel 229.41, transportation of credit cards to the Yuanta card issuing center 1.62. 2019 Scope 3 emissions by category (metric tons of CO₂e): business travel 190.84, waste disposal 183.92 and purchased electricity (upstream emissions) 5,292.83.

Purchasing Green Energy and Renewable Energy Certificates

In response to Taiwan's Ministry of Economic Affairs-Voluntary Green Electricity Pricing Pilot Program, Yuanta purchased 500,000 kWh of green power from Taiwan Power Company in 2016. To continue this environmentally friendly practice in 2017, Yuanta Financial Holdings and our subsidiaries Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, and Yuanta Securities Finance again purchased 500,000 kWh of green power. In 2018, we began purchasing Taiwan Renewable Energy Certificates (TRECs). In 2019, Yuanta Securities and Yuanta Bank each purchased 200,000 kWh, Yuanta Futures purchased 50,000 kWh, Yuanta Life and Yuanta Funds each procured 20,000 kWh, and Yuanta Securities Finance purchased 10,000 kWh. In 2019, we again purchased a total of 500 thousand kWh of low-carbon energy.

Since 2015, Yuanta Financial Holdings has responded to the climate change questionnaires of the international non-profit CDP (formerly the Carbon Disclosure Project). In January 2016, the Group became an investor signatory of CDP's Climate Change, Water, and Forests Projects. Through these questionnaires, we evaluate the various risks and opportunities attendant to climate change and then implement a range of carbon reduction and energy saving actions and green financial services to reduce the impacts of our operations on the environment. We hope that while implementing sustainable development, we will also be able to motivate other companies to reduce their carbon emissions and align with international trends. For the 2019 questionnaire, Yuanta Financial Holdings received an A- Leadership Band Score. In the future, we will continue to respond to the CDP questionnaire and support CDP's investor plans in our commitment to environmental friendliness.

Green Energy / Renewable Energy Certificates by Year



Energy Savings Projects

Through replacement of old energy-consuming equipment, controls on the use of electrical equipment, and educational efforts, Yuanta Financial Holdings works to boost employee awareness of energy conservation, carbon reduction, and environmental protection. In this way, we can reduce potential risks to the Company's operations and strive for environmental friendliness. In 2019, we reduced electricity consumption by 1,050,005 kWh by using LED luminaires, which is equivalent to 559.65 metric tons of CO₂e emissions.

2019 Major Energy Saving Projects

Company	Project Description	Estimated Power Consumption Reduction (kWh)	Estimated Carbon Reduction (metric tons CO ₂ e)	Project Input Cost (NT\$)
Yuanta Securities	Installed 80 LED lamps in the Taiping Branch new location	8,924	4.76	50,400
	Installed 172 LED lamps in the Xinyi Branch	19,187	10.23	108,360
	Installed 8 LED lamps in the Huashan Branch	893	0.48	5,040
	Installed 7 LED lamps in the Zhongli Branch	781	0.42	4,284
	Installed 86 LED lamps in the Huwei Branch new location	9,594	5.11	54,180
	Installed 85 LED lamps in the Dawan Branch new location	8,925	4.76	84,830
	Installed 198 LED lamps in the Kaohsiung Branch new location	27,609	14.72	197,604
Yuanta Bank	Removed the TV wall from branch office lobbies made up of 19-inch monitors for a total of 2,780	129,250	68.89	
	Replaced the lights in the ATM section of 145 branches	530,265	282.63	2,900,000
	Switched to energy-saving LED lamps in six of the Bank's self-owned buildings	314,577	167.67	2,960,000
Total		1,050,005	559.65	6,424,698

Note: Estimated 2019 carbon reduction calculations are based on the Taiwan Energy Bureau's 2018 electricity retailing utility enterprise carbon emissions coefficient = 0.533(kgCO₂e/kWh).

10.3 Water Resources and Waste Management

To reduce the environmental impacts of our operations and systematically promote and manage our green policies, the Group began in November 2015 to implement ISO 14001 Environmental Management Systems at Yuanta Financial Holdings. In 2019, Yuanta Financial Holdings and our nine subsidiaries completed implementation and passed certification with a 100% coverage rate. The Group continues to promote a variety of measures to reduce our environmental impact as we work towards building a green corporate culture. We do our utmost to reduce and recycle waste and carefully select waste disposal providers to ensure they follow the law and do not cause secondary impacts on the environment. To reduce water usage, we have installed water-saving devices and encourage employees to use less water. In 2019, ISO 14046 Water Footprint assessment was conducted on the Yuanta Financial Tower for the first time to understand the temporal and spatial use of water resources, and it will be used as a comprehensive evaluation indicator for internal measurement of water resources occupancy.

Group Water Usage by Year

Year	2016	2017	2018	2019	2019 Target	Target Status	2020 Target
Water Usage (million liters)	254.26	211.08	212.40	188.35	209.75	Achieved	186.00
Total Water Cost (NT\$)	3,334,643	3,460,132	3,462,165	3,129,700			
Data Coverage Rate (%)	100	100	100	100			

Note:
 1. Water is sourced from the Taiwan Water Corporation and is used for general daily activities.
 2. The water consumption of Yuanta Securities, Futures, and Venture Capital in 2016 and Yuanta Life from 2016-2018 are calculated backwards from the Taiwan Water Corporation water bill and service fee. According to the conservatism principle, the amount of water consumption is calculated by using the highest water unit price NT\$11.5 per m³. Total consumption in 2019 is based on an actual water consumption inventory.
 3. The goal was to reduce water usage in 2019 by 1.25% compared to 2018. The 2020 goal is to further reduce by 1.25% compared to 2019.

The waste generated by Yuanta Group is primarily general household garbage. Yuanta has long worked to minimize waste by installing garbage sorting and recycling facilities, with waste categorized as recyclable, non-recyclable, and food waste, and handled appropriately. Non-recyclable waste is incinerated by qualified waste management companies, while recyclable and food waste is removed and processed by recycling companies. At the Yuanta Financial Tower, for example, pantry rooms on each floor are equipped with bins for recyclables and notices are posted reminding employees to recycle. Between regular promotion of recycling and our Family Days, we strive to educate our employees about the importance of recycling. Beginning in 2019, the Group began weighing all waste and set short, medium, and long-term reduction goals.

Group Waste Generated by Year

General Waste (non-hazardous)	2016	2017	2018	2019	2019 Target	Target Status	2020 Target
Incinerated (metric tons)	2,127.62	2,175.87	2,931.56	435.66	2,894.92	Achieved	430.21
Recycled (metric tons)	8.56	9.01	104.59	3,294.34			
Total (metric tons)	2,136.17	2,184.88	3,036.15	3,730.01	2,998.19	Not Reached	3,683.38
Data Coverage Rate (%)	100	100	100	100			

Note:
 1. The waste generated by Yuanta Group is primarily general household non-recyclable waste, recyclable waste, and food waste. There is no hazardous waste generated. Non-recyclable waste is collected by qualified waste management companies and incinerated, while recyclable waste and food waste is collected by recycling firms.
 2. Waste generated for 2016-2018 is estimated from Taiwan's EPA average daily waste generation per capita figures. Beginning in 2019, the figures are based on actual weight of waste generated by each subsidiary. Figures from 2018 and beyond include shredded documents and waste material generated by renovation. In 2018 there was a total of 278.25(m³) of waste generated by building renovation. In 2019, total waste increased primarily due to the inclusion of shredded document waste.
 3. The 2019 goal was to reduce waste by 1.25% compared to 2018. The 2020 goal is to reduce waste by 1.25% compared to 2019.

10.4 Green Procurement

We strive to support low-carbon, sustainable corporations through green procurement and supplier management. In this way, we are able to expand the influence of sustainability while reducing procurement risk and effectively controlling and reducing operating costs. The Group's suppliers can primarily be divided into four main categories: IT (software and hardware), facilities maintenance, printing, and other. Among these, the IT category is the largest and each procurement project is primarily conducted with local, Taiwan-based suppliers.

Yuanta Financial Holdings prioritizes procurement of products with government approved environmentally friendly, energy saving, or water saving labels. Office repairs are conducted primarily using green building materials. The Group promotes green procurement and related concepts among our employees and the procurement departments of our subsidiaries through relevant education and training. We also provide a list of government-approved green products with reduced environmental impacts, including those that have received Green Mark EPA certification, those that meet requirements for renewable materials, low pollution, recyclability, and reduced resource use, and other products with the same or similar functionality that increase social benefits or reduce social costs to encourage procurement decisions that promote our green purchasing objectives.

According to this standard, green procurement in 2019 totaled NT\$125.56 million and made up 6.21% of total procurement costs. In addition, in our procurement and business coordination, we encourage our suppliers to use environmentally certified materials and promote environmental friendliness and green consumption. When we work together to abide by these principles, Yuanta and our suppliers can expand the market for green consumption.

In recent years, Yuanta has participated in the Taipei City Government's Green Procurement for Private Enterprises and Groups project. By actively promoting green procurement, we have seen year-on-year increases in the totals of our green purchasing. We were recognized by the Taipei City Government as an excellent green procurement benchmark enterprise for nine consecutive years (2011- 2019) and by the Environmental Protection Agency for our outstanding performance in green procurement for eight consecutive years (2012-2019). In the future, Yuanta Financial Holdings will continue building on these efforts, educating our workforce about the environment, and further doing our part to work toward a greener world. a comprehensive evaluation indicator for internal measurement of water resources occupancy.

Green Procurement Value by Year

Year	2017	2018	2019	2019 Categories	Amount (NT\$)	Proportion (%)
Green Procurement Value (NT\$10,000)	3,324	6,682	12,556	Energy Label Products	41,683,726	33.2
				Green Mark Products	70,224,129	55.9
				Category 3 Products	2,580,076	2.1
				Other Certified Products	11,073,019	8.8

Note: 1. Category 3 Products as defined by the Environmental Protection Agency have been certified as "increasing social benefits or reducing social costs" by the competent authority with supporting documents.
 2. In 2019, old computer equipment was replaced throughout the Group, resulting in an increase in procurement value.

10.5 Supplier Management

Management Approach

We have expanded our push for corporate sustainability from our own operations out to our entire supply chain. By using our influence, we actively manage our suppliers to reduce risks they pose to the Company. The Group formulated the Human Rights and Environmental Sustainability Provisions, Integrity Management Guidelines, and Procedures for Integrity Management and Guidelines for Conduct. At the same time, we added a corporate social responsibility clause to supplier contracts. By 2019, a total of 87 supplier contracts now include the CSR clause. For bargaining meetings with a purchase amount greater than NT\$1 million, human rights and environmental issues training are given. In 2019, the Company took the lead to implement ISO 20400 Sustainable Procurement Guidance and passed certification in 2020. We have built a more comprehensive Sustainable Procurement Process. Beginning in 2019, we hold annual Supplier CSR Conferences to leverage our influence in the financial industry and encourage suppliers to implement sustainable behaviors and work towards environmental sustainability together.

In addition to pursuing sustainability in our own operations, we also hope to join hands with our suppliers to fulfil our collective corporate social responsibility and abide by integrity management principles. Beginning in June 2013, in accordance with the Company's Procedures for Integrity Management and Guidelines for Conduct, suppliers seeking to sign contracts with us must understand our integrity management principles and CSR strategy, and also sign the Human Rights and Environmental Sustainability Provisions and provide evidence that they have not been involved in corruption or bribery. All suppliers must comply with labor and environmental regulations, respect employee human rights, and work towards environmental sustainability. Furthermore, to build a comprehensive Sustainable Procurement Process, we implemented ISO 20400 Sustainable Procurement within our purchasing departments in 2019 and received certification the following year. We hope to influence upstream suppliers and strengthen corporate sustainability.

In January 2019, the Company formulated our Supplier Management Guidelines. In accordance with those guidelines, any price negotiation regarding procurement valued at NT\$1 million or more will include human rights and environmental training. Each year, we will evaluate our key suppliers in the areas of quality and price, lead time, service, and CSR. In 2019, a total of 137 suppliers were evaluated. On a 100-point scale, suppliers received an average score of 86.6 points. No suppliers received lower than 60 points and no major negative environmental or social impacts were discovered.

To promote awareness of human rights among our suppliers, we invited 124 of our contractors and suppliers to complete the Supplier Human Rights Due Diligence Form. We completed on-site visits and guidance for the four suppliers found to have higher human rights risks in the survey results. They also formulated human rights policies that serve as supporting documents for our

better understanding of their concrete actions and improvements in this area. Yuanta Group attaches great importance to implementing corporate social responsibility within our supply chain.

The four suppliers visited by Yuanta must improve in the areas of non-discrimination, freedom of association, and hiring people with disabilities. Yuanta will regularly review and evaluate these suppliers' future behavior in these areas, while providing any necessary guidance to reduce human rights risks. We hope to spur suppliers to attach more importance to human rights issues.

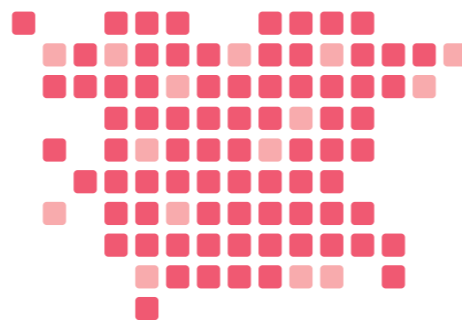
The Company works tirelessly to promote sustainable corporate development. Aside from implementing CSR within our organization, we also require the same of our supplier partners. We have held our Supplier Conference in each of the past two years. In 2020, a total of 80 suppliers attended. During the meeting, a professional from Ernst & Young spoke about supply chain management and sustainable procurement. We invite supplier partners to work with us to achieve our vision and commitment to sustainable operations together.

The Company invites outside lecturers to provide training and education to our partners to encourage them to practice corporate social responsibility. In addition, beginning in November 2015, the Group began requiring major existing suppliers (and new suppliers) to include CSR in their contracts by adding a CSR clause or signing an Environmental Sustainability and Human Rights Commitment, which have been 100% completed. Contracts now clearly lay out the working conditions, environmental protections, and labor rights protections expected of suppliers under the law.



11

Social Participation



Management Approach

Company growth is inextricably linked with a stable social system. Financial services function as the cornerstone of overall social prosperity and development. At the same time, financial services rely on healthy development of society to drive growth. Without a stable society, company operations would also face challenges. Therefore, we established the Yuanta Cultural and Educational Foundation, which represents the combined power of all our subsidiaries, to promote public service participation in the long term. In 2019, the Group held a total of 721 public service events and invited our employees to participate. We hope that through their initiative, we can expand social participation and serve as a positive influence throughout Taiwan.

Yuanta Financial Holding's Social Engagement Group implements our volunteer engagement and philanthropic platform. Our efforts are focused on five major areas: Support for the Underprivileged and Caring for Children, Supporting Education and Youth Self-reliance, Building Financial Education and Industry-Academia Cooperation, Provision of Health Care and Care for the Elderly, and Serving the Community and Protecting the Environment. By sharing information and resources among subsidiaries, we harness the power of the Group to plant the concepts of "giving" and "common good" deeply into our company culture.

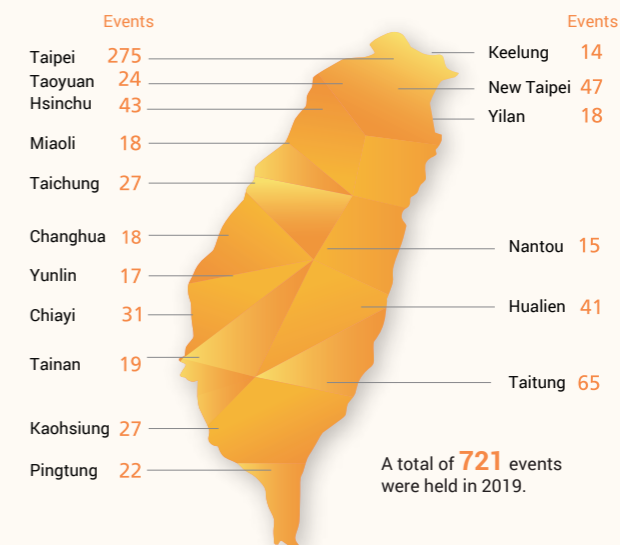
In order to evaluate overall public service contributions and better manage these efforts, we established performance indicators, which include volunteer statistics, number of beneficiaries, numbers of beneficiary groups and external partner groups, Yuanta Donation Platform total donations, social media reach of charity events, and people reached through our Building Financial Education annual campus recruitment events.

Over the year, a total of 2,812 Group volunteers participated and accumulated 16,144 service hours with a total of 268,787 people benefitting. Beneficiary groups and external partner groups totaled 169. Furthermore, in effort to strengthen volunteer engagement and play the role of philanthropic platform, the Foundation coordinates a wide range of resources. In 2019, through Dream Big Project, Yuanta Happy Day, donations of materials and financial services and other Yuanta Cultural and Educational Foundation volunteer events, the Foundation brought 38 new partners on board to join with us and create a better future.

Yuanta Philanthropic Events

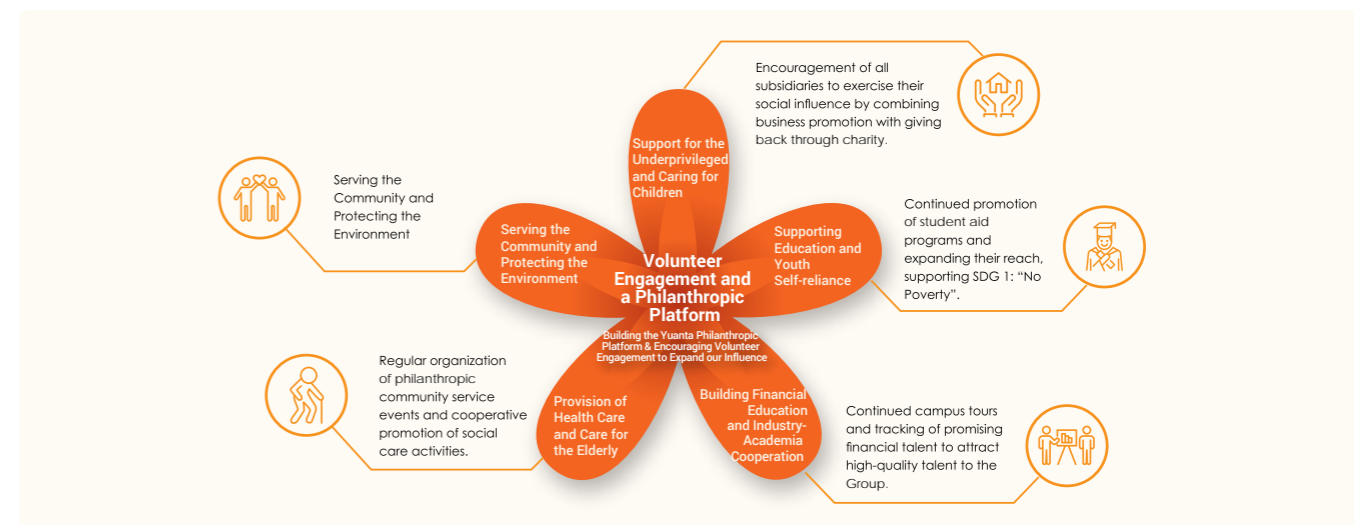
Involvement

- 2019 Group Participation
- Philanthropic donations: NT\$58,965,510
- Number of volunteers: 2,812
- Self-organized events: 145
- Co-organized events: 327
- Sponsored events: 249



11.1 Philanthropic Activities and Yuanta Group Strategy

The Company and our subsidiaries along with the Yuanta Cultural and Educational Foundation formed the Social Engagement Group, which coordinates management and use of our collective resources. Our philanthropic platform, made possible through volunteer engagement, supports five major areas of focus: Support for the Underprivileged and Caring for Children, Supporting Education and Youth Self-reliance, Building Financial Education and Industry-Academia Cooperation, Provision of Health Care and Care for the Elderly, and Serving the Community and Protecting the Environment so we can send warmth into every corner of society.



The Group actively supports community service and looks to be a strong and stable partner to philanthropic organizations. In view of the current shortage of manpower faced by many such groups, in addition to traditional donations of capital and materials, we also encourage employees to volunteer their time to directly provide care for the underprivileged. In this way, we are able to help address this shortage while also building internal cohesion and identification with the Company among the employees, creating benefits for the Company, volunteers, and charitable groups alike and further internalizing the spirit of philanthropy into our corporate culture.

We hope to use more diverse methods to support our public service partners. Instead of helping on a one-time, ad hoc basis, Yuanta aims to utilize the positive reputation we have built after many years of working in the charitable space to attract more external allies. With this assistance, our charity partners can expand their existing networks, build new opportunities for collaboration, and attract more outside resources. For example, "Wahaha Science Service Team" received funding as part of the second annual Yuanta Dream Big Project. Well-known educational toy company Gigo Toys, who learned about them through the Dream Big Project, donated 83 remote control building sets to Wahaha for use in educational activities. Furthermore, as part of the Yuanta Dream Big Project selection process, we invite the media to join us in spotlighting these worthy organizations. The Group also expects that through the influence of the broadcast media, the Yuanta Dream Big Project can serve as a platform for all applicants to gain exposure for their causes and attract resources.



Community Service Projects

Support for the Underprivileged and Caring for Children

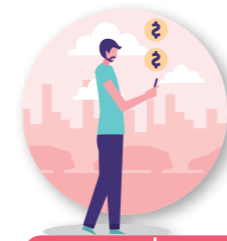


Organizer	Project Name	Description
Yuanta Securities	Assistance to Children's Homes	Employees decided on their own to raise money for local children's homes. A total of 26 volunteers participated and NT\$13,000 was raised. At the same time, materials (diapers, bottles, pacifiers) were donated to the Good Shepherd Social Welfare Foundation and TFCF Tainan Branch valued at NT\$5,000 and NT\$9,000 respectively for a total of NT\$14,000.
	Angel Long Time No See - Charity Concert	We invited vocalist and humanitarian A-Lin to participate and donated NT\$1.005 million to the event. A total of 20 volunteers donated 60 hours of service. Angel Heart Family Social Welfare Foundation in return provided VIP tickets to the event, which we gave to our customers, inviting them to join the event.
Yuanta Bank	Donation drive	Yanji Branch collected material donations for the TouJiao Taiwan Presbyterian Church in rural Taoyuan. A total of six volunteers provided 24 hours of service. The value of donations equaled NT\$57,000.
	Yuanta Bank "Give Love, Give Warmth" Donation Platform	Sponsored a credit card donation platform for 23 charitable organizations. Cardholders can transfer donations to these organizations online or by fax. Total donations exceeded NT\$780,000.
Yuanta Life	Pingtung Donations for Education - Send Love to Rural Junior High Schools	Through a NT\$100,000 donation to Shih-Zih Junior High School, we injected resources into rural education. A total of 22 volunteers participated and spent a total of 88 hours assisting 79 people.
	Sending Our Love to the Joy Care Home	We visited the Joy Care Home to deliver donations, provide care, and assist with a charity sale. A total of 70 volunteers provided 350 hours of service and donations (including donated goods) totaled NT\$197,000.
	Christmas Charity Sale	A total of 50 volunteers donated 100 volunteer hours. The charity sale raised NT\$22,000, which was donated in full to the Yu-Cheng Social Welfare Foundation.
Yuanta Funds	Healthy Day Run	Purchased 500 boxes of handmade soap (NT\$46,000) from Syin-Lu Social Welfare Foundation's New Taipei City Ciyou Sheltered Workshop and distributed them to employees who participated in the run.
	Second Shoebox Donation Drive	Collected 219 shoeboxes filled with donated items with an approximate total value of NT\$110,000, which were donated through the Taitung County Education Department's Academic Affairs and Management Division to students and employees of Guanshan Junior High School, Bin-Mao Junior High School, and Fengtian Elementary School.
Yuanta Futures	Down Syndrome Taiko Drum Performance	Invited the Down Syndrome Taiko Drum Troupe to perform at our Spring party and donated NT\$30,000 to the Down Syndrome Foundation R.O.C.
	Calls over Ridges Lunch Project	Ordered charity cakes with proceeds going to Calls over Ridges and donated 1,020 lunches to underprivileged children in Nepal valued at NT\$25,000.
	Helping Mango Farmers	Ordered 70 cartons of mangos from the Tainan City Nanhua District Farmer's Association (total cost of NT\$46,000) to both assist farmers and improve employee well-being.
	Helping Pomelo Farmers	Ordered 50 cartons of pomelo (total cost NT\$30,000) to assist farmers and proceeds from charity sale were donated to the Saint Joseph Social Welfare Foundation.
	Invoice Donation	Collected and donated 1,746 uniform invoices to Huashan Social Welfare Foundation.
Yuanta Cultural and Educational Foundation	Step 30 International Ministries Second-hand Donation Drive	Held our second annual second-hand goods and monetary donation drive to help Step 30 International Ministries achieve their mission to eradicate Tungiasis in Africa's poorest regions so children can attend school without pain. A total of 840 second-hand items with estimated value of NT\$84,000 was collected and donated along with NT\$31,000 in monetary donations.
	Yuanta Happy Day	Yuanta Happy Day's Taipei, Kaohsiung, and Taichung events welcomed 730 students from rural area. A total of 320 volunteers played games with the children to expand their horizons and accompanied them through this highly anticipated day together. As the events wrapped up, we gave each child a tailor-made Yuanta Happy Day gift bag prepared just for them with exercise clothing and shoes in their size to encourage them to exercise their physical and mental health.
	Building Local Teaching Resources through the Kids' Bookhouse	Since 2010, we have subsidized tutoring costs at the Taitung "Kids' Bookhouse" to enable local young teachers in Taitung to stay in the community and serve as role models for children and assist in their development.
	Sponsoring Teachers and Instruments for Music Education	For four years, we have sponsored the Taipei Philharmonic Foundation for Culture and Education's "El Sistema Taiwan Charity Music Education Project", which attracts passionate, professional teachers and collects used violins. El Sistema utilizes music to provide children in rural areas and the periphery of cities with an enduring educational experience.

Supporting Education and Youth Self-reliance



Organizer	Project Name	Description
Yuanta Financial Holdings	Summer Research Program	2018 marked the 12th year of this program. Over more than a decade, we have nurtured nearly 200 graduate students in finance-related fields. After 2019, the program will be handled individually by each subsidiary.
Yuanta Cultural and Educational Foundation		
Yuanta Cultural and Educational Foundation	Yuanta Top Scholars Program	In the four years since 2016, the program has assisted 226 promising students to pursue education without worry.
	Yuanta-FJU Dreams Take Flight Project	The project includes different forms of assistance and education such as scholarships, Summer and Winter Academies, and Distance Education Training. 2019 marks the project's ninth year, over which 1,212 people have benefitted as we work to assist children in remote areas continue their education.
	"Cheers, Finance is Fun" - Yuanta Financial Literacy Program	Donated 1,789 second-hand books to remote schools. Not only does this save resources, these books also provide a treasure trove of knowledge. Furthermore, utilizing our financial expertise, we developed a series of instructional materials. By teaching children about investments and the markets, they can learn the value of money and how to manage their finances.



Building Financial Education and Industry-Academia Cooperation

Organizer	Project Name	Description
Yuanta Financial Holdings	Cultivate financial talent and industry-academia cooperation and exchange	We provide students with a variety of internship opportunities and co-organize classes and financial seminars with colleges and universities to enhance student competitiveness in the job market, narrow the gap between industry and academia, and fulfil our corporate social responsibility to cultivate new financial talents. In 2019, we attended 32 campus exhibitions and orientations, which were attended by 6,672 people, to introduce finance careers, internship opportunities, and developments within the industry. A total of 4,214 students took courses co-developed with finance-related college departments and we were invited to give lectures which were attended by 1,781 people. Company visits were attended by 424 people from nine colleges and universities and we accepted 212 students as interns and encourage all subsidiaries to implement their own internship programs as well.
Yuanta Securities	Tenth Annual Asia-Pacific Mergers & Acquisitions Model Competition 2020	Donated NT\$100,000 to the College of Law at National Chengchi University to sponsor the competition.
	Sponsoring financial education programs in college clubs	Donated a total of NT\$37,000 to National Taiwan University, Chaoyang University of Technology, and National Cheng Kung University.
Yuanta Cultural and Educational Foundation	Sponsored the 13th Yuanta Cup	This year, over 20 teams from ten EMBA programs across Taiwan participated in intermural competition and exchange. The total prize money was NT\$300,000 and was donated in full to social welfare organizations to give back to the community by the winning groups.
	Forward-looking Open API Policy and Innovative Application Seminar 2019	The event explored the opportunities and challenges of promoting open API implementation in Taiwan's financial industry. We invited experts to give talks on open API architecture, technology, and long-term planning.

Provision of Health Care and Care for the Elderly



Organizer	Project Name	Description
Yuanta Life	Everpro Charity Walk Carnival	The Everpro Charity Walk calls attention to the importance and necessity of long-term care. A total of 25 volunteers attended and donated 125 hours of time. Donations (including material donations) reached NT\$215,000.
	Health Education and Care for the Elderly Volunteer Services	Provided health education at over 10 adult day care centers and community activity centers. A total of 150 volunteers performed 600 hours of service.
	Silver in the Sunshine - Caring for People with Dementia	Held a total of three events at Yilan's Catholic Marian Long-Term Care Center, Tainan YMCA Social Welfare Foundation, Ganlin Social Welfare Foundation Home for the Elderly, which 36 volunteers attended and performed 240 hours of service.
Yuanta Cultural and Educational Foundation	Celebrating the Holidays with Mennonite Christian Hospital	On the eves of Lunar New Year and the Mid-Autumn Festival, Yuanta volunteers shared a meal with residents of the Mennonite Christian Hospital Nursing Home to bring the warmth of the holiday to those who could not be home with family.
	Sponsoring Rare Disease Documentary Series	Spotlighting achondroplasia and glutaric aciduria, these documentaries aim to educate more people about rare disorders. By promoting the documentaries to schools, people learn to respect and care for those with rare disorders at an early age.
	Ministry of Culture's 14th Arts & Business Awards— Sponsorship Silver Award	Long a supporter of the arts, in 2018 Yuanta held the Infinities of Zao Wou-ki retrospective exhibition to celebrate Master Zaos contributions to the fine arts. Not only could members of the public get an intimate look at the works of a world-class artist, we also invited 242 students from rural areas in central Taiwan to attend and be exposed to art from an early age. Furthermore, we sponsored performances of "The Eternal Coffee Time" to bring attention to the issues of medical care and long-term nursing facilities for the elderly and amplify the voices of the socially disadvantaged. We invited the Taiwan Alzheimers Disease Association (TADA) and Hondao Senior Citizen's Welfare Foundation, which have been long committed to caring for the elderly, along with our corporate guests, customers, and employees to enjoy the show, of which 968 attended.

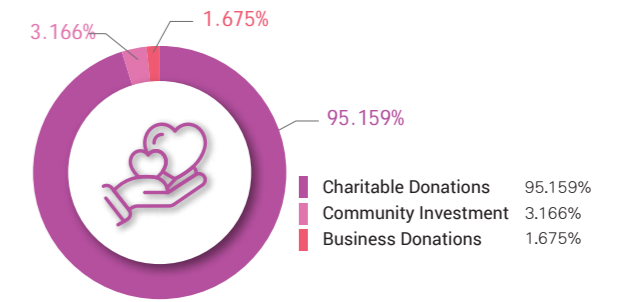


Serving the Community and Protecting the Environment

Organizer	Project Name	Description
Yuanta Financial Holdings	Yuanta Blood Drives	Over the year, we held three blood drives and have received the Blood Donation Enterprise Award four years in a row. This year we worked with the National Police Agency 165 Anti-Fraud Hotline's social media fan site to hold the Anti-fraud Blood Drive and expand participation to different groups in society.
Yuanta Securities	Maintaining and Beautifying Our City	We adopted the memorial stele that sits at the historic site of the West Gate and surrounding area. Every day, two volunteers spend one hour on maintenance, which added up to 730 hours of service over the year. We adopted the trees located along #66-68, Section 1, Dunhua North Road in Taipei and spend NT\$120,000 each month on a landscaping company employed to maintain the area.
Yuanta Bank	Community Blood Drive	The Linkou Branch invited members of the local community to join in and help others by donating blood. A total of 15 volunteers performed 120 hours of service.
Yuanta Life	Community and School Fire Safety Education	Company employees assisted the Fire Bureau of Taichung City Government volunteer corps with educational programs in schools and the community. A total of 48 volunteers performed 96 hours of service.
Yuanta Funds	Zhongjiao Bay Beach Cleanup Day	A total of 350 volunteers cleaned for a combined 2,450 hours and collected 1,762 kilograms of trash from the beach.
Yuanta Futures	Xialiao Beach Cleanup	A total of 50 volunteers cleaned for a combined 200 hours and collected 345 kilograms of trash from the beach.
Yuanta Securities Finance	Hushan Hiking Trail Cleanup	A total of 138 volunteers cleaned for a combined 552 hours.
Yuanta Cultural and Educational Foundation	Taiwan Fund for Children and Families' Good Neighbor Child Protection Program	Taiwan Fund for Children and Families (TFCF) encourages the public to teach children how to properly protect themselves. In the Foundation's continued support of this project, we publicize child protection through the Facebook pages of our subsidiaries, ATM user interfaces, credit card statements, and insurance policy account value statements to increase the visibility of child protection advocacy. We also actively participate in the Good Neighbor Child Protection Program to encourage the public to take an active interest in child wellbeing to create a safety net of protection around the community's children.
	Support for After-Care Programs	Purchase products made in correctional institutions, encourage self-reliance among inmates, while also serving as a public service platform to bring in a variety of resources. Through activities held to promote after-care of inmates, we invite members of the public to give former inmates a chance to transform their lives.
	Joining Hands with Preschools to Protect the Environment	To teach sustainability and environmental protection to young children, the Foundation joined with the Greenfield School for the Love is a Renewable Resource activity. During the results presentation, children learned about the importance of protecting our environment through musical performances about safeguarding precious marine ecosystems.
	Yuanta Dream Big Project	For the Fourth Yuanta Dream Big Project, following a thorough review, we selected six recipients: IPOWER Alliance, Against the Wind Theatrical Troupe, Syin-Lu Social Welfare Foundation Hsinchu Branch Office, Hondao Senior Citizen's Welfare Foundation, Jiaxing Elementary in Yunlin County's Dapi Township, and Xinghua Elementary in Changhua County's Erlin Township. In addition to providing each organization with NT\$300,000, the Foundation also integrates Group resources and engages volunteers in helping these 6 groups to realize their dream project.

Breakdown of Charitable Contributions

The Group spares no effort to implement social welfare programs. The below list details the types and amounts of charitable contributions made in 2019 by the Group and the Foundation.



Type	Item	Amount (Unit: NT\$)
Charitable Donations	Yuanta Securities	159,500
	Yuanta Life	358,150
	Yuanta Futures	162,860
	Yuanta Cultural and Educational Foundation	57,280,000
Community Investment	Yuanta Financial Holdings donated 6,237 solar rechargeable round lamps (NT\$98 each) to the Blood Donation Center.	611,226
	Yuanta Financial Holdings donated 3,804 telescopic bendable flashlights (NT\$98 each) to police units.	372,792
	Yuanta Securities donated diapers, bottles, and pacifiers valued at NT\$5,000 to the Good Shepherd Social Welfare Foundation.	5,000
	Yuanta Bank's Yanji Branch donated 20 bags of rice, 10 boxes of daily necessities, and 2 boxes of used clothing.	57,780
	Yuanta Life provided 150 mini2 smart speakers, valued at NT\$1,350 each, to the Everpro Charity Walk Carnival as prizes for the lucky draw.	202,500
	Yuanta Life donated supplies to the Joy Care Home.	20,000
	Yuanta Futures collected and donated 840 pairs of second-hand shoes, backpacks, and clothing to Step 30 International Ministries (NT\$100/each).	84,000
	Yuanta Funds' 2nd Shoebox Donation Drive collected 219 shoeboxes filled with donations valued at approximate NT\$110,000.	110,000
	Yuanta Cultural and Educational Foundation donated 3,480 solar rechargeable round lamps, 60 flashlight lamps (both NT\$98 each) to 23 groups.	346,920
	Yuanta Cultural and Educational Foundation purchased 1000 boxes of charity cookies at NT\$100 per box with donation going out to The Single Parent Educational Foundation's Maerjia Home in Tainan.	100,000
Business Donations	Yuanta Cultural and Educational Foundation collected 1,789 second-hand books and donated them to New Taipei City's Pingxi Elementary School, the Boyo Social Welfare Foundation, and Xinzhuang Elementary in Kaohsiung (NT\$10/book)	17,890
	Yuanta Securities' Investment Banking Department, Retail Distribution Department, and Digital Commerce Department together donated NT\$1.005 million to sponsor the Angel Heart Family Social Welfare Foundation's Angel Long Time No See - Charity Concert. Concert tickets provided by the Angel Heart Family Social Welfare Foundation were given to Company customers. An estimated 800 people participated.	1,020,422
	Yuanta Bank integrated philanthropy into our core business to create the Yuanta Bank social welfare credit card. Currently, there are 505 cards in circulation, which have resulted in NT\$15,422 in charitable donations.	
Total annual charitable contributions		60,909,040

Amounts of Charitable Donations



Cash Donations: 58,965,510



Volunteer Time Donated: 7,216,368

1. Volunteer hourly salary = (median non-managerial salary / working days in 2019) / working hours per day
2. Total value of volunteer time = number of volunteer hours * volunteer hourly salary



Regular Charity Event Expenses: 2,099,030

1. Yuanta Securities annual adopt-a-tree maintenance fees of NT\$1,440,000.
2. Yuanta Funds beach cleanup costs of NT\$400,000.
3. Yuanta Futures beach cleanup costs of NT\$41,000.
4. Yuanta Securities Finance hiking trail cleanup costs of NT\$88,030.
5. Registration fee of NT\$30,000 for the 2019 Financial Services Charity Carnival.
6. Yuanta Cultural and Educational Foundation public service execution costs of NT\$100,000.



Material Donations: 1,928,108

1. Donated 9,717 solar rechargeable round lamps costing NT\$98 each.
2. Donated 3,864 telescopic bendable flashlights costing NT\$98 each.
3. Donated 20 bags of rice, 10 boxes of daily necessities, and 2 boxes of used clothing.
4. Donated 150 mini2 smart speakers costing NT\$1,350 each.
5. Donated supplies to the Joy Care Home.
6. Donated 840 pairs of second-hand shoes, backpacks, and clothing valued at NT\$100/each.
7. Collected 219 shoe boxes full of items valued at NT\$110,000.
8. Donated diapers, bottles, and pacifiers to Good Shepherd Social Welfare Foundation valued at NT\$5,000.
9. Purchased 1,000 boxes of cookies for charity donating NT\$100 per box.
10. Donated 1,789 used books at NT\$10 each.

11.2 Annual Philanthropic Impact

The Group has long invested in our community, and believes that in addition to doing what is good for the society, we must do them well. Therefore, besides evaluating and tracking the performance of individual projects, we have also developed key performance indicators to assess the effectiveness of our community engagement for the year. By maximizing the impact of our philanthropic investments, Yuanta can effect tangible changes and make good use of our unique position to improve our community.

Philanthropic Project Highlights

Activity 1

Yuanta Life Pingtung Donations for Education - Send Love to Rural Junior High Schools

Description

Most students attending school in remote areas have indigenous backgrounds. Their parents often must leave home to earn a living in the city. Families are usually headed by single or divorced parents, or children are being raised by grandparents and their financial situations tend to be difficult. For these reasons, the president of Yuanta Life personally led a group of managers and Pingtung Office employees to visit Shih-Zih Junior High School in Fangshan Township to donate NT\$100,000 for scholarships and equipment.

Because some members of the team had culinary experience, we provided each child with a western-style lunch as a little gift. When they think back on the day and the delicious meal we shared, the children will remember that we care about them and are here to help.



Results

- Donated NT\$100,000
- One partner organization
- Total of 22 volunteers participated
- Total of 88 hours volunteered
- Number of beneficiaries totaled 79 people

SDGs



Activity 2

Yuanta Funds Second Shoebox Donation Drive

Description

The tradition of donating shoeboxes full of useful goods dates back many years. Children who could not celebrate Christmas because of the chaos of war, received shoeboxes packed with gifts on Christmas night. This year, Yuanta Funds held its second Shoebox Donation Drive. Before the event, we learned more about the children's needs from the Taitung County Education Department to ensure that employees' loving donations would be useful. In 2019, we collected 219 shoeboxes filled with gifts (valued at a total of NT\$110,000), which were donated to Guanshan Junior High School, Bin-Mao Junior High School, and Fengtian Elementary School employees and students through the Taitung County Education Department's Academic Affairs and Management Division.

Results

- Held for the second time annually
- Five partner organizations
- Collected 219 shoeboxes filled with donations this year
- Number of beneficiaries totaled 219 people

SDGs



Activity 3

Yuanta Life Silver in the Sunshine - Caring for People with Dementia

Description

Yuanta Life held the Silver in the Sunshine - Caring for People with Dementia series of events. For the first event, Yuanta volunteers visited the Catholic Marian Long-Term Care Center in Yilan and brought pastels and colored pens. Without having any preconceived ideas about the final drawing, volunteers first chatted with residents then guided them to express themselves on paper.

The second event was held at the Tainan YMCA Social Welfare Foundation where volunteers worked with the elderly to create collages. Through this seemingly simple activity, volunteers lead the seniors to express their creativity and experience the joy of learning.

Since our third event coincided with Christmas, we made Christmas stockings with residents of the Ganlin Social Welfare Foundation Home for the Elderly. Through morning exercises, interacting with volunteers, and decorating Christmas stockings, the elderly residents could exercise both their body and mind to help prevent or delay dementia symptoms.



Results

- Held three elder care activities, one each in northern, central, and southern Taiwan
- Three partner organizations
- Total of 36 volunteers participated
- Total of 240 hours volunteered
- Number of beneficiaries totaled 96 people

SDGs



Activity 4

Good Neighbor Child Protection Program

Description

According to surveys, 93.57% of parents say that they teach children about protecting themselves when the opportunity arises, while only 34.32% say that they do so in a planned manner based on their child's development. This shows that parents have room for improvement when it comes to teaching their children about self-protection. To this end, this year the Taiwan Fund for Children and Families created the first child protection VR game, which enables children to act out response strategies when encountering improper treatment, bullying, sexual abuse, or harm by a stranger to help them improve their ability to protect themselves.

Yuanta Cultural and Educational Foundation not only actively supports the above program, we strongly emphasize the importance of immediate action and encourage proactive, timely reporting should anyone suspect a child is in danger. The best way to prevent harm is to speak up and advocate for children. We include relevant information on our Facebook page, ATM screens, credit card statements, and insurance policy account value statements to build a dense safety net to protect children in the hope they can grow up healthy and happy.



Results

- A total of 264 operating locations throughout Taiwan participate
- Total of 350 Bank ATMs
- 75,000 electronic credit card statements each month
- 135,000 insurance policy account value statements each month

SDGs



Activity 5

Yuanta Happy Day

Description

"I hope that the children remember the happiness they feel today and, when they grow up, they will pass this happiness along to others!" Yuanta Cultural and Educational Foundation has long focused on the well-being of students from rural areas or disadvantaged backgrounds. We hope that through our Yuanta Happy Day, these children can enjoy a special day of happiness.

This year, we held three Yuanta Happy Day events. In Taipei, we invited 245 children from nine social welfare organizations located in the Taipei, New Taipei City, Taoyuan, Yilan, and Hsinchu to attend the event at the Taipei Children's Amusement Park. Accompanied by 79 enthusiastic Yuanta volunteers, the students celebrated a fun and special Children's Day holiday. For the Kaohsiung event, we invited 265 children from nine social welfare organizations in southern and eastern Taiwan to join us at the National Science and Technology Museum to view the exhibits and enrich their scientific knowledge. In mid-December we held our Taichung event and invited 220 rural and disadvantaged children from eight social welfare organizations located in Miaoli, Taichung, Changhua, Nantou, and Yunlin to join 159 volunteers from inside and outside the Group to celebrate Christmas early at Asia University.

Before each event ended, we gave every child a customized gift bag, which was carefully selected for them containing exercise clothing in their size. We hope that our gift will help remind them to exercise and extend the feeling of happiness from this special day.

Results

- Held activities for eight consecutive years.
- 26 partner organizations
- Total of 320 volunteers participated
- Total of 2,400 hours volunteered
- Beneficiaries totaled 730 people

SDGs



Results of the Group's Philanthropic Strategies

Philanthropic Strategy	Supporting Education and Youth Self-reliance
SDGs	
Motivations and Objectives	<p>The Group believes in the concept of "giving back to society as we gained from society" and actively participates in cultural, educational, and philanthropic activities. We assist outstanding young people from disadvantaged families to continue their education without worry, protect students' right to an education, and ensure they can receive equitable, quality instruction. We also provide employment opportunities enabling young people to become self-reliant, which builds a healthy social and financial ecosystem. Primary objectives include:</p> <ol style="list-style-type: none"> 1. Assist the disadvantaged to get an education, find employment, and transform their lives, which will also enhance our corporate image. 2. Revitalize disadvantaged school districts and community education to stimulate Taiwan's economy. Invest resources in the areas they are needed most to actively support and give back to the community.
Benefits Created Operational/Social/Environmental Benefits	<ul style="list-style-type: none"> • In 2019, attracted 26,000 instances of brand exposure. Through Yuanta Cultural and Educational Foundation sponsorship of talent cultivation activities, we have recruited a total of 14 new employees as of 2019. • In 2019, we provided NT\$16.3 million in educational grants and granted a cumulative total of NT\$60.98 million since the inception of the program through the end of 2019. • In 2019, we sponsored 6,300 disadvantaged children and a cumulative 12,000 students through the end of 2019. • In 2019, a total of 37 students received financial assistance during their job search.
Associated Projects	Yuanta-FJU Dreams Take Flight Project, Yuanta Top Scholars Program, Summer Research Program



Philanthropic Strategy: Serving the Community and Protecting the Environment



SDGs	
Motivations and Objectives	<p>The Group believes "the power to effect change begins with caring". Through working with schools and charitable organizations, we can use our operating locations as centers of community development and provide a space for cultural and public welfare exhibitions. We built a community assistance safety net and deepened our interactions with society to become a relay station for community communications. Using the power of our volunteers, we can stay on top of environmental issues and reduce the negative impacts cities have on the environment and make our living environment more inclusive, safe, and sustainable. Primary objectives include:</p> <ol style="list-style-type: none"> 1. Through our subsidiaries' extensive network of operating locations and Group volunteers from across Taiwan, we will utilize our reach in neighborhoods across Taiwan to deepen interactive links with the community and assist in resolving issues of concern to residents. 2. To protect the environment, we will use our influence to organize public service activities and utilize the power of our volunteers to address environmental issues and create positive links between society, the economy, and environmental protection.
Benefits Created Operational/Social/Environmental Benefits	<ul style="list-style-type: none"> • In 2019, attracted 630,000 instances of brand exposure. • Yuanta Bank integrated philanthropy into our core business to create the Yuanta Bank social welfare credit card. Currently, there are 505 cards in circulation, which were used for NT\$7.875 million in transactions that resulted in NT\$15,422 in charitable donations in 2019. • In 2019, provided NT\$1.80 million in funding for a cumulative total of NT\$5.914 million by the end of 2019. • Programs in 2019 benefitted 1,160 people for a cumulative total of 33,000 beneficiaries as of the end of 2019. • In 2019, six groups benefitted from related programs. Since the inception of these programs, a total of 19 groups have benefitted as of the end of 2019. • In 2019, volunteers cleared beaches of 2,100 kilograms of trash, added to previous years' totals, we have cleaned 4,100 kilograms of trash from beaches. • Through the end of 2019, we have held a total of six beach and hiking trail cleanups, four of which occurred in 2019. • Adopted historical monuments and community space to protect our cultural assets. • Adopted trees to implement urban greening and reduce carbon. • Utilized the Group's numerous operating locations and points of service, such as ATM machines and electronic credit card statements, to increase exposure of issues surrounding for disadvantaged and vulnerable groups and improve community protection network.
Associated Projects	Yuanta Dream Big Project, Taiwan Fund for Children and Families' Good Neighbor Child Protection Program, Beach and Hiking Trail Cleanups, Finance Creative Space, Community Adoption (historical monument, trees)

Philanthropic Strategy: Support for the Underprivileged and Caring for Children



SDGs	
Motivations and Objectives	<p>The Group has long worked to support disadvantaged groups, utilizing our core capabilities in the financial sector to build a philanthropic donation platform that aims to achieve a society with an equal distribution of resources and close the prosperity gap between urban and rural areas. We summon the collective power of customers, employees, suppliers, and the community to assist rural areas, children from disadvantaged families, people with physical and mental disabilities, and other disadvantaged groups to exercise their right of equitable access to social and economic resources. We work to bridge the gap between urban and rural areas and build a society with equal opportunities and resources. Primary objectives include:</p> <ol style="list-style-type: none"> 1. Utilize corporate financial services in conjunction with philanthropic donations to provide charitable organizations with financial support for their missions to care for rural and disadvantaged groups who lack material goods and equal opportunities because of poverty. 2. Support charitable organization activities. Invite value chain partners to join us in caring for children and people with disabilities to utilize our corporate influence and build good relationships.
Benefits Created Operational/Social/Environmental Benefits	<ul style="list-style-type: none"> • In 2019, attracted 306,000 instances of brand exposure. • Donated NT\$1.818 million in 2019. • Beneficiaries in 2019 totaled 1,500 people. • In 2019, 49 organizations benefitted. • In 2019, purchased NT\$779,000 in goods sold by public welfare organizations.
Associated Projects	Yuanta Happy Day, Yuanta Bank "Give Love, Give Warmth" Donation Platform, purchased goods produced by inmates in after-care programs and gave them to children with Down Syndrome and the Angel Heart Family Social Welfare Foundation



Philanthropic Strategy	Building Financial Education and Industry-Academia Cooperation
SDGs	
Motivations and Objectives	<p>Cultivating financial professionals has always been one of the Group's important duties. Through supporting industry-academia integration projects and finance competitions, we can raise industry standards. We hold lectures on financial research and financial management, and provide practical training experience by integrating with Group talent, laying the foundation of financial knowledge and strengthening the capabilities of Taiwan financial institutions. This helps to ensure everyone has access to a wider array of banking, insurance, and financial services. Primary objectives include:</p> <ol style="list-style-type: none"> 1. Provide financial training to talented college and university students in other disciplines to develop interdisciplinary professionals and improve the quality and character of financial industry professionals. 2. Hold finance case competitions, focus on financial innovation opportunities and challenges, and stabilize the development and popularity of financial system in society.
Benefits Created Operational/Social/Environmental Benefits	<ul style="list-style-type: none"> • In 2019, attracted 6,097 instances of brand exposure. Recruited 27 new employees through the end of 2019. • 2019 sponsorships totaled NT\$557,500. • Beneficiaries in 2019 totaled 3,000 people. • In 2019, six organizations benefitted.
Associated Projects	Sponsored the College of Law at National Chengchi University's 10th Annual Asia-Pacific Mergers & Acquisitions Model Competition 2020, financial education programs in college clubs, 13th Yuanta Cup, and Forward-looking Open API Policy and Innovative Application Seminar 2019. Internship programs implemented by each subsidiary.



Philanthropic Strategy	Provision of Health Care and Care for the Elderly
SDGs	
Motivations and Objectives	<p>Considering our aging society and the uneven distribution of medical resources, as the elderly population grows, we will assist in the construction of medical facilities and support community caring programs. Together with professional medical institutions, we provide assistance for seniors living alone, children with illnesses, and people with mental and physical disabilities. We hold regular blood drives and philanthropic activities. Through interaction and companionship, we can promote a culture of mutual aid and health in society. Yuanta also provides medical research grants and assistance to help build a sound, equitable healthcare system. Primary objectives include:</p> <ol style="list-style-type: none"> 1. Collaborate with professional institutions to construct a community-based care network to promote social mutual aid and a culture of health. 2. Provide medical research grants and assistance to encourage and support healthcare system advancements and training of medical professionals.
Benefits Created Operational/Social/Environmental Benefits	<ul style="list-style-type: none"> • In 2019, attracted 20,100 instances of brand exposure. • Donated NT\$2.0125 million in 2019. • Beneficiaries in 2019 totaled 10,800 people. • Invested NT\$324,000 in medical care cooperation programs in 2019. • In 2019, seven organizations benefitted. • In collaboration with Nasdaq, we posted a public service message on the Nasdaq Tower LED display during the coronavirus crisis to show that caring for people's health knows no national boundaries and to support those fighting COVID-19.
Associated Projects	Participated in the Everpro Charity Walk Carnival, Silver in the Sunshine - Caring for People with Dementia, Celebrating the Holidays with Mennonite Christian Hospital, Sponsorship of Rare Disease Documentary Series



Yuanta Dream Big Project



Yuanta-FJU Dreams Take Flight Project



"Cheers, Finance is Fun" - Yuanta Financial Literacy Program

SROI=2.34



For the past five years, the Group has held a second-hand book drive. A total of 1,789 used books were collected and donated to Pingxi Elementary School, Xinzhuang Elementary School and Boyo Social Welfare Foundation this year. Beginning in 2019, we took the opportunity to expand upon this book donation program to merge our financial expertise and charitable endeavors to create a financial literacy program. Yuanta volunteers transformed into professional finance educators and game designers to develop a special finance game just for elementary students.



In accordance with the principle of social returns on investment (SROI), we defined key stakeholders. Based on interviews with these stakeholders, we identified 12 critical project results. Utilizing financial proxies to monetize project impact, sensitivity analysis calculated the project had an SROI in the range of NT\$0.64 to NT\$3.79.



In the event, under the guidance of financial educators and volunteers from Yuanta, students built financial awareness simply by "playing a game". Not only did they learn basic financial concepts, the activities inspired them to pay more attention to current events, while also becoming more sensitive to how current events can affect prices.

Looking at overall project effectiveness, the financial activity inspired school teachers to employ more engaging strategies in the classroom. The children even used what they learned in class to allocate the budget for their upcoming graduation trip. The children were not the only beneficiaries. From designing the game to interacting with the students, Yuanta financial educators also improved their ability to plan courses and produce educational materials. The project created benefits for all involved, our Yuanta financial educators, collaborative partners, and the students and school teachers as well.



We know that parents' financial philosophies profoundly impact their children, but many lack financial literacy. To further refine our financial education project planning and game design, in the future we will include teachers and parents in the ranks of volunteers and financial educators. We will also develop a variety of financial courses tailored to different age groups to improve the course's effectiveness. Future programs will assist teachers and parents to utilize their own actions and words to integrate financial concepts into children's daily lives to build financial awareness together.



Appendix1 GRI Content Index

Disclosures	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
GRI 102: General Disclosure 2016			
Organizational profile			
"Core" 102-1 Name of the organization	About This Report	1	
"Core" 102-2 Activities, brands, products, and services	About This Report	1	
"Core" 102-3 Location of headquarters	3.1 Yuanta Financial Holdings Profile	13	
"Core" 102-4 Location of operations	3.1 Yuanta Financial Holdings Profile	15	
"Core" 102-5 Ownership and legal form	About This Report	1	
"Core" 102-6 Markets served	About This Report, 3.1 Yuanta Financial Holdings Profile	1、15	
"Core" 102-7 Scale of the organization	3.1 Yuanta Financial Holdings Profile, 3.2 Operating Performance	13、15、16	
"Core" 102-8 Information on employees and other workers	9.1 Workforce Structure	78	102-8-b. Total number of employees by employment contract (permanent and temporary), by region. "Restriction by Confidentiality Policy" As the overseas employment form of employees is limited by the confidentiality agreement of the local subsidiaries, this report only discloses the gender and the number of total overseas employees.
"Core" 102-9 Supply Chain	10.4 Green Procurement	99	
"Core" 102-10 Significant changes to the organization and its supply chain	About This Report	1	
"Core" 102-11 Precautionary Principle or approach	6.2 Risk Management	37-38	
"Core" 102-12 External initiatives	10.2 Energy Saving and Carbon Reduction Performance	98	
"Core" 102-13 Membership of associations	3.2 Operating Performance	20	
Strategy			
"Core" 102-14 Statement from senior decision-maker	A Message from the Chairman	3-4	
Ethics and Integrity			
"Core" 102-16 Values, principles, standards, and norms of behavior	6.1 Corporate Governance	37	
Governance			
"Core" 102-18 Governance structure	5.1 Framework for Sustainable Management, 6.1 Corporate Governance	28、33	
Stakeholder engagement			
"Core" 102-40 List of stakeholder groups	4.2 Stakeholder Communications	21	
"Core" 102-41 Collective bargaining agreements	9.5 Employee Communication	92	
"Core" 102-42 Identifying and selecting stakeholders	4.2 Stakeholder Communications	21	
"Core" 102-43 Approach to stakeholder engagement	4.2 Stakeholder Communications	23-26	
"Core" 102-44 Key topics and concerns raised	4.2 Stakeholder Communications	23-26	
Reporting practice			
"Core" 102-45 Entities included in the consolidated financial statements	3.2 Operating Performance	17	
"Core" 102-46 Defining report content and topic boundaries	4.1 Materiality Assessment Procedures	22	
"Core" 102-47 List of material topics	4.1 Materiality Assessment Procedures	22	
"Core" 102-48 Restatements of information	About This Report	1	
"Core" 102-49 Changes in reporting	4.1 Materiality Assessment Procedures	21	
"Core" 102-50 Reporting period	About This Report	1	
"Core" 102-51 Date of most recent report	About This Report	1	
"Core" 102-52 Reporting Cycle	About This Report	1	
"Core" 102-53 Contact point for questions regarding the report	About This Report	1	
"Core" 102-54 Claims of reporting in accordance with the GRI Standards	About This Report	1	
"Core" 102-55 GRI content index	Appendix	113-115	
"Core" 102-56 External assurance	Appendix	118	
Material Topics			
Economic performance			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 3.2 Operating Performance	16、22	
103-2 The management approach and its components	3.2 Operating Performance	16	
103-3 Evaluation of the management approach	3.2 Operating Performance	16	
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	3.2 Operating Performance	16	

Disclosures	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission
Legal compliance			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 6.4 Legal Compliance	22、43	
103-2 The management approach and its component	6.4 Legal Compliance	43	
103-3 Evaluation of the management approach	6.4 Legal Compliance	43	
GRI 419: Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area	6.4 Legal Compliance, 9.4 Regulatory Compliance	45-46、92	
Responsible investment			
Sustainable finance			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 7.1 Responsible Finance	22、48	
103-2 The management approach and its components	7.1 Responsible Finance	48	
103-3 Evaluation of the management approach	7.1 Responsible Finance	48	
G4 Sector Disclosure - Financial Services: Product Portfolio			
DMA (former FS1)			
Policies with specific environmental and social components applied to business lines	7.1 Responsible Finance	48	
DMA (former FS2)			
Procedures for assessing and screening environmental and social risks in business lines	7.1 Responsible Finance	52、53	
DMA (former FS3)			
Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	7.1 Responsible Finance	52、54	
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	7.1 Responsible Finance	57	
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	7.1 Responsible Finance	49	
Inclusive finance			
GRI 103: Management Approach 2016			
103-1 Explanation of material topic and its boundary	4.1 Materiality Assessment Procedures, 7.2 Financial Inclusion	22、57	
103-2 The management approach and its components	7.2 Financial Inclusion	57	
103-3 Evaluation of the management approach	7.2 Financial Inclusion	57	
G4 Sector Disclosure - Financial Services: Local Communities			
FS14 Initiatives to improve access to financial services for disadvantaged people	7.2 Financial Inclusion	57	
Financial product innovation and services			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 8.1 Digital Financial Services	22、64	
103-2 The management approach and its components	8.1 Digital Financial Services	64	
103-3 Evaluation of the management approach	8.1 Digital Financial Services	64	
Customer relationship management			
Customer privacy			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 8.2 Service Quality and Customer Relationship Management	22、70	
103-2 The management approach and its components	8.2 Service Quality and Customer Relationship Management	70	
103-3 Evaluation of the management approach	8.2 Service Quality and Customer Relationship Management	70	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	8.2 Service Quality and Customer Relationship Management	76	
Labor Management Relations (Employment)			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 9.1 Workforce Structure	22、77	
103-2 The management approach and its components	9.1 Workforce Structure	77	
103-3 Evaluation of the management approach	9.1 Workforce Structure	77	

Disclosures	Related Report Section(s) and Explanatory Notes	Page(s) or URL(s)	Reasons for Omission	
GRI 401: Employment 2016				
401-1 New employee hires and employee turnover	9.1 Workforce Structure	80		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	9.2 Retention and Education	81		
401-3 Parental leave	9.2 Retention and Education	82		
Talent management and development				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 9.2 Retention and Education	22、81		
103-2 The management approach and its components	9.2 Retention and Education	81		
103-3 Evaluation of the management approach	9.2 Retention and Education	81		
GRI 404: Training and Education 2016				
404-1 Average hours of training per year per employee	9.2 Retention and Education	84		
404-3 Percentage of employees receiving regular performance and career development reviews	9.2 Retention and Education	86		
Occupational health and safety				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 9.3 Occupational Health and Safety	22、87		
103-2 The management approach and its components	9.3 Occupational Health and Safety	87		
103-3 Evaluation of the management approach	9.3 Occupational Health and Safety	87		
GRI 403: Occupational Health and Safety 2018				
403-1 Occupational health and safety management system	9.3 Occupational Health and Safety	89	Disclosure is currently limited to employees and does not include non-employee workers. This is because Yuanta is in the financial services industry, so it is not considered to have a high risk work environment and our operational activities are provided primarily by Yuanta employees. Work provided by non-employee workers is unrelated to Yuanta's primary operational items. In addition, workers make up a very small proportion.	
403-3 Occupational health services	9.3 Occupational Health and Safety	88		
403-4 Worker participation, consultation, and communication on occupational health and safety	9.3 Occupational Health and Safety	90		
403-5 Worker training on occupational health and safety	9.3 Occupational Health and Safety	90		
403-6 Promotion of worker health	9.3 Occupational Health and Safety	88		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	9.3 Occupational Health and Safety	90		
403-9 Work-related injuries	9.3 Occupational Health and Safety	91		
Energy and climate change				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 10.1 Energy Management	22、96		
103-2 The management approach and its components	10.1 Energy Management	96		
103-3 Evaluation of the management approach	10.1 Energy Management	96		
GRI 302: Energy 2016				
302-1 Energy consumption within the organization	10.1 Energy Management	96		
302-3 Energy intensity	10.1 Energy Management	96		
302-4 Reduction of energy consumption	10.2 Energy Saving and Carbon Reduction Performance	98		
GRI 305: Emissions 2016				
305-1 Direct (Scope 1) GHG emissions	10.2 Energy Saving and Carbon Reduction Performance	97		
305-2 Energy indirect (Scope 2) GHG emissions	10.2 Energy Saving and Carbon Reduction Performance	97		
305-3 Other indirect (Scope 3) GHG emissions	10.2 Energy Saving and Carbon Reduction Performance	97		
305-4 GHG emissions intensity	10.2 Energy Saving and Carbon Reduction Performance	97		
305-5 Reduction of GHG emissions	10.2 Energy Saving and Carbon Reduction Performance	98		
Supplier management				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 10.5 Supplier Management	22、100		
103-2 The management approach and its components	10.5 Supplier Management	100		
103-3 Evaluation of the management approach	10.5 Supplier Management	100		
GRI 308: Supplier Environmental Assessment 2016				
308-1 New suppliers that were screened using environmental criteria	10.5 Supplier Management	100		
GRI 414: Supplier Social Assessment 2016				
414-1 New suppliers that were screened using social criteria	10.5 Supplier Management	100		
Social welfare				
GRI 103: Management Approach 2016				
103-1 Explanation of the material topic and its boundary	4.1 Materiality Assessment Procedures, 11.1 Philanthropic Activities and Yuanta Group Strategy	22、101		
103-2 The management approach and its components	11.1 Philanthropic Activities and Yuanta Group Strategy	101		
103-3 Evaluation of the management approach	11.2 Annual Philanthropic Impact	101		
Other Topics				
GRI 303: Water and Effluents 2018				
303-3 Water withdrawal	10.3 Water Resources and Waste Management	99		
GRI 306: Waste 2016				
306-2 Management of significant waste-related impacts	10.3 Water Resources and Waste Management	99		
GRI 307: Environmental Compliance 2016				
307-1 Non-compliance with environmental laws and regulations	10 Yuanta's Green Actions	95		
GRI 417: Marketing and Labeling 2016				
417-3 Incidents of non-compliance concerning marketing communications	8.2 Service Quality and Customer Relationship Management	75		

Appendix2 Sustainable Development Goals (SDGs) Table

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards (GRI403 is the 2018 version, the rest are the 2016 version)	Related Report Section(s) and Explanatory Notes	Page(s)
1, No Poverty	Inclusive finance	FS14	7.2 Financial Inclusion	60
3, Good Health and Well-Being	Occupational health and safety	GRI 403-1 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	9.3 Occupational Health and Safety	87
4, Quality Education	Social welfare	-	11.1 Philanthropic Activities and Yuanta Group Strategy, 11.2 Annual Philanthropic Impact	102、107
8, Decent Work and Economic Growth	Talent management and development	GRI404-1 GRI404-3	9.2 Retention and Education	81
	Occupational health and safety	GRI 403-1 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	9.3 Occupational Health and Safety	87
	Employment	GRI 401-1 GRI 401-2 GRI 401-3	9.1 Workforce Structure, 9.2 Retention and Education	77、81
9, Industry, Innovation, and Infrastructure	Sustainable finance	FS1、FS2、FS3、FS7、FS8	7.1 Responsible Finance	48-52
	Responsible investment		7.1 Responsible Finance	53-57
	Financial product innovation and services		8.1 Digital Financial Services	64
10, Reduced Inequalities	Customer privacy	GRI 418-1	8.2 Service Quality and Customer Relationship Management	69
	Customer relationship management			
12, Responsible Consumption and Production	Supplier management	GRI 308-1 GRI 414-1	10.5 Supplier Management	100
13, Climate Action	Energy and climate change	GRI 302-1 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5	10.1 Energy Management, 10.2 Energy Saving and Carbon Reduction Performance	96-98
16, Peace, Justice and Strong Institutions	Legal compliance	GRI 419-1	6.4 Legal Compliance	45-46
	Economic performance	GRI 201	3.2 Operating Performance	16
17, Partnerships	Inclusive finance	FS14	7.2 Financial Inclusion	57
	Social welfare	-	11.1 Philanthropic Activities and Yuanta Group Strategy, 11.2 Annual Philanthropic Impact	102、107

Appendix3 ISO 26000 Social Responsibility

Category	Core Subjects and Issues	Related Report Section(s) and Explanatory Notes	Page(s)
Organizational governance	System for implementing decision-making and implementation	6.1 Corporate Governance	33-34
	Compliance to law and due diligence	9.Employee Cohesion Management Approach	77
	Human rights risk situations	9.Employee Cohesion Management Approach	77
	Avoidance of complicity	6.1 Corporate Governance	37
Human Rights	Resolving grievances	9.5Employee Communication	92
	Discrimination and vulnerable groups	9. Employee Cohesion Management Approach	77
	Civil and political rights	3.2 Operating Performance, 9. Employee Cohesion Management Approach	16、19、77
	Economic, social and cultural rights	9. Employee Cohesion Management Approach	77
	Fundamental principles and rights at work	9.2 Retention and Education	81
	Employment and employment relationships	9.1 Workforce Structure	78
Labor Practice	Conditions of work and social protection	9.2 Retention and Education	81
	Social dialogue	9.5 Employee Communication	92
	Health and safety at work	9.3 Occupational Health and Safety	87
	Talent development and training in the workplace	9.2 Retention and Education	81
	Prevention of pollution	10.3 Water Resources and Waste Management	99
	Sustainable resource use	10.2 Energy Saving and Carbon Reduction Performance	98
Environment	Climate change mitigation and adaptation	10.1 Energy Management 10.2 Energy Saving and Carbon Reduction Performance	96-98
	Protection of the environment, biodiversity and restoration of natural habitats	10.1 Energy Management 10.2 Energy Saving and Carbon Reduction Performance 10.3 Water Resources and Waste Management	96-99
	Anti-corruption	6.1 Corporate Governance	37
Fair Operating Practices	Responsible political involvement	3.2 Operating Performance	16、19
	Fair competition	6.1 Corporate Governance	37
	Promoting social responsibility in the value chain	7.2 Financial Inclusion	59
	Respect for intellectual property rights	8.1 Digital Financial Services	67
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	8.2 Service Quality and Customer Relationship Management	71
	Protecting consumers' health and safety	8.2 Service Quality and Customer Relationship Management	73
	Sustainable consumption	7.1 Responsible Finance	51
	Consumer service, support, and complaint and dispute resolution	8.2 Service Quality and Customer Relationship Management	72
	Consumer data protection and privacy	8.2 Service Quality and Customer Relationship Management	76
	Access to essential services	7.2 Financial Inclusion 8.2 Service Quality and Customer Relationship Management	57、71
	Education and awareness	8.2 Service Quality and Customer Relationship Management	74、76
Community Involvement and Development	Community involvement	11.1 Philanthropic Activities and Yuanta Group Strategy	102
	Employment creation and skills development	11.1 Philanthropic Activities and Yuanta Group Strategy	102
	Technology development and access	8.1 Digital Financial Services	64
	Wealth and income creation	11.1 Philanthropic Activities and Yuanta Group Strategy	102
	Education and culture promotion	11.1 Philanthropic Activities and Yuanta Group Strategy	102
	Health promotion	11.1 Philanthropic Activities and Yuanta Group Strategy	102
	Responsible social investment	11.2 Annual Philanthropic Impact	112

Appendix4 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies — Financial and Insurance Table

Items	Related Report Section(s)	Page(s)
Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	7.1 Responsible Finance 7.2 Financial Inclusion	48、57
A listed company under Article 2 shall disclose the number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	9.2 Retention and Education	82
The corporate governance of climate risks and opportunities, actual and potential climate-related impacts, how to identify, assess, and manage climate-related risks, and indicators and targets used to assess and manage climate-related issues	Important Achievements and Sustainable Management Outcomes in 2019 - Yuanta Group Climate-Related Risks and Financial Impact	8-12

Appendix 5

