



*Yuanta  
Financial Holdings*



CSR

REPORT 2020



**Corporate Social  
Responsibility  
Report**



# CSR

## REPORT 2020

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**Corporate Social  
Responsibility  
Report**

# About This Report

Yuanta Financial Holding Co., Ltd. (hereinafter referred to as Yuanta Financial Holdings) was established on February 4, 2002. We are Taiwan's only financial holding company with dual-axis development in the securities and banking sectors. Taiwan is our main area of operations. 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 services 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 New Southbound Policy, expanded into Southeast Asia, including Vietnam, Thailand, and the Philippines. By integrating the Yuanta 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 2020 CSR Report" in June 2021 (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 2020 (January 1, 2020 to December 31, 2020) 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 8 subsidiaries. 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/NTD/NT\$). All calculations adhere to international standards.

Within this report, "The Company" shall refer to Yuanta Financial Holdings. "The Group" shall encompass Yuanta Financial Holdings and all 8 subsidiaries (including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management, and Yuanta Securities Investment Consulting). "The Foundation" shall refer to the Yuanta Cultural and Educational Foundation. **The previous report was issued in June 2020.**



## Report Authoring Principles

### Sustainability

#### Compliance Standards

- ◆ Global Reporting Initiative (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
- ◆ United Nations Sustainable Development Goals (SDGs)
- ◆ Sustainability Accounting Standards Board (SASB) Standards – Investment Banking and Brokerage

### Financial

#### Compliance Standards

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

### Environmental

#### Compliance Standards

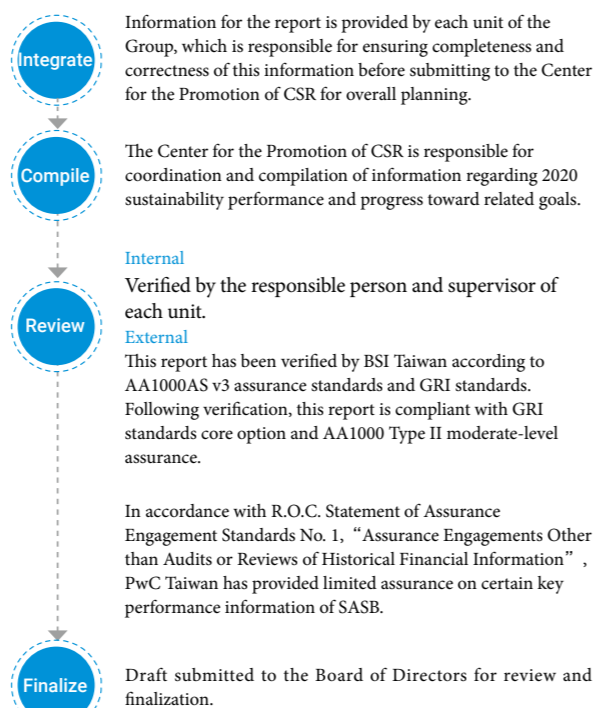
- ◆ ISO 14001 ◆ ISO 20400
- ◆ ISO 14046 ◆ ISO 50001
- ◆ ISO 14064-1

### Social

#### Compliance Standards

- ◆ ISO 45001
- ◆ ISO 26000
- ◆ ISO 27001

## Report Quality Management Process



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# A Word from the Chairman

In 2020, due to the global outbreak of COVID-19, the volatile international political and economic situation, and the ups and downs of the financial markets, the Company adopted a sound and prudent management principle and adjusted its execution direction in response to external changes in a timely manner. In spite of the impact of the pandemic, the Company's profit grew by 18% against the trend, with an after-tax profit of NT\$24.105 billion, EPS of NT\$1.99, and ROE of 9.93%, a new record high.

In the face of the COVID-19 pandemic, the Group has adopted the three main principles of "advance deployment", "strict control", and "minimizing impact" as it prioritized the health and rights of all employees and customers and took the initiative to care for customers and implement relief actions. The Company has spared no effort in promoting corporate social responsibility. In order to support disadvantaged groups in fighting the pandemic, in 2020, the Company and its subsidiaries, together with the Taiwan Fund for Children and Families, planned the "Yuanta Supports Happiness" project and issued the "Economy Revitalization Love Card", with a total amount of \$100,002,000, which was donated to seven social welfare organizations, helping more than 30,000 disadvantaged families and nearly 50,000 children, benefiting more than 100,000 people, and helping the disadvantaged through the difficult times.

In May 2021, the COVID-19 pandemic in the country became increasingly serious, resulting in a strain on medical resources and a severe physical and mental strain on healthcare workers. As a nationwide financial institution, the Company and its subsidiaries donated NT\$160 million to the first-line healthcare for the emergency purchase of medical equipment, such as negative pressure isolation chambers, and for the care of first-line healthcare workers. One island, one life, one heart. We are doing our part in the battle against COVID-19.

Employees are the most important assets of a company. In line with the government's policy of "uninterrupted financial services," the Yuanta Group's front-line employees at each of its subsidiaries remain at their posts. In order to ensure that employees and customers are properly protected, we have reduced the manpower of our sales offices to a minimum, installed transparent partitions at our sales counters, and provided transparent masks and protective clothing to our front-line employees. We also give front-line employees an epidemic prevention allowance of NT\$10,000 per person. We would like to thank our employees for supporting the Company and continuing to protect our customers during the long fight against the pandemic.

In 2020, the Company achieved outstanding results in the areas of E (environmental sustainability), S (social engagement) and G (corporate governance) in sustainable management. In addition, it received high recognition from many domestic and international professional organizations, including being listed in both the Dow

Jones Sustainability Index (DJSI) World Index and the Emerging Markets Index for two consecutive years, receiving an A rating from MSCI for ESG, and being listed in the Bloomberg Gender Equality Index (GEI), being named to the FTSE4Good Emerging Indexes for four consecutive years, being awarded the "ESG Corporate Awards - Platinum" by The Asset Magazine, being awarded the CSR Corporate Citizenship Award by CommonWealth Magazine, and receiving the Financial Holdings CSR Award by Wealth Magazine.

In terms of corporate governance, Yuanta follows the Corporate Governance 3.0 Sustainable Development Roadmap and continues to strengthen its board of directors' functions and diversity policies. The Company's board of directors has an average attendance rate of 99% and attaches importance to information security issues as evidenced by its establishment of an Information Security Department and a Chief Information Security Officer. We are aware of the business issues brought about by climate change, conduct climate risk identification, identify the risks and opportunities of climate change, and propose countermeasures. For this reason, the Company was awarded the "CG6012(2019) Corporate Governance Framework Assessment Certificate with High Distinction" by the Taiwan Corporate Governance Association.

We have been awarded a "Leadership level score of A" in the CDP Carbon Disclosure Project, the best result in the domestic financial industry, and "Best Environmental Stewardship in Taiwan" by FinanceAsia Magazine. The Group has implemented systematic management of environmental and energy-related ISOs, and has actively responded to the government's renewable energy policy by purchasing green electricity for 5 consecutive years, totaling 2.51 million kWh, effectively reducing the impact of its operations on the environment. In addition, we work together with suppliers to emphasize ESG, not only to promote sustainable procurement, but also to hold regular supplier meetings every year to promote the concept and support green procurement. For 10 consecutive years, we have been awarded the "Benchmark Enterprise in Green Procurement" by the Taipei City Government. For 9 consecutive years, we have been recognized by the Environmental Protection Administration of the Executive Yuan for our outstanding performance in green procurement.

In terms of social engagement, the Company is committed to the prosperity of the enterprise, employees, and society, providing a friendly and excellent workplace environment for employees, adopting the ISO 45001 occupational safety and health management system, and emphasizing talent development programs, offering more than 3,000 professional certification and life-related courses. In addition, the Group is committed to promoting community integration. The Group has organized over 600 public welfare activities and devoted more than 9,000 volunteer hours, benefiting more than 710,000 participants throughout Taiwan. Yuanta is committed to protecting the rights and interests of our customers. Yuanta Financial Holdings and its five subsidiaries have all passed

ISO 27001 certification to strengthen information security and effectively control customer information security risks. The overall customer satisfaction rate of the five subsidiaries has reached 98% and through the establishment of a fair treatment authority, the implementation of fair treatment is monitored by the board of directors.

The Bank's subsidiaries are actively promoting sustainable finance by performing their core financial functions. Yuanta Bank has joined the Equator Principles Association and signed the "Equator Principles". In the future, Yuanta Bank will review credit cases according to the highest international standards and work together with customers towards sustainable management. Yuanta Securities launched the Account Opening App, which won the "The National Brand Yushan Awards" in the category of "Best Product", and also provides regular fixed amount stock purchase service to help the small investors manage their finances easily and without burden. Yuanta Funds' "Yuanta Taiwan High Dividend Quality Leader Fund" was awarded the highest rating (5 Earths) by Morningstar Sustainability Rating, providing customers with the option to invest in a sustainable future.

Yuanta has long held the service spirit of "fulfilling your biggest dreams". It has adopted the English word "DREAM" to represent the goal of sustainable development and has embarked on sustainable actions in five major areas: corporate governance, customer rights, employee care, environmental sustainability, and social welfare. In 2016, the Company launched the "Group Sustainable Development Strategy Blueprint". In the second five-year plan, launched in 2021, we will integrate ESG concepts into our operational strategy, carry out Yuanta's sustainability DNA, continue to pursue the Company's maximum value, take responsibility as a corporate citizen, work together with stakeholders for the good of the Company, and exert positive influence to strive for sustainable corporate development.

Chairman,  
Yuanta Financial Holdings

**Tony Shen**



# 2020 Important Achievements and Sustainable Management Outcomes



Selected as a constituent stock of the Dow Jones Sustainability **World Index** **3<sup>rd</sup>** place in the world in the Diversified Financials industry group



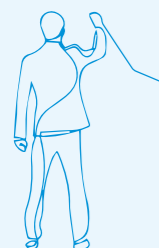
Selected as a constituent stock of the Dow Jones Sustainability **Emerging Markets Index** for the **2<sup>nd</sup>** consecutive year



Rated **"A"** in the MSCI ESG Ratings for the **2<sup>nd</sup>** year in a row



Included in the **Bloomberg Gender-Equality Index (GEI)**



<b>The 4<sup>th</sup> Consecutive Year</b>	<b>FTSE4Good Emerging Index</b> constituent stock
<b>The 3<sup>rd</sup> Consecutive Year</b>	FTSE4Good TIP <b>Taiwan ESG Index</b> constituent stock
<b>Taiwan Stock Exchange</b>	Ranked <b>6%-20%</b> in the <b>Corporate Governance Evaluation</b>
<b>Taiwan Corporate Governance Association</b>	CG6012 (2019) <b>Corporate Governance Framework Assessment Certificate</b> with <b>High Distinction</b> Valid for 25 December 2020 - 24 December 2022
<b>Corporate Governance Asia Magazine</b>	<b>Asia's Best CEO</b> (Investor Relations) – Chairman Tony Shen <b>Asia's Best CFO</b> (Investor Relations) – CFO Hsu-Shu Mai <b>Best Investor Relations Professional</b> – Executive Vice President Allen Wu <b>Best Investor Relations Company (Taiwan)</b>
<b>The Asset Magazine</b>	<b>ESG Corporate Awards - Platinum</b>
<b>FinanceAsia Magazine</b>	<b>Best Managed Company in Taiwan</b>
<b>British Standards Institution (BSI)</b>	<b>Sustainability Resilience Award - Pilot Award</b>
<b>CommonWealth Magazine CSR Corporate Citizenship Award</b>	<b>Large-Scale Enterprise New Star Award</b>
<b>Wealth Magazine Taiwan Financial Award</b>	<b>Special Jury Prize - Financial Holdings CSR Awards</b>
<b>Taiwan Institute for Sustainable Energy Taiwan Corporate Sustainability Awards (TCSA)</b>	<b>Corporate Sustainability Report Awards - Gold Award</b>

<b>HR Asia</b>	<b>Best Companies to Work for in Asia</b>
<b>Global Views Magazine Corporate Social Responsibility Award</b>	<b>Model Award in Education Promotion Group</b>
<b>Ministry of Justice</b>	<b>Group of Merit</b> in Helping to <b>Promote Rehabilitation and Protection</b>
<b>Ministry of Education</b>	<b>Education Sports Enterprise Certification</b>
<b>Ministry of Education</b>	<b>Promoted Youth Volunteer Service Merit Group</b> in 2019
<b>Ministry of Education</b>	<b>Crystal Award for Donations to Educational Institutions</b>
<b>Ministry of Education</b>	<b>Award for Donations to Educational Institutions</b>
<b>Department of Health, Taipei City Government</b>	<b>Outstanding Healthy Workplace – Specially Outstanding Award</b>
<b>Taiwan Blood Services Foundation</b>	<b>Outstanding Blood Donor Group</b> for the <b>5<sup>th</sup></b> consecutive year
<b>The 10<sup>th</sup> Consecutive Year</b>	A Group-wide blood drive during which <b>19,000</b> bags of blood were donated

<b>Carbon Disclosure Project (CDP)</b>	Leaped forward to a <b>Leadership level score of A</b> the best result the Group has achieved
<b>FinanceAsia Magazine</b>	<b>Best Environmental Stewardship in Taiwan - No. 1</b>
<b>Taipei City Government</b>	<b>Benchmark Enterprise in Green Procurement</b> for the <b>10<sup>th</sup></b> consecutive year
<b>Environmental Protection Administration, Executive Yuan, Taiwan</b>	<b>Outstanding Green Procurement Performance</b> for the <b>9<sup>th</sup></b> consecutive year



# ESG

## Environmental Friendliness



### Commitment to Energy Savings and Carbon Reduction to Ensure Environmental Sustainability

The first integrated financial company in Taiwan to advocate the **Science Based Target (SBT)** and voluntarily comply with the requirements of the guidelines of the **Partnership for Carbon Accounting Financials (PCAF)** to inventory and disclose the carbon emissions of its investment and financing portfolio.

Followed the **SBT** guidelines to complete the setting of long-term carbon reduction targets in Category 1 and 2.

The Group completed **ISO 14001** Environmental Management Systems, **ISO 14064-1** GHG Inventory verification, and **ISO 14046** Water Footprint assessment for **100%** of the organization. **10** self-owned buildings received **ISO 50001** Energy Management Systems certification.

Introduced the **Internal Carbon Pricing (ICP)** mechanism to evaluate the benefits of energy-saving and carbon-reduction projects with carbon prices to enhance carbon reduction actions.

The first financial industry in Taiwan to sign a **Renewable Energy Power Purchase Agreement (PPA)** to transfer electricity supply to become the first 100% green power branches and subsidiaries.

Purchased **510,000** kWh of green electricity, totaling **2.51 million** kWh.

Obtained **ISO 20400** sustainable procurement verification and are promoting sustainable procurement.

Green procurement expenditures totaled **NT\$83.85 million** in our **10<sup>th</sup>** consecutive year of implementing our green procurement plan.

Held **3** supplier CSR conferences with **118** major suppliers participating.

## Social Co-Prosperity



### Expanding Community Involvement; Protecting Customer Rights

A total of **3,330** courses were held in Taiwan, with a total of **556,991** training hours, an increase of **16.6%** over the previous year.

Yuanta Securities and Yuanta Bank's **ISO 45001** occupational safety and health management system introduction project passed verification. The Company, Yuanta Life, Yuanta Futures, and Yuanta Securities initiated the implementation of **ISO 45001** to ensure a safe workplace for employees.

The Group held a total of **621** charity activities, with **2,039** volunteers participating and **9,019** volunteer hours devoted by the charity platform, benefiting **718,524** participants across Taiwan.

Collaborated with convenience stores to launch **Stimulus Charity Cash Cards** to **7** social welfare organizations. Donations totaling **NT\$100,002,000** are expected to help **100,000** people in cooperation with seven social service providers.

The Company and Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures (hereinafter referred to as the "five major subsidiaries") passed **ISO 27001** certification to effectively control information security risks to customers.

The customer satisfaction targets of our five major subsidiaries have all been achieved, with an overall customer satisfaction rate of **98.08%**.

The five subsidiaries have established **fair treatment of customer offices** responsible for reporting the implementation of fair treatment principles to the **board of directors** on a regular basis.



### Innovative Financial Products

The Group obtained a total of **26** patents and **9** trademarks.

Account opening app launched by Yuanta Securities won **The National Brand Yushan Awards Best Product Category**.

Yuanta Securities implemented an annuity stock purchase service, with **43,120** low-income salary earners (**79,066** valid contracts) who have contracted to have money deducted from their accounts. **51%** of the customers are under the age of **40**.

Yuanta Bank is fully committed to the development of digital finance, launching the **Five-Year Plan for the Development of Emerging Technology Applications** with an investment of nearly **NT\$100** million.

Yuanta Bank joined the Equator Principles Association and signed the **Equator Principles** to implement responsible credit with international standards.

Yuanta Life implemented microinsurance for injuries. Total coverage is **NT\$714,350**, allowing more economically disadvantaged or specific groups to have access to affordable and highly guaranteed products.

Yuanta Funds launched an annuity fund with nearly **55,000** individuals benefiting each year. It consists of over **NT\$4.8 billion** and benefits low-income salary earners.

## Corporate Governance



### Strengthen Corporate Governance

The Company has established an **Information Security Department** and the **Chief Information Security Officer**.

The Board of Directors held a total of **13** meetings with an attendance rate of **99%**.

Of the Group's **8** subsidiaries, **5** have female directors of the board or supervisors with a total of **14** women holding these positions.

The Group conducted **4 in-house training courses for directors of the board** in the year. The topics included "Risk Management Mechanisms in the Financial Industry from the Perspective of Losses in the Issuance of Warrants by Securities Firms", "Trends and Policy Developments in the Prevention of Money Laundering after the Third Round of Mutual Evaluation", "Financial Consumer Protection Law and the Fair Treatment Principle", and "Innovation, Virtualization and Openness - Changes in the Legal System of Financial Technology". In 2020, **directors took an average 8 hours of class**.

The Group holds annual training course on "**Integrity Management and Regulatory Compliance**". The content includes customer and financial consumer data protection, stakeholder transactions, insider trading practices, merger and acquisition information disclosure, integrity of financial practitioners, ethics and legal responsibility, legal compliance resources, and whistleblower system. All employees (including new employees) attended the course and passed the test, with a **total of 10,156 hours of training**.

The identification of the Group's climate risks and opportunities and the disclosure of the climate related risk management mechanism were completed in accordance with the **Task Force on Climate-related Financial Disclosures (TCFD)**.

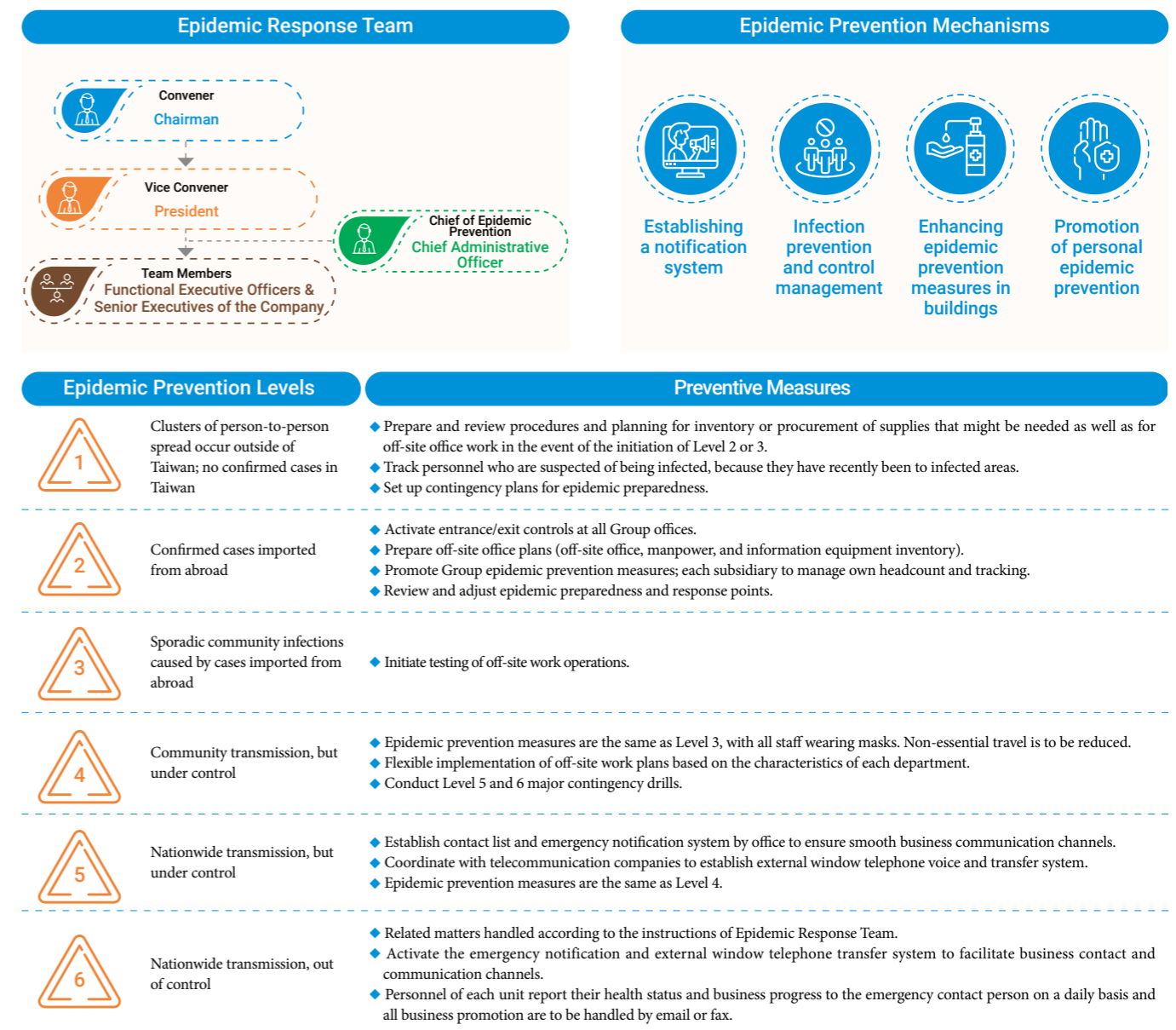
## Actions Taken in Response to COVID-19

In response to the global outbreak of COVID-19 in 2020, the Company established a cross-divisional and cross-subsidiary Group Epidemic Prevention and Continuity of Operations Response Team with the Chairman as the convener and the President as the vice convener in accordance with the "Crisis Management Policy and Procedures Rules" and promulgated the "Severe and Special Infectious Pneumonia Contingency Management Guidelines" (hereinafter referred to as "Management Guidelines"). The Group's cross-divisional and cross-subsidiary "Group Epidemic Prevention and Continuity of Operations Response Team" was established immediately. It is comprised of functional executive officers and senior executives of the Company. The position of chief of epidemic prevention was also set up to keep abreast of the latest information and take necessary emergency response measures.

In accordance with the operational guidelines issued by the Central Epidemic Command Center, a risk management mechanism has been effectively implemented to maintain uninterrupted operations and ensure the safety and health of all employees. The Management Guidelines also specify the principles of leave and pay related to the epidemic, including the government-announced epidemic prevention and care leave, which will continue to be adjusted in accordance with the latest regulations of Taiwan's Ministry of Labor.

In response to COVID-19, the Group adopted three main standards: "advance deployment," "strict control," and "reduce impact". It immediately activated epidemic prevention measures during the Lunar New Year and activated the control of entrances and exits of the Group offices (installing temperature sensors or assigning personnel to measure temperatures) and deployed disinfection measures. It held weekly epidemic prevention meetings to track and discuss the planning of the Group's epidemic prevention measures. Each subsidiary formulated contingency plans for epidemic preparedness in accordance with the Management Guidelines and has initiated various epidemic prevention measures.

In order to maintain uninterrupted operations, the Group gradually activated its stratification and off-site work plans starting in late February. It implemented measures so employees could stagger their work times and prevent too many people from gathering. In response to the possible development of the epidemic, all subsidiaries are conducting home office drills simultaneously. Before the global epidemic risk is fully resolved, the Group is actively taking preventive measures to protect the health of all employees and ensure continuous operations to protect the interests of customers.



### Impact and Influence on Operations

- ◆ The Company is affected by the epidemic, resulting in personnel being quarantined, increased operating costs and, in the worst case, operational disruption.
- ◆ Credit risk increases due to the decrease in orders, operating income and business interruption caused by the epidemic.
- ◆ The Company's investment portfolio suffers increased losses due to abnormal financial market fluctuations caused by the epidemic.



### Company Epidemic Mitigation Actions Explained to Stakeholders



In line with the government's epidemic prevention policy and to strengthen the concept of epidemic prevention among the public, the Group has implemented relevant epidemic prevention plans for customers and all employees, providing customers with the latest relevant information, and offering diversified customer care services, relief and revitalization measures, and repayment assistance programs to help customers through these hard times.


#### Employee Care

##### Zero Time Lag in Epidemic Prevention Information Updates

- ◆ We publish epidemic prevention measures in advance, and inform personnel about epidemic prevention, and ensure that they receive the latest epidemic prevention information. We designed epidemic prevention information "for dummies" and issued it through various communication channels, such as emails and communication software, to keep the information flowing and transparent.

##### Ensuring the Health and Safety of Personnel

- ◆ Coordinating with the government's epidemic prevention measures and establishing notification and related management.
- ◆ Activating off-site offices, staggering work hours, and restricting floors available to elevators to prevent crowding.
- ◆ Emphasizing personal epidemic prevention, wearing masks, washing hands regularly, and increasing the frequency of refilling alcohol-based hand sanitizer and bathroom hand soap.
- ◆ Implementing employee health self-management, conducting temperature measurement reporting, and checking travel histories.
- ◆ Reducing the number of large meetings, switching to telephoning or video conferences, and purchasing sufficient supplies for epidemic prevention.
- ◆ Delaying or temporarily canceling business trips and avoiding cross-district training activities and meetings.



**2021 Employee Care**  
A NT\$10,000 subsidy for each first-line employee fighting the epidemic

#### Customer Care

##### Enhancement of Digital Financial Services

- ◆ Through Yuanta's e-Counter 24-hour online application, customers can complete credit card application, credit loan application/inquiry/replacement/repair insurance, trust account opening and other banking services at home.
- ◆ In conjunction with the launch of the "Mask rationing system 2.0" online shopping, we responded to government policy by jointly promoting online banking and mobile banking online payment to enhance customers' awareness and satisfaction of financial services.

##### Provide Peace of Mind Relief Programs

- ◆ Providing payment assistance programs, loan and credit card interest rate reduction programs (for those who are confirmed and quarantined, those who are home-quarantined, those who are stranded overseas and cannot return to Taiwan, first-line medical personnel, and others who are directly affected by the epidemic and cannot pay on time).

##### Creating Immediate Epidemic Protection

- ◆ The 30-day waiting period for statutory infectious diseases is eliminated for 10 products, including hospitalization, surgery, and pay-as-you-go insurance, under the "statutory infectious disease exclusion period" endorsement.

##### Transparent Information Helps Fight the Epidemic

- ◆ The official websites of the Group's five major subsidiaries provide customers with information on epidemic prevention measures, online trading, and e-Counter information.
- ◆ We have used a number of Facebook posts to remind investors to focus on their health during the epidemic and to provide timely and good investment advice.



**2021 Customer Care**  
Diversified care services for protecting our customers

## Climate Related Risks and Opportunities and Financial Impacts

Under the influence of extreme climate in recent years, natural disasters have become more frequent and serious, so the mitigation and adaptation of climate change has become a necessary issue for sustainable management. Governments are also promoting climate-related policies and enacting regulations to strengthen corporate response to climate change. The financial industry, as a manager and provider of capital, can help society as a whole to move toward sustainable development by channeling capital, which is why governments have been putting a focus on the industry when making climate change adaptation and mitigation plans.

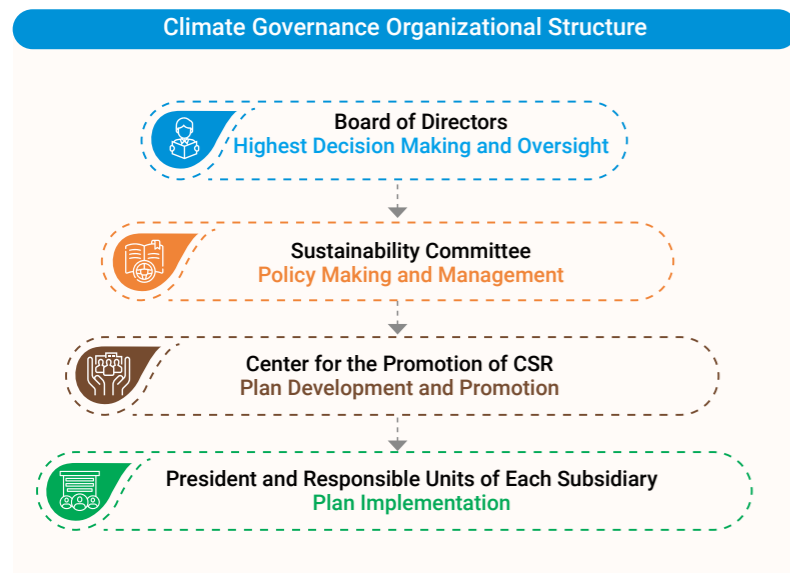
In 2020, Taiwan's Financial Supervisory Commission (FSC) promoted the "Green Finance Action Plan 2.0" and "Corporate Governance 3.0" initiatives, hoping to improve the quality and transparency of ESG information disclosure by enterprises, and to strengthen the financial market's grasp of climate-related risks and opportunities and its resilience to respond to them. In response, the Taiwan Association of Banks and the Taiwan Insurance Association have followed the Task Force on Climate-related Financial Disclosures (TCFD) disclosure framework and established the "Guidelines on Climate-related Financial Disclosures" to assist industry players in establishing sound climate-related management and disclosure mechanisms.

As a provider of a full range of financial products and services, the Group was the first in the industry to use the TCFD proposed framework for complete disclosure since 2018, following the four core items of governance, strategy, risk management, and indicators and targets, and disclosing the effectiveness of climate management in Yuanta Financial Holdings' annual CSR report and on the official website. As the first integrated financial company in Taiwan to participate in Science Based Targets (SBT) initiatives, the Company will initiate a group-wide inventory and disclosure of Category 5: Indirect GHG emissions associated with the use of products from the organization in 2020 and set carbon reduction targets in accordance with the SBT methodology with the targets expected to be submitted to SBTi for target review and announcement in the first quarter of 2022. In addition, we plan to introduce and operate the Internal Carbon Pricing (ICP) mechanism in 2021 to demonstrate our determination to reduce carbon emissions and contribute to the achievement of the Paris Agreement targets.

### TCFD Annual Performance and Implementation Plans

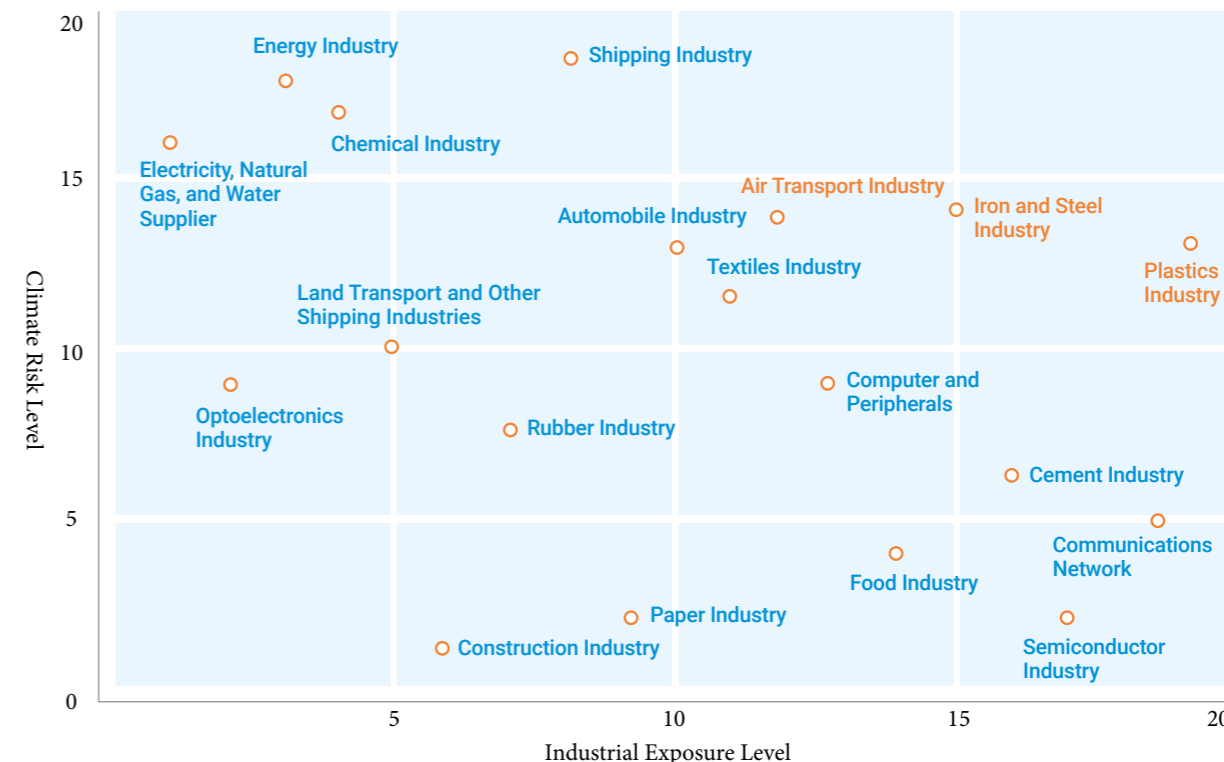
Governance	Strategies	Risk Management	Targets and Objectives
<p><b>Performance in 2020</b></p> <ul style="list-style-type: none"> <li>◆ The Group held a total of 5 climate related meetings at the governance level, with the executive unit reporting to the Board of Directors and the Risk Management Committee.</li> <li>◆ The Group's performance management system specifies that the performance appraisal of department heads and above is linked to the performance of climate management.</li> </ul> <p><b>Implementation Plans</b></p> <ul style="list-style-type: none"> <li>◆ Progressively developing the climate governance structure of each subsidiary according to the nature of its business in order to improve the climate governance of the Group.</li> <li>◆ Proposing that climate-related factors be included in the performance evaluation of all employees of the Group.</li> </ul>	<p><b>Performance in 2020</b></p> <ul style="list-style-type: none"> <li>◆ A total of 7 risks and 9 opportunities were identified and measures and strategies were developed to address each of them.</li> <li>◆ Optimized Yuanta's industry-specific climate risk assessment tool and identifying the steel, plastic, and aviation industries as high climate risk industries in 2020.</li> <li>◆ Established scenario analysis models - including scenario analysis on the transition and physical risks of corporate lending business and physical risk, and scenario analysis of real estate-related physical risks, and formulating corresponding risk management actions based on quantitative results.</li> </ul> <p><b>Implementation Plans</b></p> <ul style="list-style-type: none"> <li>◆ Continuing to refine and develop quantitative climate risk models to effectively measure risk impacts.</li> <li>◆ Working with the Bankers Association stress test team to discuss climate change stress testing.</li> </ul>	<p><b>Performance in 2020</b></p> <ul style="list-style-type: none"> <li>◆ Incorporated climate risks into the Group's risk management policy.</li> <li>◆ Established "Industry-Specific Environmental and Social Risk Management Rules" as the basis for strengthening the E&amp;S risk review (including climate change) for specific industries.</li> </ul> <p><b>Implementation Plans</b></p> <ul style="list-style-type: none"> <li>◆ ESG (including climate change) factors are planned to be included in the mid-term management process of investment and financing positions by 2021. When ESG risk rises to alert level, the business unit will propose a response.</li> <li>◆ Introducing a scientific approach to climate risk measurement to estimate the impact of climate risk on the profit and loss of the Group's financial transactions.</li> </ul>	<p><b>Performance in 2020</b></p> <ul style="list-style-type: none"> <li>◆ Completed setting the SBT Category 1 and 2 targets.</li> <li>◆ Completed the carbon emissions inventory of investment and financing assets according to the methodology recommended by PCAF.</li> <li>◆ Calculated the carbon intensity of the Group's investment and financing positions based on the disclosure indicators proposed by TCFD.</li> </ul> <p><b>Implementation Plans</b></p> <ul style="list-style-type: none"> <li>◆ Submitting to SBT to continue to promote carbon reduction.</li> </ul>

## Climate Governance



### Linking Climate Management Performance and Reward Mechanism

The Group has stipulated in the Performance Management Regulations that managers at all levels, from department heads and above, of Yuanta Financial Holdings and subsidiaries are required to include corporate sustainability related business affairs (including climate change) in their annual work objectives and items for assessment. The results of the performance evaluation are to be linked to promotion, salary adjustment and compensation in order to strengthen the Group's climate management from the top down.



## Climate Strategies

### Identifying, Measuring, and Managing Climate Risks and Opportunities

In order to understand the impact of climate change on the Company as well as the risks and opportunities it will bring, and to strengthen the Company's business resilience, the Company and its subsidiaries, under the promotion of the "Sustainability Committee" and the "Risk Management Committee", conduct annual climate risk and opportunity identification and assessment with respect to their business characteristics, taking into consideration the classification of climate risks and opportunities, impact pathways, timing and geographical areas of impact, location of impact value chain, and financial impact as recommended by TCFD, and develops response measures and strategies for each of the 7 risks and 9 opportunities identified this year (please refer to Appendix 1 for the description of each climate risk and opportunity item).

Physical risks, transition risks and opportunities arising from climate change affect the operations, balance sheet, income statement and cash flow statement of financial institutions, as well as various credit, market, liquidity, and operational financial risks. In line with TCFD's objective to quantify climate risk, the Group is actively developing a series of scientific measures to measure the impact of climate risk on the profit and loss of the Group's financial transactions. The Group intends to integrate existing economic models with the Group's established risk measurement techniques for financial trading assets to identify the chain of climate change on global economic variables through the relationship between corporate productivity and carbon emissions and the relationship between carbon emissions and climate. Finally, we will use the economic variables and financial trading market information to predict the performance of financial trading assets under climate change in the short, medium, and long term. In addition, we will further integrate climate risk into financial risk management, redefine our risk tolerance and asset risk pricing, and reasonably reflect the risk into financial assets and investment and financing decisions in order to achieve the goal of sustainable finance.

### Scenario Analysis

We deal with customers from a wide range of industries with varying degrees of exposure to climate risk. If they suffer losses due to exposure to the risk of climate change, the value of Yuanta's assets will also be affected. In order to properly reduce, transfer, assume or control the financial impact of climate risk on the company, we adopted the proposed analytical framework of UNEP FI TCFD Financial Sector Pilot Projects to build Yuanta's climate scenario analysis model. In 2019, we initiated a scenario analysis for transition and physical risks of corporate lending business. In 2020, we conducted a scenario analysis of real estate collateral and Taiwan-wide operations based on the impact path of climate change on real estate and formulated corresponding risk management actions based on the aforementioned quantitative results.

### Scenario Analysis for Transition and Physical Risks of Corporate Lending Business

#### ◆ Industry-Specific Climate Risk Assessment Tools

Since 2018, our TCFD working group has been discussing with external consultants and referring to industry-specific climate risk reports issued by external institutions and changing trends in the financial market, collecting climate risk factors for each industry, quantitatively assessing the climate risk level of the industry sectors, and then synthesizing and analyzing them with the Company's industry-specific investment parts and credit limits to establish the Yuanta industry-specific climate risk assessment matrix, and continuously updating the assessment results annually. If a potential customer is identified to have climate risk, we will carefully evaluate whether to proceed with the transaction. By analyzing our industry-specific climate risk assessment matrix, we have identified the top 3 industries with high climate risk, namely, the plastics industry, the steel industry, and the air transportation industry. We selected the steel industry, which has the highest climate risk value, to conduct a scenario analysis of our lending business in order to understand the financial impact that climate change may have on our business.

#### ◆ Quantitative Analysis of Financial Impact

Risk Type	Transition Risk - Policies and Regulations	Physical Risk - Immediate	Physical Risk - Long-term
Risk Description	In response to the transition trend towards low carbon, the steel industry, which is characterized by high carbon emissions, will incur additional compliance costs due to the carbon tax imposed by the government.	Climate change will lead to an increase in the risk of natural disasters, which will cause an impairment of asset value for the steel industry located in typhoon-prone areas.	The steel industry suffers from water shortage caused by climate change, which affects its production operations and lead to a decline in revenue.
Climate Scenario (Note)	IEA 2DS IEA B2DS	RCP 2.6	RCP 2.6
Evaluation Time Frame	2030		
Financial Impact on Yuanta	The average default rate of Yuanta's steel industry credit customers affected by the transition risk will increase, resulting in an expected loss of NT\$6 million.	The average default rate of Yuanta's credit customers in the steel industry affected by physical risk will increase, resulting in an increase of NT\$1 million in expected losses.	

Notes:  
 1. IEA 2DS and B2DS, published by the International Energy Agency (IEA), refers to the deployment and integration of existing technologies or innovative process technologies to accelerate the global energy and low carbon transformation to achieve a warming scenario of 2° C or less.  
 2. Representative Concentration Pathways (RCPs) refer to the increase in radiative forcing per square meter in 2100. The 2.6 watt increase scenario refers to a global warming rate that remains within 2° C of pre-industrial temperatures; the 8.5 watt increase scenario is the result of high carbon emissions.

#### ◆ Risk Management Actions

According to the results of the scenario analysis, although the impact of climate change on the credit business of a single industry is manageable, the credit business involves various industry sectors, and considering the unpredictability of climate impacts, the Group has established the "Sustainable Finance Guidelines" and "Industry-Specific Environmental and Social Risk Management Rules", requiring business units of subsidiaries to include in the investment and financing process an assessment of the ability to respond to climate risks for highly sensitive industries, such as energy saving and carbon reduction performance, operational management measures, and sustainability in the innovation of resource use, and to exercise the influence of shareholders or creditors by requiring them to appropriately disclose climate-related information.



### Scenario Analysis for Physical Risk of Real Estate Collateral and Operating Locations across Taiwan

With reference to the National Science and Technology Center for Disaster Reduction's RCP 8.5 flood risk map for all townships across Taiwan released by the National Disaster Risk Adaptation Platform, the 2020 Yuanta's TCFD working group conducted a potential flooding scenario analysis of the bank's real estate collaterals and the areas where the 316 operating locations of Yuanta Financial Holdings and its subsidiaries are located across Taiwan to understand the potential impact on the Group's business and asset value under the increased climate change.

#### ◆ Quantitative Analysis of Financial Impact

Risk Type	Physical Risk	
<b>Target of Analysis</b>	Real Estate Collateral (including mortgage and corporate real estate loans)	Operating Locations across Taiwan
<b>Risk Description</b>	Real estate collaterals may be damaged by flooding caused by extreme rainfall, resulting in impairment of asset value.	Operating locations across Taiwan may be damaged by flooding caused by extreme rainfall, resulting in interruption of operations.
<b>Climate Scenario</b>	RCP 8.5	RCP 8.5
<b>Evaluation Time Frame</b>	2075~2099	
<b>Financial Impact on Yuanta</b>	Approximately 10.8% of real estate collaterals are located in areas that will be of high flood risk at the end of the century, representing approximately 6.5% of the total loan amount.	Approximately 9.49% of Yuanta's operating locations are located in areas of high flood risk by the end of the century, primarily in Central and Southern Taiwan.

#### ◆ Risk Management Actions

When the risk of flooding in the areas where real estate collaterals are located increases significantly, Yuanta will consider measures including reducing the loan-to-value ratio and add typhoon and flood insurance based on the change in loss rate, number of foreclosures, and recovery amount in the area with high risk of flooding in order to reduce the potential damage to the real estate collateral grade in the area with high risk of flooding. The Group has also established good physical risk adaptation measures for its operating locations. In addition to the establishment of policies and regulations such as the "Guidelines on Material Incident Reporting", "Information Business Manual - Business Continuity and Disaster Response Management", and "Crisis Management Policy and Procedure Rules", the Group will increase the insurance measures for operating locations in high-risk areas based on the results of physical risk analysis, and will include climate related assessment factors for 100% of the newly acquired real estate/operating locations in the future.

### Risk Management

The Group considers climate change a key strategic business risk and has integrated the identification, assessment, and management of climate related risks and opportunities into the Company's established overall risk framework. The following is a detailed description of our climate risk management approach.

#### Incorporating Climate Risk into the Risk Management Framework

The Group has established a comprehensive risk management organizational structure, policies and management regulations, covering all risks faced in the course of operations (including market risk, credit risk, exposure risk, concentration risk, market liquidity risk, asset-liability matching risk, insurance risk, operational risk, compliance risk, legal risk and other operational risks), and has incorporated climate risk into the Group's risk management policy.



Risk Management Framework and Policies

#### Identification, Evaluation and Management Process of Climate Related Risks

The process is executed annually to ensure that risks and opportunities are up to date.

- 1 Identification of Risks and Opportunities:** The information provided by industry associations, NGOs, research institutions such as the Intergovernmental Panel on Climate Change (IPCC), and other organizations, as well as information on climate risks and opportunities from business units, external organizations, and the authorities where each operation is located, are consolidated into a list of risks and opportunities.
- 2 Materiality Measurements:** The materiality of risks and opportunities is measured based on the degree of financial impact of individual risk and opportunity items on the Company and is discussed through TCFD work group meetings.
- 3 Risk Monitoring and Reporting:** After significant risks and opportunities are identified are reported to the Sustainability Committee and reviewed by the Board of Directors, strategies are developed to address them.

#### Adaptation to Climate-related Risks

According to the results of the Group's climate risk measurement, the most important climate risks are often found in the investment and lending business. Therefore, in order to adjust and control the related

risks, the Group voluntarily follows the United Nations PRI Principles for Responsible Investment and establishes the Group's "Sustainable Finance Guidelines" to include ESG (including climate change) factors in the investment and lending review process. In addition, to strengthen the management of industries with high environmental and societal risks, the Group formulated the "Industry-Specific Environmental and Social Risk Management Rules" for the steel, plastics, and semi-conductor industries in 2020, and the front-office staff will conduct the corresponding risk review process on customers, so as to effectively control the related risks at the first line of defense.

### Metrics and Targets

In order to reduce the risk impact of climate change and leverage potential opportunities, the Group sets key climate related indicators and targets, including GHG emissions from our own operations and from our investment and financing portfolio (see Appendix 1 for the current status of carbon intensity indicators for high carbon emission sectors in our investment and financing portfolio), and green power subscriptions and conducts annual tracking and review. We also regularly disclose the implementation progress and related performance in the CSR report and actively participate in international sustainability assessments and initiatives, such as DJSI, CDP, and SBT, to measure our progress in climate related work.

Metric	Category	Implementation Progress	Target	
<b>Greenhouse Gas Emissions</b>	Own Operations	Carbon emissions: 23,880.29 metric tons of CO <sub>2</sub> e Carbon intensity: 206.53 metric tons of CO <sub>2</sub> e/NT\$ billion revenue	8% reduction in carbon intensity for Category 1 and 2 in 2025 compared to the base year (2017)	
	Investment and Financing	Carbon emissions (Note 2) / intensity (Note 3) of long-term investment in listed companies' stocks and bonds	Carbon emissions: 920,385.55 metric tons of CO <sub>2</sub> e Carbon intensity: 14.13 metric tons CO <sub>2</sub> e/NT\$ million revenue	Set carbon reduction targets for each asset class according to SBT methodology
		Carbon emissions (Note 2) / intensity (Note 4) of long-term corporate loans	Carbon emissions: 491,464.81 metric tons of CO <sub>2</sub> e Carbon intensity: 8.14 metric tons CO <sub>2</sub> e/NT\$ million revenue	
		Carbon emission (Note 2) / intensity (Note 5) of thermal power project financing	Carbon Emissions: 147,791.74 metric tons CO <sub>2</sub> e Carbon intensity: 5,778.63 metric tons CO <sub>2</sub> e/MW	
		Carbon avoidance in financing renewable energy generation projects (Note 2)	Carbon avoidance: 134,495.77 metric tons CO <sub>2</sub> e	
	Carbon emission (Note 2) / intensity (Note 6) of commercial real estate loans	Carbon emissions: 25,331.11 metric tons of CO <sub>2</sub> e Carbon intensity: 0.12 metric tons CO <sub>2</sub> e/m <sup>2</sup>		
<b>Green Power Usage</b>	Own Operations	Renewable Energy Certificate (T-REC) procurement: 510,000 kWh	<ul style="list-style-type: none"> <li>◆ 100% green power at 2 operating locations in 2021</li> <li>◆ An increase in proportion of green power procurement of 2% year by year</li> </ul>	

Notes:  
 1. The ISO 14064-1:2018 is the new version of the inventory, which is adopted for inventories taken after 2019. The corresponding names from new and old versions are respectively: Category 1 is Scope 1 (direct greenhouse gas emissions), Category 2 is Scope 2 (indirect greenhouse gas emissions from input energy), and Category 3 to 6 is Scope 3 (other indirect greenhouse gas emissions). Greenhouse gas emissions data are detailed in Chapter 6, Green Pioneers in Environmental Change.  
 2. Carbon emissions from investment and financing: Based on Yuanta Bank's corporate long-term loans, power generation project financing, commercial real estate mortgage loans, and the Group's consolidated long-term investment assets in listed companies and bonds in 2019, the calculation uses the proposed methodology in the Global GHG Accounting and Reporting Standard for the Financial Industry - first edition announced on November 18, 2020 by the Partnership for Carbon Accounting Financials (PCAF). As the relevant carbon emission data involves the use of external databases, self-collection and estimation, the accuracy and completeness of all data cannot be guaranteed, therefore, this carbon emission data has not been externally verified.  
 3. Carbon intensity of long-term investments in listed companies: The carbon intensity of long-term investments in listed companies is calculated by using the methodology mentioned in Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Calculation: Total carbon emissions (metric tons of CO<sub>2</sub>e) committed by Yuanta investment / Total revenue (NT\$ million) committed by Yuanta investment = Carbon intensity of Yuanta's long-term investments in listed companies (metric tons of CO<sub>2</sub>e / NT\$ million revenue). Since the carbon emission data are collected from external databases and self-collected data, we cannot guarantee the accuracy and completeness of all the data, therefore, this carbon intensity has not been verified and assured by an external party.  
 4. Carbon intensity of corporate long-term loans: The carbon intensity of Yuanta Bank's corporate long-term loans in 2019 was calculated using the methodology proposed by TCFD. Calculation: Total carbon emissions (metric tons of CO<sub>2</sub>e) / Total corporate revenue (NT\$ million) = Carbon intensity of Yuanta's corporate long-term loans (metric tons of CO<sub>2</sub>e / NT\$ million revenue). Since the carbon emission data are collected from external databases and self-collected data, we cannot guarantee the accuracy and completeness of all the data, therefore, this carbon intensity has not been verified and assured by an external party.  
 5. Carbon intensity of power generation project financing: The carbon intensity of Yuanta Bank's power generation project financing and lending sites in 2019 was calculated using the methodology proposed by TCFD. Calculation: Total carbon emissions (metric tons of CO<sub>2</sub>e) / Total project capacity (MW) = Carbon intensity of Yuanta's power project financing (metric tons of CO<sub>2</sub>e/MW). Since the use of project carbon emission data involves the provision and estimation by customers, the accuracy and completeness of all data cannot be guaranteed, therefore this carbon emission intensity has not been verified and assured by an external party.  
 6. Carbon intensity of commercial real estate loans: The carbon emission intensity of Yuanta Bank's commercial real estate mortgage loan sites in 2019 was calculated using the methodology recommended by TCFD for implementation. Calculation: Total Yuanta loan commitment carbon emissions (metric tons of CO<sub>2</sub>e) / Real estate floor area (m<sup>2</sup>) of total Yuanta loan commitment = Yuanta commercial real estate carbon intensity (metric tons of CO<sub>2</sub>e/m<sup>2</sup>). As the use of real estate carbon emission data involves estimation results, the accuracy and completeness of all data cannot be guaranteed, therefore, this carbon intensity has not been externally verified and assured.

# 1

# About Yuanta

## 1.1 Yuanta Financial Holdings Profile

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 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.

### 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\$121,374,360,000
Total assets	NT\$2,759,239,447,000
Number of employees	10,944
Industry type	Finance and Insurance
Stock code	2885

### Business Direction of Subsidiaries

In the era of COVID-19, the Company will carefully manage risks and continue to adopt a comprehensive growth strategy that focuses on “strengthening our core competitiveness, driving growth” . In addition to strengthening our core business and deepening our competitiveness, we will also focus on operating businesses, markets and customer segments with growth potential, leveraging the benefits of cross-sector and cross-border integration to effectively stabilize and improve earnings. The business focus of subsidiaries this year are explained below:

#### Yuanta Securities

##### Balanced development of various businesses and expansion of the Asian region

We will continue to consolidate our competitive advantages and position in our core business, strengthen our regional integration and products, develop diversified and differentiated products and services, deepen our customer relationships and expand into younger demographics, seize the opportunity of digital financial technology development, and actively develop innovative businesses to boost growth momentum, so as to create multiple profit engines and move towards becoming a regional securities institution in Asia. In terms of overseas deployment, we will focus on our subsidiaries in mature markets such as Korea and Hong Kong, and pursue the improvement of our own profitability, new business development and business integration among our subsidiaries. In developing markets, such as Thailand, Indonesia, and Vietnam, we are leveraging the management skills, professional team, and experience of our parent company in Taiwan to enhance our position in the local market and strengthen our operational efficiency and capital structure.

#### Yuanta Bank

##### Expand asset size and diversify revenue streams to maintain stable profit growth

We will continue to focus on “expanding business scale, increasing revenue streams, and enhancing competitiveness in digital finance” as our main business axis. We will appropriately increase the overall credit scale and strengthen post-loan management, while taking into account both risks and revenues. We will also respond to the government’s COVID-19 epidemic relief measures for businesses and individuals and use financial services to assist in the stable development of industry and the economy. In addition, we will continue to attract core deposits to support the growth of lending and to build a strong foundation for the expansion of our wealth management business. Through digital transformation, we will continue to improve operational and business efficiency and strengthening the marketing capabilities of our business units to enhance the convenience and satisfaction of our customers and to build a good brand image and brand awareness.

#### Yuanta Life

##### Continue to develop and promote “protection and long-term” products and add investment products to meet the needs of various customer groups

In line with our corporate core values of “insurance protection, sustainable management, and social well-being,” we will continue to focus on the development of protection and long-term products, enriching our product lines and optimizing the coverage content to meet the insurance needs of various customer groups while complying with regulatory regulations. In response to the demographic problems arising from aging population and low birth rate in Taiwan, we will continue to develop protection and long-term products and sales support elements that meet the needs of retirement life, retirement medical care, and retirement care. In response to the current low interest rate environment, we will continue to focus on the development of U.S. dollar-denominated policies and add investment products as one of our strategic focuses to enrich retirement planning options and provide another choice for policyholders with higher risk tolerance. Yuanta Life also selects insurance brokers and banks as sales channel partners based on its business philosophy, and focuses on the development of a well-equipped business team in the direct and diversified channels, and cultivates insurance professionals oriented to customer needs. Our business development is focused on the marketing of protection and long-term products, and we follow the “fair treatment principle” to fulfill our corporate social responsibility and improve the quality of customer service, thereby creating long-term and stable profits for Yuanta Life and increasing the value of the Yuanta Life brand.

#### Yuanta Funds

##### Maintaining while innovating the fund product line to expand asset size and attain stable profit growth

We will continue to expand the asset management scale of active and passive funds. Recognizing the opportunities of retirement and pension asset management in the age of population aging and low interest rates and following international trends, we launch differentiated fund products to help clients grasp the opportunities and create wealth. In addition, we will strengthen the competitiveness of our existing products and enhance the efficiency of our back-office operations. In terms of new fund research and development, we continue to invest in ESG investment process optimization and future mega trend research, and actively develop new products to meet clients’ needs in investment management, asset allocation and wealth inheritance.

#### Yuanta Futures

##### “Innovative Sustainability, Cross-border Leadership” to maintain the leading position in the futures industry

In terms of “Innovative Sustainability, Cross-border Leadership” , we will strengthen risk control mechanisms, enhance the digital financial experience, optimize the account opening process, and develop the subscription economy, so that traders can have a more convenient, stable and fast trading environment. In terms of sustainable operation, we are committed to developing green products and promoting green research, with the corporate governance objectives of giving customers peace of mind, reassuring shareholders, and making employees happy. In terms of cross-border operations, we will serve the real economy, meet the various hedging and trading needs of corporate clients, and develop cross-border B2B brokerage business. We will continue to expand our business growth momentum to become an international futures dealer based in the Asia-Pacific region.

#### Yuanta Venture Capital

##### Equal focus on core business and growing business

Business lines are categorized as core business and growth business. A core business is one that has a mature market with more stable revenue, but difficult to have great explosive growth. New investments of existing cases also fall in this category. Growth business is business in relatively early stage of technology and market, so a more explosive growth is expected for the future. Yuanta Venture Capital will carefully evaluate the two types of business and strive for balanced development.

#### Yuanta Asset Management

##### Focus on core business

We 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.

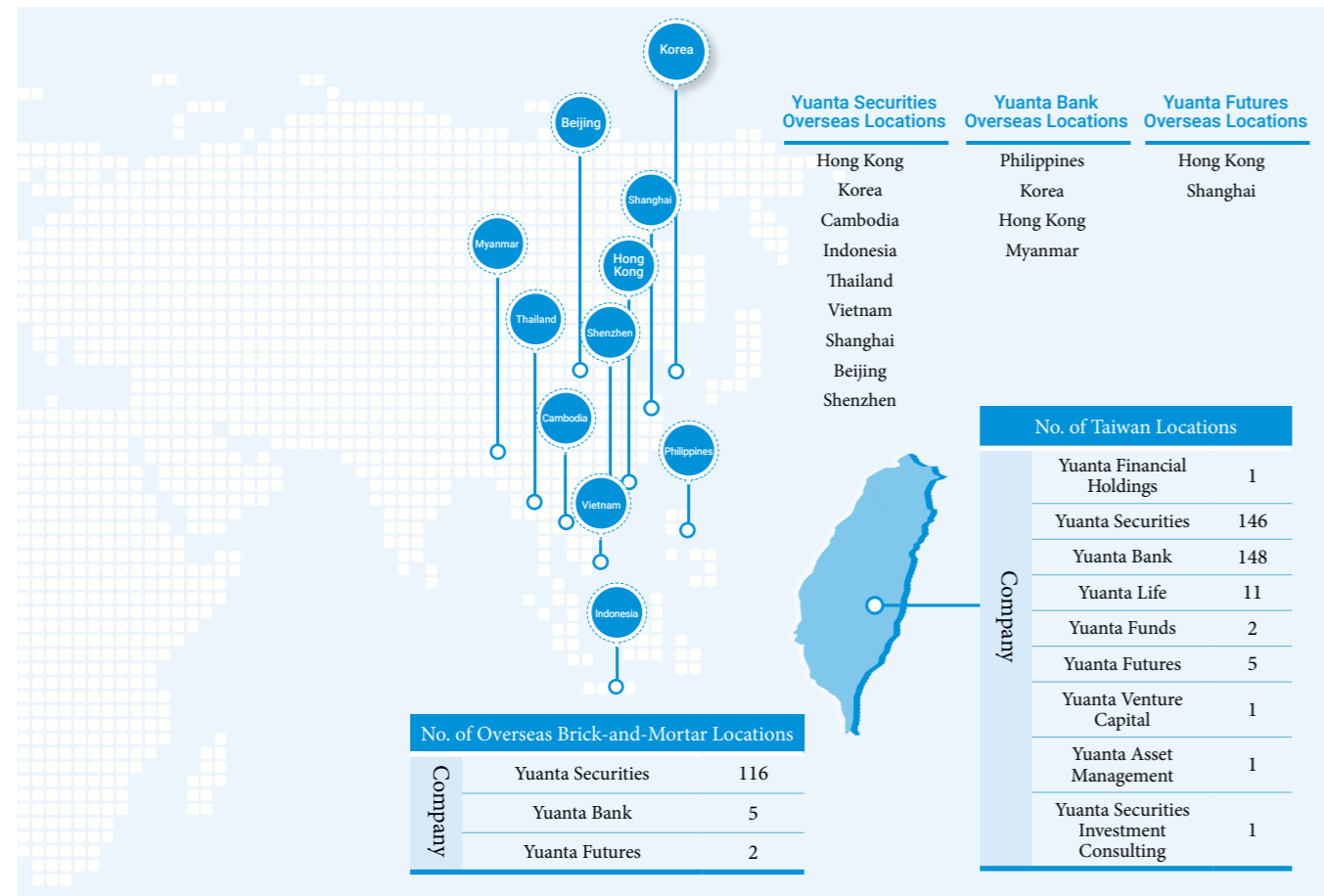
#### Yuanta Securities Investment Consulting

##### Enhancing digital services

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 communications software to provide more customized investment services for customers.

## Global Locations

As of the end of 2020, we had a total of 146 securities locations (headquarters and branches) and 148 bank branches in Taiwan, with operations across entire Taiwan and employing 10,944 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 123 overseas locations and are gradually working toward becoming “the best financial service provider in the Asia-Pacific region”.



## 1.2 Operating Performance

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 development 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 supports our development in becoming a comprehensive regional financial services provider. 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 businesses to augment Company scale of assets and operating performance and to effectively stabilize and increase the profits.

### 1.2.1 Financial Performance

In 2020, 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 2020, the Company generated after-tax net profits of NT\$24.105 billion with an EPS of NT\$1.99 and an ROE of 9.93%. Yuanta Financial Holdings' profit performance increased 18% over the previous year.

## Group Economic Performance

Unit: NT\$ thousand

	2018	2019	2020	
Direct Economic Value	Net interest income	25,936,162	26,132,919	26,918,952
	Net non-interest income	75,343,411	81,475,158	88,709,914
	Service fees and commissions	22,281,465	17,796,223	27,210,777
	Insurance business	34,675,722	40,738,914	35,509,066
	Investment income	9,823,257	17,676,616	27,271,198
	Foreign exchange profit	6,109,457	-635,767	-6,664,689
	Other income	2,453,510	5,899,172	5,383,562
	<b>Subtotal of direct economic value</b>	<b>101,279,573</b>	<b>107,608,077</b>	<b>115,628,866</b>
Distributed Economic Value	Operating expenses	53,115,998	58,634,193	57,645,791
	Employee salary and benefits	23,690,550	23,276,027	26,983,562
	Donation to governmental agency	64,931	40,932	40,215
	Donation to school fund	2,656	4,058	3,922
	Social welfare	204,766	108,711	180,335
	Political donations	0	0	0
	Pay dividends and interest	6,492,536	10,503,550	7,585,898
	Income tax expenses	3,665,414	2,494,938	4,277,495
	Fines	1,100	3,259	8,763
	Others	0	0	0
	<b>Subtotal of distributed economic value</b>	<b>87,237,951</b>	<b>95,065,668</b>	<b>96,725,981</b>
Retained Economic Value (= Direct Economic Value - Distributed Economic Value)	14,041,622	12,542,409	18,902,885	

Unit: NT\$

	2018	2019	2020
Group EPS	1.59	1.68	1.99

## Operating Performance of Subsidiaries

Unit: NT\$ thousand

Company	Items	2018	2019	2020
Yuanta Securities	Total assets	345,294,955	365,076,873	454,697,118
	After-tax gains and losses	9,391,408	9,018,519	14,399,429
	EPS (NT\$)	1.62	1.56	2.49
Yuanta Bank	Total assets	1,278,099,257	1,329,968,350	1,433,368,223
	After-tax gains and losses	8,607,600	10,046,230	6,895,871
	EPS (NT\$)	1.16	1.36	0.93
Yuanta Life	Total assets	239,390,357	284,651,026	343,790,499
	After-tax gains and losses	276,802	909,534	1,810,207
	EPS (NT\$)	0.31	0.93	0.88

Unit: NT\$ thousand

Company	Items	2018	2019	2020
Yuanta Funds	Total assets	4,978,302	5,567,382	6,327,666
	After-tax gains and losses	1,005,530	1,188,944	1,719,220
	EPS (NT\$)	4.43	5.24	7.58
Yuanta Futures	Total assets	72,108,776	73,149,665	95,736,549
	After-tax gains and losses	1,000,045	1,135,799	1,070,099
	EPS (NT\$)	4.31	4.89	4.23
Yuanta Venture Capital	Total assets	2,611,815	2,740,721	2,896,948
	After-tax gains and losses	220,861	148,187	287,342
	EPS (NT\$)	0.90	0.60	1.17
Yuanta Asset Management	Total assets	3,080,779	3,680,439	3,852,077
	After-tax gains and losses	153,915	124,033	121,132
	EPS (NT\$)	1.54	0.98	0.39
Yuanta Securities Investment Consulting	Total assets	248,454	259,024	284,194
	After-tax gains and losses	1,256	3,175	6,478
	EPS (NT\$)	0.13	0.32	0.65

### Regional Net Income

Unit: NT\$ thousand

Regions	2019	2020
Taiwan	92,766,683	98,297,679
Korea	11,322,090	13,745,580
Others	3,519,304	3,585,607
Total	107,608,077	115,628,866

### Regional Net Profit before Tax

Unit: NT\$ thousand

Regions	2019	2020
Taiwan	22,959,589	26,903,812
Korea	2,523,676	3,800,397
Others	57,632	62,069
Total	25,540,897	30,766,278

## 1.2.2 Tax 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 "Tax Governance Policy" to implement the following principles:

- Compliance with laws and regulations :**  
The Company shall comply with the tax laws and regulations of each country in which it operates and the spirit of its legislation, complete tax returns and make tax payments in accordance with the law, fulfill its social responsibility as a tax payer.
- Tax structure :** Tax planning and organizational restructuring is to be conducted legally and not for the primary and sole purpose of tax avoidance.
- Economic substance :**
  - The Company is not to deliberately transfer profits or organizational structure to the Organization for Economic Cooperation and Development (OECD) or the EU List of Non-cooperative Jurisdictions for Tax Purposes, or to countries or regions with low tax burden outside of Taiwan as defined by the Income Tax Act (e.g., tax havens).
  - Transactions with related parties shall comply with the principles of regular transactions, and the pricing shall reflect the economic substance and comply with the OECD and the laws and regulations of each country in which the Company operates to prepare transfer pricing related documents in order to comply with the transfer pricing regulations.
- Risk management :**
  - Each tax plan must comply with the principles of sustainable development, corporate social responsibility, and risk management to protect shareholders' rights and interests and create shareholder value.
  - In order to reduce the Company's and subsidiaries' domestic and overseas tax risks, the Accounting Department is to actively participate in the discussions of important or special tax issues between the Company and its subsidiaries due to differences in tax opinions and planning; if necessary, external professional advisors may be appointed or consulted to effectively control tax risks and evaluate countermeasures.
- Active communication :**  
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.
- Information transparency :**  
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.
- Personnel training :**  
Continue to improve and strengthen professional tax-related capabilities through education, training, and participation in various taxation-related seminars.



## Group Tax Information

Unit: NT\$ thousand

Items	2019	2020	Average
Net profit before tax	25,540,897	30,766,278	28,153,588
Income tax expenses	3,399,314	4,789,234	4,094,274
Adjustments	-994,931	-744,958	-869,945
Effective tax rate	17.20%	17.99%	17.60%
Income tax cash payment	2,494,938	4,277,495	3,386,217
Cash tax rate	9.77%	13.90%	11.84%

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:

### ◆ Single Jurisdiction Tax Law

The tax rate in Taiwan is 20%, lower than the average tax rate for the comprehensive finance industry in 2019 and 2020 (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 2019 and 2020 were NT\$6,484,999 thousands and NT\$7,746,118 thousands, respectively.

### ◆ Time Differences

Mainly due to deferred income tax items not recognized for temporary differences, overestimation of income tax in previous years and unrecognized tax losses in previous years were used in this year. The impacted amounts for 2019 and 2020 were NT\$-994,931 thousands and NT\$-744,958 thousands respectively.

## Tax Deductions Recognized by National Taxation Bureau

Unit: NT\$ thousand

Items	2019	2020
Not Tax Deductible		
	Donation/Contribution	0
Applicable for Tax Deduction without Amount Limit		
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	Donation/Contribution	37,432
		42,663
Applicable for Tax Deduction with Amount Limit		
Donations to education, culture, philanthropy, charitable groups/institutions, and charitable trusts	Donation/Contribution	101,067
		168,349
Election donations that comply with the Political Donations Act	Donation/Contribution	0
		0
Donations to the China region	Donation/Contribution	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.

## Domestic and Overseas Tax Information

Unit: NT\$ thousand

Items	2019	2020
Domestic (Taiwan) tax amount	2,220,333	4,092,572
The ratio of domestic (Taiwan) tax amount to the total tax amount (%)	88.52	95.68
Overseas (Korea) tax amount	231,235	142,037
The ratio of oversea (Korea) tax amount to the total tax amount (%)	9.22	3.32
Overseas (other countries) tax amount	56,689	42,886
The ratio of overseas (other countries) tax amount to the total tax amount (%)	2.26	1.00

Unit: NTS thousand

## Tax Information

Country/Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Taiwan	Yuanta Financial Holding Co., Ltd.	Investment and management of investee businesses
	Yuanta Securities Co., Ltd.	Business management
	Yuanta Commercial Bank Co., Ltd.	Banking
	Yuanta Life Insurance Co., Ltd.	Life insurance business
	Yuanta Futures Co., Ltd.	Futures industry, futures management, futures consulting, securities industry, securities trading assistance
	Yuanta Securities Investment Trust Co., Ltd. (Yuanta Funds)	Securities investment trust
	Yuanta Venture Capital Co., Ltd.	Venture capital business
	Yuanta International Asset Management Co., Ltd.	Financial institutions money debt management services
	Yuanta Securities Investment Consulting Co., Ltd.	Securities investment consultation
	Yuanta International Insurance Brokers Co., Ltd.	Insurance brokerage business
	Yuanta Securities Finance Co., Ltd.	Securities financing
	Yuanta International Leasing Co., Ltd.	Financing tax services
	SYF Information Limited	Information services
	Yuanta I Venture Capital Co., Ltd.	Venture capital business
Korea	Yuanta Securities Korea Co., Ltd	Securities and futures contracts trading, advising on securities and futures contracts, underwriting business, providing asset management, and financial consultation
	Yuanta Investment Co., Ltd	Investment business
	Yuanta Savings Bank (Korea) Inc.	Savings bank deposit business
Others	Yuanta Securities Asia Financial Services, Ltd.	Investment holdings
	Yuanta Securities (Hong Kong) Co., Ltd.	Trading of securities and futures contracts, advising on securities, futures contracts and institutional finance, providing asset management
	Yuanta Asia Investment (Hong Kong) Limited	Securities contract trading, asset management
	Yuanta Investment Consulting (Beijing) Co., Ltd.	Investment consultation
	Yuanta Hong Kong Holdings (Cayman) Ltd.	Investment holdings
	Yuanta Securities (Thailand) Co., Ltd.	Trustee trading, self-dealing, underwriting, and investment advisory
	Yuanta Securities Vietnam Co., Ltd.	Trustee trading, proprietary trading, underwriting, and investment consultation
	Yuanta Asia Investment Limited	Venture capital fund business, venture capital fund raising and management business, investment advisory and consulting business
	Yuanta Financial (Hong Kong) Limited	Investment holdings
	Yuanta Securities (Cambodia) Plc.	Underwriting counseling, financial consulting
	Yuanta International Investment (Hong Kong) Ltd.	Financial instruments issuance
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business
	PT Yuanta Sekuritas Indonesia	Securities trading, underwriting business
	PT Yuanta Asset Management	Investment management
	Yuanta Investment Management (Cayman)	Investment management
	Yuanta Savings Bank (Philippines) Inc.	Savings bank deposit business
	Yuanta Futures (Hong Kong) Limited	Financial services
SYF Information (Shanghai) Limited	Information services	

Country/Region	Total Employees	Operating Income (Net Income)	Net Profit before Tax	Income Tax Expenses	Income Taxes Paid
Taiwan	11,059	98,297,679	26,903,812	3,864,947	4,092,572
Korea	1,802	13,745,580	3,800,397	856,450	142,037
Others	1,415	3,585,607	62,069	67,837	42,886

## 1.2.3 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 serves as chairman.
	The Bankers Association of the Republic of China	Top senior consultant Mr. Rong-Jou Wang serves as executive supervisor.
Yuanta Securities	Taiwan Securities Association	Vice Chairman Ming-Heng Ho serves as association chairman (Note 1).
	Trust Association of R.O.C.	Executive Vice President Yi-Ming Wang serves as the executive supervisor.
	Financial Planning Association of Taiwan	Vice Chairman Ming-Heng Ho serves as a director (Note 1).
Yuanta Bank	Trust Association of R.O.C.	Senior Vice President Yuan-Chen Chen serves as the supervisor.
Yuanta Life	The Life Insurance Association of the Republic of China	President Tse-Fen Lin serves as a director of the board and member representative.
Yuanta Funds	Funds & Consulting Association of the R.O.C. (SITCA)	General Manager Chao-Tang Huang serves as a director (Note 2).
Yuanta Futures	Taiwan Futures Exchange	Vice Chairman Shiao-Ling Chou serves as a director.
	Chinese National Futures Association	Chairman Tian-Fu Lin serves as vice president.
Yuanta Securities Investment Consulting	Funds & Consulting Association of the R.O.C. (SITCA)	Vice President Cheng-Kun Chen serves as a member of the investment advisory group of the Investment Consulting Committee.

Notes:

1. Yuanta Securities Vice Chairman Ming-Heng Ho retired from the position of vice chairman with effect from January 1, 2021 to become a director of Yuanta Securities.
2. Yuanta Funds General Manager Chao-Tang Huang resigned from his position effective February 23, 2021.

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\$58,852 thousands. In terms of promoting innovative trading system in the securities market, Yuanta Securities Vice Chairman Ming-Heng Ho is the Chairman of the Taiwan Securities Association. In 2020, Yuanta actively assisted the competent authorities and the stock exchange to promote the new system of "Odd-lot Stock Trading" in the securities market to satisfy investors' needs for odd-lot stock trading during ordinary trading hours, to implement financial inclusion, and to lower the threshold for young people and small investors to participate in the securities market. In terms of promoting TCFD disclosure in the banking industry, the former chairman of Yuanta Financial Holdings (now the top senior consultant), Rong-Jou Wang, is the executive supervisor of the Bankers Association of the Republic of China and the chairman of the Bankers Association of Taipei. In 2020, the authorities promoted the TCFD (Task Force on Climate-related Financial Disclosures) related research and required all banks to disclose climate-related financial information based on the results of the study conducted by the bankers associations to help banks quantify the possible financial impact of climate change risks and strengthen risk management.

## ◆ Financial Industry Policy Research and Promotion-related Expenditure Statistics Table

Unit: NTS thousand

Unit	2018	2019	2020
Chinese National Futures Association	29,867	27,452	29,716
Taiwan Securities Association	26,003	22,951	19,627
The Bankers Association of the Republic of China	2,942	2,913	2,942
Others	5,531	5,744	6,565
Total Expenditures	64,343	59,060	58,852

Note: Expenses related to the research and promotion of financial industry policy in 2020 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.

# 2



# Sustainable Development Strategies

## 2.1 Sustainable Vision

### Vision

#### Becoming an International Benchmark Enterprise for Sustainability; Actively Promoting a Better Future for Future Generations

With the United Nations Sustainable Development Goals (SDGs) as its blueprint, Yuanta has integrated environmental, social, and corporate governance (ESG) concepts into our corporate culture and operational strategies, integrated internal and external resources, and striven to provide appropriate returns for all stakeholders. Our mission is to continuously improve and innovate, to become a leading force for social and environmental change, and to actively promote a better future for future generations.

### Commitment

#### Practicing Sustainable Finance; Publicly Disclosing Goals and Progress

Yuanta takes the risks, opportunities, and challenges of climate and social change seriously and uses sustainability performance indicators as the standard for corporate development and customer communication. We focus on long-term planning, systematic and effective actions, and invest in financial products and services that have a positive impact on society and the environment, and publicly disclose our goals and progress to demonstrate our commitment to sustainability.

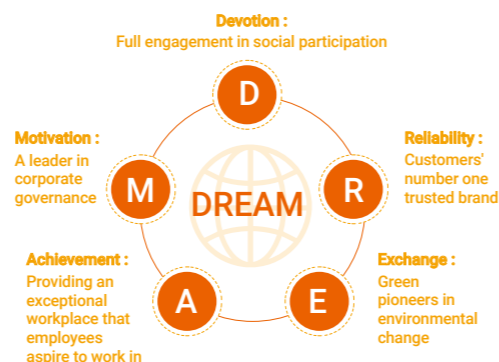
### Core Values

The core values of the Company's corporate culture are "seizing opportunities and creating customer wealth", "focusing on performance and enhancing employee well-being", and "innovating value and enhancing shareholder rights". While deeply committed to financial business development and profit creation, the Company also places great emphasis on positive development in the areas of corporate governance, customer rights, employee care, environmental sustainability, and social welfare.

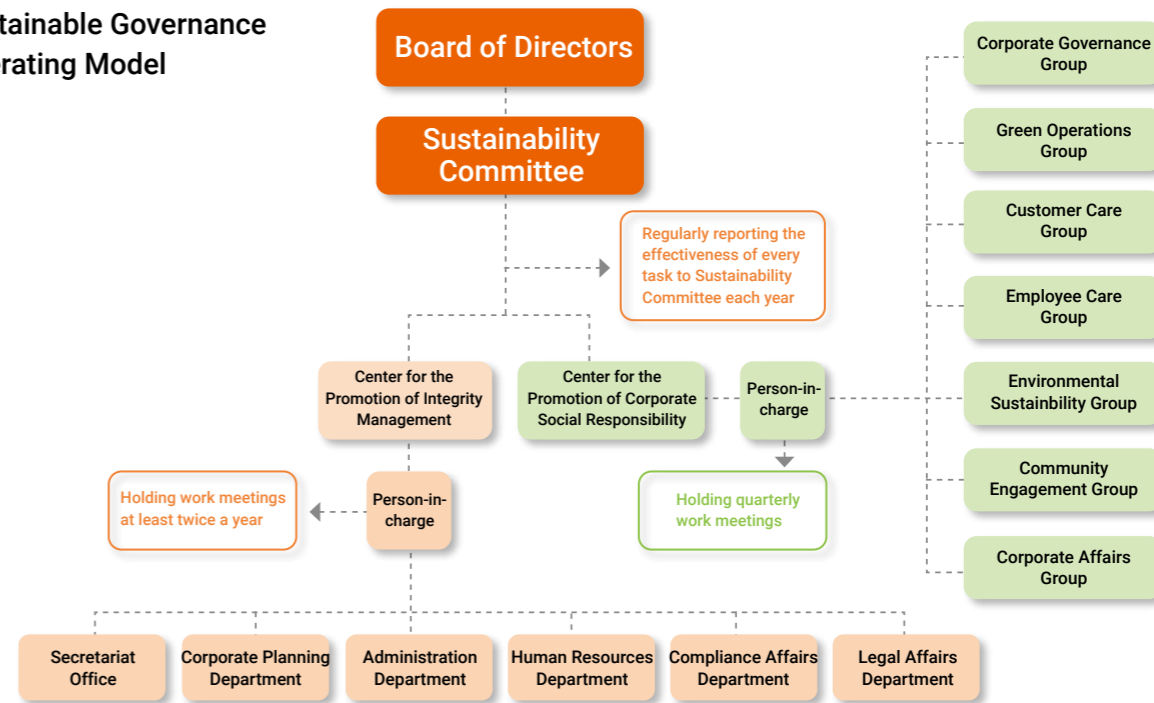
### DREAM

#### Setting Sustainability Goals, Five Key Aspects of Sustainable Development

"People are great because of their dreams, and dreams are realized because of people." Yuanta has always based the spirit of its service on the idea of "fulfilling your biggest dream". As we strive to attain sustainable development, we use the key word "DREAM" as the key word to promote sustainable actions in five areas: corporate governance, customer rights, employee care, environmental sustainability, and social welfare.



## Sustainable Governance Operating Model



## Sustainability Committee

In order to implement sustainable management policies, such as integrity management and corporate social responsibility (CSR), the Company has established the "Sustainability Committee" directly under the Board of Directors, with the "Center for the Promotion of Integrity Management" and "Center for the Promotion of Corporate Social Responsibility" under the committee. The committee is composed of relevant personnel from the Company and its subsidiaries, who are responsible for the promotion and coordination of relevant daily affairs, regularly report work plans and the results of implementation.

The members of the Sustainability Committee are to be directors of the board of the Company, at least half of whom shall be independent directors. The members of the committee are appointed by the Board of Directors after the Nominating Committee has reviewed their qualifications and potential conflicts of interest, and the members shall elect 1 convener from among themselves. The convener's term of office shall be the same as that of a director. If, for any reason, the number of directors is less than 3, the Board of Directors shall appoint a replacement. This year, there are 5 members, including the chairman, who is the convener, and 4 independent directors.

## Main Responsibilities of the Sustainability Committee

- ✓ To assist in integrating the values of integrity management and CSR into the Company's business strategy.
- ✓ To cooperate with laws and regulations to establish measures to ensure integrity management and fulfill CSR.
- ✓ To oversee the implementation of the Company's integrity management and CSR policies, and evaluate their effectiveness.
- ✓ Other matters related to the formulation and monitoring of the implementation of policies on integrity management and CSR.

The Center for the Promotion of CSR regularly reports to the Sustainability Committee each year on the effectiveness of its work, including communication with stakeholders and topics of concern, and submits reports to the Board of Directors. Relevant rule amendments and organizational changes must also be approved by the Board of Directors in order to effectively manage and implement the Company's CSR policies.

## The main operations of the Center for the Promotion of CSR



### Yuanta Financial Holdings' CSR Policy

- ✔ To enhance the quality of corporate governance.
- ✔ To emphasize employee rights and interests, cultivate talent, and create a healthy and safe work environment.
- ✔ To commit to energy saving and carbon reduction to ensure environmental sustainability.
- ✔ To abide by ethical standards and operate with integrity.
- ✔ To expand community participation and give back to society.
- ✔ To protect the rights and interests of customers and win long-term trust.
- ✔ To provide accurate, timely, open, and transparent Company information to investors.



## 2.2 Stakeholder Agreement

### 2.2.1 Stakeholder Communication

The Company has a responsibility to its stakeholders. We have set up a stakeholder area on our official website and a communication line to understand the needs and expectations of our stakeholders through various means and communication channels.



### Stakeholder Communication Topics of Interest

#### Shareholders and Investors / Creditors



##### Purpose of communication

Two-way communication through periodic overseas and domestic legal conferences and one-on-one meetings with institutional investors are carried out each year to provide institutional investors with a clear understanding of the Company's long-term development strategies and financial and business overview and to learn about institutional investors' suggestions and ideas for the Company and report them to decision makers for consideration of the Company's future strategic direction.



##### Priority concerns

- ◆ Corporate governance and integrity management
- ◆ Legal compliance
- ◆ Risk management and internal control
- ◆ Sustainable finance
- ◆ Financial inclusion
- ◆ Information and transaction security
- ◆ Energy and climate change
- ◆ Supplier management



##### Communication channels, feedback methods, and communication frequency

- ◆ Annual general meetings of shareholders.
- ◆ Annual participation in international ESG ratings.
- ◆ Undergoing annual credit rating.
- ◆ Publishing annual report and CSR report in English and Chinese every year.
- ◆ Quarterly financial reports and investor presentations are published on the Company's website.
- ◆ Monthly operational overviews are announced on the Market Observation Post System and the Company's website.
- ◆ Chinese and English websites with a special area to announce the contact window for stakeholders.
- ◆ Attending corporate presentations from time to time and communicating with institutional investors via telephone and email.
- ◆ Disclosing from time to time the latest corporate governance and CSR-related information on our website.
- ◆ Communicating with investors through bond underwriters and preparing public explanations.
- ◆ Providing the Company's credit rating report and disclose the latest financial and operational information for reference in credit evaluation.



##### Key communication achievements

- ◆ Good operational performance, positive return on equity for 5 consecutive years.
- ◆ Selected as a constituent of several international indices, including the Dow Jones Sustainability World Index, Dow Jones Sustainability Emerging Markets Index, Bloomberg Gender Equality Index, CDP Leadership Level A, FTSE4Good Emerging Index, and FTSE4Good TIP Taiwan ESG Index.
- ◆ Awarded MSCI ESG Rating A.
- ◆ Established two-way communication with investors, invited to 4 online investor meetings, and conducted over 100 meetings with investors (video/phone/email, etc.), and regularly reported investors' opinions and concerns to management.
- ◆ The Company, Yuanta Securities, and Yuanta Bank have been certified by the CG6012 (2019) of the Taiwan Corporate Governance Association as having an exceptionally good corporate governance system. (The certificate is valid from December 25, 2020 to December 24, 2022).
- ◆ The Company entered into a trustee contract with a third-party institution to exercise the right to monitor and check the performance of the Company's obligations related to corporate bonds on behalf of creditors.

#### Government Agencies



##### Purpose of communication

To comply with the relevant requirements and strengthen management capabilities through regular and nonscheduled responses to surveys with the competent authorities and to release major information and to respond to relevant inquiries.



##### Priority concerns

- ◆ Legal compliance
- ◆ Customer services and privacy
- ◆ Employee attraction and retention
- ◆ Friendly and excellent working environment



##### Communication channels, feedback methods, and communication frequency

- ◆ The Company reports our operations to the competent authorities on a quarterly basis, so that they can keep track of the overall financial environment.
- ◆ Responding as needed to inquiries from the competent authorities through official documents, meetings, phone calls, emails and public information.
- ◆ Issuances of material information by relevant units of the Company on a nonscheduled basis.
- ◆ Responses to Market Observation Post System within 2 days of receipt of credit rating results on a nonscheduled basis.



##### Key communication achievements

- ◆ In the 7th "Corporate Governance Review" held by the Taiwan Stock Exchange, the Company was ranked 6% - 20% of the listed companies.
- ◆ Selected as a constituent stock of the Taiwan Corporate Governance 100 Index for 6 consecutive years and a constituent stock of the FTSE4Good TIP Taiwan ESG Index for 3 consecutive years.
- ◆ The Company has not violated Taiwan Stock Exchange's requirements for declaring information and press conferences for material information and explanations.

#### Current Employees



##### Purpose of communication

Through communication with employees, we listen to their opinions and needs, and communicate with them about the Company's policies, including education and training, workplace safety and health, compliance with laws and ethics, and performance appraisal, so that we can work together to achieve good results.



##### Priority concerns

- ◆ Corporate governance and integrity management
- ◆ Employee attraction and retention
- ◆ Talent cultivation and development
- ◆ Friendly and excellent working environment



##### Communication channels, feedback methods, and communication frequency

- ◆ Employee Engagement Survey is conducted annually.
- ◆ Annual occupational safety and health training; annual certification of ISO 45001 occupational safety and health management system.
- ◆ Semi-annual performance evaluation and feedback.
- ◆ Quarterly labor-management meetings and occupational safety and health committee meetings.
- ◆ Quarterly/monthly club activities.
- ◆ Hold regular training courses such as the Summit Forum and Yuanta E-Academy online courses.
- ◆ Employee complaint box, employee internal communication channels, and e-newsletter.
- ◆ Regularly invite employees to participate in social service activities.
- ◆ Hold periodic employee welfare committee, employee stock ownership committee, and labor retirement fund committee.



##### Key communication achievements

- ◆ The Group-wide Employee Engagement Survey was conducted 3 consecutive years starting in 2017, and each year, participating employees have rated their work engagement more positively than the Taiwan financial industry norm. The survey was later adjusted to once every 2 years.
- ◆ Our Company, Yuanta Life, Yuanta Funds and Yuanta Futures are certified by ISO 45001 Occupational Safety and Health Management System, providing a safe workplace for our employees.
- ◆ Completed the revision of the performance management guidelines, incorporating sustainable development objectives and ESG business into work objectives to implement sustainable business development and corporate social responsibility.
- ◆ In response to the COVID-19 global epidemic, we issued 24 epidemic notifications and preventive measures as a means to help protect the health of our employees and their families.
- ◆ The average number of training hours for employees increased by 8% and the average training cost increased by 17% compared to the previous year.
- ◆ Developed and implemented occupational safety and health prevention programs, such as the maternal health protection program, overload prevention program, human-caused hazard prevention program, and unlawful infringement prevention program to care for employees.
- ◆ We received official recognition for caring for the physical and mental health of our employees and maintaining a safe and healthy workplace environment, receiving a special award by the Taipei City Government for outstanding performance in a healthy workplace.

### 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 cultivation 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.
- ◆ Industry-academic cooperation internship opportunities are arranged annually/biannually.
- ◆ Cooperation with courses, career counseling, and professional guidance on a nonscheduled basis.



#### Key communication achievements

- ◆ During the year, we cooperated with 42 schools in industry-academia cooperation and interacted with 4,696 students through courses, lectures, internships, visits and campus recruiting. Among them, we offered credit courses and lecture courses with National Chengchi University, National Chiao Tung University, National Tsing Hua University and Feng Chia University, attracting 2,401 students to take the courses.
- ◆ We operate a Facebook fan page and an official internship page to help students learn about Yuanta and various internship opportunities.

### Clients / Debtors



#### Purpose of communication

We provide a complete range of products to meet customers' needs, provide more diversified and convenient services, and combine multi-faceted issues and methods to attract customers' attention and increase customer loyalty. We also help customers understand the risks and costs associated with the use of financial products and services, so as to reduce the chance of future disputes.



#### Priority concerns

- ◆ Customer services and privacy
- ◆ Financial product innovation and services
- ◆ Information and transaction security
- ◆ Financial inclusion
- ◆ Sustainable finance



#### Communication channels, feedback methods, and communication frequency

- ◆ Providing daily/monthly e-newsletters and various investment research reports; proactively sending repayment offer notification letters; and conducting regular repayment negotiations and communication.
- ◆ A customer service and grievance line is permanently set up in the "Stakeholder" area.
- ◆ A customer service center is set up to provide a customer service hotline and an online customer service mailbox.
- ◆ Developing web service and mobile service app on a regular basis.
- ◆ Investment and financial presentations, seminars, and forums from time to time.
- ◆ Customer satisfaction surveys and project activities from time to time.
- ◆ After acquiring debt certificates, we renew the certificates every 5 years.



#### Key communication achievements

- ◆ Yuanta Securities added corporate governance evaluation results and ESG concept stock services to its smart stock selection app entitled "Mr. Yuanta," adding "Top 20% of Listed Corporate Governance Evaluation" and "Taiwan ESG Constituent Stocks" labels to help investors select ESG-performing companies. The new service will help investors select ESG-performing companies.
- ◆ Yuanta Bank officially signed the Equator Principles in October and will establish relevant practices and a pilot process mechanism in the coming year, set up an environmental and social risk group, conduct environmental and social risk classification, and integrate the review process into the original credit granting process.
- ◆ Yuanta Life has long been promoting micro-injury insurance to help the disadvantaged groups to obtain basic insurance coverage with small premium payments. 3,096 persons were insured this year with a total coverage of NT\$710,000.
- ◆ Yuanta Funds has implemented fixed-rate fund purchase and assisted nearly 55,000 small investors with a total of over NT\$4.8 billion.
- ◆ Investigated the list of asset-based debtors' proceeds and found no new enforceable 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

- ◆ Corporate governance and integrity management
- ◆ Legal compliance
- ◆ Financial product innovation and services
- ◆ Social welfare



#### Communication channels, feedback methods, and communication frequency

- ◆ We provide regular market updates and financial commodity information to help the public keep abreast of market dynamics.
- ◆ Media presentations, press conferences and advertisements from time to time.
- ◆ Unscheduled incident explanation.



#### Key communication achievements

- ◆ Issued 273 press releases this year.
- ◆ Selected as CSR Corporate Citizenship Award – Large Enterprise New Star Award by CommonWealth Magazine; the 16th CSR Corporate Social Responsibility Award – Model Award in Social Welfare by Global Views Monthly Magazine; and the Special Jury Prize – Financial Holdings CSR Awards by the Wealth Magazine.

### Community



#### Purpose of communication

The relationship between business and society is one of coexistence and co-prosperity. Our role as a "charity platform" helps others to realize their dreams, turn their lives around, and move forward to happiness. We also help the public to know more about the Yuanta Group and how it continues to spread positive energy for Taiwan.



#### Priority concerns

- ◆ Social welfare



#### Communication channels, feedback methods, and communication frequency

- ◆ Promoting blood donation activities every year.
- ◆ Holding Yuanta annual "Dream Big" Dream-fulfilling Project.
- ◆ Regularly participating in associations and organizations.
- ◆ Regularly organizing and supporting social welfare, academic education, arts and culture promotion and environmental protection activities.
- ◆ Community care and neighborhood visits from time to time.
- ◆ Cooperating with NPO/NGO groups to organize, co-organize or sponsor activities from time to time.
- ◆ Organizing environmental protection activities from time to time.



#### Key communication achievements

- ◆ For 11 years, the Yuanta Group has been organizing blood donation activities and has accumulated 20,162 bags of blood donations, and for the 6th year, the Yuanta Group has been awarded the "Outstanding Blood Donation Organization" by the Taiwan Blood Foundation.
- ◆ For 4 consecutive years, the "Dream Big" Dream-fulfilling Project has been held to help 24 organizations in need of support. Through the online promotion of charity activities on social media fan pages, we have attracted more than 42.44 million people as of the 4th year.
- ◆ 2,039 individuals volunteered for a total of 9,019 hours.
- ◆ A total of 621 events were held this year. We organized 155 activities, co-organized 389, and sponsored 77. A total of 718,524 people benefited from the public welfare activities this year.
- ◆ For 10 consecutive years, Yuanta has been promoting the "Dreams Take-off Project", awarding a total of 1,435 scholarships. Recipients have included 103 university students and 5 master's degree students. The project has received the Crystal Award for Donation to Education from Taiwan's Ministry of Education.

### Suppliers



#### Purpose of communication

To enable our suppliers to understand our environmental and human rights standards and to work together with them to promote CSR concepts.



#### Priority concerns

- ◆ Supplier management
- ◆ Information and transaction security



#### Communication channels, feedback methods, and communication frequency

- ◆ Continuing to manage suppliers in accordance with the established "Guidelines of Supplier Management" and conducting supplier evaluation in the first quarter of each year.
- ◆ Agreeing to abide by the principles of business integrity, confidentiality and personal data protection in transactions with the Yuanta Group, and signing the terms and conditions for sustainable procurement by suppliers (including the Supplier Sustainable Procurement Guidance).
- ◆ Conducting training on human rights and environmental issues for procurement cases over NT\$1 million.
- ◆ Organizing supplier conferences.



#### Key communication achievements

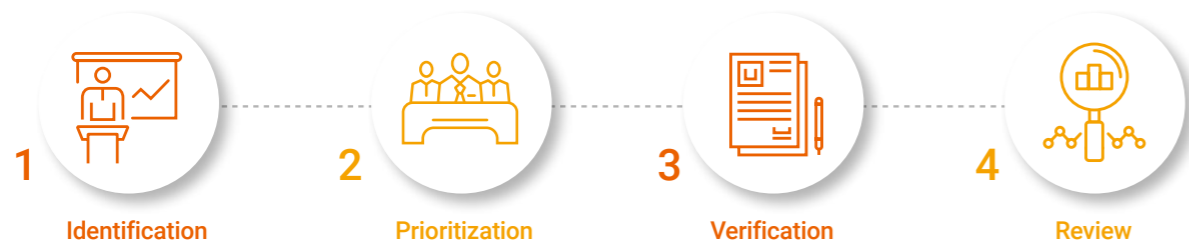
- ◆ The evaluation of 133 major suppliers was conducted with an average score of 84.75 out of 100.
- ◆ All suppliers are required to sign the "Supplier's Terms and Conditions for Sustainable Procurement" and "Integrity Commitment Statement" in their procurement contracts.
- ◆ Six subsidiaries of the Company, including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, and Yuanta Securities Finance, have completed the procurement of 510,000 kWh of renewable energy certificates; for 10 consecutive years, the Company has been awarded the green procurement performance benchmark by the Taipei City Government.
- ◆ In conjunction with the implementation of an energy management system that complies with international standards, we have obtained ISO 50001 certification from the British Standards Institution (BSI) by setting energy-saving targets and implementing plans.
- ◆ All of our locations have passed the ISO 14064-1 greenhouse gas inventory with a 100% verification coverage rate.



## 2.2.2 Materiality Assessment Procedures

Our Company values the views of our stakeholders. Our stakeholders include shareholders and investors/creditors, government agencies, customers/debtors, current employees, potential employees, media, communities, and suppliers. We employed various channels and stakeholder communication to understand and identify their concerns. Based on Material Topics identified in the 2019 questionnaire, in 2020, we evaluated and made adjustments with reference to the Global Reporting Initiative (GRI) criteria and the internal and external practices of the Company. They were discussed and jointly decided by the person in charge of the Center for the Promotion of CSR and the group leaders. In response to these Material Topics, we disclosed corresponding management policies and specific actions. The evaluation process and the Material Topics identified are as follows:

### Procedures for Identifying Material Topics



**1 Identification**  
In 2019, the members of the Sustainability Committee selected 19 key sustainability issues based on the GRI criteria, taking into account the development of our industry peers, international trends (UN SDGs, etc.) and industry characteristics, as well as the concerns expressed through the Stakeholder Communication channels.

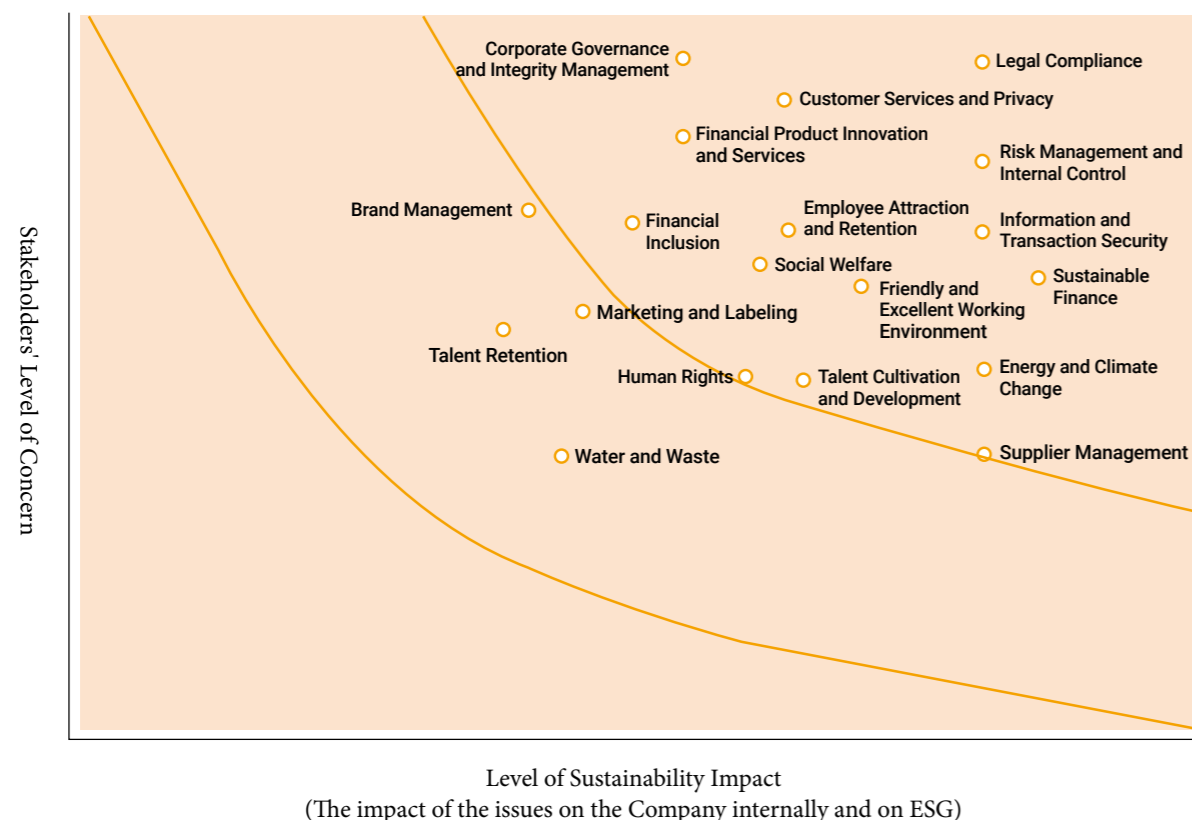
**2 Prioritization**  
The questionnaire was used to identify the level of stakeholder concern and the impact of sustainability issues on the internal and external economic, environmental and social (ESG) aspects of the Company to identify the Material Topics for 2019. The 15 Material Topics for 2020 were further discussed by the Center for the Promotion of CSR with reference to internal and external standards and practices.

**3 Verification**  
After identifying Material Topics, the head of Center for the Promotion of CSR and the group leaders jointly confirm the significance of the topics and further evaluate the boundaries of the Material Topics for consideration inside and outside the organization to ensure that the important ESG information has been fully disclosed in the report.

**4 Review**  
After the report is completed, the Center for the Promotion of CSR's functional work groups conduct a final review to examine whether ESG information and performance have been presented inappropriately or inaccurately. The results of the identification of Material Topics and feedback from stakeholders are also used as an important reference for the next annual report.

Note: The new Material Topics for 2020 are "Risk management and internal control," and "Information and transaction security." The Material Topics for 2020 that have been renamed from those in 2019 are as follows: "Responsible investment" was changed to "Sustainable finance," "Occupational health and safety" to "Friendly and excellent working environment," "Talent management and development" to "Talent cultivation and development," "Labor/management relations" to "Employee attraction and retention," and "Economic performance" to "Corporate governance and integrity management." In addition, "Customer services and privacy" have been merged from "Customer relationship management and customer privacy."

### Material Topics Matrix





### Material Topics and Their Impact Boundaries



Degree of impact involvement: ■ Direct shock, ● Indirect shock, ▲ Shock caused by business relationship

Aspect	Material Topics	Aspects to Consider with Respect to GRI Standards	Related Report Sections	Impacted Parties - Value Chain								
				Yuanta Financial Holdings (including current employees)	Shareholders and investors / creditors	Government agencies	Potential employees	Customers / debtors	Media	Community	Suppliers	
Community Engagement	Financial Inclusion	G4 Sector Disclosure - Financial Services: Local Communities	4.3 Financial Inclusion	■				■		■	▲	
Community Engagement	Social Welfare	NA	7.2 Public Welfare Activities and Group Strategies 7.5 Social Welfare during the Pandemic	■					▲		■	▲
Green Operations	Sustainable Finance	G4 Sector Disclosure - Financial Services: Product Portfolio	4.2 Sustainable Finance	■	■				▲	■		
Green Operations	Financial Product Innovation and Services	NA	4.1 Financial Product Innovation and Services	■					▲	■		
Customer Care	Customer Services and Privacy	GRI 418: Customer Privacy 2016	4.4 Service Quality and Customer Relationship Management	■						■		
Customer Care	Information and Transaction Security	NA	3.3 Information Security	■	■	■			■			▲
Environmental Sustainability	Energy and Climate Change	GRI 302: Energy 2016, GRI 305: Emissions 2016	6.1 Climate Change and Energy Management	■							●	
Environmental Sustainability	Supplier Management	GRI 308: Supplier Environmental Assessment 2016, GRI 414: Supplier Social Assessment 2016	6.3 Supplier Management	■								■
Employee Care	Friendly and Excellent Work Environment	GRI 403: Occupational Health and Safety 2018	5.3 Occupational Safety and Health Management	■								
Employee Care	Talent Cultivation and Development	GRI 404: Training and Education 2016	5.2 Talent Cultivation and Development	■					●			
Employee Care	Employee Attraction and Retention	GRI 401: Employment 2016	5.1 Employee Attraction and Retention	■								
Employee Care	Human Rights	GRI 412: Human Rights Assessment 2016	5.4 Human Rights	■					●			

Aspect	Material Topics	Aspects to Consider with Respect to GRI Standards	Related Report Sections	Impacted Parties - Value Chain								
				Yuanta Financial Holdings (Including current employees)	Shareholders and investors / creditors	Government agencies	Potential employees	Customers / debtors	Media	Community	Suppliers	
Corporate Governance	Corporate Governance and Integrity Management	GRI 102-16 Values, Principles, Standards and Norms of Behavior 2016, GRI 102-18 Governance Structure 2016	3.1 Corporate Governance and Integrity Management	■	■	■						
Corporate Governance	Legal Compliance	GRI 206: Anti-competitive Behavior 2016, GRI 419: Socioeconomic Compliance 2016	3.4 Legal Compliance 5.6 Legal Compliance	■	■	■		■		■		■
Corporate Governance	Risk Management and Internal Control	GRI 102-11: Precautionary Principle or Approach 2016	3.2 Risk Management	■	■	■		■				▲

Material Topics / SDGs and 2021 Sustainability Goals

Material Topics	Development Strategies	Sustainable Performance Indicators (KPI)	2021 Sustainability Goals
 Financial Inclusion	We use financial technology to promote inclusive financial products and expand the accessibility and use of financial services, so that all customers can have reasonable access to financial services.	Assist small investors build financial habits through regular fixed deposits or small savings accounts.	Participation increase by 10%
 Social Welfare	With the “public welfare platform” as the core, we integrated the Yuanta Group’s resources, connected stakeholders, and used our financial functions to help solve social and environmental problems, becoming a solid partner of social welfare organizations and demonstrating social influence.	Yuanta Group employees volunteered to participate in voluntary activities.	Employee participation in volunteer activities increase by 1% compared to the previous year, with an accumulation of 12,000 hours.
		Expanding stakeholder full engagement in social participation activities.	An accumulative total of 3% of suppliers engaged in the Yuanta Group’s social participation activities
		Long-term concern for children in remote areas and disadvantaged groups	Collaborate with key partners to continue to care for children in remote areas and disadvantaged groups.
		Continued support of social activities for senior care and medical services	At least 2 sessions per year
		Continued to provide additional assistance to students who wish to complete their studies.	Collaborate with key partners to continue to help motivated students complete their education.
		Cultivating young financial talents through industry-academic exchanges in the financial profession.	At least 10 partner schools, with the number of beneficiaries increasing yearly.
		Empowering local social organizations and groups to promote social betterment.	<ul style="list-style-type: none"> <li>◆ Empowering local organizations or groups.</li> <li>◆ All Yuanta Group’s branches hold 1 community care activity per year.</li> </ul>

Material Topics	Development Strategies	Sustainable Performance Indicators (KPI)	2021 Sustainability Goals
 Sustainable Finance	We provide diversified financial services to our clients and work with them on sustainability issues, integrating ESG spirit into our business processes and strategies to guide and encourage our clients to focus on green and social issues.	Complying with voluntary green investment and financing guidelines (Principles for Responsible Banking PRB), (Principles for Responsible Investment PRI), (Principles for Sustainable Insurance PSI).	Evaluate relevant business areas.
		Continuing to promote the Group’s sustainable finance commodity development strategies - Implemented “Sustainable Finance Guidelines” assessment.	<ul style="list-style-type: none"> <li>◆ Complete the revision of the “Industry-Specific Environmental and Social Risk Management Rules” in cooperation with the subsidiaries.</li> <li>◆ Introduce “Sustainable Finance Guidelines” and evaluate 3,000 cases in total.</li> </ul>
		Project financing evaluation according to the Equator Principles.	Integrate the Equator Principles mechanism, optimizing and adjusting internal workflow, and complete case trials and employee training.
		Social and environmental risks are taken into account in transactions (for companies in the steel, plastic materials, and semiconductor manufacturing industries)	Complete 150 social and environmental risk assessments.
 Financial Product Innovation and Services	We are deeply engaged in the field of digital finance, using technology to introduce ESG factors, providing customers with a new experience in investment and financial management, strengthening the development of Internet and mobile applications, and providing convenient and smooth financial services.	Growth in revenue of ESG-related products/services (NT\$255 billion in 2020)	Total sustainable investment / lending amounted to NT\$270 billion.
		Issuance of sustainability / green bonds	Issue first green bond.
		Making digital accounts convenient to increase the number of users.	<ul style="list-style-type: none"> <li>◆ Optimize UI/UX process</li> <li>◆ Enhance service functions</li> </ul>
 Customer Services and Privacy	By providing quality services to our customers, we have built Yuanta into a financial brand that our customers can trust with confidence.	Digital mobile user activity levels.	Active digital mobile users account for 50% of all electronics users.
		Customer satisfaction	Our five largest subsidiaries set customer satisfaction objectives.
 Information and Transaction Security	We provide sound information security protection to create a reliable and trustworthy financial trading environment. We use intelligent and forward-looking technology to filter intelligence to ensure a sound information security system and layout, and strengthen information security.	Providing reliable and high-quality customer complaint management system using ISO 10002.	Yuanta Securities, Yuanta Life, and Yuanta Futures obtained ISO 10002 customer complaint management certification. Yuanta Bank is still undergoing certification.
		Implementing the principle of fair treatment of customers.	Our five largest subsidiaries set up fair treatment committees or promotion teams and submit policies related to fair treatment principles and their implementation to the board of directors for approval.
		ISO 27001 Information security management system certification.	The Company and its five largest subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures) gradually implement and obtain ISO 27001 certification and will continue their annual audits.
		Establishment of information security incident monitoring mechanism (Security Operations Center (SOC))	Yuanta Securities and Yuanta Bank have implemented Security Information and Event Management (SIEM) as they continue to optimize the accuracy of event alerts, sophistication of event processing, and root cause knowledge base.
		Implementation of an AI analysis mechanism for alert and event linkage analysis.	Yuanta Securities plans to introduce an AI analysis mechanism.

Material Topics	Development Strategies	Sustainable Performance Indicators (KPI)	2021 Sustainability Goals
 Energy and Climate Change	To properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, we identify and manage the risks of climate change by incorporating them into our operational decisions.	Implementation of climate change adaptation and mitigation	<ul style="list-style-type: none"> <li>Quantify the financial risk of investment and financing for industries that are sensitive to climate change (steel industry)</li> <li>Introduce climate scenario analysis tools</li> </ul>
		Increase the intensity of the CDP question set by 20% every year and continue to be rated at the A- leadership level.	30% improvement in the CDP question set to enhance their performance and continue to be rated at the A- leadership level. (Note)
	In the face of global warming and the resource depletion crisis, the Group is fully committed to responding to the trend of energy saving and carbon reduction and to carry out mitigation and adaptation actions to reduce the impact on the environment.	Employ SBT methods to maintain Group-wide carbon emission targets. (Base year is 2017)	4% reduction in carbon emissions and 3% reduction in energy consumption per unit of revenue.
		Control of group-wide waste reduction (Base year is 2019)	1% reduction in waste per capita
		Control of group-wide water reduction (Base year is 2019)	1% reduction in water consumption per square meter compared to the base year.
		Use renewable energy	2 operating locations use 100% renewable energy and our use of renewable energy to increase by 2% every year.
Newly constructed office buildings have received the Green Building Label.	Yuanta Life's Yuntai Plaza obtain Green Building Label certification		
Credit card carbon footprint certification.	The Yuanta Bank Credit Card receive "Carbon Label" from EPA.		
 Supplier Management	Suppliers are required to fulfill their corporate social responsibility, promote environmental sustainability, and practice the protection of basic human rights.	Introduction of ISO 20400 sustainable procurement standards.	Entire group to comply with ISO 20400 sustainable procurement standards.
		Signed supplier's guide to sustainable procurement.	100% coverage of contracted manufacturers.
		Regular audits of major suppliers.	50% written audit rate of major suppliers.
 Friendly and Excellent Working Environment	Employees are a company's most important asset. We are committed to providing a friendly and excellent work environment by promoting physical and mental health programs and welfare measures that are better than the law requires.	Committed to demonstrating corporate responsibility through safe, healthy and sustainable processes.	Obtain ISO 45001 Occupational Safety and Health Management certification.
		Promoting employee health, safety and welfare programs.	<ul style="list-style-type: none"> <li>Provide more maternity leave and paternity leave days than the law requires.</li> <li>Employee Assistance Program (EAP) activation.</li> </ul>
		Application for workplace health label certification	Yuanta Financial Holdings and its five largest subsidiaries all obtain Workplace Health Mark certification.
 Talent Cultivation and Development	We provide employees with multi-functional education and training system and course activities, and strengthen employees' competitive advantage through performance evaluation mechanism to enhance talent retention rate and corporate competitiveness.	Ratio of employees receiving education and training	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>90% of employees in Taiwan and overseas receive education and training.</li> <li>80% or more of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>
		Green finance talent development program	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10%.</li> <li>Total number of hours increase by 10%.</li> </ul>
		Percentage of employees included in performance evaluation.	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas performance appraisal types and employees cover 90%.</li> </ul>

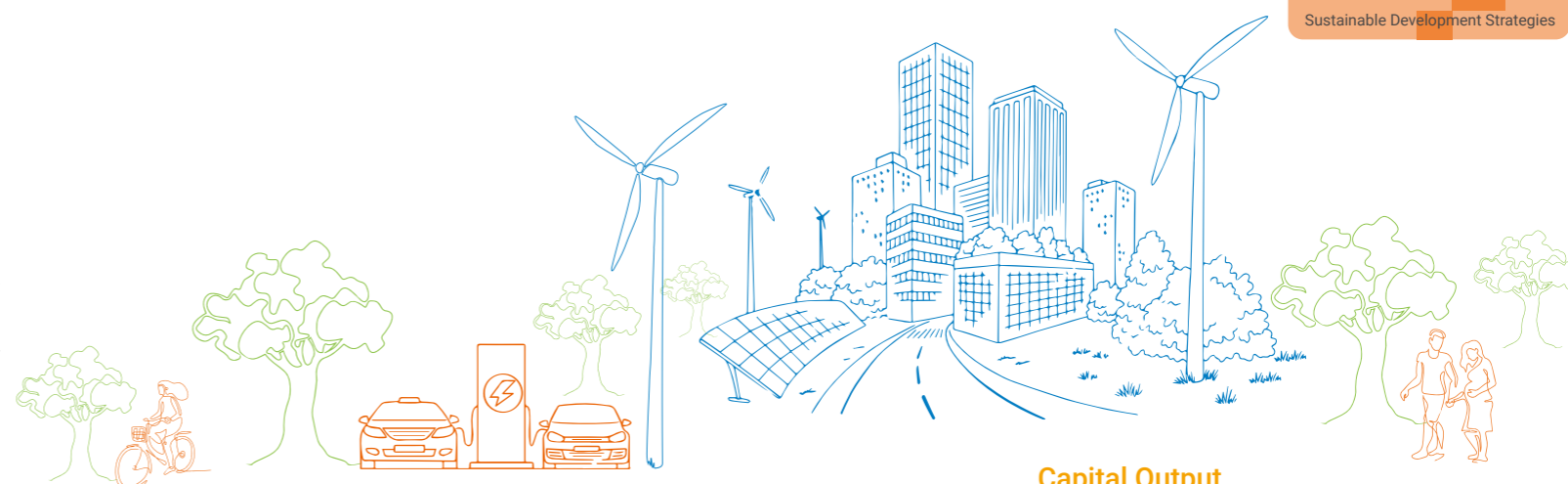
Note: The Company has achieved CDP Carbon Disclosure Leadership Level A for the year ahead of target.

Material Topics	Development Strategies	Sustainable Performance Indicators (KPI)	2021 Sustainability Goals
 Employee Attraction and Retention	Encourage more people to commit to ESG corporate sustainability through a linkage between sustainability KPIs and long-term rewards. Create a quality work and career development environment for employees in order to bring together quality employees and create a competitive advantage.	Return on investment in human capital.	Return on investment in human capital remain at 350% - 400%. (Note)
		Long-term bonus and reward plan.	Study the scope of the applicable target group and set work objectives and KPIs related to sustainable development.
		Employee engagement survey.	<ul style="list-style-type: none"> <li>Over 85% participation rate in the survey of employee engagement in Taiwan and abroad.</li> <li>Employee engagement rate 85% or higher for both Taiwan and overseas employees.</li> </ul>
		Maintain 93% - 95% retention rate of high performers.	High-performing talent retention rate of 95% or more.
 Human Rights	Fully implement the Declaration on Human Rights Policy and introduce human rights due diligence and issue management in overseas subsidiaries. (By country)	Human rights due diligence and issue management.	<ul style="list-style-type: none"> <li>The value of existing risks remain or decrease from the previous year through the continued management of effective mitigation measures.</li> <li>Continue to systematically review and manage potential new risk issues.</li> </ul>
		Human Rights Risk Mitigation Measures. Number of locations. Expanding the scope of human rights risk mitigation measures introduced.	Introduce human rights due diligence and implement human rights risk mitigation measures in overseas subsidiaries in South Korea and Thailand.
 Corporate Governance and Integrity Management	Actively respond to the "Corporate Governance 3.0 Sustainable Development Roadmap" by improving the corporate governance structure, strengthening the functions and effectiveness of the board of directors, and enhancing information transparency to ensure shareholders' rights and interests and enhance sustainable corporate development.	Top 5% of listed companies by Corporate Governance Rating of Taiwan Stock Exchange.	Consistently ranked in the top 5% of listed companies by the Corporate Governance Rating of the Taiwan Stock Exchange.
		Conduct regular board performance evaluations to enhance the board's functions.	Appoint an outside professional organization to conduct board performance evaluation and develop improvement measures to address weaknesses.
		Plan diversified director education programs to enhance the professional functions of directors.	8 hours of classes.
		Promote paperless meetings to enhance board management effectiveness in line with sustainable development goals.	Board of directors' paperless meeting system to go online.
 Legal Compliance	The implementation of relevant regulations can reduce operational risks and losses from significant penalties and facilitate the development of international business and expand the scale of operations.	Improving information transparency and promoting sustainable management.	<ul style="list-style-type: none"> <li>Study and plan shortening of the publication time of annual financial report from 3 months to 2 months.</li> <li>Sustainability report to incorporate SASB International Standards, disclosing sustainability-oriented indicators that have a material financial impact.</li> </ul>
		The percentage of personnel in the money laundering prevention unit passed the international examination of anti-money launderers.	70% of the Company's specialists passing the international anti-money laundering exam.
 Risk Management and Internal Control	Establishing an independent and comprehensive risk identification and management mechanism to manage various operational risks, enhance the quality of risk management, and ensure sustainable and sound business operations.	Provide risk management sustainability goals.	<ul style="list-style-type: none"> <li>Inventory and evaluate the extent of climate change impact risk, enhance the reliability of related service functions, reduce disaster/epidemic risks, and develop sustainable operation plans.</li> <li>Enhance major risk warning and risk response mechanism, optimize the value of financial investment and financial services in two dimensions of risk management.</li> </ul>

Note: This range is tentative considering the direct and indirect impact of COVID-19 on the global economy and financial industry.

## 2.3 Sustainable Value Creation Process

In order to provide more diversified financial products, greener financial services, and better customer care, we integrate internal and external resources to actively respond to stakeholders' concerns and reveal related management performance. In the spirit of the Integrated Reporting (IR) reporting framework developed by The International Integrated Reporting Council, we disclose our six major capital investment, capital output and sustainability management practices. By strategically allocating and utilizing sustainable capital, the Yuanta Group maximizes the effectiveness of its capital and strives to create sustainable value for all stakeholders.



### Six Types of Major Sustainable Capital

### Capital Input

<p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>Operating costs NT\$57,645,791,000</li> <li>Employee benefits costs NT\$26,983,562,000</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>The Yuanta Group obtained a total of 26 patents.</li> <li>Electric Vehicle ETN product designed by Yuanta Securities was listed.</li> <li>Yuanta Funds issued Yuanta Taiwan High-yield Leading Company Fund A.</li> <li>Yuanta Funds issued Yuanta Global NexGen Communication Innovative Technology ETF.</li> </ul>
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Local talent development and cultivation costs of NT \$44.5 million.</li> <li>Entire staff invested 556,991 hours into learning to enhance workplace competitiveness.</li> </ul>
<p><b>Natural Capital</b></p> <ul style="list-style-type: none"> <li>Green procurement of NT\$83.85 million.</li> <li>Certification fee for the four major ISO management systems for the environment cost NT\$3 million.</li> </ul>
<p><b>Social Relations Capital</b></p> <ul style="list-style-type: none"> <li>Charitable donations of NT\$163.19 million.</li> <li>2,039 volunteers participated.</li> </ul>
<p><b>Production Capital</b></p> <ul style="list-style-type: none"> <li>Operation locations</li> <li>Yuanta Securities 146 locations</li> <li>Yuanta Bank 148 locations</li> <li>Total number of ATMs: 502</li> </ul>

### Sustainability Management

**Yuanta Securities**  
 Brokerage business, proprietary business, quantitative trade, investment banking, derivative products, fixed income, institutional brokerage, international finance, strategic trading, overseas business, digital finance, reg. & transfer services, wealth management.

**Yuanta Bank**  
 Deposit and remittances, corporate finance, consumer finance, wealth management, trust business, foreign exchange business, financial operation and financial transaction business, digital finance.

**Yuanta Life**  
 Life insurance, health insurance, accident intellectual capital insurance, investment-linked insurance.

**Yuanta Funds**  
 Fund issuance, investment advisory, discretionary.

**Yuanta Futures**  
 Futures brokerage, futures proprietary, futures advisory business, futures settlement and clearing, leverage Transaction Merchant, and auxiliary securities introducing broker.

**Yuanta Venture Capital**  
 Venture capital business.

**Yuanta Assets Management**  
 Acquisition and disposal of secured non-performing loans (NPL) in financial institutions, acquisition and disposal of non-secured NPL in financial institutions, acceptance of foreclosure real estate and other related businesses approved by the authority.

**Yuanta Securities Investment Consulting**  
 Securities investment consulting business.

**Yuanta Cultural and Educational Foundation**  
 We adhere to the core concept of educational care and have actively participated in social welfare in many areas, including "Support for the Disadvantaged and Care for Children", "Support for Education and Youth Self-Reliance", "Financial Inclusion and Innovation and Nurturing", "Medical Care and Senior Care", and "Community Service and Environmental Protection".

### 15 Material Topics Management

Financial Inclusion	Supplier Management
Social Welfare	Friendly and Excellent Working Environment
Sustainable Finance	Talent Cultivation and Development
Financial Product Innovation and Services	Employee Attraction and Retention
Customer Services and Privacy	Human Rights
Information and Transaction Security	Corporate Governance and Integrity Management
Energy and Climate Change	Legal Compliance
Risk Management and Internal Control	

### Capital Output

<p><b>The Yuanta Group's Economic Performance</b></p> <p>Direct Economic Value <b>115,628,866</b></p> <p>Distributed Economic Value <b>96,725,981</b></p> <p>Retained Economic Value <b>18,902,885</b></p> <p><small>Unit: NT\$ thousand</small></p>	<p><b>EPS of Each Subsidiary</b></p> <table border="1"> <tr> <td>Yuanta Securities</td> <td>2.49</td> <td>Yuanta Bank</td> <td>0.93</td> <td>Yuanta Life</td> <td>0.88</td> <td>Yuanta Funds</td> <td>7.58</td> </tr> <tr> <td>Yuanta Futures</td> <td>4.23</td> <td>Yuanta Venture Capital</td> <td>1.17</td> <td>Yuanta Assets Management</td> <td>0.39</td> <td>Yuanta Securities Investment Consulting</td> <td>0.65</td> </tr> </table> <p><small>Unit: NT\$</small></p>	Yuanta Securities	2.49	Yuanta Bank	0.93	Yuanta Life	0.88	Yuanta Funds	7.58	Yuanta Futures	4.23	Yuanta Venture Capital	1.17	Yuanta Assets Management	0.39	Yuanta Securities Investment Consulting	0.65
Yuanta Securities	2.49	Yuanta Bank	0.93	Yuanta Life	0.88	Yuanta Funds	7.58										
Yuanta Futures	4.23	Yuanta Venture Capital	1.17	Yuanta Assets Management	0.39	Yuanta Securities Investment Consulting	0.65										
<p><b>Customer Satisfaction Survey</b></p> <table border="1"> <tr> <td>Yuanta Securities</td> <td>98.59%</td> <td>Yuanta Bank</td> <td>98.52%</td> <td>Yuanta Life</td> <td>97.53%</td> <td>Yuanta Funds</td> <td>97.90%</td> <td>Yuanta Futures</td> <td>97.05%</td> <td>Overall</td> <td>98.08%</td> </tr> </table>		Yuanta Securities	98.59%	Yuanta Bank	98.52%	Yuanta Life	97.53%	Yuanta Funds	97.90%	Yuanta Futures	97.05%	Overall	98.08%				
Yuanta Securities	98.59%	Yuanta Bank	98.52%	Yuanta Life	97.53%	Yuanta Funds	97.90%	Yuanta Futures	97.05%	Overall	98.08%						
<p><b>Warrant Commodities Linked to Sustainability</b></p> <table border="1"> <tr> <td>Solar Power</td> <td>149</td> <td>Wind Power</td> <td>147</td> <td>Water Resources</td> <td>9</td> <td>Pollution Prevention</td> <td>67</td> </tr> </table>		Solar Power	149	Wind Power	147	Water Resources	9	Pollution Prevention	67								
Solar Power	149	Wind Power	147	Water Resources	9	Pollution Prevention	67										
<p><b>Human Capital Output</b></p> <p>10.96% Employee turnover rate down 1.9 percentage points from the previous year.</p>																	
<p><b>Greenhouse Gas Emissions (Category 1 and 2)</b></p> <table border="1"> <tr> <td>2018</td> <td>25,767.52</td> <td>2019</td> <td>21,512.51</td> <td>2020</td> <td>23,880.29</td> </tr> </table> <p><small>Unit: Metric tons of CO<sub>2</sub>e</small></p>		2018	25,767.52	2019	21,512.51	2020	23,880.29										
2018	25,767.52	2019	21,512.51	2020	23,880.29												
<p><b>Water Usage</b></p> <table border="1"> <tr> <td>2018</td> <td>212.40</td> <td>2019</td> <td>188.35</td> <td>2020</td> <td>194.44</td> </tr> </table> <p><small>Unit: Million liters</small></p>		2018	212.40	2019	188.35	2020	194.44										
2018	212.40	2019	188.35	2020	194.44												
<p><b>Yuanta Group Charity Events</b></p> <table border="1"> <tr> <td>Activities organized by Group</td> <td>155</td> <td>Activities co-organized with Group</td> <td>389</td> <td>Activities sponsored by Group</td> <td>77</td> </tr> </table>		Activities organized by Group	155	Activities co-organized with Group	389	Activities sponsored by Group	77										
Activities organized by Group	155	Activities co-organized with Group	389	Activities sponsored by Group	77												

# 3

# Corporate Governance Leadership Motivation

## 3.1 Corporate Governance and Integrity Management

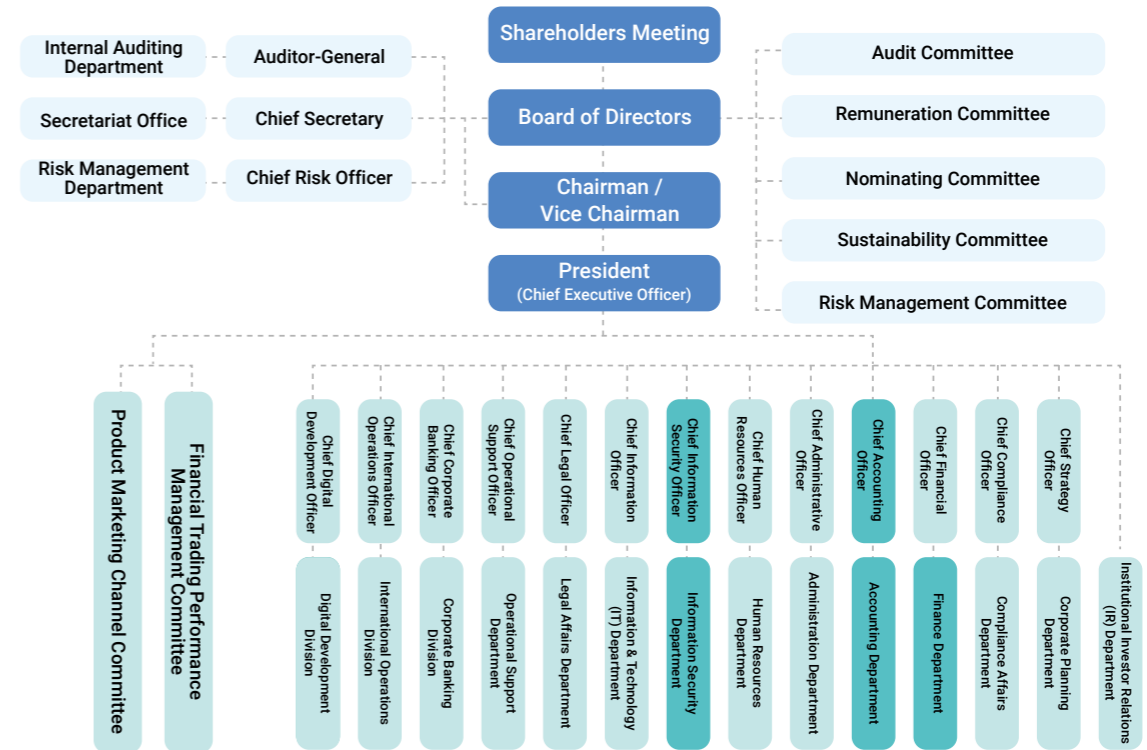
### Management Approach

Good corporate governance and integrity management are the foundation of our operations. The financial industry, in particular, plays an important role in maintaining the stability of the financial environment and the flow of commercial capital. Sound management, decision-making oversight, and professional and integrity management are key to gaining the trust of stakeholders.

As the Company's highest corporate governance body, the "Board of Directors" is responsible for the leadership and supervision of Company operations. To establish a good corporate governance system and an effective corporate governance structure, the Company established the "Corporate Governance Guidelines". Board member selection is based on a diverse set of considerations concerned with the Company's manner of operations and the Company's development. Board members have backgrounds in law, financial supervision or international business operations, mergers and acquisitions, international tax or capital planning and corporate governance, information security, and have made significant contributions to business management and risk control, enabling the Company to operate stably in a fast changing financial environment, while protecting customers and shareholders' assets.

In order to establish a corporate culture and sound management of integrity management, the Company has set up a dedicated unit under the Board of Directors, the Sustainability Committee, which is responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and has set up the "Center for the Promotion of Integrity Management" under it. The members are the department heads of the Company's Secretariat Office, Corporate Planning Department, Administration Department, Human Resources Department, Compliance Affairs Department, and Legal Affairs Department. They are responsible for the day-to-day promotion and coordination of related affairs, and report regularly to the Sustainability Committee on work plans and implementation results. The Company formulated the "Integrity Management Guidelines" and "Procedures for Integrity Management and Guidelines for Conduct". 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.

### 3.1.1 Corporate Governance



Notes:  
 1. The Company approved the renaming of the "Financial Management Department" to "Finance Department" and the establishment of a new "Accounting Department" and "Chief Accounting Officer" at the 17th meeting of the 8th board of directors on June 23, 2020.  
 2. The establishment of "Information Security Department" and "Chief Information Security Officer" was approved at the 23rd meeting of the 8th board of directors on December 23, 2020.

### Structure of the Board

Following the "Company's Procedures of Director Election", 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 3 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 5 years. The number of independent directors accounted for 44% of the Board of Directors.

### Director Professionalism

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, corporate governance, and information security which can help improve board decision-making quality, strengthen internal supervision mechanism.

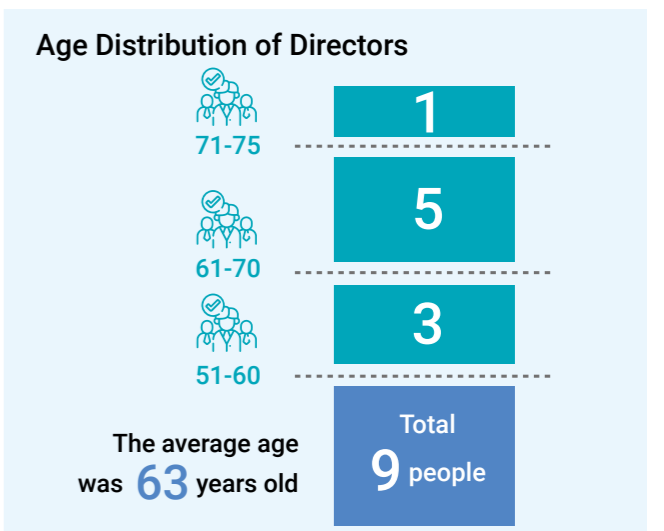
### Director Diversity

In addition to professional backgrounds and practical experience, we also focus on diversity and gender equality. 5 of 8 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 sustainable development.

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. Director T.C. Lee of Yuanta Bank was the Chief Operating Officer and Vice Chairman of Stark Technology, whose main business is system integration, information security and various industrial applications. Nai-Kuan Huang, the independent director of Yuanta Futures, served as the Chief Information Officer of the Taiwan Stock Exchange. Director Mei-Ling Kuo currently serves as the Chief Digital Development Officer of the Company. Yuanta Life Director Chieh Wu formally served as the Chief Digital Development Officer of the Company.

Company	Number of Female Directors and Supervisors
Yuanta Life	4
Yuanta Funds	5
Yuanta Futures	3
Yuanta Venture Capital	1
Yuanta Securities Investment Consulting	1

Data Base Date: December 31, 2020



### Director Independence

The Company's "Scope of Duties for Directors" clearly lays out the primary duties and responsibilities of directors and the "Rules Governing the Scope of Powers for Independent Directors" 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 independence criteria expected by the Dow Jones Sustainability Index (DJSI) for independent directors. Please specify the independence requirements on the official website.



### Director Attendance

In accordance with the "Rules and Procedures of Board Meetings", 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 attendance by proxy) was clearly defined in 2019. The attendance rate should reach more than 80% and be included in the director performance evaluation. A total of 13 Board meetings were held in 2020. The average attendance rate of directors was 99%. The attendance rate of individual directors was over 92%.

### Board of Directors' Performance Evaluation Mechanism

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 3 years. The Board also considers adjusting its member composition based on the results of this evaluation.

At the end of 2018, the Company commissioned the "Taiwan Corporate Governance Association" to conduct an evaluation of the effectiveness of the Board of Directors for the period from November 1, 2017 to October 31, 2018. The organization appointed 3 evaluation experts to evaluate the effectiveness of the Board of Directors by means of questionnaires and on-site visits in eight areas—including (1) the composition of the Board of Directors, (2) the guidance of the Board of Directors, (3) the authorization of the Board of Directors, (4) the supervision of the Board of Directors, (5) the communication of the Board of Directors, (6) the internal control and risk management, (7) self-discipline of the Board of Directors, and (8) other board meeting and supporting system issues—through the use of 38 questions and indicators. The organization and the evaluation experts, who have no business dealings with the Company and are independent, presented their evaluation report on January 16, 2019. The Company has used the results of this evaluation as a reference for continuous improvement of future Board's functions and will conduct an external triennial evaluation of the effectiveness of the Board in 2021.

### Directors Corporate Governance Enhancement

In order to implement corporate governance, strengthen the support provided by the Company to directors in exercising their duties, and facilitate the board of directors to perform its due functions, in accordance with the policy plan of the new corporate governance blueprint of the competent authorities, the Company resolved at the board of directors' meeting on November 28, 2018 to establish a "Corporate Governance Officer" position to be filled by the Chief Secretary of the board of directors, and in accordance with the latest "Key Points to Follow in the Establishment and Exercise of Powers and Functions of the Board of Directors of Listed Companies", on March 6, 2019, by board resolution, the position was adjusted as the "Head of Corporate Governance". The person shall possess professional qualifications of at least 3 years in the management of legal, financial, stock affairs, and business affairs of financial related institutions and public companies, as well as the managerial position in corporate governance related affairs.

The Chief Secretary of the Board has long been responsible for the Board's deliberations and assisting in compliance with the law and other corporate governance matters. In keeping with the policy promotion, the current Chief Secretary, Senior Vice President, Ya-Pin Lee (Lawrence Lee), has been assigned as the Head of Corporate Governance of the Company and is concurrently also serving as the Head of Corporate Governance of Yuanta Securities from June 1, 2019.

The "Head of Corporate Governance" is responsible for providing information necessary for directors (including independent directors) to execute their business, assisting directors in complying with laws and regulations, and conducting board of directors' and shareholders' meetings in accordance with the law, in order to protect shareholders' rights and interests and strengthen the functions of the board of directors.

In order to strengthen corporate governance and improve various corporate governance systems, the Company appointed Taiwan Corporate Governance Association, an independent third-party organization, to conduct the "CG6012(2019) Corporate Governance System Assessment", in which an independent third-party organization examines the integrity of the corporate governance structure and its contents, including the completeness of the establishment of the relevant governance system, the effectiveness of the operation of the system, the relevance of the implementation of discipline and the disclosure, and the integrity of the system. The Company was awarded the "CG6012(2019) Corporate Governance System Assessment" Certificate of Exceptional Merit (valid from December 25, 2020 to December 24, 2022).

#### Business Performance of Head of Corporate Governance

<ul style="list-style-type: none"> <li> Developed various regulations to assist the board of directors and committees in establishing proper operating procedures, and made advance preparation for regulations and the "Corporate Governance 3.0 - Sustainable Development Roadmap".</li> </ul>	<ul style="list-style-type: none"> <li> Managed the meeting operations of the board of directors and related committees and strengthened the compliance with meeting procedures and recusal of interests.</li> </ul>
<ul style="list-style-type: none"> <li>Matters related to the 2020 shareholders' meeting:                     <ol style="list-style-type: none"> <li>(1) In accordance with the Company's Articles of Incorporation and Article 57-2 of the Company's Code of Corporate Governance Practices, coordinate different departments to handle various shareholders' meeting related affairs.</li> <li>(2) Assist with shareholders' meetings to ensure they are implemented smoothly.</li> <li>(3) To help shareholders understand the Company's operations related to corporate governance, the website is updated in a timely manner to ensure shareholders' interests.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li> Provided information necessary for the directors to carry out their responsibilities and to remind them of the relevant laws and regulations that they are to comply with when carrying out their business or when making resolutions of the board of directors.</li> </ul>
<ul style="list-style-type: none"> <li> Supervised the training and revision of important Company regulations, including the Company's Articles of Incorporation, Organizational Rules, and Corporate Governance Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li> Handled matters related to directors' further education and to assist directors in the implementation of the diversified education mechanism.</li> <li> Handled affairs related to the performance evaluation of the board of directors and functional committees.</li> <li> Assisted in the CG6012(2019) Corporate Governance System Assessment.</li> </ul>

### Remuneration Policy for Directors and Senior Management Directors (including Independent Directors)

#### Board Directors and Independent Directors

The distribution ratio of Company directors' remuneration shall be handled in accordance with the provisions of Article 33 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 overall operating performance for the year and the norms of the industry and takes into account a reasonable relationship with future risks. Actual allocation is based on the Company's "Rules Governing the Payment of Remuneration to Directors". Director remuneration is allocated to individual directors based on the results of the directors' self-assessment results, their attendance at meetings, training hours, and disqualifications. The amount of remuneration to directors is calculated based on the number of board meetings, the number of directors (excluding independent directors), and on pro rata basis according to the number of days of service of directors in the year in which the remuneration is provided, and is paid upon the resolution of the Remuneration Committee and the Board of Directors.

With regard to remuneration for independent directors, the Board of Directors is authorized to set it after considering the norms in the industry. 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. The Company's Rules Governing Travel Allowance and Meeting Attendance Fee Payment for Directors of the Board provide that the directors' travel expenses shall be NT\$10,000 per month and the directors' attendance fees shall be NT\$10,000 per meeting.

#### Chairman and Vice Chairman

In addition to the remuneration of directors, the chairman's salary shall be paid at a rate not exceeding 1.5 times the president's salary, and the vice chairman's salary shall be paid at a rate not exceeding 1.25 times the president's salary, as determined by the Remuneration Committee and the Board of Directors. Other compensation and benefits of the chairman and vice chairman shall be determined by the Remuneration Committee and the Board of Directors by taking into consideration its reasonableness in relationship to their individual performance, the Company's operating performance and future risks and set with reference 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", which give the Board the authorization to decide based on the individual's participation in and contribution to the Company's operations and industry standards.

### Senior Management

#### Remuneration Policy

The senior management of the Company are remunerated according to their level of responsibility, professional ability, and academic experience. Each year, the senior management sets their personal work objectives (including operational development strategy, annual priorities, operation and talent management, group resource integration and support, internal control and compliance, etc.) in accordance with the Company's strategic objectives and sustainable development goals. In accordance with the "Performance Management Guidelines" of the Company, midterm and year-end performance evaluations are conducted annually to review the actual implementation results of various work objectives of each senior management executive, and the performance of senior management executives are rated adding together the weighted performance of various objectives.

The Company has established the "Bonus Policy". Provision for performance bonus are made annually based on operating performance and earnings achieved. The Remuneration Committee and the Board of Directors shall consider its reasonableness in relationship to individual performance, the Company's operating performance and future risks, and shall determine the performance bonuses with reference to industry standards.

In order to ensure and align with future risk-adjusted profits, the Company has in place "Guidelines on Bonus of Senior Management". Bonuses for the president (CEO) and other senior management executives are disbursed based on the Company's operating performance and consideration of the deferred issuance due to future risk factors and 15% of the variable bonuses may be deferred based on risk considerations for 3 years in a savings-type stock ownership trust, linking personal rewards with corporate profits, and shareholder benefits. In the event of some other major risk events affecting Company goodwill, the Company shall respond by reducing or not issuing bonuses.

To encourage senior management executives to hold Company stock, so that their duties are connected with the Company's long-term performance and align their interests and actions with the interests of Company shareholders, so as to strengthen the Company's corporate governance, the Company has established the "Shareholding Policy for Senior Management" (Note). 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 senior management executives 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 3 years.

Note: "Shareholding Policy for Senior Management" is applicable to the president, auditor-general, chief secretary, chief risk officer, and functional executives and executive officers above the vice president level. The average total shareholding value of senior management executives other than the president in 2020 was 3.1 times the total annual fixed salary.

#### Remuneration Measurement Metrics

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 sustainability indicators. 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, funds, futures, 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, and recommendations for new business.
Operational Objectives	Financial Indicators	50%	<ul style="list-style-type: none"> <li>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, the income structure of life insurance, and new business value (NBV).</li> <li>The financial indicators for peer comparison include ROE, ROA, double leverage ratio, net debt ratio, and asset-liability ratio.</li> </ul>
	Medium, Long-term Strategic Development Targets		Includes CSR (Corporate Social Responsibility) and ESG (Environmental, Social, Governance) project implementation effectiveness, 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.
Sustainability Indicators		30%	Mainly includes: Group sales and business support effectiveness, succession echelon and talent development indicators, compliance and internal control management indicators.

### ESG Performance and Reward System

The Company's "Performance Management Guidelines" stipulate that the work objectives of senior management of each company in the group must be linked to ESG. Through the performance management mechanism, the ESG performance of managers and employees are linked to the reward system to fully implement ESG promotion and related performances into the system.

### Family Member Shareholding

On December 31, 2020, the total percentage of shares held by the Company's founding family members (Ma family) was 22.84% 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).



### Responsibilities and Operation of Committees

Committee Name	Year Established	Main Responsibilities	Operation (Organizational Status, Number of Meetings, 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"> <li>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.</li> <li>The committee convened 12 meetings. Average attendance rate was 100%.</li> </ul>
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"> <li>The committee is composed of 4 independent directors and meets at least twice a year. Further meetings are convened as necessary.</li> <li>The committee convened 7 meetings. Average attendance rate was 100%.</li> </ul>
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"> <li>The committee is composed of 1 director and 4 independent directors and meets at least twice a year, convening further meetings as necessary.</li> <li>The committee convened 5 meetings with an average attendance rate of 100%.</li> </ul>
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"> <li>The committee is composed of 2 directors and 3 independent directors. It meets at least twice a year, convening further meetings as necessary.</li> <li>The committee convened 3 meetings with an average attendance rate of 100%.</li> </ul>
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"> <li>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.</li> <li>The committee meets once each quarter and reports resolutions to the Audit Committee and the Board of Directors.</li> <li>The committee convened 5 meetings with an average attendance rate of 87%.</li> </ul>

### Operation of Function-based Committees

In order to enhance the sharing benefits of the Group's customers and overall business synergy, Yuanta Financial Holdings and its eight major subsidiaries, including Yuanta Securities, Yuanta Bank, and Yuanta Life, have managed different business functions through function-based committees, in addition to discussing the issues at regular management meetings. The operation of the relevant committees are as follows:

Committee Name	Year Established	Main Responsibilities	Operating Status (Organizational Status, Number of Meetings, Average Attendance Rate)
Financial Trading and Performance Management Committee	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"> <li>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 senior 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 once a month, with more meetings convened as necessary.</li> <li>Convened 11 meetings with an average attendance rate of 91%.</li> </ul>
Product Marketing Channels Committee	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"> <li>Convened by the president of Yuanta FHC with relevant managers from the Group as its members. Meetings are convened basically once quarterly, with more meetings convened as necessary.</li> <li>Convened 3 meetings with an average attendance rate of 82%.</li> </ul>

### 3.1.2 Integrity Management

In order to implement the concept of sustainable operations, promote corporate governance, strengthen the Board of Directors' management of integrity management, and fulfill corporate social responsibility, the Company has established the Sustainability Committee to help integrate integrity management into the Company's business strategy, formulate measures to ensure integrity management in accordance with laws and regulations, monitor the implementation of integrity management, and evaluate its effectiveness. The Company has a whistleblower system in place to further enhance the communication channel with stakeholders. In the past three years (2018-2020), there have not been any reports of unethical conduct.

### Policies and Systems

"Integrity" has always been part of our management philosophy and we have integrated integrity and ethical values into our management strategy. In line with the legal system, 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 and executive managers sign a "Declaration of Integrity" and pledge to abide by the rules. To date, there have been no violations.

The "Integrity Management Guidelines" and "Conduct Guidelines" explicitly lay out prohibited behavior or benefit marked by lack of integrity. The Company has also established a risk assessment mechanism for dishonest conduct. In addition to using prevention program and the related regulations established by the Company, such as Professional Code of Ethics, Rules and Procedures of Board Meetings, Audit Committee Charter, and External Donation Guidelines which are tightly linked with other relevant internal controls, to facilitate the following of internal control and operation procedures by the various departments, the internal auditing unit also includes integrity management-related regulations in the annual general business audit to ensure the implementation of the integrity management policy.

The prevention program shall at the minimum covers measures to ensure integrity management practices and attentive duties, including requiring business services ensure the accuracy and integrity of information and data provided and reported; adherence to the principles of interest avoidance and proactively reporting of potential conflicts of interest to the department head and the dedicated unit (i.e., the Sustainability Committee) after becoming aware of them; complying with the confidentiality of trade secrets and the protection of intellectual property, and ensuring the correct production, management and preservation of documentary information and obligations; requiring business activities comply with fair trade laws and related competition regulations; responsible for the implementation and supervision of the revision, implementation, interpretation, consultation services and recommendations of the integrity-related regulations and the registration of the contents of reports; internal promotion and training to implement the principle of integrity; internal investigation procedures and handling mechanism for dishonest conduct.

### Oversight Mechanism

The Company conducts its business activities and establishes business relationships with others in a fair and transparent manner, which includes prior assessment of the legitimacy of the business partners, the integrity of its business policies, and whether it has a history of unethical practices; avoiding business transactions with parties involved in unethical conduct; when entering into a contract with another party, fully understanding the integrity of the operations of the party with whom the contract is made, and include in the contract the terms of integrity and related matters (E.g., Forbidding the acceptance of commissions, rebates or other improper benefits). In addition, a post-purchase evaluation is conducted on suppliers with whom we cooperate to determine their compliance with the Company's integrity management regulations, which is included as a reference for future dealings with the suppliers.

Group employees are all regulated by the relevant financial and human resource management laws and regulations. In accordance with regulations stipulated in “Conduct Guidelines”, 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. There were no violations in 2020.

To strengthen the integrity-related monitoring mechanism, the Company has a whistle-blowing system and channel. Please refer to section 3.4.2 Reporting System and Whistleblower Protection. It also has in place “Guidelines on Reward and Discipline Management”. Employees who report fraud or prevent incidents that damage the reputation and interests of the Company and save the Company from damage will be rewarded. If, after investigation, an employee is confirmed to have violated internal or external regulations, disciplinary action will be taken in accordance with the procedures, depending on the severity of the case, and the disciplinary record will be linked to the employee performance appraisal in accordance with the “Performance Management Guidelines”.

### Integrity Management Education and Training

In order to equip all employees and managers with proper knowledge and judgment on relevant laws and regulations and integrity practices, the Group conducts “Integrity Management and Legal Compliance” training courses for all employees (including new recruits) on a regular basis every year. The content includes customer and financial consumer data protection, stakeholder transactions, insider trading practices, merger and acquisition information disclosure, integrity of financial practitioners, ethics and legal responsibility, legal compliance resources and whistleblower system. All aforementioned personnel must attend the course and pass the test. This year, a total of 10,561 participants took the course and passed the test, with a total of 10,156 training hours.

#### ◆ Integrity Management Education and Training Statistics

Item	2018	2019	2020
Total number of courses	20	17	16
Total training hours	10,232	9,730	10,156
Total number of trainees	10,785	10,355	10,561
Total number of employees	10,986	10,912	10,944
Coverage Rate	98.2%	94.9%	96.5%
Completion Rate	100%	100%	100%
Average training hours per person (= Total training hours/ Total number of employees)	0.93	0.89	0.93

Note: Coverage rate = Total number of trainees for the year / Total number of employees at the end of the year.

## 3.2 Risk Management

### Management Approach

The global financial environment is becoming more complex and the risks involved in the financial industry are becoming more diversified and intensified. The Company strives to strengthen the Group's risk management process, including risk identification, measurement, monitoring, reporting, and response. Through the interdepartmental integration of the Center for the Promotion of Integrity Management, Risk Management Department, IT Department, Human Resources Department, Corporate Planning Department, Compliance Affairs Department, Legal Affairs Department, and Administration department, the risk management mechanism is not only deeply rooted in decision-making supervision, but also integrated into the organization's daily operations, establishing a complete “Three Lines of Defense for Risk Management” to effectively identify and measure the degree of risk, and monitor and manage to reduce the frequency and impact of risk occurrence. The Company has also established the “Crisis Management Policy and Procedures Rules” as the highest guidelines to follow in case of crisis, so that appropriate crisis management strategies and procedures can be promptly adopted when necessary to minimize the impact on the Company.

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.

In order to improve the scope of risk management, the Company revised its “Risk Management Policy” this year to include all possible risks faced by the Company into the scope of risk management policy. The Company has added information security risks, human resources risks, emerging risks, money laundering and terrorism risks, integrity management risks, and environmental risks, and the relevant authorities are responsible for establishing various risk management procedures, items to monitor and indicator thresholds to strengthen the Company's ESG risk management mechanism.

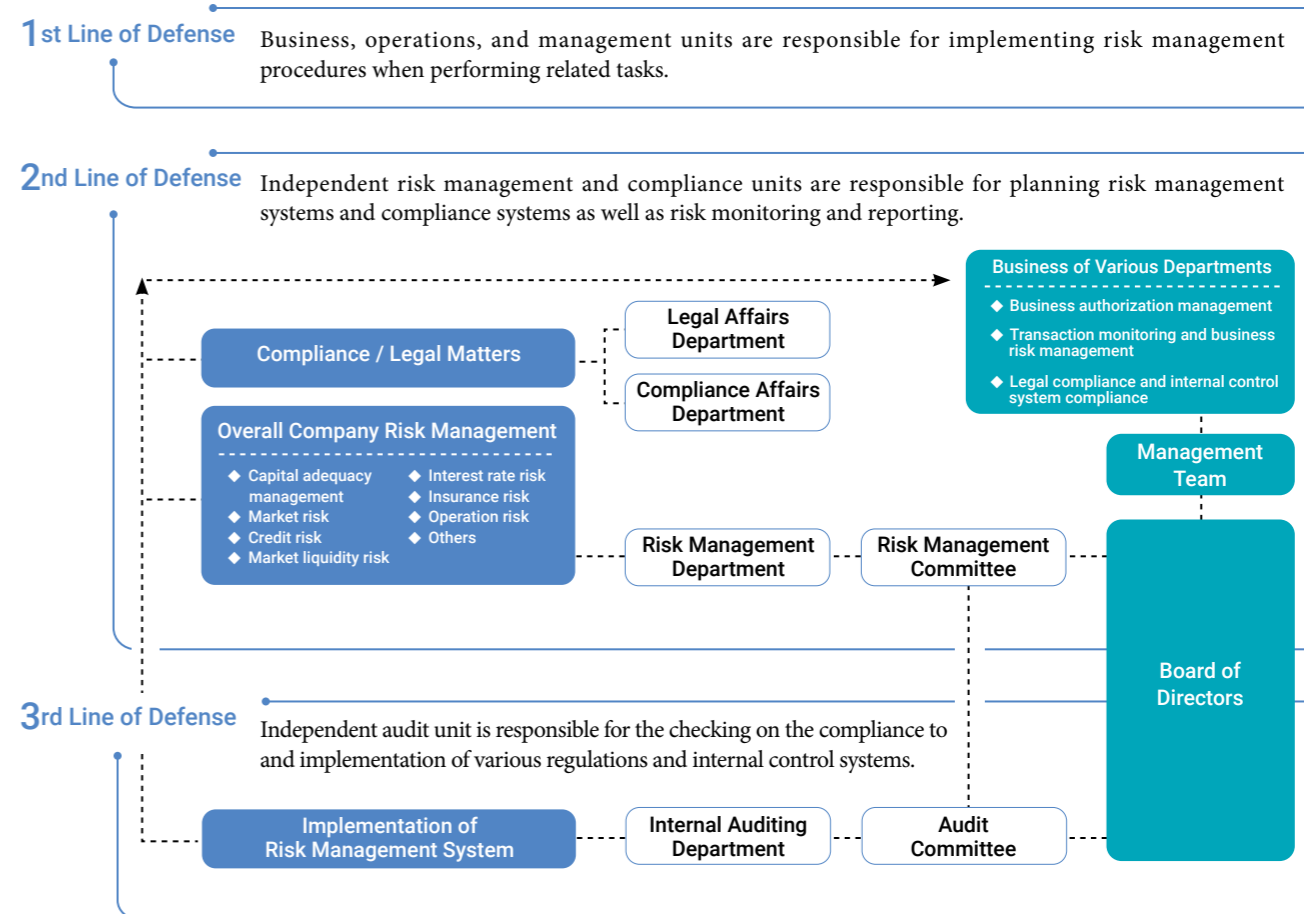
The Company's risk management systems cover market risks, credit risks, market liquidity risks, asset liability matching risks (including funding liquidity risks, interest rate risks), exposure risks, insurance risks, operational risks, information security risks, regulation compliance risks, legal risks, and other risks related to business operations, legal and compliance, environment (including climate risks). Subsidiaries shall, in line with the Company's “Risk Management Policy” 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. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bear. The Company and its subsidiaries also take various risk factors into consideration when designing products to ensure compliance with the Company's risk management system.

### Risk Management Scope



### 3.2.1 Risk Management and Internal Control Mechanism

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.



In addition, the Company has established “mechanism for managing investments in businesses”, and the “Chief Risk Officer” is responsible for supervising the establishment of the system and coordinating the execution of risk management related matters of subsidiaries. The “Chief Risk Officer” holds regular meetings with the risk management officers of the subsidiaries to discuss various risk management issues, potential risks of new business, the impact of changes in laws and regulations of the competent authorities and the risk management of the business of the subsidiaries' investment, etc., so that the Company can stay abreast of the business risk orientation of the subsidiaries and the risk exposure of various risks and supervise the implementation of risk management of the subsidiaries.



### Risk Management Organizational Structure

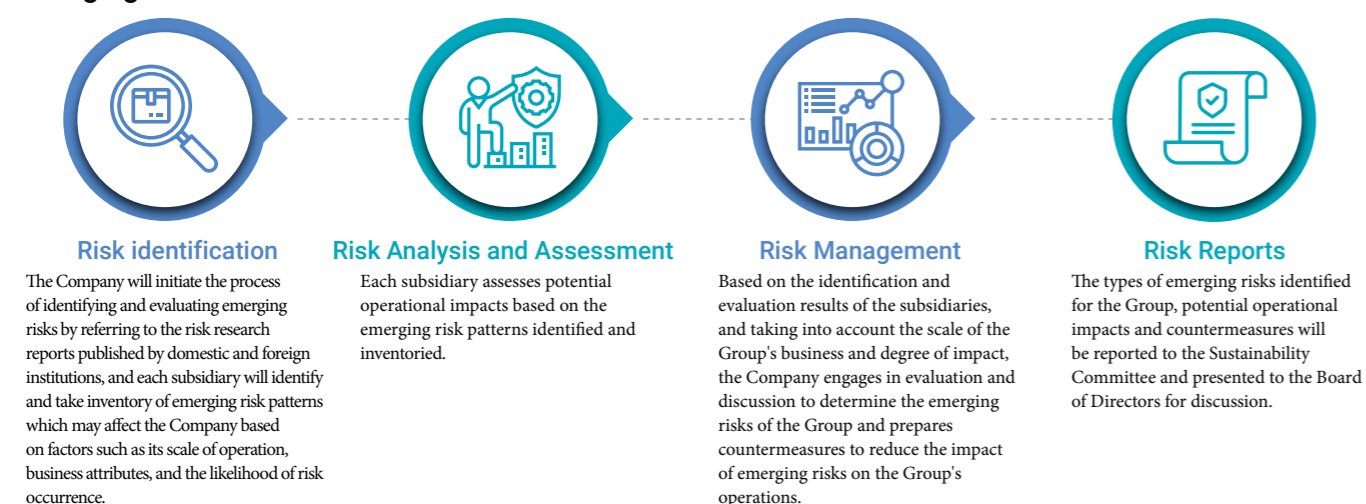
The Company's risk management structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, the management team, the risk management department, the compliance affairs department, the legal affairs department, and various business units. Their duties and responsibilities are 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 and monitoring indicator threshold, review of risk management reports, assist in supervising the implementation of risk management system, 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	Direct subordinate 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, reviews to confirm that all operations and management rules and regulations are updated in a timely manner in accordance with relevant laws and regulations, supervises compliance officers of various departments in the adoption, establishment and implementation of the relevant internal regulations, and helps 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.
IT Department	The IT Department performs information security risk control to help prevent deliberate external intrusion or internal misuse, leakage, tampering, or destruction of information assets, and to help assess information security risks that could jeopardize related information systems and affect normal operations.
Business Units	The Company's business units are responsible for thoroughly reviewing various risk management guidelines before executing businesses and duly complying with various risk management guidelines.

### 3.2.2 Emerging Risk Management

With the regulatory requirements increasing globally, the rapid development of emerging technologies and the threat of climate change, risk management in the financial industry will change dramatically in the future. In order to address this trend as early as possible, the Company has completed the identification of emerging risks and subsequent plans and actions to further improve the efficiency and effectiveness of risk control.

#### Emerging Risk Identification Process



### Emerging Risk Identification Results and Response Actions

Risk Factors	Risk Description	Operational Impact or Effect	Response
Asset Bubble	<ul style="list-style-type: none"> <li>As a result of the COVID-19 epidemic and the extremely loose monetary policies implemented by governments to stimulate their economies, the market has been flooded with capital, and coupled with low interest rates, rising prices of financial assets and real estate markets and the risk of bubbles continues to rise.</li> <li>The International Monetary Fund (IMF) has warned that the disconnect between financial markets and the real economy is continuing and that global asset prices may face the risk of a pullback once investors reassess the global economic growth outlook or policy outlook.</li> </ul>	<ul style="list-style-type: none"> <li>If there is a significant correction in the price of risky assets, a major default in emerging countries, or abnormal fluctuations in oil prices or commodity prices, the Group's financial asset trading positions and clients' wealth management positions may suffer a decline in price and the default rate of clients or investment positions may increase.</li> <li>In the event of a real estate bubble that causes prices to collapse, not only will the Group's investments in real estate fall in value, but also the default rate of customers who provide guarantees on real estate may increase, resulting in higher lending loss rates.</li> </ul>	<ul style="list-style-type: none"> <li>We already employ graded management of countries and industries of investment and will enhance the control of high-risk countries or high-risk industries.</li> <li>Establish risk monitoring indicators and conduct regular monitoring of various risks, such as liquidity, credit spreads, and market volatility.</li> <li>Enhance monitoring and risk assessment of credit, investment, and financial counterparties in emerging countries and countries with such risk.</li> <li>Strengthen the monitoring of credit rating changes and related negative news of credit exposure targets and provide risk warnings.</li> </ul>
Geopolitics	<ul style="list-style-type: none"> <li>Global geopolitical risks have become increasingly complex and diverse in recent years. Frequent geopolitical conflicts will lead to regional confrontations and increased protectionist sentiment across countries, impacting global economic growth. A more fragmented geopolitical environment will also make the outlook for various policies more unpredictable and extreme, putting companies in a highly uncertain supply chain management, tax burden, and regulatory environment.</li> <li>Geopolitical risks also add uncertainty to the future outlook. Increased volatility in the capital markets has triggered investor panic, which in turn has affected global capital flows.</li> </ul>	<ul style="list-style-type: none"> <li>The development of a new international order in terms of competition and cooperation has led to a reorganization of the global supply chain and a series of supply chain shortening and shifting effects. If the Group fails to take advantage of business opportunities to provide the financial services required by corporate clients, it may affect future profitability.</li> <li>Increased geopolitical turmoil may impact the gradually recovering economic growth, reduce the buffering capacity of countries with high debt burdens and low fiscal buffers, and further threaten the global government debt structure, resulting in increased investment losses and customer defaults for the Group.</li> </ul>	<ul style="list-style-type: none"> <li>In addition to cultivating the Taiwan market, the Group continues to expand its overseas territories in Korea, Hong Kong, Thailand, the Philippines, Vietnam and Indonesia. Through the integration of the Group's businesses and the development of local niche markets, the Group will gradually increase its overseas profit contribution to enhance regional diversity and diversify its profit sources.</li> <li>We pay close attention to changes in the world's political and economic situation, conduct timely risk assessments, and adjustments on investment for general risk events (by countries / industries / groups / commodities) and individual abnormal events (negative news targets), and improve monitoring of countries or regions with higher geopolitical risks.</li> <li>Establish a mechanism to manage the list of investible countries and strengthen the monitoring of credit default swap (CDS) discount, total foreign exchange reserves, and dual deficit indicators to monitor the risk of emerging countries.</li> </ul>

### 3.2.3 Operational Risk Management

The Company evaluates the internal and external operational risks that may be faced by its financial related business every year and reports to the Board of Directors with a plan to address them. Internal and external risk factors include general economic changes, changes in financial markets, compliance and management of cross-border laws and regulations, management of the transfer business, information security and consumer protection, etc. The main internal and external operational risks are listed below.

Risk Factors	Causes	Countermeasures
Overall Economic Changes	The IMF predicts that government debt in developed countries will reach 125% of GDP in 2021, exceeding the level after the end of World War II (124%) and far higher than the Great Depression when it was 80% and the financial crisis when it was 89%. Government debt in emerging countries will also reach unprecedented levels. Until concerns over the COVID-19 outbreak have subsided, fiscal measures are likely to be further expanded, with the possibility of a simultaneous deterioration in fiscal revenues and expenditures due to the economic downturn and reduced tax revenues caused by lockdowns.	<ul style="list-style-type: none"> <li>We have established a list of investible countries and country classification standards, and set country concentration limits.</li> <li>We regularly monitor changes in CDS (credit default swap), economic growth, and fiscal deficits, and continuously track and report on industries and countries that are more affected by the epidemic.</li> <li>We monitor liquidity indicators of our reinvested businesses to ensure that both the Company and its subsidiaries are able to maintain liquidity on an ongoing basis.</li> </ul>

Risk Factors	Causes	Countermeasures
Wealth Management, Consumer Protection	In recent years, the number and amount of fines imposed on banks for internal fraud have been rising rapidly and the FSC has instructed banks to establish and implement fraud prevention and control mechanisms in the areas of personnel management, internal control and internal audit. In 2020, the “Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers” (the new financial management business) will introduce the “Senior Manager Accountability System”. In the future, the prevention of financial crimes will be the focus of supervision, and compliance with laws and regulations and risk management mechanisms should be strengthened to reduce the occurrence of related incidents.	<ul style="list-style-type: none"> <li>All subsidiaries have established relevant mechanisms in accordance with the law, including Know Your Customer (KYC) and Know Your Product (KYP) mechanisms, and pricing and risk disclosure mechanisms for complex high-risk products.</li> <li>Continued training of wealth management staff to strengthen KYE (Know Your Employee) mechanism and management of wealth management staff.</li> <li>Established a customer complaint communication platform and a KYE mechanism to detect irregularities.</li> <li>Regularly review the implementation of fair treatment of customers.</li> </ul>
Uninterrupted Operations, Backup Plan	The COVID-19 epidemic has affected the business operation models, and the authorities have requested financial institutions to review and develop Business Continuity Management Mechanism (BCM) to develop Business Continuity Plans (BCP) for various environmental shocks to ensure that companies can recover a certain level of their operation models in the shortest possible time in the epidemic.	<ul style="list-style-type: none"> <li>Each subsidiary has established an emergency response plan and continues to optimize relevant evaluation mechanisms.</li> <li>Each subsidiary should verify the feasibility of plans through drills and exercises, enhance personnel's knowledge and familiarity with the contents and operations of the plan, and review the results of the drills in a timely manner to ensure the capabilities required for business continuity are ready.</li> </ul>

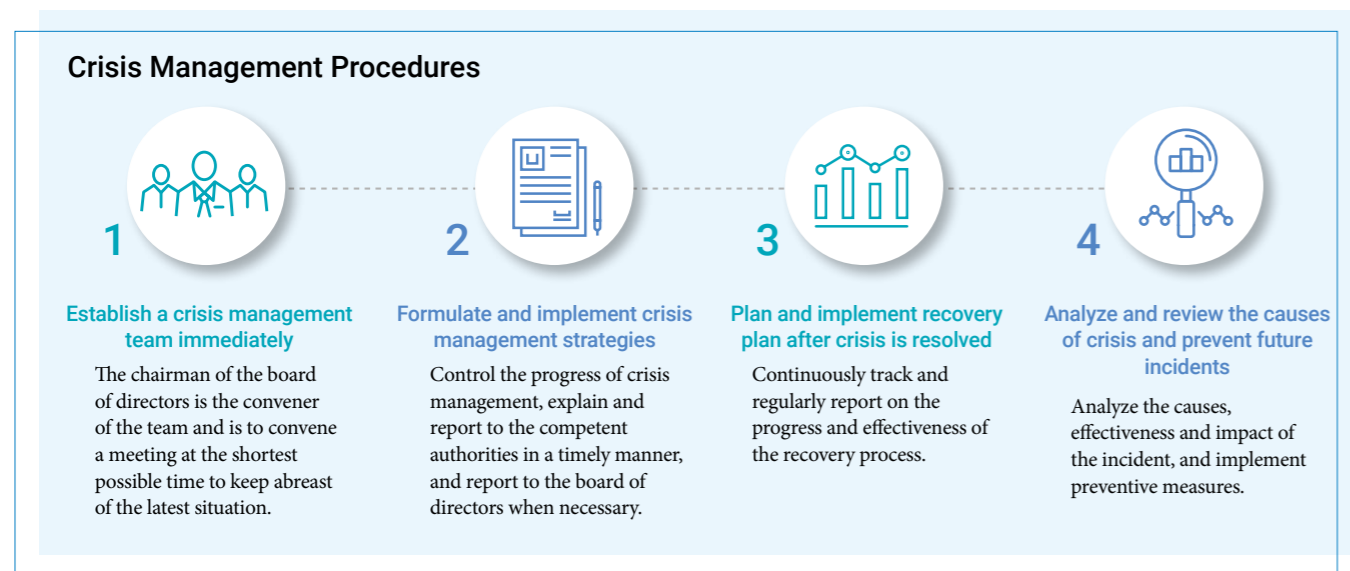
### 3.2.4 Crisis Management

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 “Crisis Management Team” is to be convened by the Chairman of the Board of Directors and the vice chairman or the president is to be assigned the vice convener of the team. Depending on the level and nature of the incident, at a minimum, a “Crisis Management Team” shall comprised of each all executive vice presidents, spokespersons, and supervisors or department heads of internal auditing department, risk management department, compliance affairs department, legal affairs department, corporate planning department, and related departments as well as other related personnel. The convener of the team shall convene the first meeting within the shortest possible time to keep abreast of the latest situation. The convener of the team is to report to the directors during the process when necessary. 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.

At the ending phase of handling the crisis, the team shall propose a plan for post-crisis recovery and implement it accordingly after it is approved. In addition, progress and subsequent handling results are to be reported to management meetings. Once the crisis has come to an end, the management team should submit a review report on the causes, management, results, and impact of the crisis, and potential preventative measures for future reference.



### 3.2.5 Risk Management Education and Training

This year, the Company held a seminar on “Risk Management Mechanisms in the Financial Industry from Losses in Issuance of Warrants by Securities Firms” for board directors and supervisors, which share cases of risk management events and explain option risk management practices. In addition to introducing the related inquiries and answers, sanctions and penalties imposed by the competent authorities, the risk management framework and process are explained through the analysis of risk measurement, risk monitoring, risk reporting and risk response. Through Q&A and problem analysis, we explore risk management events in depth to enhance the professional judgment experience and ability of directors and supervisors on risk management related events. A total of 66 directors and supervisors of the Company and its subsidiaries participated in this seminar with a total of 198 training hours.

In addition to the risk management and internal control training for the Board of Directors, the Company also arranges annual training for its staff to strengthen the risk awareness and risk management capabilities of all employees and managers, so they are familiar with the Company's internal risk management mechanism, and duly practice risk management procedures in their daily business activities. This year, 12,377 participants attended courses, with a total of 10,622 training hours.

#### Risk Management / Internal Control Education and Training Statistics

Item	2018	2019	2020
Total number of courses	100	117	126
Total training hours	8,095	8,121	10,622
Total number of trainees	7,355	8,003	12,377
Total number of employees	10,986	10,912	10,944
Coverage Rate	67.0%	73.3%	113.1%
Completion Rate	100%	100%	100%
Average training hours per person (= Total training hours/ Total number of employees)	0.74	0.74	0.97

Note: Coverage rate = Total number of trainees for the year / Total number of employees at the end of the year.

## 3.3 Information Security

The financial industry is characterized by high use of information technology. In recent years, in response to advances in big data and artificial intelligence, as well as the COVID-19 outbreak, the digital transformation of the financial industry's business model has accelerated, bringing not only more diverse and convenient services and products, but also the transaction information risks, so improving information security protection will be the highest priority for the future development of the financial system.

### Management Approach

With the increasing development of technology, the financial trading environment has become more and more dependent on the Internet, and the diversification of services has brought about the impact of information security risks. The Group aims to provide stable and secure information services, with the sustainable objectives of information security as “protecting the security of information assets” and “maintaining business continuity for sustainable business operation”. The Company has established the “Information Security Policy” as the basis for its subsidiaries to establish an information security management system and set up related management rules and procedures to prevent the destruction or theft of confidential information due to system disruption or unauthorized access, and to ensure the confidentiality, integrity and availability of important information in order to protect the security of information assets and maintain continuous business operations.

In order to effectively utilize information resources and strengthen information security, the Company has an information department and a chief information officer, who is responsible for supervising, integrating and promoting various information business development and information security management, and reporting to the board of directors annually on the overall implementation of information security. In order to strengthen the risk control of information security governance, the Company created the Information Security Department and Chief Information Security Officer (CISO) position in December 2020.

In 2020, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds and Yuanta Futures (hereinafter referred to as the five subsidiaries) obtained ISO/IEC 27001:2013 certification for information security management system (ISMS) and continues to strengthen the information security monitoring and management with the PDCA (Plan-Do-Check-Act) cycle framework to enhance the depth and breadth of the Group's information security governance and to provide safe and secure financial services to our customers.

### 3.3.1 Information Security Management Structure

In order to strengthen information security management, the Company and its five subsidiaries have established an "Information Security Policy", which is approved by their respective board of directors. Each year, the chairman, president, chief auditor, and head of the information security unit jointly issue a statement on the overall implementation of information security and submit it to the board of directors in order to strengthen information security governance and improve the oversight responsibility of governance.

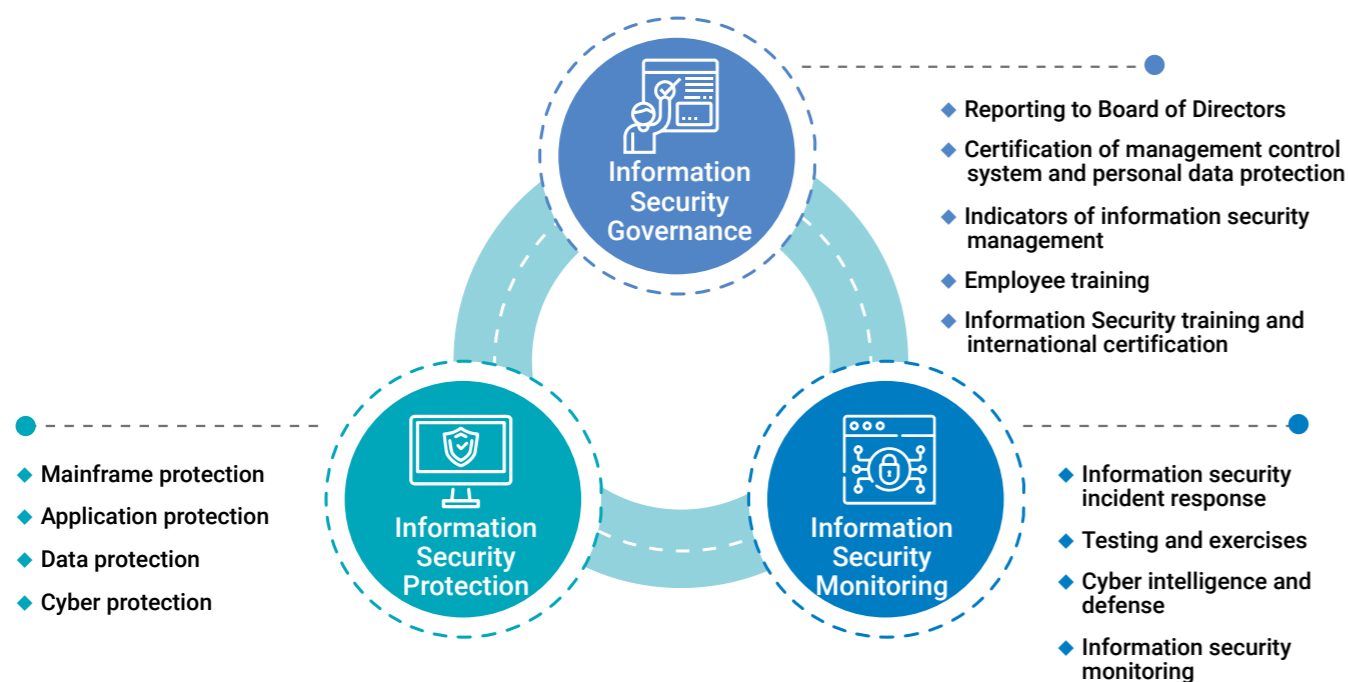
The Company's Board of Directors approved the organizational rules in December 2020 to establish an independent and dedicated "Information Security Department" and Chief Information Security Officer (CISO) responsible for the Company's overall information security governance, planning, oversight and promotion and the implementation of information security management operations, coordinating the promotion and coordination of information security policies and resource allocation, and reporting the information security implementation status to the Board of Directors each year.

In order to coordinate the management of information security matters, the Company has set up an inter-departmental "Information Security Team", with the president appointing the convener and vice convener. It holds regular information security meetings to discuss the effectiveness of information security management and information security-related issues to enhance the overall information security protection capabilities. The five subsidiaries have also established units responsible for information security to plan, oversee and implement information security management operations. The overall information security implementation status is reported to their respective board of directors every year to strengthen information security supervision.

Information Security Governance Organizational Structure



Information Security Management Framework



### 3.3.2 Enhanced Information Security Management and Transaction Security Protection


#### Group Joint Information Officers Meeting

In order to implement the supervision of the FSC and review the operation status of information security maintenance of each subsidiary, we regularly hold "Group Information Officers' Meeting" and "Information Department Manager Meeting of each subsidiary" to discuss and exchange issues, such as information security prevention measures, laws and regulations, information sharing, and information security control project execution status, to stay abreast of the overall status of information security of each subsidiary and strengthen the joint prevention of information security.

### Enhanced Information Security Information Analysis


The Company and its five subsidiaries assign dedicated personnel to handle information from Financial Information Sharing and Analysis Center (F-ISAC) and external intelligence on information security, update the configuration and settings of information security systems based on their recommendations or evaluation results, and report their processing status on a regular basis to keep abreast of emerging information security information and formulate countermeasures, and use relevant information security defense systems to integrate threat information to achieve joint defense effectiveness. In response to the above mechanism of regular analysis of information security events, Yuanta Bank and Yuanta Securities have implemented the Security Information and Event Management (SIEM) platform in order to strengthen the analysis capability. The platform detects information security events such as internal abnormal usage behavior and external attacks, and if potential risks are found to threaten information security, it analyzes and processes them according to the abnormal events in order to achieve the defensive and contingency capabilities required to quickly detect and respond to attacks. In addition, the Company, Yuanta Life, Yuanta Funds, and Yuanta Futures also plan to introduce it to ensure the effectiveness of information security protection.

### Enhance Trading System Defense Mechanism




**Trading Website and App**

In order to strengthen the basic security protection capability of apps and to comply with the information security examination standard, all five subsidiaries have their mobile apps tested. They send them to qualified laboratories for annual testing and obtain the "Basic Information Security Mark for Mobile App" to ensure the information security of the app. For online platforms, the Company and its five subsidiaries have introduced anti-phishing website detection services to reduce the risk of customers being defrauded by counterfeit websites or apps and to monitor unexpected behavior and suspicious activities on transaction service websites in real time so that proactive or preventive measures can be taken to strengthen the overall protection capability of websites. This allows the Company and its five subsidiaries to use new technologies to innovate their businesses while still balancing information security.



**Detection and Preventive Measures**

In order to strengthen network and information system protection capabilities, the Group has established a multi-layered defense framework and set up information security barriers in different operational areas within the Group according to the core businesses of its subsidiaries, including network firewall, software application firewall, intrusion detection system, spam filtering, Advanced Persistent Threat (APT), Internet behavior management, USB flash drive write control, anti-virus, and network management systems.



**Third Party Security Assessment**

In addition, every year, we commission third-party professional organizations to conduct vulnerability scanning, penetration testing, distributed denial of service (DDoS) attack and defense exercises, and computer system information security evaluation (including information architecture inspection, network activity inspection, network equipment inspection, security settings inspection, and compliance inspection), and other operations to strengthen information security defense capabilities and ensure the stability and security of information systems and the effectiveness of information security control.

### 3.3.3 Information Security Incident Management and Prevention

#### Information Security Incident Management Process

The Company and its five subsidiaries have defined procedures for reporting and handling information security incidents, and the corresponding levels of reporting and handling are based on the level of the incident. The information unit is required to eliminate and resolve the incident within the target processing time and conduct analysis after the incident to prevent recurrences. This year, there were no information security or material incidents that had to be reported to the financial authorities.

#### General Information Security Joint Training

To create a corporate culture that values information security, the Group conducts at least 3 hours of "information security education" course and assessment for all employees every year to enhance employees' awareness of information security. The content includes sharing of recent major information security incidents, information security related regulations, basic information security awareness, social engineering attacks and protection, personal computer security, and personal data protection. The information unit periodically issues information security newsletters or circulars to all employees in order to enhance and strengthen internal information security awareness. This year, a total of 138 sessions were held, with 29,219 training participants and 37,977 training hours, representing a coverage rate of over 99%.

#### Training for Information Security Personnel

In addition to general education and training, the Group commissions external security professionals to conduct more than 15 hours of training and evaluation of professional security courses every year in order to strengthen the competence of staff responsible for information security. The content includes analysis and discussion of common findings in recent years' audits by financial examination bureau, introduction of recent emerging regulations and compliance considerations, security control thinking of system and program launch, introduction and practice of security software development process, app program security testing, SIEM / Security Operation Center (SOC) / Information Sharing and Analysis Center (ISAC) system. Information Sharing and Analysis Center (ISAC) system, information security incident management process, information security incident handling and attack and defense response. A total of 574 trainees attended 1,447 hours of training.

## Information Security Competency Training

In order to enhance and nurture the elite information security personnel, the Group plans external information security professional courses every year. The courses include International Information Systems Security Course, Hacker Technology Expert Certification Course, Certified Information Systems Manager (CISM), Network Security, Program Development, System Management, Database Management, etc. The courses are designed to nurture financial information security professionals through professional training mechanism and encourage information and information security personnel to obtain international certificates to strengthen their professional skills and enhance the Group's information security capability. The total number of hours of training was 1,088. We aim to nurture financial information security professionals through a professional training mechanism and encourage information technology and information security personnel to obtain international licenses to strengthen their professional skills and further enhance the Group's information security capabilities.

## Social Engineering Exercises

In order to raise the security awareness of all employees and prevent the intrusion of malicious programs through social engineering, the Company and its five subsidiaries conduct social engineering drills periodically every year to test all employees in the secured and monitored area by sending simulation of external phishing emails to employees being tested and employees who have not passed the drills will be retested and are required to participate in information security training courses and assessments. This year, coverage rate of Group employees tested was 100%.

### 3.3.4 Supplier Information Security Management

The selection of outsourcing vendor for critical information system operation is based on the evaluation in four major aspects, including business, function, information security, and information technology. The selection criteria are as follows:



#### Market Evaluation

Refer to the market availability ranking of the "Magic Quadrant Analysis" report by a third-party international research and consulting firm.



#### Technical Capability

Confirm the usability and integrity of the equipment or product through Proof of Concept (POC).



#### Specification Satisfaction

Based on the functional requirements of the project, we confirm the degree of compliance, completeness and expansion of each function or specification, and the experience of the industry.



#### Confidentiality Compatibility

In addition to the rights and obligations of both parties specified in the contract, in order to ensure the quality of internal work safety control and the rights and interests of customers, we also sign a supplemental contract and a confidentiality agreement for the work entrusted to others.

Through the above selection mechanism, the Company and its five subsidiaries reduce unauthorized use of the Company's various information assets by outsourced vendors to ensure that internal information assets remain secure and controlled when outsourcing is required to protect the rights and interests of customers.

### 3.3.5 Business Continuity Management Mechanism

#### Establishing a management mechanism for business continuity

The Company and its five subsidiaries have established a business continuity mechanism whereby the business management unit and the information unit conduct an operational impact analysis each year based on the criticality, availability and impact on business operations, and establish a disaster recovery plan for the information system based on the analysis. In the event of an unanticipated major disaster to critical information services, we can minimize the impact on operations by taking contingency measures to ensure that the system resumes operation within an acceptable time frame at the time of the disaster, continue to provide normal operations of critical services, and protect the interests of our customers.

#### Information System Recovery and Backup Drills

The Company and its five subsidiaries conduct disaster recovery and preparedness drills for critical information systems twice a year. Through regular drills, relevant personnel complete relevant operations in accordance with the business contents and responsibilities defined in the backup and recovery plan, verify the availability and integrity of the relevant mechanisms, review and refine the backup and recovery plan, so that in the event of an emergency, the disaster recovery mechanism can be quickly restored to the normal or acceptable operating level of the organization, enhance the emergency response capability, and ensure the continued effectiveness of the organization's business operations. The results of the exercise in 2020 met with the requirements.

#### Enhanced Information Security Incident Response Drills

The Company and its five subsidiaries have established a Distributed Denial of Service (DDoS) mechanism and conducts annual drills to simulate hacking attacks in order to strengthen the response capability to DDoS attacks and enhance information security defenses.

## Introduced Digital Forensics Service Mechanism

In addition, to strengthen the response to information security incidents and to ensure the prompt clarification of problems and the preservation and analysis of subsequent evidence in the event of a major information security incident, the Company and Yuanta Bank have established a digital forensics service mechanism to facilitate the immediate activation of digital forensics evidence preservation standard operating procedures when a major information security incident occurs and to build up information security operational capabilities.

## 3.4 Legal Compliance

### Management Approach

Good compliance with the law is an important foundation for companies to gain the trust of their stakeholders. 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" verifies to ensure 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, the Company's "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.

In addition, in response to the global trend of anti-money laundering and counter-financing of terrorism (hereinafter referred to as AML/CFT) and domestic and international regulatory requirements, the Group has established the "Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Policy and Procedures" to provide comprehensive management through the Group-level AML/CFT Action Plan and established a three-line AML/CFT defense mechanism to implement AML/CFT-related legal compliance requirements in order to achieve in-depth and complete protection.

In order to monitor compliance with laws and regulations, the actual implementation of AML/CFT plan, risk management and the effective operation of internal control system, the Company has established internal audit related practices, and the "Internal Auditing Department" under the Board of Directors regularly conducts relevant internal audit operations every year to evaluate the effectiveness of the implementation of various systems and management mechanisms based on the annual audit focus.

### 3.4.1 Internal Audits

While the Group is actively expanding its business, it continues to pay attention to changes in financial policies and regulations implemented by domestic and overseas regulatory authorities. 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 and to ensure that the Company operates in compliance with relevant laws and regulations.

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 by the Board of Directors and the department head of relevant departments. 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 on targeted operations in line with regulations.

The Company and each of its subsidiaries have established internal audit-related practices and conduct internal audits on a regular basis each year. 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. In 2020, the Company's internal audit found no major deficiencies.

#### Major Penalty Cases and Improvement Measures

In 2020, there were 5 major penalty cases with total fines of NT\$4.68 million. Please refer to the Company's annual report P.170-176 for the complete details of the major penalty cases and improvement measures.

### Legal Proceedings Associated with Finance-related Laws and Regulations in 2020

In 2020, Yuanta Financial Holdings had no monetary losses as result of legal proceedings associated with fraud, insider trading, anti-competitive, anti-trust behavior practices, malpractice, market manipulation, or other related financial industry laws or regulations.

### Legal Proceedings Associated with Professional Integrity-related Laws and Regulations in 2020

The total amount of monetary losses incurred by Yuanta Financial Holdings as a result of legal proceedings associated with professional integrity-related laws and regulations (including duty of care) in 2020 was NT\$1,307,332. The facts and description of the case are as follows:

Yuanta Securities was involved in a dispute with a client of its extinguished company, Polaris Securities, over the sale and purchase of its shares and the client claimed that Yuanta Securities was jointly liable for the compensation as employer. The Supreme Court dismissed the appeals of both parties. Yuanta Securities has paid the compensation amount in full and will seek compensation from the former employee involved in the case.

## 3.4.2 Reporting System and Whistleblower Protection

In order to strengthen corporate governance and promote sound operations, the Company has complied with Article 34-2 of the Regulations Governing the Implementation of the Internal Control and Audit System of Financial Holding Companies and Banks. Yuanta Financial Holdings established a reporting system (whistleblowing mechanism) with the passage of the “Whistleblowing System and Implementation Measures” by the Board of Directors. Specify and encourage anyone who finds a crime, fraud or violation of the law to report it. In addition, The Company’s “Guidelines on Reward and Discipline Management” stipulate that employees who report fraud or prevent incidents that damage the Company’s reputation and interests and save or mitigate damage to the Company shall be given a minor merit; those who report or assist in the detection of illegal or dereliction of duty cases and save the Company from major damage shall be given a major merit.

Our Company regularly conducts training and promotion of the whistleblowing system as stipulated in the “Whistleblowing System and Implementation Measures” for our employees every year. This year, a total of 20,015 hours of courses for promotion were conducted, with 15,673 participants from managers and employees.

After the announcement of the “Whistleblowing System and Implementation Measures”, the Company set up convenient channels including a whistleblowing hotline and an email address dedicated to whistleblowing, and made this information available on the Company’s website. In order to facilitate the Audit Committee’s timely detection of possible malpractices, an “Audit Committee Mailbox”, reviewed by the convener of the Audit Committee, has been set up on the corporate website to establish a communication channel between employees, shareholders and stakeholders, and the Audit Committee.

**Reporting Channels**  
 Address: Whistleblowing Reporting Unit,  
 Yuanta Financial Holdings Co.,  
 Ltd., No. 66, Dunhua South Road,  
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 City 105  
 Telephone: +886-2-2173-6834



**Reporting Channels Website and Email**

### Whistleblower Protection and Avoidance of Conflicts of Interests


In order to encourage the reporting of wrongdoing, the Company has adopted a dual system of anonymous and non-anonymous reporting. The anonymous reporting system encourages reporting. Without exposing his or her identity, the whistleblower can make claims or arguments without fear of adverse action, litigation or other forms of retaliation or unfair treatment, thereby creating legal protection.

In addition, the officer handling the reported case is to make a written statement to keep the identity of the person making the report and the contents of the report confidential; if the officer handling the case discovers that the subject matter is of interest to him/her, the officer is to recuse himself/herself.

The Company’s “Whistleblowing System and Implementation Measures” also stipulates that the Company shall not dismiss, terminate, demote, reduce the salary, impair the rights and interests of the whistleblower under the law, contract, or custom, or impose other improper benefits on the whistleblower because of the reported case. If a whistleblower is threatened, intimidated, or otherwise acted against, the Company will assist the whistleblower in seeking judicial assistance and reporting the case to the police.

### Investigation Procedures for Whistleblower Reports

The Company’s “Whistleblowing System and Implementation Measures” stipulates that an unit authorized to practice independence is to be designated to receive and investigate whistleblower cases, and specifies that reports from the whistleblowing system are to be processed by the “Compliance Affairs Department” and investigated by the “Internal Auditing Department”. When the Internal Auditing Department receives the case, it will investigate the content of the report and related evidence, and make a written report on the investigation results and recommendations. If the person being reported is a director (including independent directors) or a manager whose responsibilities are equivalent to those of a vice president or above, the case shall not be reported to the chairman of the board of directors, but shall first be reported to the audit committee for review and report to the board of directors. All incidents reported through the reporting channel will be properly recorded and carefully tracked by the Company. If the case is substantiated, the following procedures shall be followed in accordance with the “Whistleblowing System and Implementation Measures”:

- 
  - 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.

### ◆ Reporting Statistics

The number of prosecution cases received in accordance with the “Regulations on the Implementation of the Whistleblower System” in the past 3 years is as follows:

Year	Number of Cases Handled	Report Type
2018	0	-
2019	2	External public reporting
2020	1	External public reporting

## 3.4.3 Legal Compliance Training

In response to domestic and international legal trends, the Group actively arranges diversified legal compliance and internal audit education and training, and introduces training systems and courses for new personnel to continuously strengthen the legal compliance awareness of our employees. Topics include basic knowledge, anti-money laundering, anti-counterfeiting, internal audit, and internal control. This year, there were 52,514 participants and 39,723 training hours.

### ◆ Compliance / Internal Audit Education and Training Statistics

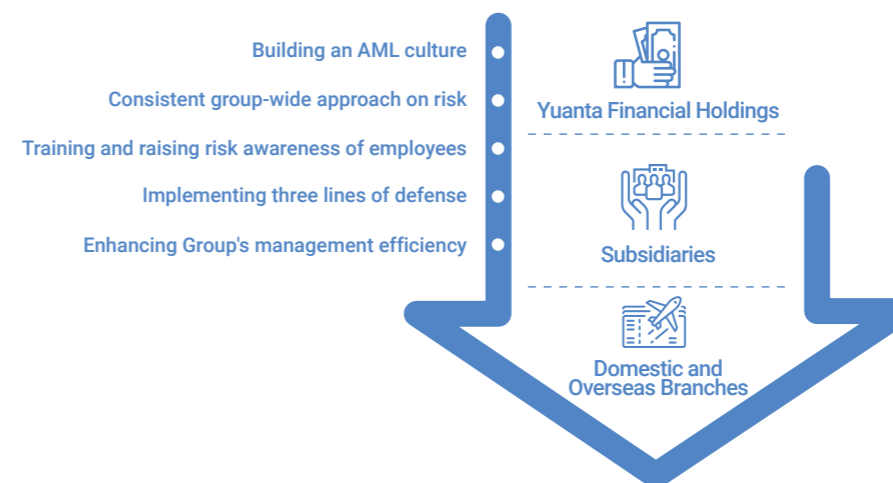
Item	2018	2019	2020
Total number of courses	263	272	276
Total training hours	30,194	41,405	39,723
Total number of trainees	41,541	51,908	52,514
Total number of employees	10,986	10,912	10,944
Coverage Rate	378.1%	475.7%	479.8%
Completion Rate	100%	100%	100%
Average training hours per person (= Total training hours/ Total number of employees)	2.75	3.80	3.63

Note: Coverage rate = Total number of trainees for the year / Total number of employees at the end of the year.

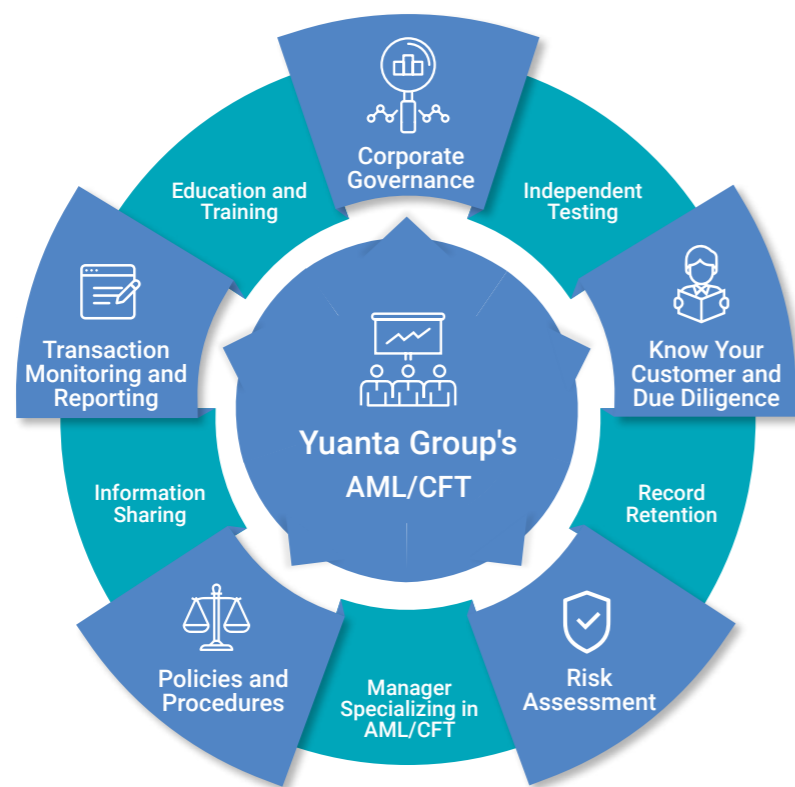
## 3.5 Anti-Money Laundering and Combating the Financing of Terrorism / Counter Proliferation

In response to the international trend of global anti-money laundering, combating the financing of terrorism and counter proliferation and domestic and international regulatory requirements, the Group has established the “Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Policy” with reference to the “Financial Action Task Force (FATF) 40 Recommendations” and other international norms and domestic regulations. In order to achieve the Group’s integrated management effectiveness and to enhance the effectiveness of the AML/CFT management mechanism and implementation, the methodology and principles of information sharing and consistent risk assessment of money laundering and CFT at the Group level are clearly defined to enable each subsidiary to effectively identify and assess various risks and to adopt appropriate control measures.

The Group is committed to shaping AML/CFT compliance and core cultural values within the Group and its subsidiaries, so that all employees understand their AML/CFT responsibilities. We also implemented the KYE (Know Your Employee) system and established an appropriate mechanism to understand the character and professional knowledge of our employees. We also implemented the first line of internal control, the second line of supervision, and the third line of independent supervision to create a complete “AML/CFT three lines of defense”.



The Group's AML/CFT management can be divided into the following dimensions: corporate governance, policies and procedures, dedicated AML/CFT supervisor, risk assessment, customer identification and due diligence, transaction monitoring and reporting, information sharing, record keeping, education and training, and independent testing, with each specific measure as follows:



AML/CFT Management	Specific Measures
Corporate Governance	Each subsidiary is assigned by the Board of Directors to be responsible for coordinating and supervising the implementation of AML/CFT and reporting to the Board of Directors on a semi-annual basis. Any significant violations of the Act shall be immediately reported to the Board of Directors and the Audit Committee.
Policies and Procedures	The Group has established the AML/CFT program, related internal regulations and operational procedures, including the Group Risk Appetite, Group Risk Methodology Consistency, and Information Sharing Procedures.
Dedicated Anti-Money Laundering and Counter-Terrorism Unit	Each subsidiary allocates appropriate anti-money laundering and anti-finance and terrorism personnel and resources according to its size and risk. Financial Holding holds regular group meetings to supervise the implementation of anti-money laundering operations of each subsidiary. The Group's money laundering prevention staffing: <ul style="list-style-type: none"> <li>◆ Specialized anti-money laundering and anti-crime officers and managers: 47 people</li> <li>◆ Anti-money laundering and counter-terrorism supervisors and managers of each unit: 741 people</li> </ul>
Risk Assessment	Establishing a risk assessment framework and risk assessment procedures for money laundering and terrorism. Regularly conducting comprehensive money laundering and terrorism risk assessments and reporting them to the Board of Directors, so that management can understand the risks they face in a timely and effective manner.
Know Your Customer and Due Diligence	Properly implementing the collection of customer information, identifying and verifying their identities, performing due diligence based on risk-based methodologies, and regularly reviewing and updating customer information, supplemented by a computerized information system that regularly updates the database list of sanctions and the list of countries or regions with high risk of money laundering and terrorism, and performs name checks on customers to ensure complete customer knowledge. For high-risk customers, we have established internal regulations and operating procedures to strengthen the screening measures.
Transaction Monitoring and Reporting	Based on a risk-based approach, account and transaction monitoring procedures are established, and computerized information systems are used to help identify suspicious transactions for review, investigation, evaluation, and processing. The examiner submits a Suspicious Activity Report (SAR) to the Financial Intelligence Unit (FIU) when he or she determines the reasonableness of the transaction based on a written analysis sufficient to support the final disposition of the suspicious transaction.
Information Sharing	In compliance with the data confidentiality regulations of our domestic and foreign subsidiaries, we establish internal rules and operating procedures for information sharing within the Group, and require our subsidiaries to provide customer, account and transaction information through group-level compliance, auditing, and AML/CFT functions to ensure the confidentiality and security of the information they exchange.
Record Retention	We have established an internal control mechanism for record keeping, including specification of data retention period, access to data privileges, and attention to data confidentiality.
Education and Training	Each year, we arrange appropriate content and hours of AML/CFT training for directors, general managers, legal compliance officers, internal auditors, business personnel, AML/CFT supervisors, and supervisors of domestic business units.
Independent Testing	The auditing unit monitors and controls the standard operating procedures for AML/CFT compliance and program implementation, and conducts regular audits.

### Relevant Regulations of Each Subsidiary

Each subsidiary (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, and Yuanta Investment Consulting) has established relevant internal regulations (including but not limited to anti-money laundering and anti-finance and terrorism related policies and procedures) according to the nature and type of business they operate. The regulations include but are not limited to the following:

**Verify customer identity**

- ◆ Identify and verify customer identity and document authenticity with reliable, independent source documents.
- ◆ Identify and verify the actual beneficiary for corporate clients.
- ◆ Verification of customer identity by non-documentary means, such as on-site visits, telephone or correspondence.
- ◆ Ongoing review of customer identity.
- ◆ Obtain senior management approval for business relationships with high-risk clients.

**Checking the names of customers and transaction-related parties**

- ◆ Check whether the customer, the customer's senior management, and the actual beneficiary are the target of sanctions under the FCPA or the terrorist elements or groups pursued by foreign governments and international organizations.
- ◆ Check whether the customer, the customer's senior management, and the actual beneficiary are politically important persons and their family members or closely related persons, either domestically or internationally.

**Continuous monitoring of accounts and transactions**

- ◆ A risk-based approach is used to establish account and transaction control policies and procedures, and information systems are used to assist in the detection of suspected money laundering or terrorist transactions.

**Record Retention**

- ◆ Records are kept for at least 5 years.

**Reporting of cash transactions of a certain amount or more**

**Reporting of suspected money laundering or terrorist transactions**

**Designation of a dedicated anti-money laundering and counter terrorism manager to be responsible for compliance**

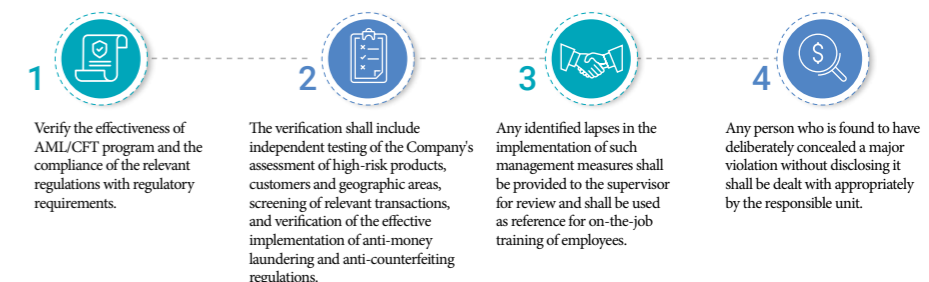
**Staff selection and appointment procedures**

**Continuous staff training program**

**Test the independent audit function of the effectiveness of anti-money laundering and counter terrorism mechanism**

### Internal Audit Process

The "Audit Department" regularly conducts internal audits of the AML/CFT program to monitor the implementation of the AML/CFT management mechanism and to ensure the effectiveness and compliance of the program implementation. No significant deficiencies were identified in 2020.



### AML/CFT and Counter Proliferation Education and Training

To continue to stress the concept of anti-money laundering, countering the financing of terrorism, and counter proliferation and to embed the concepts deeply into the corporate culture, Board members also took part in training courses to enhance their relevant knowledge. This year, 77 Yuanta directors and supervisors participated in a total of 229 hours of related training.

In addition to requiring Board members to receive training on anti-money laundering, countering the financing of terrorism and counter proliferation, the Company also arranges for employees to receive training. Internal online courses (including practical case studies and post-course self-assessment tests) and physical courses conducted by Anti-Money Laundering and Anti-Terrorist Financing, Counter Proliferation specialist units and external specialists and 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 and counter proliferation work. This year, there were 32,419 participants and 48,757 training hours in total.

In addition, the Group encourages its employees to obtain domestic and foreign professional licenses to enhance their professional knowledge and anti-money laundering capabilities. This year, a total of 69 staff members have passed the CAMS Certified Anti-Money Laundering Specialist (CAMS) certification and one person has obtained the CGSS International Sanctions Compliance Specialist (CGSS) certification.

In the future, we will continue to update our anti-money laundering policies and procedures, refine our customer due diligence and other control measures, and continue to increase employee awareness of Anti-Money Laundering, Combating the Financing of Terrorism, and Counter Proliferation, and strengthen our anti-money laundering and counter terrorism mechanisms.

#### ◆ AML/CFT and Counter Proliferation Education and Training Statistics

Item	2018	2019	2020
Total number of courses	216	189	230
Anti-Money Laundering and Anti-Terrorist Financing / Counter Proliferation			
Total training hours	36,278	36,599	48,757
Total number of trainees	30,164	22,856	32,419
Total number of employees	10,986	10,912	10,944
Coverage Rate	274.6%	209.5%	296.2%
Completion Rate	100%	100%	100%
Average training hours per person (= Total training hours/ Total number of employees)	3.30	3.35	4.46

Note: Coverage rate = Total number of trainees for the year / Total number of employees at the end of the year.

# 4

-TRUST-



## Customers' Number One Trusted Brand

### 4.1 Financial Product Innovation and Services

The Group brings together its channel resources, subsidiaries' operations, and data analysis to create a customer-centric experience designed to meet one-stop shopping needs and provide complete, efficient, and value-added financial services. At the same time, Yuanta Bank actively collaborates with universities and colleges across Taiwan to promote the "Campus Mobile Payment" program and develop campus cash flow services to meet the demand for non-cash payment channels on campuses. This year, Yuanta Bank provides services on campuses in order to let students use and understand financial applications early, popularize digital mobile payment, cultivate future new generation of customers, and enhance brand loyalty. Yuanta Bank was awarded "Best Enterprise Payment Award in Taiwan" by The Asset, the "2020 Digital Innovation Award" from the Information Service Industry Association of R.O.C., and the "Best Product Award" from the Republic of China National Enterprise Competitiveness Development Association.



### Management Approach

Digital platforms and mobile services have become a part of life. In response to changes in the way consumers and the financial industry interact, the Group is improving the functions of its financial digital platform based on its business characteristics, optimizing the investment process and customer usage habits through a convenient and fast digital experience, cultivating customer loyalty, and strengthening the Group's digital competitiveness. Yuanta Securities launched the upgraded version of the "Mr. Investor" APP 2.0. This year the total number of APP downloads exceeded 1.87 million, the amount of electronic order transactions exceeded 75% of the total annual transaction amount, the number of users of Yuanta Securities' mock-up platform exceeded 150,000, and the cumulative transaction volume reached NT\$750 billion. Yuanta Bank responded to the competent authorities' promotion of financial technology and innovation, actively participating in the Taiwan Bills Exchange's eFCS payment platform business. This year, Yuanta Bank was awarded the "Financial Industry Collection Service Platform (eFCS) Business Service Award" by the Taiwan Bills Finance Corporation; Yuanta Funds launched the "FundTech" APP, which has been downloaded more than 54,000 times; For Yuanta Futures, 96.6% of trading volume came from electronic trading, all of which demonstrate the significant results the Group has achieved in the area of promoting electronic trading.

In terms of technological innovation, Yuanta Securities obtained 6 patents, Yuanta Bank obtained 12 patents and 1 trademark right, and Yuanta Funds obtained 8 patents and 8 trademark rights this year. In particular, Yuanta Bank obtained a patent for a new type of "fund investment system" and introduced a fund investment system to provide customers with more diversified investment options. In addition to the development of electronic business transactions, the Group has also expanded the scope of mobile payment services to campuses. Yuanta Bank participates in the Mobile Payment Campus Project launched by Information Service Association of Chinese Colleges at the behest of the Ministry of Education, allowing students to access services simply by scanning QR Codes to access campus cash flow services to create a cashless campus. We have worked with nearly 60 colleges and universities and completed more than 150,000 campus payment transactions, significantly enhancing the convenience of life. In the future, the Group will continue to devote our efforts into financial product innovations and services, launch more mobile services, expand our online offerings, build our digital capabilities, and take advantage of cross-industry marketing collaborations to strengthen the Group's digital competitiveness.

#### 4.1.1 Mobile Services Development

##### Major Mobile APPs






APP Name	Primary Service	No. of Times Used
AI Smart Stock Selector — Yuanta Mr. Investor	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. In 2020, a new strategy trading platform was added to provide investors with the opportunity to find trading points, using artificial intelligence technology and big data computing development.	As of the end of this year, the APP was downloaded over 1,870,000 times.
Yuanta Wanshitong	Provides a full range of investment and trading services and to keep abreast of investment information in real time. Launched in March 2020, the "Yuanta Wanshitong APP 2.0" adds such services as voice quick search, storefront market transactions, enhanced online counter operations, online acquisition and deposit, and password replacement.	As of the end of this year, the APP was downloaded over 1,000,000 times.
Yuanta Account Opening	24-hour online account opening service directly identifies ID card information and connects to all bank accounts in Taiwan for easy securities account opening and account opening for handling other business transactions. Unlike most of the industry peer's online account opening services, which only support a single bank, all bank accounts in Taiwan can be used as the designated debit account for settlement.	As of the end of this year, the APP was downloaded over 420,000 times.
Yuanta Futures Wizard	Integrates multiple international exchanges and provides several international futures commodities to facilitate cross-border trading, and provides a variety of personalized settings for real-time reporting of trading situations to meet customers' investment needs.	As of the end of this year, the APP was downloaded 18,570 times.
Yuanta Mobile Banking	Provides services for Taiwan/foreign currency, financial management, insurance, loan, credit card, gold passbook, everyday payments and various notification services, and optimized fund trading service functions. In 2020, we cooperated with Taiwan Pay to launch QR code scanning payment function, added the function for traffic fine payment, and optimized foreign currency service functions to enhance the convenience of order placement and payment.	As of the end of this year, over 1.2 million customers applied.
Yuanta Funds FundTech	Provides functions such as cardless account opening, intelligent investment (daily deduction of fixed amount) and cash enhancement. It is also connected to ETF-AI intelligent investment platform to check investment strategies, so that you can monitor your personal finances anytime and anywhere.	This year the APP was downloaded 18,390 times, cumulating to a total of 54,000 downloads.

**Yuanta's Account Opening APP Received**

- ◆ The Republic of China National Enterprise Competitiveness Development Association's The National Brand Yushan Awards, "National First Place—Best Product Category"
- ◆ Business Next's 2020 FCA Innovative Business Award— "Silver Award in the category of Best Management Innovation"
- ◆ "Mobile Application Security Alliance's" certification for Mobile Application Basic Security

## 4.1.2 Expand Online Services Our Main Online Services

### Main Internet Services Provided

Service Platforms	Primary Services	Achievements in 2020
 Yuanta e-Counter	Yuanta Bank offers e-services, such as online application for digital deposit accounts, trust accounts, home loans, personal credit loans, auto loans, credit cards, and fund order applications. Yuanta Securities provides electronic services like online newsletter/electronic statement subscriptions, e-Passbooks, opening accounts online, online signature, online change of personal information, and password replacement.	173,000 online applications were submitted to apply for services
 Yuanta Bank Personal Internet Banking	Provide online subscription service, providing customers with a 24-hour, all-year-round digital experience. In order to provide foreigner-friendly and international financial services, the English and Chinese versions of Personal Internet Banking were launched this year.	<ul style="list-style-type: none"> <li>◆ Annual growth rate of personal accounts was 17.6%. Annual growth rate of active customers was 10.3%.</li> <li>◆ The number of fund subscription transactions on the online platform increased by 55% over 2019 and the transaction amount increased by 67% over 2019.</li> </ul>
 Yuanta Bank's Corporate Online Banking	Yuanta Bank's corporate online bank includes "cash management", "salary transfer", "import and export trade", and "financing management modules". The English language interface meets the needs of multinational corporations and English-speaking businesspeople.	The number of customers served increased 9.6% over the previous year and transactions increased by 9.3% during the same period.
 Yuanta Funds ETF - AI Investment Platform	The platform provides different target risk portfolios to meet the investment needs of different investors. The platform provides customized investment portfolio simulations to help investors with different risk profiles to make decisions. To date, 15 smart portfolios are available.	<ul style="list-style-type: none"> <li>◆ Average annual return rate of +7.15%, average Sharpe value of 0.73, about 87% positive return rate.</li> <li>◆ Average 3,463 daily visits and 10,915 total members.</li> </ul>
 Yuanta Life Official Website	Display information through images. Building the website towards community-based operation and the introduction of interactive response design to help customers easily find insurance coverage packages that meet their individual needs. The online function to purchase insurance was made available to users this year.	982 people were insured online.

### Electronic Transaction Performance of Each Subsidiary

#### Numbers of Users Successfully Signing Up for New Accounts Online or through The Mobile APPs

This year, the stock market trading was very active and odd-lot stock trading began in October, attracting small investors and young people to open accounts. More than 40% of accounts with Yuanta Securities were opened by individuals under 30 years old and active accounts increased by more than 20%.

This year, Yuanta Bank continued to optimize the UI/UX process and online service functions. Yuanta Funds launched a new version of online account opening function, integrating the online account opening functions for new and existing accounts, significantly increasing the number of account openers. Yuanta Futures continues to optimize its online account opening service, adding mobile account opening service in the third quarter, making the process more real-time and faster, and significantly increasing customer's willingness to open accounts. This year, mobile account openers accounted for over 60% of new accounts opened online.

Company	Year	Annual New Accounts Opened Online	Total Annual New Accounts Opened (online + in person)	Proportion (%)
Yuanta Securities	2018	50	87,756	0.06
	2019	4,225	105,108	4.02
	2020	29,955	233,281	12.84
Yuanta Bank (Note)	2018	135	62,148	0.22
	2019	113	74,597	0.15
	2020	263,755	354,072	0.74
Yuanta Funds	2018	197	905	21.77
	2019	737	1,868	39.45
	2020	2,629	9,173	28.66
Yuanta Futures	2018	1,907	13,304	14.33
	2019	1,883	11,033	17.07
	2020	3,053	17,456	17.49

Note: Accounts opened online in 2018 and 2019 refer to digital savings accounts. The number of new applications for personal Internet banking is included in the 2020 statistics.

### New Accounts Applying for Electronic Statements

This year, Yuanta Futures strove to implement online account opening and added mobile account opening services in the third quarter of 2020. The operational process was improved to speed up operational efficiency. Customers applied for e-statements when they opened their account, simultaneously increasing the number of e-statement subscriptions.

Company	Year	Number of New Personal Savings Accounts Using Electronic Statements	Total Number of New Personal Savings Accounts	Proportion (%)
Yuanta Securities	2018	68,696	87,756	78.28
	2019	89,041	105,307	84.55
	2020	189,276	231,984	81.59
Yuanta Bank (Note)	2018	75,692	103,579	73.00
	2019	108,837	129,792	84.00
	2020	185,455	208,342	89.00

Note: Regularly monitor the program's implementation and relevant figures are evaluated during each branch's administrative assessment.

Company	Year	Number of Newly Issued Credit Cards Using Electronic Statements	Total Number of Newly Issued Credit Cards	Proportion (%)
Yuanta Bank (Note)	2018	70,060	284,401	25.00
	2019	39,825	70,512	56.00
	2020	24,052	40,205	60.00

Note:

1. Number of newly issued credit cards with electronic statements: sum of the number of newly issued credit cards (primary cardholder) for each month that requested electronic statements over the year.  
2. 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 (reissued cards or new cards on an existing credit account not included).

Company	Year	Number of New Accounts Using Electronic Statements	Total Number of New Accounts	Proportion (%)
Yuanta Funds	2018	666	905	73.59
	2019	1,416	1,868	75.80
	2020	4,322	9,173	47.17

Company	Year	Number of New Accounts Using Electronic Statements	Total Number of New Accounts	Proportion (%)
Yuanta Futures	2018	11,666	13,304	87.69
	2019	10,019	11,033	90.80
	2020	16,269	17,456	93.20

### Electronic Order Placement

As part of its Finance 3.0 plan, the Financial Supervisory Committee is aiming for 70% of securities orders to be performed digitally this year. In response, Yuanta Securities actively promotes electronic order placement services (online, mobile, or interactive voice response). This year, the transaction value of orders placed electronically accounted for over 75.26% of total annual transactions.

Unit: NT\$ thousand

Year	Total Amount of Electronic Transactions	Total Annual Transactions	Proportion (%)
2018	5,934,173,606	9,142,280,794	64.91
2019	5,668,267,681	8,311,902,200	68.19
2020	11,358,476,670	15,092,193,835	75.26

## 4.1.3 Strengthen Digital Capabilities

### AI Technology Application

Yuanta Securities launched the "Strategy Trading Platform" for novice investors who want to participate in the stock market but don't have time to keep an eye on the market or don't know how to find quality stocks. It provides dozens of stock investment packaged strategies, so that investors can select strategies according to their preferences and screen for stocks that suit them. The program has received 4 patents from the Intellectual Property Office of the Ministry of Economic Affairs, and has been used by over 50,000 people, generating NT\$1.9 trillion in sales.



### 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”. Corporate 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. This year, 160 corporate customers have authorized blockchain external confirmation. Through the end of 2020, the system has replied to 2,142 external confirmations and 2,062 industry authorizations.

### Application of Patented Technology

Yuanta Securities obtained 6 patents, Yuanta Bank obtained 12 patents and 1 trademark right, and Yuanta Funds obtained 8 patents and 8 trademark rights. Yuanta Bank, in particular, was approved by the Intellectual Property Office of the Ministry of Economic Affairs to use the trademark right of “Enjoy Learning”. This year, Yuanta Bank's campus cash flow solution was recognized with several awards from domestic and international organizations. The solution in conjunction with the promotion of the “Enjoy Learning” trademark complements each other and supports the enhancement of the overall brand image. In January 2021, Yuanta Bank received approval from the Intellectual Property Office of the Ministry of Economic Affairs for the trademark right of “Diamond Plus” and proceeded to promote the overall image of the “Five-Year Plan for the Development of Emerging Technology Applications”.

### Five-Year Plan for the Development of Emerging Technology Applications

Yuanta Bank is fully committed to the development of digital finance and launched the “Five-Year Plan for the Development of Emerging Technology Applications” this year, setting four main pillars of digital services, including business mobile platforms, robot process automation, network infrastructure and cloud applications, with an investment scale of nearly NT\$100 million.

#### ◆ Digital Services

Yuanta Bank expects to optimize the process of online application, Internet banking, mobile banking, and other digital platforms, improve customers' digital experience and develop situational finance based on the patents obtained for financial technology innovations in digital accounts, wealth management, loan services, lifestyle applications and digital money flow.

#### ◆ Business Mobile Platforms

By integrating mobile banking, mobile insurance, related trial calculations and financial product information into the sales platform, customers can get immediate and professional answers to their questions, and frontline sales staff can recommend suitable products according to their needs through mobile devices, to take advantage of the opportunities of each channel and increase transaction opportunities.

#### ◆ Robot Process Automation

To create a smart future, we have introduced robotic process automation to automate the routine tasks and procedures that users often do through process robots, to improve operational efficiency and reduce human error rates through human-machine collaboration, and to quickly respond to customer needs and optimize operational processes.

#### ◆ Network Infrastructure and Cloud Applications

The development of new technologies must be built upon a stable network environment. Yuanta Bank will adopt a new generation of network architecture to support the demands of financial technology to perform at top speed. In addition, through the cloudization of hardware and software, Yuanta Bank will save the time and management cost for the establishment and lay the foundation for the cloud application of business.

### Digital Transformation Development Plan

In order to accelerate overall digital development and transformation and enhance fair customer service measures, Yuanta Bank implemented the “Digital Transformation Plan” this year, which is divided into three major areas for overall planning and is expected to achieve four major results, including “fair customer service”, “digital innovation”, “virtual-reality integration” and “customer experience”.

#### ◆ Customer Experience

Annual digital customer satisfaction surveys are conducted to analyze data and collect customer suggestions as well as to take care of customer relationship maintenance management benefits. This year, we conducted a digital customer satisfaction survey and received an overall average satisfaction rating of 4.11 out of 5.

#### ◆ Digital Seed Program

The Bank has designated people, who perform as digital seeds, receiving regular training on digital finance, serve as digital teachers in their units and assist in the daily handling of customers' and colleagues' problems. 23 training sessions for digital seeds were held this year.

#### ◆ Digital Power Innovation Competition

To encourage employees to make innovative proposals, a digital power innovation proposal competition was held, with scoring mainly focused on the feasibility and real benefits of the proposal. Senior executives served as judges. Awarded cases are to be prioritized in the development schedule. The first proposal review process began this year. The results of the selection process were announced in January 2021.

### Insur Tech

Yuanta Life cooperated with the Life Insurance Association to promote the “Insurance/Claims Alliance Chain”, which was implemented on a trial basis this year and officially in 2021. The main content is shown on the online platform established by the Life Insurance Association of the Republic of China. If a customer's policies are with more than two insurance companies, as long as the insurance companies of the policies are participating in the “insurance/claims alliance chain” trial program, the customer only needs to submit an application for contract change or claim at one insurance company, and the other participating insurance companies will be notified to activate the claims or insurance services,

thereby achieving the outcome of “one application, common documents” and enhancing the convenience of insurance services.

The alliance chain helps to speed up the processing of easy policy changes and claims filing services for policyholders and enhance the service experience of policyholders. Through the Life Insurance Association's promotion of the electronic insurance policy and certificate deposit platform, the implementation of electronic policies not only saves energy and reduces carbon emissions, but also increases policy security due to blockchain technology. As of February 28, 2021, Yuanta Life served as the one-stop window for 49 claims and the one-stop window for the conservation of policies (i.e., a service where a policyholder submits a change of personal information to an insurance company) for 128 cases.




## 4.1.4 Cross-Industry Marketing Collaborations

### Open Banking

In line with the FSC's continuous promotion of financial technology development and the phased promotion of Open Banking practices, Yuanta Bank officially launched the first phase of its “Open Data Inquiry” service in October 2019. It was among the first banks to provide this service. This year, some 800,000 third-party industry data inquiries were made in the first phase of the cooperative “public information inquiry”, indicating the promising future development of the market.

This year, we entered the second phase of “Consumer Information Inquiry”, which allows consumers to directly access Yuanta Bank's foreign currency deposit balances and transaction details and other complete billing information through Open API technology after completing bank authentication and confirming the scope of authorization, effectively integrating customer information applications. The APP can effectively integrate customer information applications and link up with Taiwan's centralized depository and clearing house to move toward open finance. Yuanta Bank's application for the second phase of open banking was approved by competent authorities this year, and the service will be officially launched in 2021 after the completion of system testing by both parties.

### Electronic Payment Cooperation

Products / Services	Target Users	Description
 Campus Payment Services	Students / Parents	Yuanta Bank provides a convenient miscellaneous fee collection service platform and offers administrative fee collection without the need to download additional APPs or use specific wallets. You can use a variety of payment tools to make payments to solve the risk of cash payment receipts and payments for students. The electronic record keeping can further encourage the cultivation of the habits of financial management and bookkeeping. This year, we worked with nearly 60 colleges and universities to complete more than 150,000 campus payment operations, creating a cashless campus life.  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 bills or 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. Recently, we offered public high schools and junior high schools in some counties and cities the opportunity to pay miscellaneous fees by direct debit from Yuanta accounts and the benefit of no handling fees. More than 2,000 payment transactions were completed this year with over NT\$1.6 million in payments.
 Mobile Payment	Rural/Small Scale Shops	This year, we will introduce LINE Pay Money, Taiwan PAY and other account binding services, so that rural stores and night market vendors who use a lot of cash can pay through convenient electronic payment tools and simplify the collection mechanism. In addition to expanding the income source of active merchants, it can also reduce the risk and management process of cash transactions. This year, transactions exceeded 20,000, with a transaction amount of more than NT\$130 million.
 Internet Banking, Mobile Banking Services	People in Remote Areas	<ul style="list-style-type: none"> <li>◆ Online Application Service Yuanta Bank continued to enhance the customer experience by providing online application services. This year saw 173,000 online applications and the continual increase in the number of customers using Internet banking and mobile banking. By the end of this year, the annual growth rate of Internet banking personal accounts was 17.6% and the annual growth rate of active customers was 10.3%.</li> <li>◆ This year, we worked with Taiwan Mobile Payment to launch the Yuanta Bank credit card binding service to make payments at Taiwan Pay-supported stores by scanning and sensor-based transactions, increasing the convenience of consumer payments for customers. This year, there were over 8,200 Host Card Emulation (HCE) cards in circulation, with over 5,700 transactions and over NT\$5.1 million in transaction value.</li> </ul>



**Awards Received by Yuanta Bank for Digital Financial Products and Innovative Services**

- ◆ Awarded the "Best Corporate Payment Project in Taiwan" by The Asset, an international professional finance magazine.
- ◆ Received the "eFCS Business Service Award" from the Taiwan Bills Finance Corporation.
- ◆ Awarded the "2020 Digital Innovation Awards - 2nd Place in the Financial Technology Category" by the Information Service Industry Association of the R.O.C.

### Cross-Border Payment Services

Yuanta Bank was one of the first financial institutions in the market to offer cross-border payment services. We launched the “cross-border remittance agency business” to provide deposit customers with diversified payment methods such as preferential handling fees on overseas shopping platforms. Yuanta Bank works with Alipay to offer customers the ability to make and receive cross-border payments simply and easily, resulting in much lower fees than traditional cash transactions between different currencies. The cumulative transaction amount this year was about \$NT1 million.

### Utilization of Digital Technology in Marketing

Yuanta Bank held three interactive experience events entitled “Digital Life, Imagine the Future”, inviting new and innovative technology industry players to interact and share with teachers and students at colleges and universities and to showcase their equipment up close and personal, turning the Syntrend Creative Park into digital and futuristic spaces and expanding the scenes of daily applications of digital life. Through the new experience brought by financial technology, teachers can lead students to experience practical applications and go beyond the norms of textbooks and through interaction, sharing, exploration, learning, and creation. The events brought the people to construct a connection between technology, culture and life. 468,000 people attended the events.

## 4.2 Sustainable Finance

This year, the European Union proposed the European green deal investment plan, which is expected to invest at least €1 trillion over the next decade in public and private investment needed for a climate neutral and inclusive economic transition. In addition to government input, the assistance of financial institutions will play a key role in providing long-term and stable funding for sustainable technology industries and building a low-carbon and climate-resilient circular economy. The Group attaches importance to sustainable financial development and is in line with the international trend of formulating sustainable financial standards. It gradually incorporates ESG considerations in credit granting, investment and development of financial products and services, and combines the business expertise of each subsidiary to provide diversified financial services to support the development of enterprises with sustainable concepts. We use our influence as a provider and manager of capital to channel capital to sustainable industries and expand the impact of sustainable finance.

### 2020 Yuanta Funds Forums

#### 2020 Taiwan Economic Investment Trends Forum - New Economic Wave, New Investment Thinking Forum

Yuanta Funds cooperated with Business Today to share trends in the Taiwan stock market and fund market and to provide investors with trends in Taiwan's industrial development and investment opportunities. In light of the excellent performance of Taiwan stocks over the past 10 years, we promoted the advantages of investing in Taiwan stocks, provided investors with different investment ideas, and shared new investment perspectives.

We introduced the “Yuanta Taiwan High Dividend Quality Leader Fund”, which is a high dividend and a quality leader fund that allows investors to pursue both “high growth” and “high dividend” at the same time, providing investors with more protection for their financial planning for retirement through the introduction of AI in all aspects of management.

#### Envisioning 5G+ETF Global Landscape Forum

Yuanta Funds and Wealth Magazine partnered to help investors keep abreast of the new Internet economy arising from the application of new technologies, such as communication technology, in the post-epidemic era. In the nascent stage of the 5G trend, Yuanta Funds educates investors to build a complete investment strategy and leverage the best investment opportunities during the growth period of 5G. Yuanta Global NexGen Communication Innovative Technology ETF, recently issued by Yuanta Funds in Taiwan, tracks 100% of the STOXX Global NexGen Communication Innovative Technology Index, providing investors with an emerging portfolio that allows them to keep tabs on key growth companies in the early stages of 5G infrastructure and to enter the 5G industry ahead of others.



### Management Approach

In order to support international initiatives and respond to the government's “Green Finance Action Plan 2.0”, Yuanta Bank officially signed the Equator Principles in October 2020 and will set up relevant operating rules and pilot process mechanisms in the coming year to optimize the credit granting process, include project financing and related business in the review of the applicability of the Equator Principles, set up an environmental and social risk group for cases where the Equator Principles are applicable, conduct environmental and social risk classification, and review risk assessment reports. In addition, we will conduct environmental and social risk classification, review the risk assessment report and integrate the review process into the original credit granting process.

Each subsidiary incorporates ESG evaluation factors in its internal investment practices and asset management procedures in accordance with its business characteristics to control the social and environmental risks of its investment portfolio, foster the development of enterprises with sustainable concepts, and expand the influence of sustainable finance.

In order to establish ESG communication channels with customers, Yuanta Securities issued ETNs based on the Taiwan Electric Vehicle Industry Chain Representative Return Index this year and added corporate governance evaluation results and ESG concept stock services to the Mr. Investor APP, adding “Top 20% of listed/over-the-counter corporate governance evaluation” and “Taiwan ESG constituent stocks” labels to help investors select ESG-performing companies. Yuanta Funds cooperates with external fund rating agencies to evaluate the sustainability of fund products and mark them on the investment platform. In addition, 100% of active funds are subject to the Sustainable Finance Guidelines, implementing the environmental and social risk assessment of financial products and exerting sustainable influence.

### 4.2.1 Sustainable Finance Guidelines

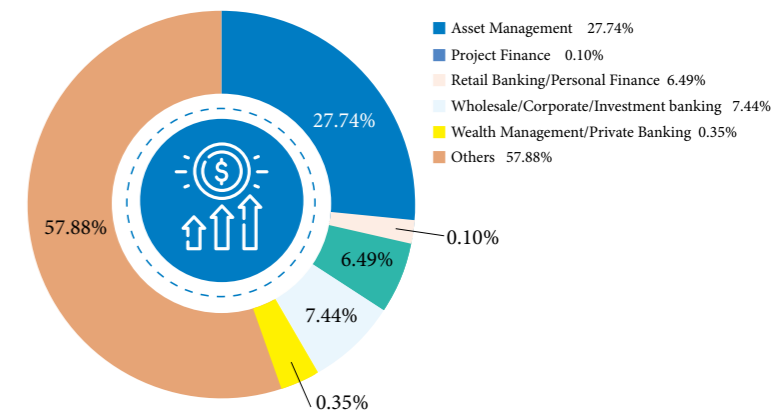
In 2019, the Company established “Sustainable Finance Guidelines” to establish a green policy for investment and financing at the financial holding company level. Through a principled framework and guidelines, the Company incorporated ESG factors into its daily operations and decision making, established a list of industries to be actively supported, standardized the list of companies to be avoided, strengthened due diligence and prudent evaluation of ESG high-risk targets, and guided companies to pay attention to governance, environmental, and social risks and to fulfill their responsibilities as global citizens.

The Sustainable Finance Guidelines is used as a standard for our subsidiaries to implement criteria for sustainable lending and investment. We follow the rules to implement sustainability into our business planning and operations. This year, all subsidiaries have completed the review and revision of relevant regulations, extending the spirit of sustainability to products and leading customers to develop sustainable benefits.

In order to further strengthen the ESG screening mechanism in the Group's investment and lending business, the Company set the “Industry-Specific Environmental and Social Risk Management

Rules” this year stipulating that when performing business with companies engaged in environmental and socially risky industries, such as steel manufacturing, semiconductor manufacturing and plastic material manufacturing, case processors are to fill out the “Industry-Specific Environmental and Social Risk Management Checklist” applicable to their subsidiary to understand the social and environmental risk management measures of the business counterparties, examine the potential social and environmental risk impact of the customers and their ability to adjust to environmental and social risks, and ensure risk control of the transactions.

#### Revenue share by business

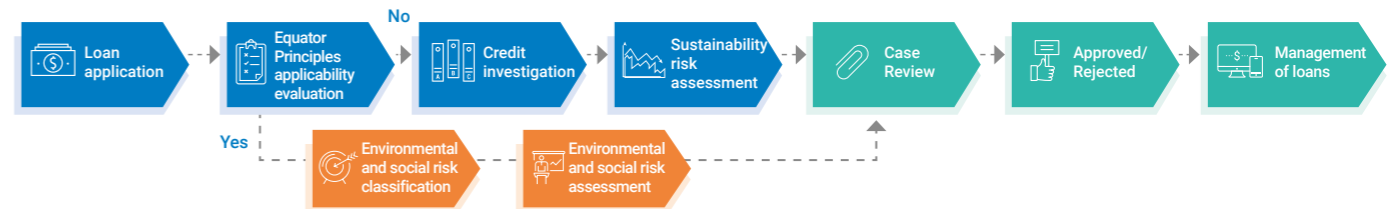


### 4.2.2 Corporate Finance Business

#### Responsible Financing

In the spirit of “Sustainable Finance Guidelines”, Yuanta Bank adjusts its business practices and internal processes to implement the spirit of Responsible Financing into credit business planning, manage potential environmental and social risks in credit cases, and support enterprises that promote sustainable social development.

#### Responsible financing flowchart (including Equator Principles)



#### Environmental and Social Risk Assessment and Screening Process

In order to implement sustainable financial risk management, Yuanta Bank follows the “Sustainable Finance Guidelines” and incorporates sustainable financial risk management into the credit business review and decision making process, stipulating that credit business should carefully assess whether there are potential risks of environmental and social hazards in the counterparty or transaction content, and conduct KYC process to understand the reputation, business content, financial status, management capability and regulatory compliance of the credit counterparty to ensure risk control. In the case of controversial enterprises or enterprises with sensitive environmental and social issues, we are to strengthen due diligence, consult with experts when necessary, and keep an eye on the dynamics of the use of funds after contracting and funding as well as the implementation of the corporate social responsibility of the trailing side, in order to avoid significant negative impact on the environment and society. The total amount submitted and approved by Yuanta Bank this year was NT\$7.9 billion and the amount of credit evaluated by the industry-specific environmental and social risk management rules was NT\$112 million.

#### Processes and Methods to Ensure Customer Compliance with Relevant Agreements

When accepting credit from customers, business unit staff must explain Yuanta's ESG-related policies to ensure compliance with Taiwan's environmental laws and regulations and international standards. Customers are expected to recognize and support the basic principles of international conventions such as “the United Nations Universal Declaration of Human Rights”, “the United Nations Global Compact (UNGC)” and “the International Labor Convention”, to promote a healthy workplace and the protection of human rights, and to reduce the possibility of high exposure to social and environmental issues.

In order to enhance communication with customers, Yuanta Bank has included in the credit application form a statement of support for the United Nations' sustainable development goals, in the hope that applicants to join hands with the Bank to fulfill their social responsibilities. While pursuing business development and profitability, the Bank also pays attention to environmental protection, social welfare and corporate governance issues, supports green industries and low carbon transformation, advocates human rights protection and is committed to social welfare. Applicants are urged to avoid any significant negative impact on the environment and society when applying for loans from the Bank. In case of significant negative impact on the environment and society, the applicant is to cooperate with the competent authorities to make improvements within the deadline and provide the Bank with the improvement information for follow-up review.

In addition, in order to maintain credit security, the Company conducts reviews and follow-up examinations after a loan is disbursed to see whether the creditors properly utilize the loan in accordance with the original loan plan and fulfill the contractual requirements and other agreements. For major credit case where it is needed, an additional on-site review will be conducted. In addition to reviewing the operating activities and financial changes of the credit recipients, we also pay attention to the fulfillment of their corporate social responsibility. This year, we did not have any credit customers who violated environmental protection or human rights issues and had their financing suspended.

## Project Financing

### ◆ Project Financing Process

In addition to credit risk auditing, credit operation also includes the reviewing the items stipulated in the Sustainable Finance Guidelines to examine the potential ESG risks of creditors, and in accordance with the regulations of “management points for handling project financing”, the Company follows the due diligence process, conducts feasibility and risk assessment on the financial, legal, insurance and technical aspects of the project, implements the post-loan management mechanism, tracks the progress of the implementation of each project plan, and enhances review operation. If negative news or abnormal issues (e.g., food safety, fire, environmental protection dispute, etc.) regarding the borrower and its management occur during the term of the credit line, we will carefully evaluate the impact on the credit rights and through regular visits, ascertain the actual financial status of the borrower and review the reasonableness and authenticity of the transaction documents and the flow of funds.

If necessary, an external expert (e.g., lawyer, accountant, etc.), professional consultant or third-party testing organization will be appointed to issue an evaluation report. After careful evaluation of the reasonableness of the report, the evaluation report may be adopted as the Bank's feasibility and risk assessment report, or as amended at the Bank's discretion based on the results of its own evaluation. 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 collaterally, increasing interest rates, freezing credit, recovering the balance, or negotiating repayment) and the relevant business units will be notified through the early warning system. In 2020, there were 3 project financing cases, 1 of which was rejected because of the long credit period and higher risk. The other 2 cases which were approved for financing are listed as follows:

Project Name	Risk Rating	Project Description	Country	Project Financing Scale	Independent Third Party Review
A	Low	Civil construction financing	Taiwan	NT\$6 billion	Yes
B	Low	Acquisition of shares	Vietnam	US\$16,668,000	Yes

### ◆ Equator Principles

In October 2020, Yuanta Bank signed the Equator Principles and became a member bank of the Equator Principles Association. In November of the same year, Yuanta Bank completed the formulation of the “Guidelines for Managing Equator Principles Financing Cases” and related operational procedures. The “Task Force on Environmental and Social Risk” was established to evaluate, review, and monitor the environmental and social risks of credit cases, to appropriately reduce the environmental and social impacts of potential cases, and to encourage customers to pay attention to environmental protection and social responsibility.

In order to familiarize all units with the mechanism and new forms related to the Equator Principles and to fully implement the Equator Principles policy, Yuanta Bank held 2 large-scale educational training sessions this year and invited outside consultants to conduct educational training courses for environmental and social risk teams, audit units and business units to deepen the knowledge and understanding of our staff on environmental and social risks.

When providing customer credit or related financial advisory services, business units are required to confirm whether the Equator Principles are applied in their dealings. If applicable conditions are met and the case is evaluated as a medium to high environmental and social risk case, the grantor shall be required to commission an independent third party to perform the environmental and social risk assessment and issue an assessment report as a reference basis for the environmental and social risk assessment of the case. If post-loan monitoring conditions are included in the evaluation report, borrowers are to be required to regularly commission independent third-party organizations to perform environmental and social risk monitoring and issue reports. If the borrowers are found to be unable to meet the post-loan monitoring criteria for environmental and social risks, we will propose that they provide an environmental and social risk-related improvement plan to ensure compliance with the Equator Principles and to raise the awareness of environmental protection and social responsibility among our customers.

## Responsible Lending Products and Services

### ◆ Corporate Finance Credit Business

In response to Taiwan 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 and the renewable energy power generation industry, providing the funds needed to assist the development of Taiwan's low-carbon industry. In the area of social development, we also provide healthcare and education-related financing programs to support the transformation of the sustainable economy.

Unit : NTS thousand

Areas of Credit	2019			2020		
	Loan Amount (Note)	Total Credit Amount	Proportion of Total Credit (%)	Loan Amount (Note)	Total Credit Amount	Proportion of Total Credit (%)
“Five plus Two” Innovative Industry Policy	155,480,209		40.55	137,984,148		36.90
Sustainability-related Industry Financing	1,014,842		0.26	962,418		0.26
Mass Transit	4,929,888	383,455,276	1.29	3,987,356	373,896,093	1.07
Education and Healthcare Financing	3,965,500		1.03	3,874,680		1.04
Total	165,390,439		43.13	146,808,601		39.26

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\$8.2 billion in infrastructure loans in 2019. These loans promote local construction and support enterprises moving towards low-carbon development to create low-carbon cities.

Unit : NTS thousand

Types of Infrastructure Loans	2019			2020		
	Loan Amount (Note)	Total Credit Amount	Proportion of Total Credit (%)	Loan Amount (Note)	Total Credit Amount	Proportion of Total Credit (%)
Solar Power Infrastructure Financing	1,188,025		0.31	580,074		0.16
Sewage Treatment Infrastructure Financing	126,987		0.03	178,987		0.05
Recycling and Waste Disposal Infrastructure Financing	74,550		0.02	203,358		0.05
Education and Healthcare	3,965,500	383,455,276	1.03	3,874,680	373,896,093	1.04
Transportation and Telecommunications Infrastructure Financing	1,393,123		0.36	1,425,510		0.38
Low Carbon Building Infrastructure Financing	2,509,215		0.65	2,024,975		0.54
Total	9,257,400		2.41	8,287,583		2.22

Notes:

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

2. The difference between 2020 and 2019 is mainly due to the decrease in credit amounts for solar power infrastructure and environmental recycling waste treatment infrastructure due to the natural repayment of the lines of credit when they expire.

## Underwriting Services

Yuanta Securities is responsible for the business development and client relationship maintenance of domestic listing/over-the-counter (OTC) and first listing of overseas companies by front-end case managers as well as domestic and overseas capital raising and financial management services for listed companies.

In order to implement the spirit of responsible investment, Yuanta Securities amended the “Principles for Responsible Investment Decision Making” in September 2020. Decisions for underwriting on firm commitment basis are to be based on the Principles for Responsible Investment (PRI) and its spirit. As the lead underwriter, cases are evaluated for their ESG compliance according to the “responsible investment checklist. If the clients belong to specific environmental and social high-risk industries, they are required to fill out the “Industry-specific Environmental and Social Risk Management Assessment Form” to perform ESG-related auditing procedures, and the sale of underwriting parts must be approved by the department head of the Investment Banking Department.

The ESG review criteria were developed by Yuanta Securities staff based on Bloomberg ESG score indicators, relevant domestic and international ESG ETF constituent stocks or sustainability index constituent stocks, Market Observation Post System, Ministry of Labor, Taiwan Stock Exchange - Corporate Governance Center, DJSI constituent stocks, and MSCI constituent stocks.

## ESG Theme Consultation Services

The investment banking division of Yuanta Securities is actively enhancing its business related to the provision of IPO, SPO, capital increase and issuance of convertible bonds for environment-friendly industries, social welfare industries and other sustainability-related industries, etc. The proportion of business related to the provision of consulting services for environment-friendly, social welfare and sustainability-related industries increased by 21% compared to 2019.

Unit : NTS thousand

Type	2019			2020		
	Sustainability Consulting IPO/SPO Value (Note)	Total Consulting Service Value	Proportion of Total Consulting Service Value (%)	Sustainability Consulting IPO/SPO Value (Note)	Total Consulting Service Value	Proportion of Total Consulting Service Value (%)
“Five plus Two” Innovative Industry Policy	13,134,233		53.01	5,397,394		64.68
Sustainability-Related Industry Financing	221,270	24,778,296	0.89	843,315	8,344,289	10.11
Total	13,355,503		53.90	6,240,709		74.79

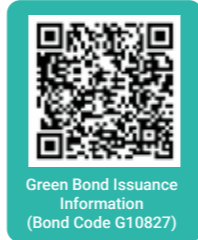
Note: Total consulting service value is defined as the underwritten amount.

## Green Bonds

### ◆ Issuing of Green Bonds

Based on the policy of socially responsible investment and promoting sustainable development, Yuanta Bank issued green bonds on April 29, 2021 to be mainly used for the construction of the head office's green building. In view of the increased risk of climate change brought about by the recent extreme weather, Yuanta Bank's head office building was designed from the beginning with the goal of obtaining the Taiwan Green Building Label (EEWH) Diamond certification, using low-emissivity double-pane glass, LED lighting, variable frequency central air-conditioning, water-saving labeled sanitary appliances, carbon dioxide detection equipment, rainwater recycling system, and other building energy-saving recycling systems.

In conjunction with the capital requirements for the construction of the head office's green building, we are issuing NT\$500 million in green bonds in 2021 to achieve five energy-saving and carbon-reducing benefits, including TCO2 fixation, daily energy saving, water resource saving, water resource source generation, resource recycling, and dismantling and recycling of scrap steel, with an overall carbon-reducing benefit of 53%, promoting the environmental benefits of symbiosis between buildings and the environment and sustainable operation. (For the actual carbon reduction benefits, please refer to the Green Investment Plan).



In the future, Yuanta Bank will continue to promote green building improvement and renovation of old branch buildings throughout Taiwan in order to obtain the EEWH label certification and plans to use other green fundraising projects, providing financing for corporate sustainable projects, in order to support the growth of sustainable industries through practical actions.

◆ Underwriting Green Bonds

In 2020, Yuanta Securities assisted in the underwriting of green bonds, participating in eight green bonds of Taipower, Wolsu and TSMC and one Sustainable Development Bond of Far Eastern New Century, totaling NT\$8.07 billion. The capital from the issuance of these bonds are to be used for renewable energy and energy technology, energy efficiency and energy conservation, greenhouse gas reduction, and other green energy-related industrial applications, and social benefits to support affordable housing and enhance social and economic development and rights protection. In the future, the Group will continue to take practical actions to help green energy technology and enterprises that care for the welfare of society and people.

Unit : NT\$ thousand

Type	2019			2020		
	Green Bonds Value	Total Value of Underwritten Bonds	Proportion of Total Underwritten Bond Value (%)	Green Bonds Value	Total Value of Underwritten Bonds	Proportion of Total Underwritten Bond Value (%)
Green Bonds	7,236,000			7,370,000		4.54
Sustainability Bonds	-	100,250,000	7.22	700,000	162,300,000	0.43
Total	7,236,000		7.22	8,070,000		4.97

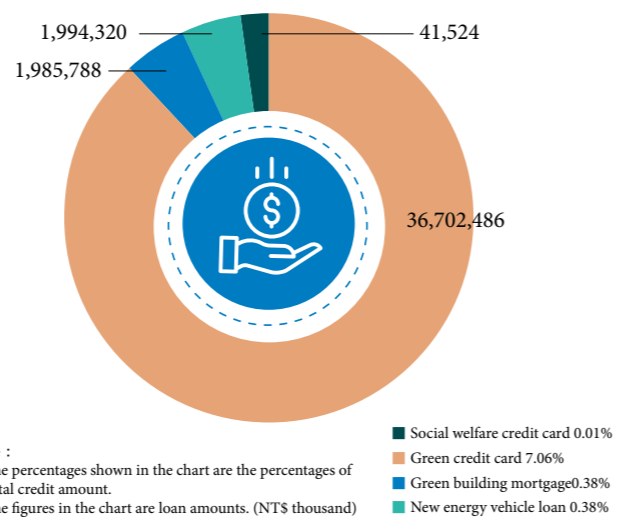
4.2.3 Personal Finance

Responsible Financing

In order to control the ESG risk of personal loans, Yuanta Bank conducts necessary inquiries into the financial and credit status of its customers. If the client is found to be a terrorist or terrorist group to economic sanctions or investigation, or a person, legal entity or group designated for sanctions under the Counter-Terrorism Financing Act, debt protection measures will be implemented. In providing personal lending products, Yuanta Bank maintains a professional approach to credit, carefully evaluating the customer's creditworthiness, capital needs, financial capacity, and collateral value to grant the appropriate credit limit. In the process of evaluating ESG-related risks and opportunities, all cases are subject to customer credit interviews and collateral checks in order to fully understand the customer's financial ability and collateral status.

In addition, to promote customer support of green products and to increase ESG interactions with customers, Yuanta Bank invites customers to respond to green consumption and cultivate sustainable living habits on their credit card bills. 468,287 credit card bills were sent to customers this year, accounting for 40.3% of all personal finance customers. In addition, in order to encourage customers to purchase low-carbon products such as green buildings and hybrid vehicles, Yuanta Bank cooperated with new energy vehicle dealers in 2020 to provide a fee-free promotion to encourage the public to purchase new energy vehicles, overall car loan amount accounted for about 15% of the total credit. In 2020, the loan amount of sustainable

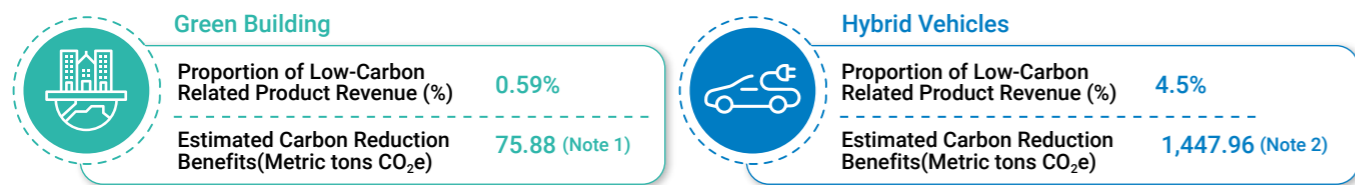
Sustainable Goods and Services - Personal Finance



Note :  
1. The percentages shown in the chart are the percentages of total credit amount.  
2. The figures in the chart are loan amounts. (NT\$ thousand)

credit services was approximately \$40.7 billion, and the total loan amount was approximately \$520 billion, accounting for 7.8% of the total loan amount.

Green Building/Hybrid Vehicle Loan Estimated Carbon Reduction Benefits

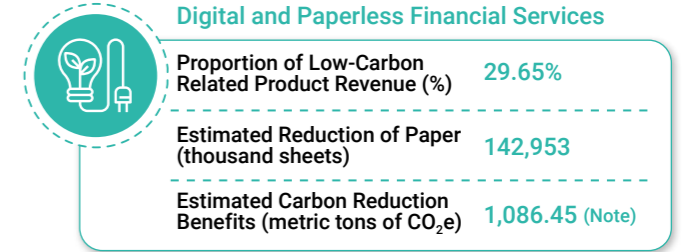


Note:  
1. Estimated carbon reduction benefits of green building loans: Carbon reduction benefits in 2020 is estimated based on the average monthly electricity consumption of 303 kWh per household announced by the Bureau of Energy and the statistics of the Ministry of the Interior which showed the average energy consumption of green buildings is 20% less than that of conventional buildings, in conjunction with the number of green building loans granted by the Company.  
2. Estimated carbon reduction benefits of hybrid vehicle loans: Based on Hotai Motor's statistics that each hybrid vehicle can reduce on average 10.6 tons of CO<sub>2</sub>e emissions per 100,000 kilometers driven and assuming that each vehicle is driven 10,000 kilometers a year on average, the carbon reduction benefits in 2020 are estimated using the number of hybrid vehicle loans granted by the Company.

Going Paperless Promotes Green Living

◆ Paperless Measures and Services

The Group has been using digital functions, such as statement subscription, online passbook application, and online account opening to enhance the convenience of its services and actively promotes the use of digital channels for account inquiries, transactions, and various applications and signatures through branch counter guidance, digital marketing activities, and digital platform process renovation to achieve the goal of paperless energy conservation and carbon reduction. This year, Yuanta Bank customers saved a total of 96 million sheets of A4 paper through online applications, contributing to resource conservation and reducing overall energy use, enabling customers to enjoy time-saving and convenient digital financial services, while reducing physical paper operations and transport-related energy consumption associated with paper bills.



Note: The average number of sheets sent for each service x the total number of transactions x carbon emission of one sheet of paper



- Automation of The Research Report Output Platform**  
Developing an automated research report generation platform provides analysts, research assistants and supervisors to review research reports between them, reducing the need for paper-based reports.
- Paperless Conferences and Courses**  
Yuanta Funds' registration system introduced digital registration, QR Code scanning and digital handouts to achieve the goal of paperless energy saving and carbon reduction and to reduce energy consumption.
- Digitalization of Counter Services**  
In recent years, the Group has been promoting digital services, providing e-functional services such as online e-statement/e-statement subscription, e-passbook application, online account opening, online signature, password replacement, online insurance/mobile insurance, online tax filing of financial certificates, etc. to enhance the convenience of services and reduce transportation and energy consumption arising from physical operations or mailing paper bills, thus reducing resource conservation and overall energy usage.
- Digitalization of Product Fliers**  
E-fliers for various insurance products are available on the channel service platform and the official website for sales staff and customers to download or send by email to reduce the use of paper.
- Credit card Carbon Footprint Certification**  
In 2021, we plan to conduct a credit card carbon footprint life cycle inventory and expect to complete ISO14067 certification in the same year to obtain the carbon label and carbon reduction label from the Environmental Protection Administration of the Executive Yuan and plan further carbon reduction plans accordingly to share the concept of sustainability with our customers through our products.

Responsible Products and Services

The Group integrates its core financial businesses and conducts assessments in accordance with Sustainable Finance Guidelines when developing products and services to manage potential ESG risks that may arise during product development and implementation, and establishes interactive communication channels with customers. Items with ESG spirit are highlighted using easy-to-understand language on investment platforms or relevant sales documents. We encourage our clients to support companies engaged in sustainable fields such as air pollution prevention and alternative energy by leveraging the influence of financial institutions' products and services, raise awareness of companies in sustainable fields, and work with clients to build a sustainable financial niche.

Encourage Clients to Participate in ESG Investment

We share and mark ESG information on our investment platform or sales documents to increase the exposure and recognition of our products, so that customers can identify financial products that are in line with the spirit of ESG and encourage them to choose and pay attention to the relevant products:

◆ Investment and Sales Platform

Yuanta Securities added "Top 20% of Listed/Counter Corporate Governance Rating" and "Taiwan ESG Constituent Stocks" tags to the Mr. Investment APP this year, adding the function to select stocks with corporate governance rating results and ESG concept.

◆ Sales Promotion Documents

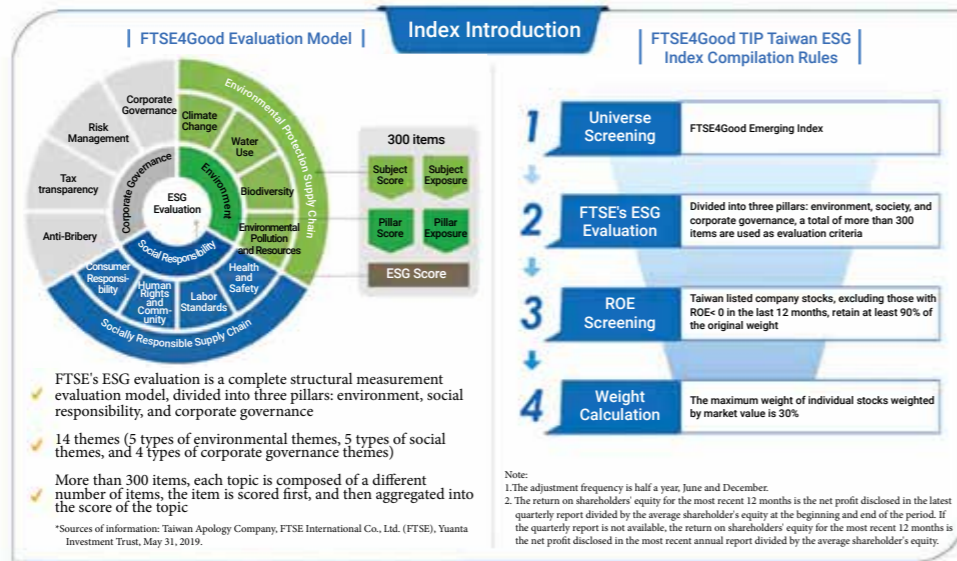
At the end of April 2021, Yuanta Bank added the wording, "Yuanta Commercial Bank has fully integrated environmental, social and corporate governance (ESG) information in accordance with Yuanta Financial Holding Group's Sustainable Finance Guidelines" to the application form for the sale of mutual fund products to express our support for the concept of sustainable finance to our customers.

In the Fund Classroom paragraph of the Yuanta FTSE4Good TIP Taiwan ESG ETF promotional and sales document, Yuanta Funds disclosed that the index selection is based on "FTSE4Good's ESG evaluation model", explaining to investors the ESG evaluation model and how ESG factors are taken into consideration, proactively increasing communication channels with investors, and inviting clients to use fund investments to support sustainable enterprises.



## Further Innovations: Yuanta Funds Introduces Yuanta FTSE4Good TIP Taiwan ESG ETF

The “FTSE4Good TIP Taiwan ESG Index”, jointly compiled by Taiwan Index Plus Corporation and FTSE Russel, is the first domestic investment-oriented index that integrates E (environmental issues), S (social responsibility), G (corporate governance), and financial indicators in its selection. The issuance of this ETF by Yuanta Funds, a pioneer in ETF innovation, symbolizes an important milestone in the promotion of sustainable investment in Taiwan. Yuanta FTSE4Good TIP Taiwan ESG ETF combines international ESG investment trends to meet investors' trading or allocation needs at different times.



### ESG Product Development

This year, the Group's management of sustainable investment products accounted for 30% of the overall business ratio compared with 2019. This year, Yuanta Funds had 14 funds rated by Morningstar, Inc. and received the highest rating of 5 Earths. This shows that Yuanta Funds pays attention to ESG risk management when developing investment products and services, upholds its commitment to provide investment research and products that comply with stewardship principles, and follows its internal responsible investment-related policies. We have implemented ESG integration mechanism to provide clients with accurate and timely products that comply with the spirit of ESG.

This year, Yuanta Funds imported information from the internationally renowned ESG rating database (RepRisk) to establish a set of daily ESG risk assessment logic for investable objects, and combined with the fundamental analysis of the team to evaluate whether the portfolio companies are continuing to develop towards sustainable operations. If an investee company is involved in ESG controversies, Yuanta Funds will hold internal discussions to decide if investment weight of the company should be adjusted and conduct regular review of the fund's overall ESG risks.

### Sustainable Goods and Services - Investment Products

Unit : NTS thousand

Product Type	2019			2020		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
Yuanta Global Utility Fund	706,607		0.10	1,137,421		0.15
ESG Funds	5,872,160		0.87	237,259,282		30.55
Healthcare, Communications, Infrastructure Fund	16,044,742		2.37	16,521,785		2.13
Green Energy Sustainable Warrants	39,846	677,618,653	0.01	85,716	776,716,783	0.01
Other Sustainable Investment Products	372,785		0.06	599,579		0.08
Total	23,036,140		3.40	255,603,783		32.91

### Mutual Fund Products

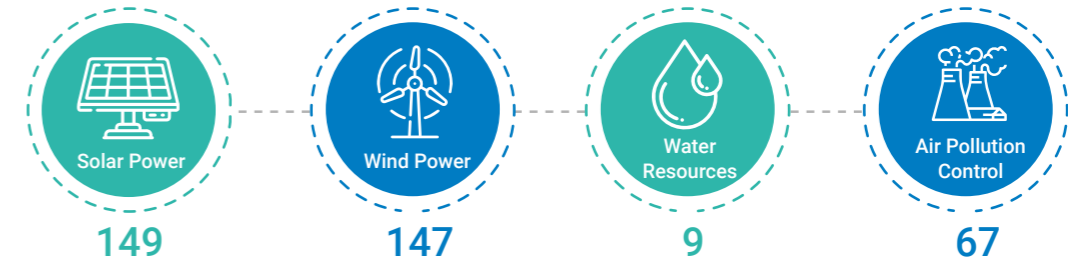
In response to the trend of sustainable investment, Morningstar launched a new sustainable investment index with five ratings using the number of globes as the rating icon. Achieving Five Globe means being in the top 10% of Morningstar's global group for sustainable investment performance. This year, Yuanta Funds had 14 funds with the highest rating of 5 globes, including Yuanta Taiwan High Dividend Quality Leader Fund, Yuanta/P-shares Taiwan Top 50 ETF, Yuanta/P-shares Taiwan Dividend Plus ETF, and Yuanta FTSE4Good TIP Taiwan ESG ETF. The selection of investment targets based on ESG factors can bring the value of both innovation and stable growth, optimize investment allocation for investors, and encourage companies to actively invest in the development of ESG to contribute to stable business performance, so that investors can not only provide capital to support innovative and sustainable industries, but also promote financial institutions to evaluate the ability of companies to control environmental issues, social responsibility, and corporate governance risks, and bring the benefits of sustainable financial co-prosperity into play.

This year, the Yuanta/P-shares Taiwan Top 50 ETF reached NT\$115.895 billion, the Yuanta/P-shares Taiwan Dividend Plus ETF reached \$69.308 billion, and the Yuanta FTSE4Good TIP Taiwan ESG ETF reached NT\$7.836 billion. The rapid growth in size indicates that the concept of sustainable investment is gradually drawing attention in the market, bringing together investors, financial institutions and corporations to promote sustainable and inclusive economic growth.

### Warrant Products

In recent years, the markets have gradually shifted their attention to sustainability issues. Yuanta Securities has responded to this demand by issuing warrants linked to green energy. For the three consecutive years from 2018 to 2020, Yuanta Securities had the highest market share in green energy warrants, at 21.4%, 22.3%, and 21.7%, respectively.

### Numbers of green power related warrants



### Exchange Traded Note (ETN)

To support sustainable industries, Yuanta Securities has developed financial instruments in line with the spirit of ESG. The first ETN product on Taiwan's electric vehicle industry was launched this year. The product is linked to the “Selected Taiwan Electric Vehicle Representative Compensation Index”, which recognizes the dividend-bearing performance of investing in representative companies in Taiwan's listed electric vehicle industry chain. This ETN provides customers with an investment channel to track Taiwan's premium electric vehicle-related enterprises, encouraging customers to pay attention to the development of Taiwan's electric vehicle industry and helping them follow the international trend of attaching importance to the development of the electric vehicle industry. 20,000 ETNs were in circulation this year, with a circulation amount of approximately NT\$100 million.

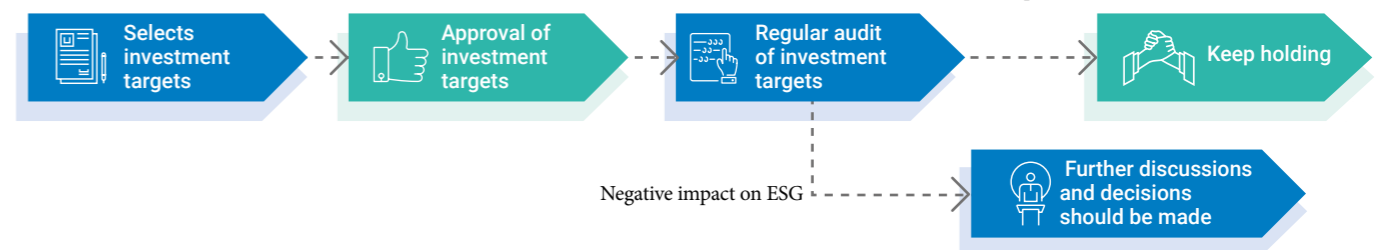
### Wealth Management Products

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 this year, 15 such funds have been included with a commitment of NT\$1.434 billion.

## 4.2.4 Asset Management

### Responsible Investment

#### Responsible investment process



### 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. Each subsidiary has included ESG-related investment screening standards as appropriate for its operations into relevant regulations and established internal mechanisms in the spirit of responsible investing.

Yuanta Bank requires that medium- and long-term investment targets should follow the Company's “Sustainable Finance Guidelines” and “Industry-specific Environmental and Social Risk Management Rules” and reviews are to be conducted before investing. On the last business day of the end of each year, Yuanta Bank shall review the CSR performance of the investees and ask the investees to explain their specific improvement plans if the review results have an adverse impact on ESG to decide if it should continue to keep the investment.

Yuanta Securities selects investment targets in proprietary trading. If the target is a securities investment, the trading staff of the Securities and Investment Department are to fill out an ESG checklist and execute the ESG audit process, and the ESG evaluation report is to be approved by the department head of the Securities and Investment Department before the investment decision is executed. If the underlying is a bond, the bond trader is to fill out an ESG checklist and have it signed by the senior executive of the bond department to ensure the quality of ESG audit operations. The above ESG audit criteria are developed by Yuanta's internal staff who are to stay abreast of Bloomberg ESG index scores, listed companies' websites, exchange websites, CPS website, and Bloomberg platform.

The Company's subsidiaries, including Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Funds, have all signed the Code of Conduct for Institutional Investor Due Diligence and the Company will release the updated compliance statement to the latest revised version this year, and also announce on the Company's website the “Statement of Compliance with the Stewardship Principles for Institutional Investors”, “Institutional Investor Stewardship Report”, and “Voting Record of Attendance at Shareholders' Meetings of Investee Companies”, etc. to express the Company's goal of actively implementing responsible investment. We continue to pay attention to news, financial information, industry performance, business strategy, environmental protection, social responsibility, and corporate governance of our investee companies.

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. The Group implemented the Sustainable Finance Guidelines this year and the amount of cases submitted for review and approval was approximately NT\$19.8 billion and the amount of cases submitted for review and evaluation which are applicable for industry-specific environmental and social risk management rules was approximately NT\$500 million. In terms of outsourced asset management, Yuanta Life has also appointed an international asset management firm to assist in asset management. The firm has signed a PRI at Yuanta's request to ensure that the partner institution also supports the spirit of sustainable finance.

### Responsible Investment

The Group actively invests in sustainability-related enterprises. Through the ESG screening mechanism, resources are directed towards domestic and overseas enterprises committed to sustainable development. This year, the Group's investments in sustainability-related assets grew by 16.93% as a percentage of all investments over 2019.

Yuanta Bank purchased a total of NT\$12.1 billion in green bonds and sustainability bonds this year, up 137% from 2019, with the funds from the bonds to be used for renewable energy and energy technology development projects. Yuanta Bank continued to invest in the "Five plus Two" industry, purchasing Five plus Two domestic green bonds and foreign currency green bonds with outstanding CDP performance, with a total investment amount of NT\$28.7 billion this year, an increase of approximately 2 times compared to the total investment amount of NT\$13.1 billion in 2019.

Unit : NT\$ thousand

Type of Investment	2019			2020		
	Amount Invested	Total Investments	Proportion of the Total (%)	Amount Invested	Total Investments	Proportion of the Total (%)
"Five plus Two" Innovative Industry Investment	6,620,251		0.55	4,205,431		0.30
Green Bonds	19,293,655		1.60	41,755,900		3.01
Green Energy Sustainable Warrants	39,846		0.00	85,716		0.01
Investment in ESG performers	4,445,107	1,206,574,618	0.37	2,193,690	1,388,706,817	0.16
Sustainability-Related Mutual Funds	22,261,700		1.85	253,423,320		0.01
ESG related products	-		-	101,523		18.25
Total	52,660,559		4.36	301,765,579		21.73

## 4.3 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. 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. 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. Through effectively promoting local financial development and expanding the accessibility of our financial services, we include disadvantaged groups in our service scope through services such as micro-insurance, public trusts and accessible financial services, so that the disadvantaged groups can also enjoy equal rights to use financial services. 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. This year, 3,096 people purchased injury microinsurance coverage with the underwritten value totaling NT\$710,000. Yuanta Futures launched "Gold and Oil CFDs", which was recognized by "Best Product Award - CFDs" at the National Brand Yu Shan Awards, with a total transaction amount of NT\$179.86 billion this year. This year, each subsidiary designed financially inclusive products and services to benefit society. Yuanta Securities launched regular shares savings plan (RSSP) services. A total of 43,120 accounts belonging to low-income investors have signed up for the deductions and there are 79,066 valid contracts. Participants under the age of 40 make up 51% of those taking advantage of the program. Yuanta Funds launched a fixed-rate fund to benefit the small investors with nearly 55,000 beneficiaries and over NT\$4.8 billion in total by the end of this year. Yuanta Bank underwrote a total of 175 "long-term care" and "low-cost elderly" insurance policies with premiums of NT\$3.87 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 improve quality, efficiency, and convenience, while also fulfilling our corporate social responsibility and achieving sustainable operating goal.

### 4.3.1 Financial Services Accessibility

In order to increase the friendliness and convenience of financial consumers in accessing financial services, the Group has designed many thoughtful and convenient measures into its physical service locations and online functions to lower the entry barrier for special groups to use related services, so that the services can be tailored to the needs of the user groups and create a friendly service environment.

#### 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 371 of our ATMs, 74% 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

Measures designed to meet various customer needs by Yuanta subsidiaries:



#### Non-Counter services

- ◆ Financial services and customer services via telephone, voice, web and mobile platforms.
- ◆ Chronic prescription pharmacists to deliver medications to your home / medicine subcontracting services.

#### Counter Services

- ◆ Barrier-free facilities: elevators, ramps, handrails in staircases, and threshold-free entrance ways.
- ◆ Professional and welcoming service staff.
- ◆ Customer service hotline and official website booking counter service.
- ◆ Visually impaired customers who apply for account opening, loan or financial management services are given the option to apply for notarization or a witness to assist in the process in accordance with the provisions of the Notary Public Act.

##### ◆ Making Digital Platform More User Friendly

Measures on digital platforms designed to meet various customer needs by Yuanta subsidiaries:



#### Service Measures

- ◆ Yuanta Securities set up the Friendly "Financial Services Section" of our website to provide accessible services such as communications, services, products, and information.
- ◆ 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 and added a new non-designated account transfer service in Taiwan dollars to provide a more complete online platform function to benefit multiple user groups. Yuanta Bank had a total of 1,624 accessible mobile banking logins this year.

### 4.3.2 Financial Services Usability

Improving the accessibility of financial products and services and providing affordable financial products and services that meet the needs of the public on a sustainable basis is the ultimate goal that the international community hopes to achieve through financial inclusion. The Group develops new and innovative products and promotes appropriate services to meet the needs of different groups, in line with the implementation of the government's financial inclusion policy and utilizes its core business lines in the financial industry to promote inclusive economic development and the well-being of the public.

#### Charitable Trusts

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. During the duration of the charitable trust, the trust assets increased due to the receipt of donations and yield from the use of trust property management. As the end of this year, Yuanta Bank has handled five charitable trusts valued at nearly NT\$133 million and include "Mountains Fund", "Huangwu Social Welfare Fund", "Taian Social Welfare Fund", "Shanlin International Charity Trust" and "Cheng Shin Maxxis Social Welfare Fund". This year, the proportion of overall Group business made up by charitable trusts rose by 13.7% over 2019.

In order to fulfill its social responsibility, Yuanta Bank continues to develop trust financial services that meet the needs of the elderly. As a result of new commitments and increased trust assets this year, the trust assets reached approximately NT\$29 million this year, an increase of over NT\$9.51 million or 0.07% compared to 2019.

Unit : NT\$ thousand

Type	2019			2020		
	Total Trust Assets	Total Trust Assets Overall (not including non-discretionary trusts and funds under custody)	Proportion of Total Trust Assets (%)	Total Trust Assets	Total Trust Assets Overall (not including non-discretionary trusts and funds under custody)	Proportion of Total Trust Assets (%)
Elderly Care Trusts	19,823		0.05	29,332		0.12
Urban Renewal Trusts	-		-	821,930		3.24
Employee Welfare Trusts	5,114,844	43,387,231	11.79	5,564,704	25,354,960	21.95
Charitable Trusts	126,494		0.29	133,866		0.53
Total	5,261,161		12.13	6,549,832		25.83

### Mortgage Subsidies

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and social housing mortgages. This year, there were 98 cases policy-subsidized mortgages and social housing mortgages for individual households, totaling NT\$203 million. The total balance is approximately NT\$7.417 billion.

### SME Financing

This year, Yuanta Bank gave loans to 7,496 small and medium-sized enterprises. Loan applicants 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. As of the end of this year, of the following loans to small and medium-sized enterprises, the balance of loans to 4,507 small and new SMEs was NT\$110.1 billion and the balance of loans to 1,348 micro enterprises was NT\$620 million. This was done to support the growth of micro enterprises and promote economic development.

Unit : NT\$ thousand

Credit Category	2019			2020		
	Loan Amount (Note)	Total Amount of Credit	Proportion of Total Credit (%)	Loan Amount (Note)	Total Amount of Credit	Proportion of Total Credit (%)
SME and Microenterprise Loans	141,627,384	383,455,276	36.93	148,366,272	373,896,093	39.68

Note: Loan amount is defined as the total loan balance from corporate finance business for the entire bank.

### Providing Financially Inclusive Insurance Products

#### ◆ Long-Term Care Insurance, Low-Cost Elderly Insurance, and Microinsurance

Yuanta Bank's financially inclusive insurance products are primarily long-term care insurance, low-cost elderly insurance, and microinsurance, which provide the public with affordable protection to prepare for life's risks. This year, the Bank sold 206 financially inclusive insurance products with total premiums of NT\$4.4 million.

Unit : NT\$ thousand

Insurance Product	Number of Policies	Total Premiums	Intended Customer
Long-Term Care	175	3,874	<ul style="list-style-type: none"> <li>◆ Concerned with healthcare quality, risk conscious</li> <li>◆ Family history of illness, potentially high-risk group</li> <li>◆ Primary breadwinner</li> <li>◆ Single or married without children</li> </ul>
Low-Cost Elderly Insurance	30	527	<ul style="list-style-type: none"> <li>◆ Limited financial capacity, but wants basic life insurance protections</li> <li>◆ Older customer who wants basic life insurance protections</li> <li>◆ Does not want to be an economic burden on their children</li> </ul>
Microinsurance	1	0.3	<ul style="list-style-type: none"> <li>◆ Economically disadvantaged</li> <li>◆ Specified groups</li> </ul>
Total	206	4,401.3	

#### ◆ Microinsurance

To advance the basic insurance coverage for the economically disadvantaged and other specified groups, Yuanta Life introduced "Yuanta Life Accident Microinsurance (MC)" 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.

This year, "Yuanta Life Group Accident Microinsurance" was again offered to provide easy-to-understand accident coverage for the economically disadvantaged and specific groups. This enables more economically disadvantaged and specific groups to receive affordable products with high coverage protection.

#### ◆ 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 Interest Sensitive Group Annuities Type A and Type B. As of the end of December this year, 12 groups are insured under these group annuities, which contribute a total of approximately NT\$40 million in premiums.

Unit : NTS

#### Yuanta Life Accident Microinsurance

Year	No. of People Insured	Total Underwriting Amount
2018	16	24,973
2019	27	24,894
2020	3,096	714,350

Unit: NT\$ thousand

#### Yuanta Life Group Annuity

Year	Number of Groups Insured	Total Group Annuity Premiums
2018		63,567
2019	12	47,571
2020		40,352

### 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

#### Yuanta Securities Warrant Related Product Information

Year	Number of Warrant Products Issued	Total Amount of Warrant Products Issued	Total Amount of Warrant Related Transactions
2018	7,766	87,692,254	214,993,993
2019	7,827	97,290,385	144,475,923
2020	9,595	106,210,120	181,056,212

Unit : NT\$ thousand

of educational videos about warrants and launched the Yuanta Warrant Online virtual trading platform on the LINE APP. 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 investment knowledge anytime, anywhere.

#### ◆ Gold and Oil Contracts for Difference (CFDs)

Launched this year, "gold and oil Contracts for Difference (CFDs)" have the advantage of low capital trading threshold, so small investors can afford to invest in the commodity options market. The smallest trading unit is 0.01 lots, less than NT\$10,000 to participate in the market, and less than the cost of margin than the futures contract. Batching reduces the average cost needed to enter the market, which, in turn, reduces risk. Yuanta Futures hopes that this will meet the needs of small investors to participate in the financial market. It won the "Best Product Award - Contract for Difference" at the National Brand Yushan Awards this year. It saw a transaction value of NT\$179.86 billion.

#### Gold and Oil CFD

2020	Total Number	20-40 Age Group	20-40 Years Old in Total(%)
Accounts	509	441	87.00
Transactions	38,645	4,249	10.99



◆ Regular Shares Savings Plans

Beginning in January 2018, Yuanta Securities lowered the minimum investment amount from NT\$3,000 to NT\$1,000, lowering the threshold to investment and enabling small investors to conveniently invest in local stocks. Regular shares savings program customers are primarily young, low-budget investors, meeting government financial inclusion policy goals. Of RSSP customers, 51% are below the age of 40 and monthly contributions below NT\$3,000 make up 47% of total contracts. This year, the total investment amount for single transactions under NT\$3,000 was NT\$690 million. Through RSSPs, Yuanta Securities provides a low entry threshold to investing which enables investors to participate in the markets on a long term basis using small amounts, encourages them to save to get a head start on building wealth, so people can achieve their dreams.

Considering that RSSP investing is a long-term strategy, 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 11 ETFs and 16 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

◆ Systematic Investment Planning

Yuanta Funds launched “Yuanta Taiwan High-yield Leading Company Fund A” with the concept of “Taiex Citizen Fund” to provide a new option for long-term investment and retirement planning for the nationals. In order to meet the needs of investors at different stages of their lives, we have designed interest-bearing and non-interest-bearing models to lead the concept of investing in Taiwan and saving stocks to earn interest. The number of regular fixed investors continues to rise. After receiving the highest rating of 5 globes by Morningstar Sustainability Rating in 2020, the fund was also named the Best Issue Fund of the Year in Taiwan by Asian Asset Management Magazine (AAM) for its unique dividend distribution mechanism.

Through the Yuanta TWSE Taiwan 50 Index ETF Feeder Fund, Yuanta Taiwan High Dividend ETF Feeder Fund, and Yuanta GreTai 50 Index ETF Feeder Fund, investors are linked with our three most representative funds, including the Yuanta/P-shares Taiwan Top 50 ETF. Through the “ETF-Linked Fund”, investors can make one-time investment with a low of threshold of NT\$10,000. For systematic investment planning, with a minimum regular monthly investment amount of NT\$3,000, it is easy for small investors, seniors, and fund investors to participate. This year, the total investment amount for a single transaction under NT\$3,000 was NT\$1,979 million and the total number of transactions was 291,124.

Taiwanese are becoming increasingly aware of the need to make financial planning for retirement. As of the end of this year, there were 54,000 regular fixed amount deduction accounts, an increase of 7,000 accounts or 15% compared to 2019. The number of regular fixed amount deductions exceeded 640,000, an increase of over 90,000 or 16% over 2019. The total accumulated deductions for this year was NT\$4,878 million, an increase of NT\$319 million or 7% from 2019. In terms of age and money structure, as of the end of this year, the number of young small investors under the age of 40 increased by nearly 2,900, or 27%. As of the end of this year, regular fixed amount deductions of NT\$3,000 totaled NT\$442 million with number of transactions increasing by 48,000, or 16%, compared to 2019. Yuanta Funds will continue to promote fixed deposits and optimize the digital investment experience to realize financial inclusion.

◆ Intraday Odd Lot Trading

In response to the new “intraday odd lot trading” system, which was officially launched this year, all electronic trading platforms are now able to conduct intraday odd lot trading. Yuanta provides an intraday odd lot trading teaching website (<https://pse.is/wa4z9>) as well as animation and comics to attract more small investors to participate in the capital market. The following table shows how it performed this year.

an ROI calculator and we often offer promotional transaction fee discounts to meet customer needs. RSSP performance through the end of this year is shown in more detail as follows:

Regular Shares Savings Plans			
Year	2019	2020	Growth Rate(%)
Regular Shares Savings Plan (RSSP) Accounts	23,897	43,120	80.44
RSSP Accounts (account holder under 40 years old)	11,473	22,186	93.38
Proportion of account holders under 40	48	51	-
Number of scheduled deductions	41,168	79,066	92.06
Number of scheduled deductions (of below NT\$3,000)	20,190	37,110	83.80
Proportion of deductions less than NT\$3,000(%)	49	47	-
Total amount invested over the year	1.880 billion	4.238 billion	125.43

Systematic Investment Plans (SIP)			
Year	2019	2020	Growth Rate(%)
SIP Accounts	47,114	54,062	14.75
SIP Accounts (account holder under 40 years old)	10,825	13,699	26.55
Proportion of Account Holders Under 40	23	25	-
Number of Scheduled Deductions	550,366	640,849	16.44
Number of Scheduled Deductions (< NT\$3,000)	306,130	353,890	15.60
Proportion of deductions less than NT\$3,000	56	55	-
Total Amount Invested Over The Year	4.559 billion	4.878 billion	6.99

In response to the government's financial inclusion policy, Yuanta Securities and Yuanta Bank launched separate promotions. Yuanta Securities lowered the amount required on financial statements to NT\$30,000 for account opening, and reduced the financial burden on small investors by offering systematic investment plans to invest in mutual funds. Yuanta Bank also provides daily deduction service for fixed investment amount to convey the concept of dollar-cost averaging through long-term investment to investors and to increase the promotion and usage of financial products.

◆ Investment Status of Small Investors

2020	
Accounts (in thousands)	228,000
Number of Deductions (in thousands)	973,000
Total Investment Amount (NT\$)	6,795,730 thousand

Note: Calculations only include customers with single regular fixed deductions of less than NT\$3,000.

2020	
Total number of investment accounts for the year	143,276
Number of transactions	936,550
Total investment for the year (NT\$)	14.112 billion

◆ Social Welfare Credit Card and Charity Donation Platform

Yuanta Bank's “Give Love, Give Warmth” online donation platform has been completely upgraded and revamped, providing people with the convenience of using any bank IC card and a card reader to connect with the network of love. The platform provides support and assistance to social welfare organizations, so they can feel the warmth of society. The cumulative number of donations made this year by internet bank transfer was over 70 with a donation amount of about NT\$140,000, and 616 by credit card with a donation amount of NT\$1.17 million.

Yuanta Bank integrates its core business with public welfare by issuing its Social Welfare Credit Card, which gives to local public welfare organizations based on the amount spent. The current number of cards in circulation is 272, and the amount of cards swiped this year is NT\$4,444,405, and the amount of money given to support the public welfare activities of local organizations is NT\$8,600.

4.3.3 Financial Service Quality

Due to the specialized and complex nature of financial instruments, financial institutions should reduce information asymmetry and establish communication channels to increase information transparency, so that different groups can understand financial instruments, promote social equity, protect consumer rights, and provide quality financial services.

◆ Activities Providing Financial Education

Target	Activity	Content
Families	Collaboration with ET Yoyo TV to promote parent-child education on financial products	Collaborating with ET Yoyo TV to promote parent-child education fund savings in order to convey good financial concepts and establish a communication channel in the field of parent-child financial management, allowing parents to prepare for their children's education money. This year, we partnered with Yoyo TV Taiwan for the largest parent-child event in Taiwan, “Easton Yoyo Carnival - Kids in Charge”, and set up a booth at the event to promote the correct concept of financial management and the regular fixed amount of Yuanta High Dividend Fund for mothers and fathers, so that they can plan for their children's education money in advance. More than 15,000 people participated in the parent-child carnival that day.
General Public	Participating in the Financial Services Charity	Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta Funds participated in the “Financial Services Charity” organized by the Taiwan Financial Services Federation, which was a garden party to help disadvantaged groups and local small farmers, interspersed with financial knowledge quizzes. The theme of Yuanta Funds' promotion was combined with Yuanta's Taiwan Premium Fixed Income Fund, and the game included filling out questionnaires to promote financial knowledge and retirement management concepts in easy-to-understand language to promote the popularization of financial knowledge and teaching the public correct financial concepts.
Campus Class Collaboration		<ul style="list-style-type: none"> <li>Yuanta Futures cooperated with IEMBA of Taipei University and the Department of Finance of Asia University to hold the “Statistical Computing and R Programming Language” course. The course content included “application of financial big data in futures trading, financial technology learning system and price prediction, futures exchange big data and option application, intelligent program trading from subjective to quantitative, financial big data course”, etc. There were 44 classes, 54 hours of lectures, and 120 participants.</li> <li>Yuanta Securities holds the annual “Yuanta Stock Market “ Taiwan Stock Simulation Competition on campus, which is combined with the “Mr. Investor APP” intelligent stock selection function, allowing even newcomers to the stock market to easily select investment targets. Through the off-campus competition, students can learn and modify their trading strategies dynamically, which can also be fed back into on-campus curriculum. A total of 120 colleges and universities in Taiwan with 7,500 students participated.</li> <li>Yuanta Futures co-organizes several credit courses with Taipei University and Asia University. Courses include the application of financial big data and the topics on financial technology.</li> </ul>
Students	Finance Seminars	<ul style="list-style-type: none"> <li>We went to campuses, the Securities and Futures Commission, and the Financial Research and Training Institute and shared financial trends, ETF trading strategies and applications, and smart investment, totaling 48 external lectures, 127 hours of lecture time, and 2,585 participants.</li> <li>In cooperation with the Career Development Service Center of National Taiwan University, we held several seminars with University of Taipei, National Cheng Kung University, Kun-Chung University, and South China University, totaling 12 sessions, 26 hours of classroom time, and 315 participants.</li> <li>Management executives and fund managers of Yuanta Funds went to 17 colleges and universities across Taiwan, participated in 39 campus finance events and lectured on ESG and green finance related topics, with total of 106.5 lecture hours and 2,137 participants.</li> </ul>
	Industry-Academic Cooperations	Yuanta Funds worked with many colleges and universities in industry-academia collaboration and accepted 18 students for internship. In addition to providing comprehensive financial courses lectured by veteran staff, students internship records are also compiled, with total of 3,893 hours of internship; furthermore, interns are invited to join investment research department, setting a model of ESG and USR practices.





## 4.4 Service Quality and Customer Relationship Management

### Management Approach

The digitalization trend and the epidemic have accelerated the digital transformation of the financial industry in recent years, and the focus on customer relationship management will be the key to brand differentiation. From the perspective of customer needs, the Group leverages the diverse core business characteristics of its subsidiaries to introduce diversified and innovative products, strengthen customer communication, cultivate customer trust and adhesion, and continue to provide customers with attentive and warm services. In the new financial era, with rapidly changing trends and diverse business innovations, the importance of customer feedback mechanisms and personal information security is increasing as we promote emerging products and rely on technology to initiate innovative business operation models. The Group upholds a corporate culture of honesty and integrity with the “principle of treating customers fairly” as its core and aims to become a financial brand that gives customers peace of mind by improving customer communication mechanisms, improving product and service information disclosure, and focusing on consumer rights. In accordance with “Personal Data Protection Act”, “Cyber Security Management Act”, “the Financial Holding Company Act”, and “Regulations for the Management of Shared Marketing Across Subsidiaries of Financial Holding Companies”, the Company has established the “Yuanta Financial Holdings and Subsidiary Companies Customer Information Confidentiality Measures” to implement a customer information protection mechanism. In terms of communication channels, we have set up an official website, a customer service hotline, and a website email address to provide various kinds of public information, and regularly track customer feedback to improve customer experience. In terms of education and training, this year, the Group accumulated 27,560 hours in the “Personal Data Protection Regulations Advocacy and Training Course” and 45,432 hours in the courses on fair treatment principles and financial consumer protection. In order to integrate the principle of fair treatment into the corporate culture, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures (our five major subsidiaries) have all established special units dedicated to the principle of fair treatment. They regularly report to the board of directors on the implementation of relevant policies to ensure the quality of service by caring for customers' rights and interests. In terms of customer satisfaction, the targets set by the five subsidiaries have all been met, with the overall target maintained at over 97%.

### 4.4.1 Fair Treatment of Customers

#### Management Mechanism of Fair Treatment Principle

In order to integrate the fair treatment mechanism into daily operations and to incorporate the spirit of the fair treatment principle into our corporate culture, each of our five subsidiaries has established a dedicated unit with the president as the convener and each subsidiary has set up a team with members down the line to establish internal rules and set up a mechanism and pipeline. They report implementation status to the board of directors on a quarterly basis to manage customer-related issues for our core business.

#### ◆ Teams Established Within Each Subsidiary to Implement Policy for Fair Treatment of Customers:

Company	Staffing and Management	Internal Audit Mechanism	Future Development
Yuanta Securities	Divided into merchandising, consumer dispute handling, and general affairs teams.	Supervisory departments are to incorporate the policies and strategies of the Fair Treatment Principles, internal compliance rules, and codes of conduct into their education and training programs and internal control and audit checks and review them in the Fair Treatment Principles Implementation Committee.	Continue to promote and refine the implementation of the fair treatment principle.
Yuanta Bank	Standing Committee under the President	Oversee the implementation of the “Fair Treatment Principles” by all departments, monitor the statistics of the number of customer service cases and improvement of situations, and submit monthly reports on the work of the Customer Fair Treatment Promotion Committee to the Board of Directors after discussion of major customer service cases.	<ul style="list-style-type: none"> <li>◆ Establish the culture of fair treatment principle.</li> <li>◆ Implement the implementation of the principle of fair treatment set by the competent authority.</li> <li>◆ Establish a complete operational mechanism for the implementation of the fair treatment principle.</li> <li>◆ Promote the optimization of matters related to the fair treatment principle.</li> </ul>
Yuanta Life	The inter-departmental task force under the President	Reports to the Board of Directors on a quarterly basis the progress of the implementation of the fair treatment principle for customer service, products, claims, and business recruitment. From this year, it began holding monthly meetings to report on the promotion of fair treatment, and regularly track the progress of the implementation of special projects, analysis of complaint cases, operational risk management events, and the improvement of legal changes and deficiencies.	Increase the number of top-down management objectives and specific work items for fair customer service in each department, and implement and review them in a qualitative and quantitative manner. In addition to the vertical implementation of the first, second and third lines of defense, we will continue to increase horizontal communication.
Yuanta Funds	The regular members are the department heads of the Risk Management Department, Compliance Department, and Fund Services Department or their designated agents.	The Board of Directors shall review and report on the implementation of fair customer service on a quarterly basis. In the event of a major violation of laws and regulations, internal regulations or other major consumer disputes, in addition to the provisions of the Company's business dispute handling procedures, the responsible respondent shall report to the Chairman, convene a meeting of the Group, make minutes of the meeting, and submit the results of the meeting to the next Board of Directors.	Implement financial consumer protection, personal data protection, and other regulations and policies of competent authorities to protect the rights and interests of customers.
Yuanta Futures	Two positions for committee deputy chairperson have been set up.	It has been stipulated that each department is to incorporate the policy and strategy for the “Fair Treatment Principles”, internal rules and regulations, and code of conduct into the education and training courses, and incorporate the formulation and implementation of “Fair Treatment Principles” into the internal control and audit check items, and propose the review in the “Customer Fair Treatment Committee”.	<ul style="list-style-type: none"> <li>◆ Focus on the effectiveness of fair treatment practices, such as from listening to customers or self-identifying deficiencies, and then propose improvement mechanisms and other operational situations.</li> <li>◆ Optimize the fair treatment area on the official website.</li> <li>◆ Apply for third-party certification of customer satisfaction, strengthen the analysis of the causes of customer complaints, and continuously improve customer satisfaction in all aspects.</li> </ul>

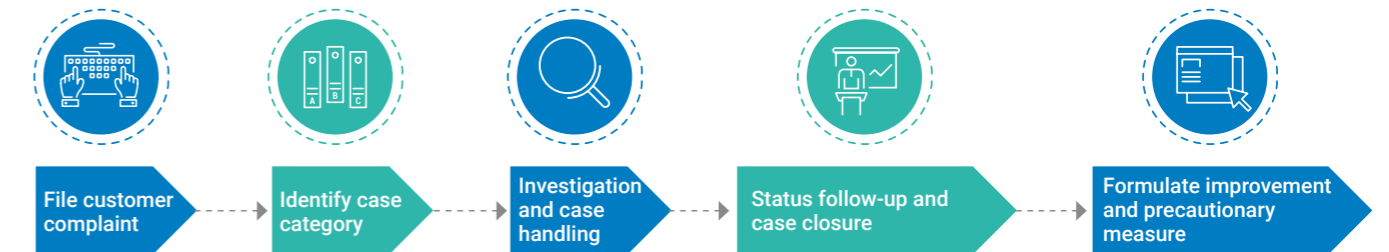
#### ◆ Education and Training on the Principle of Fair Treatment of Customers

Company	Sessions	Personnel Trained	Hours of Training	Coverage (%)
Yuanta Financial Holdings	1	43	129	100
Yuanta Bank	28	23,178	23,154	100
Yuanta Securities	27	13,928	15,992	100
Yuanta Life	26	2,565	3,576.35	100
Yuanta Funds	3	526	1,119	100
Yuanta Sec. Investment Consulting	1	52	78	100
Yuanta Futures	5	816	1,383.5	100

#### Customer Complaint Mechanism

To provide customer consultation services and reflect their needs at any time, our Company has an official website, a customer service hotline, a web-based e-mail address, and other open channels for customers to contact us. They can also visit a branch office, write letters, faxes, e-mails, or file a consumer dispute complaint with the competent authorities or other channels. We have also set up regulations governing the internal control system, customer complaint handling process, and telephone recording system management to efficiently track and make improvements on issues, which enables the Company to offer the best service and customer rights protections.

The Group had a total of 1,002 cases of customer complaints this year, a slight increase in the overall number of cases compared to 2019. 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 reported case. Our process is as follows:

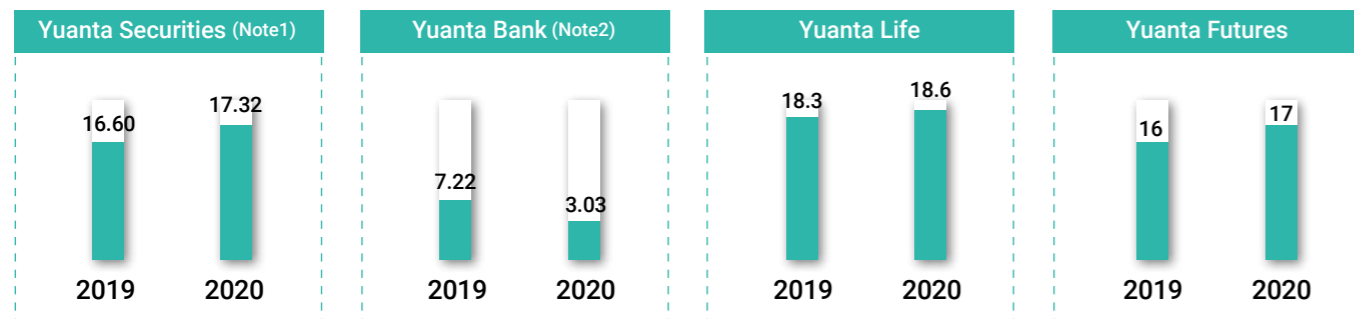


#### ◆ Customer Complaint Management System

Company	Specialized Unit for Handling Customer Complaints	Grievance Handling Process	Tracking Improvement
Yuanta Securities	Retail Distribution Department	In the event of a customer dispute, after the case is created, relevant units are notified and to handle the case.	<ul style="list-style-type: none"> <li>◆ Establish a customer complaint cycle improvement mechanism, report to the Audit Committee, and include in the Board of Directors' report.</li> </ul>
Yuanta Bank	Business Management Department	Assign a person to be the complaint handling officer to classify the case and send it to the handling unit for investigation and handling, and regularly track and understand the status of the outstanding consumer disputes, so as to control the progress of complaint handling.	<ul style="list-style-type: none"> <li>◆ Report to the Board of Directors each year the status of consumer dispute complaints handled in the previous year, together with the progress statistics of legal proceedings for financial consumer disputes provided by the Legal Department.</li> <li>◆ Hold monthly meetings of the Fair treatment of customers Team to discuss customer complaints from the competent authorities.</li> <li>◆ The monthly report of consumer dispute handling is submitted to the president for review and forwarded to the Risk Management Department and Audit Office every month.</li> </ul>
Yuanta Life	Customer Service Department	When a complaint is received, a specialist is assigned to handle the case and the complainant is notified of the results by a special letter, telephone or other means.	<ul style="list-style-type: none"> <li>◆ Complaints are analyzed on a monthly basis for departmental and supervisory directors and reported at the “fair treatment of customers promotion report” meetings, the Audit Committee, and the Board of Directors.</li> </ul>
Yuanta Funds	Fund Affairs Department - Customer Service Team	Implement case management, reporting, analysis, and improvement. In addition to listing the cases of negative complaints, positive cases are included to improve quality.	<ul style="list-style-type: none"> <li>◆ In the event of a major violation of laws or regulations, internal regulations, or other major consumer disputes, in addition to the Company's regulations, the responsible responding unit shall report to the Chairman, convene a meeting of the Team, take minutes of the meeting, and submit the results of the meeting at the next meeting of the Board of Directors.</li> </ul>
Yuanta Futures	All responsible units and their managers	Handle customer complaints in accordance with the Customer Dispute Handling Regulations and the Customer Complaint Handling Practices.	<ul style="list-style-type: none"> <li>◆ Incorporate into the report of the Board of Directors on a quarterly basis.</li> </ul>

In order to establish a customer-centric, consistent, systematic, and responsive complaint handling process and further enhance service quality, Yuanta Bank and Yuanta Securities obtained ISO 10002 customer complaint management system certification at the end of this year and the end of 2021, respectively, to establish an international standard customer complaint handling system.

◆ 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.
- ◆ 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.

Note:

1. Yuanta Securities saw a slight increase in the number of customer complaints compared to the previous year and the number of days to process customer complaints increased by 0.72 business days compared to 2019 due to factors such as the need to respond to letters from the competent authorities and the ombudsman center.
2. Yuanta Bank has established a system for handling customer complaints of international standard and regularly reinforces the training of staff to enhance professionalism and customer service efficiency, thus reducing the average processing days per case by 4.19 business days compared to 2019.

Customer Rights Protection

With the increasing diversity and complexity of financial services and products, in order to reduce information asymmetry and enhance fairness and transparency, financial consumers are to be treated in a fair and reasonable manner in the overall transaction process of financial products or services to build customer trust in the financial industry. The Group's financial services, product marketing, selection, contract sales, and after-sales service processes are conducted in the spirit of fairness to customers, in compliance with regulations and the establishment of internal regulatory systems to enhance corporate governance and protect the rights and interests of customers in all areas.

◆ Product Marketing

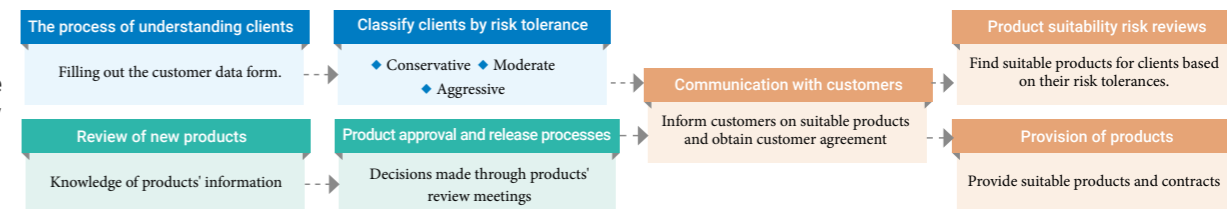
The Company uses publicly disclosed information to help customers fully understand the contents and rights of its products and further develop relevant marketing and advertising regulations to ensure that its subsidiaries can establish consistent policies. In order to prevent customers from having difficulty in understanding the terminology of financial products or having differences in interpretation, we assist customers in obtaining useful information about financial products and services through various channels, such as the official website, customer service hotline, social networks, and financial courses. This year, there were no incidents of noncompliance with marketing communications regulations.

Company	Policies	Actions
Yuanta Securities	<ul style="list-style-type: none"> <li>◆ Key points for the handling of trusts business, including advertising, sales, and promotional activities</li> <li>◆ Sales, advertising, and promotional activities management procedures</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Financial Management Department requested the Legal Compliance Department to issue legal opinions on advertising, product descriptions, and risk warnings, and other sales documents.</li> <li>◆ We have established a system of evaluation for professional and non-professional investors to strengthen control.</li> </ul>
Yuanta Bank	<ul style="list-style-type: none"> <li>◆ Guidelines for managing official website</li> <li>◆ Handled in accordance with the "Media Distribution and Business Marketing Campaign and Advertising Management Guidelines"</li> </ul>	<ul style="list-style-type: none"> <li>◆ Promotional event websites are to fully disclose the points to note for customers, the terms and conditions of the promotion and the content of the activity, and provide a channel for customer complaints. Before the event website is released, it is to be reviewed by the compliance affairs department, the legal department, and relevant management units to ensure the legality and appropriateness of the content of the website and advertisements.</li> <li>◆ The information produced for advertising or other marketing activities for credit cards or loans should not be inappropriate, misrepresented, misleading to consumers, or in violation of relevant laws and regulations.</li> <li>◆ We shall ensure the truthfulness of the content of the advertisement, and our obligation to the customer shall not be less than what is included in the advertisement.</li> <li>◆ Before marketing advertising campaigns are used externally, the Company shall ensure that the content of the advertisements conforms to the regulations of the competent authorities.</li> <li>◆ The verbal agreement with the borrower shall not constitute the content of the contract, nor shall it be agreed that the advertisement is for reference only and shall be considered as part of the contract.</li> </ul>
Yuanta Life	<ul style="list-style-type: none"> <li>◆ Guidelines for cooperation with third-party websites to disclose product information</li> <li>◆ Procedures for establishing and maintaining social media</li> <li>◆ Procedures for reviewing company literature and advertising materials</li> </ul>	<ul style="list-style-type: none"> <li>◆ Maintain the accuracy of the content of the product information and avoid exaggeration and misrepresentation in accordance with laws and regulations.</li> <li>◆ Maintain the accuracy of the search results of the product information on the Internet search engine.</li> <li>◆ All product literature, external promotional brochures and related information must be reviewed.</li> </ul>

◆ Product Selection

When providing customer services and products, the Group fully considers the needs of customers, fully understands the basic information and risk preferences of customers, and fully discloses information and informs customers at the time of sale so that they fully understand the contents, risks, and impacts of the products to protect the rights and interests of customers.

Policy on Product or Service Suitability



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.

To ensure that we fully understand our customers, Yuanta Bank established the "Operating Guidelines for Customer Investment Risk Level and Product Suitability" to provide them with suitable products approved by Yuanta Bank that fit with their risk tolerance. 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 using a KYC form to evaluate customer attributes, we also 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 soliciting business, insurance sales personnel of Yuanta Life's bancassurance channel, brokerage channel, direct sales channel, and multi-channel need to get a full picture of the needs and abilities of the consumer purchasing financial products and are required to fill out the "understanding potential policyholder and insured person's needs and suitability assessment analysis and salesperson report" to understand the customer's basic information, financial status, investment risk attributes, exchange rate risk tolerance, insurance purposes and needs, and to ensure that the product in question is appropriate for the customer.

In order to effectively strengthened communication with customers, Yuanta Funds enhanced communication with customers to further help investors understand product features of the Yuanta S&P Crude Oil Positive 2 Futures ETF. In addition to the publication of the "Futures ETF Handbook", the Company also provided information through various channels, including the official website and the media, to protect investors and remind them to pay special attention to the risks of the highly volatile crude oil market and to carefully evaluate the possible risks and personal risk tolerance before trading to eliminate any misunderstanding caused by the difference in investor's perception.

Policy on Selling Complex High-Risk Products

Yuanta Securities and 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. The relevant units are to submit the product self-assessment form and basic product information to the Risk Management Department and the Compliance Department for their pre-approval and evaluation opinions, and then submit them to the staff attending the product review meeting for review and approval before they are launched. If a product is a new type of complex and high-risk product, it is to be submitted to the board of directors for approval to improve the product review system and strengthen the relevant measures for customer protection.

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	Performance Results(Note)	
Yuanta Securities	Co-organize large scale investor seminars with the authorities (co-organized with the stock exchange)	3	250 people	
	Investment forums held in cooperation with external organizations: 2020 Global Markets Key Investment Opportunities Forum Series	3	1,077 people	
	Yuanta Taiwan High-yield Leading Company Fund Seminar (Large Scale)	7	2,083 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.	1,890	38,512 people	
	Seminar and teaching on investment platform and APP for specific clients	13	43 people	
Yuanta Bank	Small-scale financial seminars held in Bank branches	604	10,057 people	
	Collaborated with Wealth Magazine to hold a large-scale forum: "Low Interest Rate Re-emergence: New Trend of Laying Out High Dividends on Taiwan Stocks" forum	1	260 people	
	Held "100 Years of Capital Frenzy and Stable Asset Allocation" financial seminar in the wealth management's high net worth clients' dinner event.	3	603 people	
Yuanta Futures	Introduction to subjective trading	57 in-person events	7,427 people	
	Introduction to program trading	175 in-person events	318 people	
	Large-scale forums / seminars / lectures	6	38,093 views	
	Consultant webinars / online classes	717	40 copies	
	Issued consultant publications	Building Automatic Financial Management through Futures and Options		
Yuanta Securities Investment Consulting	Institutional Corporate Clients	Sun Tzu's Art of War Analysis Investment Techniques	18	510 people
	Held investment conferences and lectures		731	29,200 people
	Issued investment consulting monthly report	Issued 12 times	38,377 copies	

Note : Performance result includes no. of attendees, no. of viewers, report circulation.

#### ◆ Product Contracts

When entering into contracts with customers for financial products or services, the Group requires that the contents of the contracts be based on the principles of fairness and reasonableness, equality and reciprocity, and good faith, and that the Group is to take care of its obligations as a good manager, fulfill its responsibilities and obligations to its customers, and not limit or waive them in advance, fulfill the rules and regulations and contract specifications, and treat all customers faithfully.

#### 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 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 banking's "Application Counter" function offers a comprehensive statement application and transaction history lookup to fully disclose all relevant information related to customer transactions. 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 bancassurance channel, brokerage channel, direct channel, and multi-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 that there shall not be any violations while soliciting customers.

#### Policy of Practicing Contractual Fairness and Good Faith and the Duty of Care and Fidelity

Yuanta Securities shall periodically review the reasonableness of the fees charged to customers in the contract, and consider whether the operating costs, transaction risks and reasonable profits are appropriate. For those customers with doubtful investment abilities, Yuanta Securities shall assess the principal's investment ability in accordance with the self-regulatory rules on credit and quota management for securities trading, and inform them of the results and appropriate responses before the transaction.

Yuanta Life's research and development team in designing insurance products of Yuanta Life shall fully consider the insurance and actuarial principles and insurance-related laws and regulations based on professional knowledge, comply with the points to note in the examination of life insurance products, and take into account the target market and the protection of consumers' rights and interests. Yuanta Life shall fulfill the obligations of providing professional attention and good administrator. In case of doubt, the interpretation of the insurance contract shall be in favor of the insured to ensure no unfairness to the consumers.

#### Professionalism of Salespeople

The Group not only requires its sales personnel to meet the qualifications required by laws and regulations and to obtain the relevant licenses or qualifications before they can engage in the sales and business development of such products, but also encourages its sales personnel to actively enhance their knowledge and skills in line with the launch of new products and new line of business. Each subsidiary regularly organizes relevant education and training, and establishes resources and channels to encourage the continuous improvement of sales staff and the enhancement of their professional functions. 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, so they can provide more complete sales and professional services to our customers with higher professionalism.

#### ◆ Marketing and Labeling Training Courses

Company	Course Name/Content	Sessions	Number of Trainees	Training Hours
Yuanta Securities	Education and training (marketing + products + practice exercises)	91	2,542	364
	Education and training for financial management personnel (statutory and ethical)	7	3,913	5
	Insurance salesman training	8	2,465	112.5
Yuanta Bank	On-the-job training for sales staff (trusts, derivatives)	140	4,114	58
	Wealth management product courses	80	12,835	104.8
	Education and training for personal financial services staff (financial friendly measures)	7	646	1.3
Yuanta Life	Telemarketer's course on awareness of changes in the law	7	222	7
	Business quality courses	8	317	8

## 4.4.2 Customer Relations Management

In addition to maintaining relationships, solving customers' 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.

#### Customer Satisfaction

Customer Satisfaction Survey	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2020 Goal (%)
Yuanta Securities (Note 1)	98.07	99.03	97.91	98.59	96
Yuanta Bank (Note 2)	86.83	88.26	97.49	98.52	90
Yuanta Life (Note 3)	-	97.00	97.87	97.76	90
Yuanta Futures	95.20	95.30	96.01	97.05	95
Yuanta Funds	-	98.80	97.30	97.90	95
Subsidiary Weighted Results (Note 4)	93.34	96.37	97.72	98.08	-
Data Coverage Rate (Income Coverage Rate) (Note 5)	41	97	98	98	-

Note:

- The satisfaction rate of Yuanta Securities has increased compared to 2019, because of the launch of the continuous trading virtual platform in March and intraday odd-lot stock trading in October, and the increase in the number of young customers opening new accounts. The customer service center staff took the initiative to explain the trading regulations, reminded the relevant risks to pay attention to, and patiently listened to customers' needs and helped them solve their problems, thus increasing the satisfaction rate.
- Yuanta Bank has established a customer complaint handling system in line with international standards and regularly reinforces the training of sales personnel, which not only effectively reduces the number of customer complaint handling days, but also enhances professional competence and customer service efficiency.
- The slight decrease of 0.1% in the satisfaction rate of Yuanta Life in 2020 compared to 2019 is due to the decrease in policyholders' willingness to complete the questionnaire in the first and second quarters due to the outbreak of Covid-19.
- Average of subsidiary customer satisfaction results for the year in question weighted by subsidiary income.
- 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.

#### ◆ Digital Channel Customer Satisfaction Survey

In order to improve the quality of digital financial services and create a good online experience for customers, Yuanta Bank conducted an online banking and mobile banking APP satisfaction survey in this year. Send e-questionnaires to customers who have recently used Personal Internet Banking or Mobile Banking, to rate them on "functional integrity", "operating experience", "design", "web speed" and "overall satisfaction", and to provide suggestions on their usage. Over 3,700 questionnaires were collected, with an overall average satisfaction score of 4.11 out of 5, indicating that Yuanta Bank is promoting digital financial services. In addition to enhancing the online service experience, we also take care of the quality of customer service.

#### ◆ Implementing the Mechanism of Caring for Customers at the Counter

Yuanta Bank launched the service mechanism of "Care for Customers at the Counter". The total number of fraud prevention cases this year was 24, 41 people were recognized, and the amount of fraud prevention was NT\$17 million and US\$57,000. In addition, there were 30 cases of customer commendation and 54 people were rewarded for protecting customer property. This year, we collaborated with the Police Department's "165 Anti-Fraud Consultation Hotline" to promote anti-fraud, using public service activities and interactive channels with the public to increase the reach of anti-fraud concepts.

#### ◆ 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	2020
Number Surveyed	191	203	212	215
Average Satisfaction Rate(%)	96.84	96.89	98.23	97.06





Excellence Magazine held the 2020 Excellence Outstanding Insurance Survey and Yuanta Life stood out from the pack, winning the Best Service Quality Award. According to the survey results, the overall satisfaction level of Yuanta Life's service is highly appreciated by the respondents, including the sales staff, counter service staff, telephone customer service staff, and the service center's environment and internet service.

In terms of customer service, Yuanta Life has created a warm and green environment to make customers feel relaxed and at ease during the consultation process. The counter service satisfaction survey is conducted on a monthly basis. In the first half of 2020, customers gave us an average score of 98. In March, the FSC announced that Yuanta Life has excellent quality control of its insurance product solicitation and underwriting business and is more effective in handling consumer protection (ranked in the top 25 percent of the industry in terms of handling financial consumer review cases). Yuanta Life has achieved this distinction for 2 consecutive years. In April, the Insurance Bureau announced that Yuanta Life was ranked No. 1 in the industry in the latest consolidated complaint score.



**Protecting Customer Privacy**

In recent years, in response to the trend toward digital transformation, the financial services industry has increased its reliance on the Internet for the digitization of services and online processes, making the flow of and access to information faster and more convenient than in the past, therefore, protecting the confidentiality of personal information and customer privacy is also a growing concern. Subsidiaries of Yuanta Financial Holdings have established regulations and management practices in line with the personal information "Protection Act" and regulations from the competent authorities to protect customer and investor privacy. Each subsidiary handles and collects customer information in accordance with the Personal Information Protection Law, and informs of the points to be notified to ensure that personal information is properly collected, processed and used.

Yuanta Securities' "Personal Data Protection Implementation Team" is tasked with formulating personal information protection regulations governing the collection, processing, and use of personal information. Each year, a personal information safety breach contingency drill is held to ensure our ability to respond to any potential personal information issues. We also hold an annual personal information protection management review to certify personal information 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 information protection management measures and their certification was renewed in 2019 and 2020. There were no breaches of customer privacy in 2020.

In view of the different industry-specific characteristics of each company, Group subsidiaries have each established individual personal information protection regulations and cyber security management regulations to protect customer rights and interests, so that each department can implement the protection of customer information, to ensure that customer information is secure and to collect, process and use customer information lawfully within the scope of our authorization. Yuanta Financial Holdings established the Yuanta Financial Holdings and Subsidiary Companies Customer Information Confidentiality Measures and hold information security and personal information protection training courses to promote consistent compliance across subsidiaries and divisions and ensure employees fully understand the importance of personal information handling and protection to maintain customer and investor privacy. This year, the 37 relevant training courses held were attended by 12,868 participants for a total of 13,550 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 and we comply with relevant government laws and regulations and information management principles ensure that the acquisition and use of data is within the scope of data authorization set by the Group, and that appropriate technical and organizational security measures are used to maintain a highly secure and stable data storage system, and to fulfill the duty of confidentiality of personal information of customers or investors. The proportion of customer data used for telemarketing activities by Yuanta Financial Holdings' subsidiaries this year was 40.64%.

**Personal Data Protection Policy**

Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures have established internal regulations (including but not limited to policies and procedures related to personal information protection) according to the nature and type of business it conducts, which include:

- The collection, processing, use, transmission, storage, and destruction of personal information held by the Company shall be managed in a manner that ensures the legality and appropriateness of such operations. All personnel (including employees and outsourced vendors) who are involved in the various operations mentioned above are required to comply with the rules and regulations related to personal information.
- A cross-departmental personal information protection team or a personal information protection specialist (hereinafter referred to as the personal information protection team) is established as a dedicated unit to promote, coordinate and supervise various personal information protection-related matters of the Company. The personal information protection team is appointed by the president as the convener and vice convener of the relevant department and the representatives of each department are appointed as team members. Meetings are held to discuss personal information protection issues as needed.

- Risk assessments are conducted at least once a year with respect to personal information risks faced by the Company's business and control measures based on the assessment results are established. The evaluation results and analyses are reported at the personal information protection team meetings. In the event of personal information security or leakage, in addition to the notification of operational risks by each department and office in accordance with the prescribed procedures, the Information Technology Department is to follow regulations related to information security risks. The Risk Management Department is to provide prevention or improvement suggestions on the causes of personal information security incidents. In addition, the protection of personal information is included in the Company's internal auditing items and regular annual education and training courses to enhance employee awareness of personal information protection.

- If a staff is found to have violated the personal information protection policy and related regulations, causing others to suffer losses, he or she will be subject to the relevant penalties in accordance with the work regulations.

- The personal information protection team conducts a personal information protection management review at least once a year.



**Personal Data Protection Regulations Training Course**

Company	Sessions	Personnel Trained	Hours of Training	Coverage (%)
Yuanta Financial Holdings	2	251	256	100
Yuanta Securities	11	9,778	14,647	100
Yuanta Bank	24	13,697	11,749	100
Yuanta Life	8	872	584.24	100
Yuanta Funds	4	313	138.75	100
Yuanta Futures	1	415	70.55	100
Yuanta Venture Capital	1	13	2.21	100
Yuanta Asset Management	1	30	30	100
Yuanta Securities Investment Consulting	3	74	82	100

**Internal Controls to Prevent Misappropriation of Client Money by Financial Management Consultants**

Yuanta Bank conducts due diligence procedures to understand the character, expertise, credit and financial status of its employees to fully implement KYE (Know your employee) system when appointing new financial management staff. We carry out regular and periodic checks of the credit and financial status of our financial management staff to prevent the occurrence of fraud.

The "Professional Ethics and Standards of Conduct for Wealth Management Practitioners" stipulates that wealth management practitioners are to uphold the principle of honesty and integrity in soliciting and providing services, and are not to keep passbooks, seals or signed blank transaction documents on behalf of clients, or engage in unauthorized transactions or improper solicitation. Under the principle of complying with the relevant laws and regulations, effective fraud prevention and control measures are carried out for financial management personnel (as follows) to eliminate misappropriation of customer funds by financial management personnel.



- ◆ When a customer comes to the bank and a staff member comes to the counter to perform a transaction on his/her behalf, the staff member that does the depositing or remittance is to ask the customer to come to the counter or go to the client terminal to confirm that the transaction is correct before processing it.
- ◆ For transaction request from a customer using outbound collection service, the bookkeeper must confirm the transaction with the customer by phone after the transaction is completed.
- ◆ Transactions associated with making deposits to the accounts of financial management personnel from bank customer's account or other related transactions financial management staff is involved in are carefully monitored to verify whether there is any violation of the rule against safekeeping for customers.
- ◆ The branch supervisor or operation supervisor is to check the drawers and office premises of financial management personnel to verify whether there is any violation of the rule against safekeeping for customers.
- ◆ If customer information for contact is the same as that of the financial management personnel or the bank branch, monitoring is implemented and a further step is taken to check the reason why the contact information of the customer is the same as the financial management personnel or branch.
- ◆ The same IP address and different customer Internet banking trust transactions outside the bank are monitored to confirm the legitimacy of customer connections or transactions.
- ◆ Internal audits are conducted during the leave of absence of the financial management personnel to facilitate random checks on the transactions of customers' accounts.
- ◆ For those financial management personnel who have worked in the same unit for a certain period of time or more, appropriate transfer procedures are established and the checking of financial management personnel's dealings with customers is strengthened.
- ◆ Establish a monitoring list of risk patterns for branch unit managers or financial management supervisors to confirm by phone or in person that there are no abnormalities in the transactions of customers' assets at the Bank and that they are clear about the status of investment gains and losses.
- ◆ We send transaction letters to our clients each year to provide them with confirmation of their investment details and balances.

# 5

## An Exceptional Workplace Employees Aspire to Work in

### 5.1 Employee Attraction and Retention

#### Management Approach

Talent is an important driving force to move the Company forward. The Group's employee care team actively invests resources in building multiple channels of talent sources and providing a comprehensive compensation and benefit system to recruit outstanding and diversified talents from home and abroad, providing the Group with a competitive advantage for deepening its development in Taiwan and expanding into the Asia-Pacific region.

#### 5.1.1 Talent Recruitment Strategies

The Group has been based in Taiwan for nearly 60 years and has cultivated Taiwan and overseas. With the vision of becoming the "best financial services provider in Asia Pacific" and the corporate core values of "seizing opportunities to create wealth for customers", "focusing on performance and enhancing employee welfare", and "innovating value to increase shareholder benefits", the Group attracts talents from all walks of life to the Yuanta Group. Our Company upholds the conviction of sustainable management and provides a career stage conducive to the sustainable development of talents through long-term stable management performance, continuous innovation, diversified development of training and rotation system, and a salary system that shares the management performance with employees.

In response to the trend of fewer children, the Group has been actively cultivating new-generation financial talents and recruiting future talents needed for key business development through lectures, internships, speeches, and corporate visits, by actively building multiple channels of talent sources and tapping into the desire of the new generation to enter the financial industry. This year, 4,696 new talents were trained through industry-academia cooperation.

#### New Arrivals and Departures

This year, the Group recruited a total of 1,313 new full-time employees in Taiwan, which made up 12% of the workforce. Among these new hires, 603 were male and 710 were female. During the same period, the total number of departing full-time employees was 1,200 or 10.96% of total employees and included 503 male employees and 697 female employees.

#### ◆ New and Departing Full-Time Employee Ratios

Items	2017	2018	2019	2020
New (%)	9.60	13.64	12.18	12.00
Departing (%)	11.80	13.04	12.86	10.96

#### Workforce Structure

This year, there were a total of 10,944 employees in the Group, consisting of 35.5% male and 64.5% female. Among Taiwan workforce, 53.2% of the management positions are female with the proportion of females in entry level management positions at 60.6% and senior management positions at 35%. The proportion of female managers in revenue-generating units is 22.6%. We employed a total of 85 physically disabled employees in 2020.

#### 5.1.2 Salary and Compensation

##### Salaries (Gender Pay Ratio)

The Group's salary ratio between men and women in Taiwan is shown on the right. In the future, we will continue to pay attention to issues related to the gender pay gap and fulfill our corporate social responsibility.

#### ◆ Taiwan Group Salary Ratio (Male : Female)

	Year of 2020		Male (%)	Female (%)
	Salary	Salary and Other Cash Incentives		
Executive Level	Salary		110	100
	Salary and Other Cash Incentives		133	100
Management Level	Salary		115	100
	Salary and Other Cash Incentives		126	100
Non-Management Level	Salary		117	100

Notes:  
1. Executive level indicates appointed manager or above; Management level indicates management staff outside of the Executive level.  
2. Pay rates vary slightly depending on the number of employees, positions held, and individual performance.

#### Number of Full-Time Non-Managerial Employees, Average and Median Salaries

Full-Time Non-Managerial Employees	2018	2019	2020	Difference from the Previous Year (%)
Weighted Average Number of Persons (Persons)	9,128	9,080	9,130	0.55
Average Salary of Non-Managerial, Full-Time Employees (NT\$ thousand)	1,076	1,090	1,276	17.06
Median Salary of Non-Managerial, Full-Time Employees (NT\$ thousand)	-	894	1,057	18.23

Notes:  
1. In line with Taiwan Stock Exchange (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.  
2. The above statistical standards are based on the operational guidelines for reporting salary information for full-time non-managerial employees, which are jointly compiled and published by the TWSE and Taipei Exchange.

#### 5.1.3 Diversified Benefits

##### Employee Benefits

The Group operates primarily in the Taiwan region. We provide full-time employee diversified benefits, including benefit subsidies, cultural and social activities, and other services, to create an excellent working environment and to take care of the physical and mental health of our employees. For the year under review, the Group's total benefit cost for non-managerial employees was approximately NT\$22.43 billion, while the average benefit cost per non-managerial employee was approximately NT\$1.662 million.



- ◆ e-learning Online Learning
- ◆ English Certification Award
- ◆ International Financial License Award



- ◆ Marriage Subsidy
- ◆ Childbirth Subsidy
- ◆ Parental Leave
- ◆ Education Scholarship for Children of Workers



- ◆ Diverse Clubs (Badminton, Culinary Arts, Flower, etc.)
- ◆ Health Checks
- ◆ Employee Group Insurance
- ◆ Medical Subsidy
- ◆ Emergency Allowances
- ◆ Funeral Allowances



- ◆ Employee Stock Ownership Trust
- ◆ Preferential Loan Rate for Employees
- ◆ Employee Group Annuity Policy
- ◆ Employee Discounted Handling Fee for Purchasing Financial Products



- ◆ Flexible Working Hours
- ◆ Telecommuting
- ◆ Employee Assistance Program
- ◆ Three Festivals Gifts
- ◆ Birthday Present

## Parental Leave

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. This year, 703 employees qualified for parental leave, of whom 59.89% were women and 40.11% were men, which is consistent with the gender distribution of the Group's employees. (Please refer to Appendix 3 for statistics on parental leave.)

## 5.2 Talent Cultivation and Development

### Management Approach

In the ever-changing financial industry, human resources are one of the cornerstones of our Company's ability to provide good service and corporate innovation, so cultivating quality human resources is a key issue for the Company. The Group's Employee Care Team is the responsible unit for talent cultivation under the operational strategy of "solidifying our core and driving growth", encouraging employees to learn and transfer to other positions. The Company also provides training courses and learning resources through a combination of physical and online courses in four curriculum frameworks: the Management Academy, Profession Academy, Licensing Academy, and Life Academy, to promote life long learning. By actively cultivating multiple functions of our staff, we are able to consolidate our core professions and develop new functions to meet the needs of the financial industry and the Group's business development, thus enhancing the Group's overall competitiveness.

### 5.2.1 Training System

#### Talent Development System

In order to achieve the goal of "satisfying the needs of the financial industry and the development of the Group's business", Yuanta Financial Holdings has established four curriculum frameworks, including the Management Academy, Professional Academy, Licensing Academy, and Life Academy, to offer training courses and provide learning resources.

Through talent identification, the Group's executives at all levels identify and reserve management and professional talents needed for the development of the financial industry and the Group and cultivate them through various means such as training courses, project assignment, meeting participation and job rotation. Employees can access Group information from various financial fields through digital learning platforms at any time and actively learn diversified functions, allowing them to keep pace with the development of the Company and stay abreast of the latest knowledge, skills and abilities. The Group encourages employees to actively participate in a variety of learning and training opportunities. 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 to strengthen their skills or gain new job capabilities.

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.



## Award Introduction

We have been actively involved in talent development and have received many external awards. The following awards related to talent development were presented in 2020:



### Focus Training Program Description

According to the Group's strategic blueprint for sustainable development, the comprehensive growth and development strategy of "solidifying our core and driving growth" and the Group's key objectives, the Group will promote three key projects, including the cultivation of international operation talents, personnel transformation and multiple skill training, and succession training. Under the impact of the COVID-19 pandemic, the Group has focused more on the development of staff training. In 2020, the number of training hours increased by 16.6% and the training expenses increased by 17.6% compared with the previous year and the net income after tax also increased by 18%, which was a record high. This remarkable performance is attributed to the Group's belief in sustainable management and the dedication and contribution of employees in each position to continuously improve their professional capabilities, serve customers with dedication, and focus on performance, as well as the cooperation of the Group's subsidiaries in promoting personnel transformation and diversification of roles and enhancing the overall financial expertise and productivity of employees.

Talent Training Development Key Projects	Policy	Highlights
Cultivating Managers and Succession Candidates	The succession candidates of the Group are mainly based on internal promotion, supplemented by external recruitment.	At Yuanta Financial Holdings and our subsidiaries, 93.9% of managers holding the position of department head and above were promoted internally.
Cultivating International Operations Talent	The Group cultivates international operations management talents through overseas business supervision, supervision and inspection, cross-border support, international seminars, visits and exchanges and other diversified mechanisms.	Affected by the COVID-19 pandemic control measures, video and teleconference are adopted for overseas business supervision, support and communication.
Personnel Transformation and Multi-skill Training	Make use of the advantages of the subsidiaries' diversified financial industry, exposed to the Group's various financial professional fields to encourage employees to grasp the industry development trend, and have the knowledge, skills and ability to keep pace with the times.	<ul style="list-style-type: none"> <li>◆ The Group's personnel transformation and diversified functional training were held 1,415 courses, with 54,590 people participating in the training and a total of 226,628 hours, accounting for 40.7% of the total training hours.</li> <li>◆ 78 people were given opportunities for cross-company job transfers.</li> </ul>

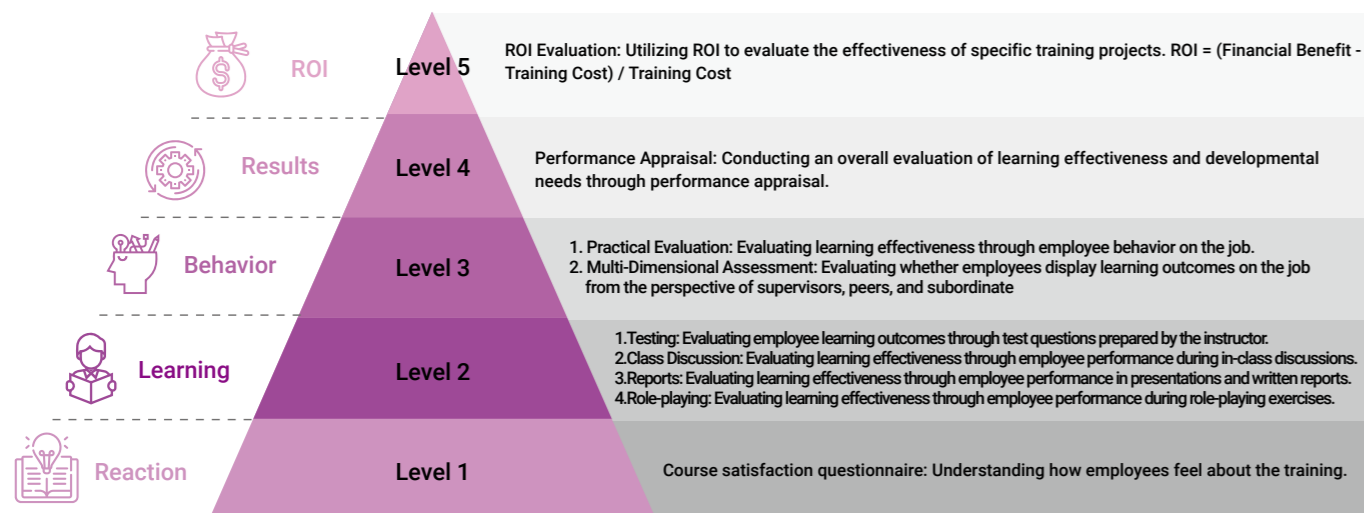
### Education and Training Statistics for the Past Two Years

Items	2019	2020	Increase/Decrease (%)
Total Courses Held	2,857	3,330	16.60
Training Hours	514,265	556,991	8.30
Training Attendance	259,449	317,223	22.30
Training Cost (NT\$10,000)	3,784	4,450	17.60
Number of Employees	10,912	10,944	0.30
Average Hours of Training Per Employee	47.10	50.90	8.10
Average Number of Training Sessions per Person	23.80	29.00	21.80
Average Training Cost Per Employee (NT\$)	3,468	4,066	17.30

Notes:  
 1. Currency: New Taiwan Dollar.  
 2. Information covers Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Assets Management Company (AMC), and Yuanta Securities Investment Consulting.  
 3. The number of training hours and the number of participation are cumulative data for the whole year; the number of employees is the number of employees in service as of December 31 of the current year.

### Training Effectiveness Evaluation

The Company has adopted Dr. Jack Phillips's training evaluation model (the Return on Investment (ROI) Model), which uses Reaction, Learning, Behavior, Results and ROI to assess learning effectiveness.



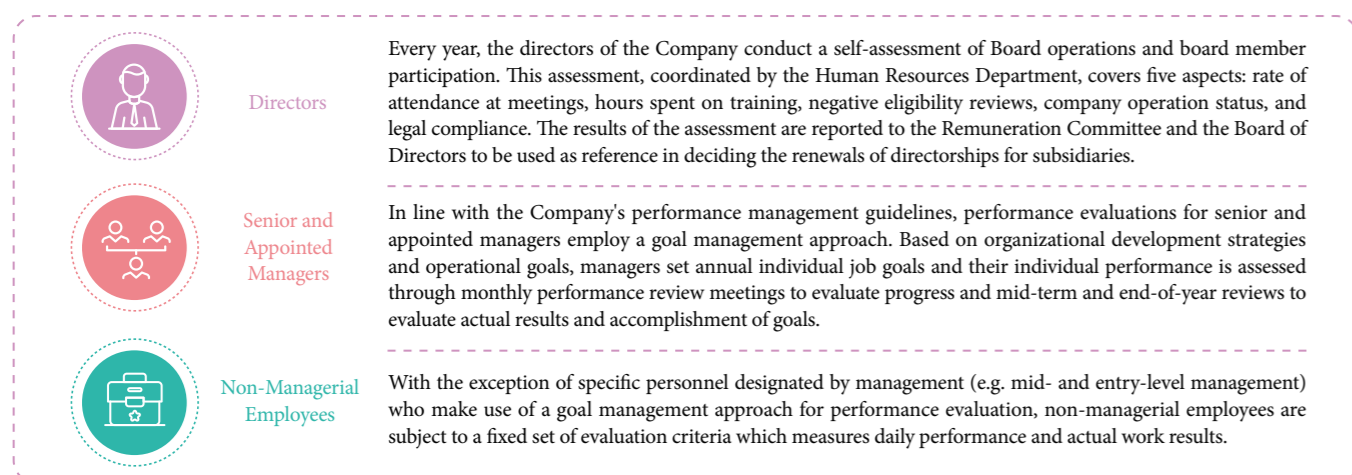
### 5.2.2 Performance Evaluation and Development

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 2020, 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.

This year, internal promotion was given to 1,372 employees in the Group for their outstanding performance, which accounts for 12.5% 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 2020, a total of 1,647 employees underwent job transfers, accounting for 15.1% of the total number of employees. At the same time, capitalizing on the Group's comprehensive financial services advantage, 78 employees applied for intercompany 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.

#### Performance and Professional Development Review Methods



## 5.3 Occupational Safety and Health Management

### Management Approach

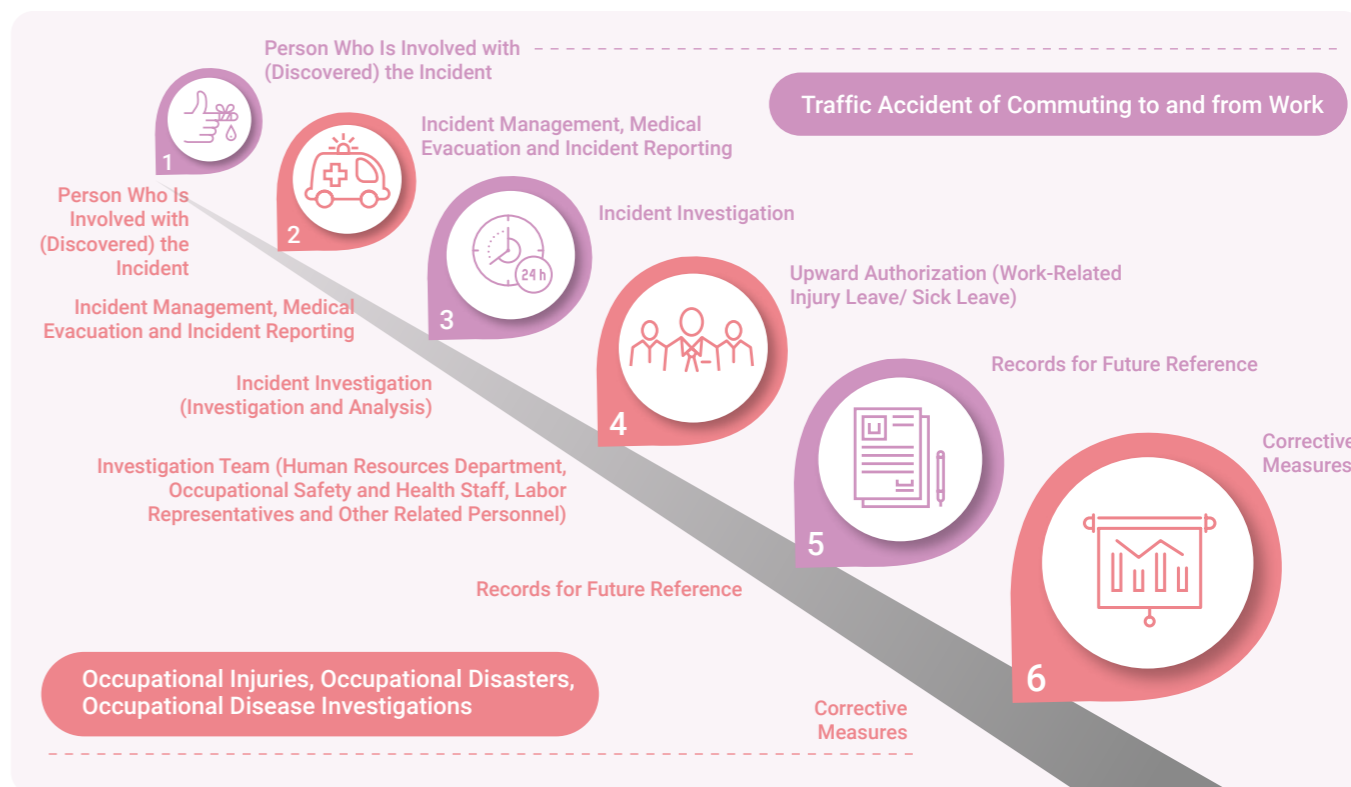
Employees are the most important asset of an enterprise. The Occupational Health and Safety Management Units of the Group, in accordance with the Occupational Safety and Health Act and its sub-laws, have formulated, announced and implemented Occupational Health and Safety Work Code, Occupational Health and Safety Management Program, Automatic Occupational Safety Inspection Plan, and Workplace Environment Monitoring Implementation Guidelines, Regulations Governing Occupational Health and Safety Education and Training. We are committed to promoting physical and mental health programs and welfare measures superior to laws and regulations to provide a friendly working environment.

### 5.3.1 Workplace Safety

#### Occupational Health and Safety Management Systems

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 this year. In 2020, Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures will also implement the ISO 45001 occupational safety and health management system. Although the current occupational safety and health management system is not mandatory under the Occupational Safety and Health Act, the Group still takes the initiative to establish a friendly work environment for employees and contractors.

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.



#### Occupational Health and Safety Committee

Under Taiwan's Regulations Governing Occupational Safety and Health, the Group is classified as a Category 3 business, Yuanta Securities and Yuanta Bank have each established an Occupational Health and Safety Committee.

Year of 2020	Yuanta Securities	Yuanta Bank
Total Committee Membership	7	11
Number of Labor Representatives	3	4
Member Term (Year)	2	2
Annual Meetings Held	4	4

### 5.3.2 Certification and Awards



Occupational safety-related certification and award records

- ◆ ISO 45001 Occupational Health and Safety Management System Certification
- ◆ Indoor Air Quality Voluntary Management Certificate
- ◆ Department of Health, Taipei City Government: Excellent Breastfeeding Room Certificate
- ◆ Taipei City Excellent Health Workplace Award and 4th Place
- ◆ Sports Enterprise Certification from Sports Administration, Taiwan Ministry of Education
- ◆ Common Health Magazine's Healthy Corporate Citizenship Certificate
- ◆ Tobacco Hazard Prevention Certificate
- ◆ Safe Workplace Certification and Badge of Accredited Healthy Workplace from Taiwan Ministry of Health and Welfare

### 5.3.3 Employee Care

#### Risk and Mitigation Measures

After analyzing employee work processes and responsibilities, we identified 5 areas that pose the greatest risk to financial service industry employee health. These are traffic accidents during their commute, metabolic syndrome, ergonomic hazard, insufficient activity, and maternal health protection. We take these 5 health risks seriously and continually evaluate and improve in these areas.

No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness
1	Health Risk / Traffic Accidents to/from Work	Medium High	<ul style="list-style-type: none"> <li>◆ Strengthening employee awareness of traffic safety.</li> <li>◆ Providing two shuttle buses to reduce the need for employees to drive for business purpose.</li> <li>◆ Promoting the timeliness of occupational disaster notification through occupational safety and health education courses.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Enhancing traffic safety awareness through internal communication.</li> <li>◆ Promoting the timeliness of occupational disaster notifications through occupational safety and health education courses.</li> <li>◆ The number of injuries decreased.</li> </ul>
2	Health Risk / Metabolic Syndrome (Yuanta Financial Holdings and Yuanta Bank)	Medium	<ul style="list-style-type: none"> <li>◆ A total of 246 colleagues participated in the "Yuanta Walk for the Earth", accumulating 36.49 million steps.</li> <li>◆ 38 visits were made by doctors; 332 people were interviewed.</li> <li>◆ 80 people participated in the weight management activities, with a total weight loss of 201.5 kg.</li> <li>◆ The weight loss activity was extended to the business units. (Organized remote independent weight loss class)</li> <li>◆ Health counseling and health management provided by medical staff.</li> <li>◆ Holding metabolic syndrome prevention, nutrition lectures, physical fitness classes, and weight management classes.</li> <li>◆ One-on-one health coaching sessions were conducted by a fitness instructor and a nutritionist for a total of 11 sessions.</li> <li>◆ Over 97% of the personnel received health check-ups funded by the Group.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The doctor's clinical services were provided 36 times. The number of visits was 318.</li> <li>◆ 80 people participated in the weight management activities, with a total weight loss of 201.5 kg.</li> <li>◆ 3,379 or 98% of employees were screened.</li> </ul>
3	Health Risk / Ergonomic Hazard (Office Posture)	Medium	<ul style="list-style-type: none"> <li>◆ Ergonomic hazard prevention program.</li> <li>◆ Teaching and promoting the prevention of ergonomic hazards in offices and designed stretching exercises for pain prevention through occupational safety and health education courses</li> <li>◆ Arranging for physicians and occupational safety personnel to conduct environmental inspections for ergonomic hazards.</li> <li>◆ Assisting with improvements to office environment and promote proper posture.</li> <li>◆ Arranging consultation with a physician, health counseling provided by medical staff, and teaching epidemic pain prevention stretching exercises.</li> <li>◆ Arranging ergonomic hazard prevention seminars.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Promoting bank-wide office stretching exercises starting in 2019.</li> <li>◆ Office environment visits were conducted to improve office posture by providing on-site services to all branch locations nationwide. 21 locations were visited.</li> <li>◆ Medical personnel provided health guidance 306 times.</li> </ul>
4	Health Risk / Insufficient Activity	Medium	<ul style="list-style-type: none"> <li>◆ Holding events to encourage more physical activity.</li> <li>◆ Organizing physical fitness courses and (self-directed) weight management classes.</li> <li>◆ 246 colleagues participated in the "Yuanta Walk for the Earth", accumulating 36.49 million steps.</li> <li>◆ Physical fitness testing and exercise instruction was conducted for 215 participants.</li> <li>◆ During the on-site service of doctors, they also went to business locations to promote office exercises and soreness prevention stretching exercises.</li> <li>◆ Designing activity (exercise) volume and intensity questionnaires for the whole group, and analyzing the related results to plan healthy activities.</li> <li>◆ Physical fitness counseling provided by a special physical fitness instructor.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Conducting 1 or 2 sessions of health and weight management courses since 2016, with 205 participants in 2020.</li> <li>◆ A total of 80 people participated in weight management classes, with a total weight loss of 201.5 kg.</li> <li>◆ Since 2017, annual physical fitness tests have been held, with 118 participants in 2020.</li> <li>◆ Diversified sports clubs, such as badminton club, basketball club, road running club, and received the government's Sports Enterprise Certification in 2019.</li> </ul>




No.	Risk / Hazard	Level of Impact	Prevention Program / Improvement Measures	Implementation Effectiveness
5	Maternal Health Protection	Medium	<ul style="list-style-type: none"> <li>◆ All of our offices with more than 100 people have breastfeeding rooms. The 3 breastfeeding rooms located in our buildings in Taipei City have been certified as excellent breastfeeding rooms.</li> <li>◆ Conduct regular satisfaction and opinion surveys of our breastfeeding rooms.</li> <li>◆ Compile the needs of breastfeeding rooms in each branch and design a plan accordingly.</li> <li>◆ For women who are less than 1 year post-pregnancy and delivery, we provide on-site services, risk assessment and health management. A total of 60 care visits were conducted by medical personnel and the "Yuanta Bank - Good Luck" handbook for mothers was distributed.</li> <li>◆ Regular care by a dedicated nurse practitioner during pregnancy and after delivery.</li> <li>◆ Conduct surveys on the needs of postpartum female colleagues on health issues and held related health promotion activities.</li> <li>◆ The most important health issue for postpartum colleagues is weight management. To address this issue, we have designed exclusive postpartum weight management activities:                             <ul style="list-style-type: none"> <li>• Producing postnatal nutrition and exercise health education literature for pregnancy.</li> <li>• A total of 30 participants participated in the postpartum women's weight loss program, with a total weight loss of 45 kg.</li> <li>• Consultations are available for pregnant women / prenatal / postnatal physical fitness yoga.</li> <li>• Maternal nutrition counseling by a special dietitian.</li> </ul> </li> <li>◆ In 2021, we will gather information on breastfeeding room needs for all branches nationwide and design relevant program accordingly.</li> <li>◆ Offered maternity benefits at \$2,000 per person, with a total of 69 applications.</li> <li>◆ Comfortable and attractive maternity clothes.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Medical personnel interview women who are pregnant or have delivered less than 1 year earlier. 60 interviews were conducted and the "Yuanta Bank - Good Luck" handbook distributed to mothers.</li> <li>◆ The 4th and 5th floors of the Yuanta Financial Tower and the 5th floor of the Chengde Building have been certified as having excellent breastfeeding rooms by the Taipei City Government.</li> <li>◆ The most important health issue for postpartum colleagues is weight management, and for this issue:                             <ul style="list-style-type: none"> <li>• Producing postnatal nutrition and exercise health education literature for pregnancy.</li> <li>• A total of 30 participants participated in the postpartum women's weight loss program, with a total weight loss of 45 kg.</li> </ul> </li> <li>◆ Offered maternity benefits at \$2,000 per person, with a total of 69 applications.</li> </ul>

#### Health Care Programs and Activities

In response to financial industry development trends, the Group not only provides management and professional training to guide employees to continue to refine their professionalism to maintain a competitive edge in the workplace, but also upholds the spirit of sustainable development and corporate social responsibility by regularly organizing the Life Academy series of courses and establishing the Employee Assistance Program (EAP), which combines external social resources and company club activities to help employees maintain a balanced lifestyle and implement physical and mental care for employees.

Theme	Activity Name	Description
	<ul style="list-style-type: none"> <li>◆ Free Four-Cancer Screening Campaign</li> <li>◆ Destined for Health</li> <li>◆ Employee Health Checks</li> </ul>	<ul style="list-style-type: none"> <li>◆ Early detection and treatment of disease.</li> <li>◆ Regularly measure employee blood pressure, weight and body fat.</li> <li>◆ Health checkups are conducted every 2 years to keep track of employee health. (Better than regulations)</li> </ul>
	<ul style="list-style-type: none"> <li>◆ Health Education Seminars</li> <li>◆ Cardiovascular Disease Prevention Seminars</li> <li>◆ Ergonomic Factors Hazard Prevention Advocacy</li> <li>◆ Abnormal Work Overload Calculator</li> <li>◆ CPR+AED</li> <li>◆ Smoking Cessation Class</li> <li>◆ Health e-Monthly</li> <li>◆ Medical Resident Services</li> <li>◆ Nutritional Meal Contest</li> </ul>	<ul style="list-style-type: none"> <li>◆ Promoting work-life balance and employee awareness of independent health management.</li> <li>◆ Learning about cardiovascular diseases, preventing them, and maintaining health on a regular basis.</li> <li>◆ Preventing musculoskeletal injuries caused by chronic poor posture and promoting preventive and improvement measures for employees.</li> <li>◆ To reduce the risk of cardiovascular disease, we conducted prevention seminars and health education by visiting special physicians to establish the correct concept of healthy living.</li> <li>◆ Developing proper first aid knowledge and skills.</li> <li>◆ Promoting employee health and implementing a tobacco-free and healthy workplace policy.</li> <li>◆ Raising employee health awareness, so that they can value their health and take care of themselves.</li> <li>◆ Specialists and occupational specialists are regularly hired to provide onsite health services.</li> <li>◆ Promoting the importance of balanced nutritional intake.</li> </ul>
	<ul style="list-style-type: none"> <li>◆ Physical Fitness Activities and Testing</li> <li>◆ Healthy Weight Loss Classes</li> <li>◆ Physical Fitness Exercise Class</li> <li>◆ Office Health Stretching Exercises</li> <li>◆ Sport Activities</li> <li>◆ Sport Classes</li> </ul>	<ul style="list-style-type: none"> <li>◆ Checking the physical fitness status of employees and providing professional physical fitness advice to promote physical health.</li> <li>◆ Teaching healthy eating and exercise to help employees manage their weight and promote health.</li> <li>◆ Organizing physical fitness and aerobic classes to increase activity and promote health.</li> <li>◆ Revitalizing the muscles and bones, promoting blood circulation.</li> <li>◆ Promoting the development of sports and fitness habits, participating in the "10,000 people anti-drug public welfare road running activities". Managers led the staff and their dependents to engage in healthy outdoor activities.</li> <li>◆ Comprehensive muscle sculpting courses, common sense "body slimming", to provide employees with the correct exercise and fitness concepts.</li> </ul>



 Physical and Mental Stress Relief	<ul style="list-style-type: none"> <li>Mental Health Seminar</li> <li>Workplace Stress Relief Seminar</li> <li>Staff Holiday Recreational Activities</li> <li>Office Greening</li> </ul>	<ul style="list-style-type: none"> <li>Teaching how to regulate stress and promote physical and mental health.</li> <li>Workplace stress relief starts from the heart, helping employees manage stress and emotions in the workplace.</li> <li>Organized social service events to promote environmental awareness and to get closer to nature. Staff members brought their families to the event and ate dinner together to promote bonding.</li> <li>Enhancing work efficiency and helping employees achieve a balance between mind, body and spirit.</li> </ul>
 Maternity Protection	<ul style="list-style-type: none"> <li>Maternity Protection Plan</li> <li>Happy Pregnancy Gift Bags</li> </ul>	<ul style="list-style-type: none"> <li>For female employees with maternal health concerns, hazard assessment, control and risk classification management, physician interviews, work suitability arrangements and other related maternal health protection measures are implemented to protect the health of the mother and fetus.</li> <li>Presenting the “Lucky Yuanta ~ Happy Pregnancy Gift Bags” as part of the Maternity Protection Plan to create a workplace conducive to happy, healthy pregnancies. The gift bag contains many baby products, a guide to a good pregnancy and a greeting card from the president to help each mother prepare for her baby.</li> </ul>
 Workplace Safety	<ul style="list-style-type: none"> <li>Workplace Testing</li> <li>Advocacy for Prevention of Workplace Abuse</li> <li>Employee Health Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Regularly checking the quality of drinking water, carbon dioxide, lighting, and firefighting equipment in the workplace.</li> <li>Preventing workplace violence, improving work efficiency, and creating a safe and happy workplace for employees.</li> <li>Providing Employee Group Health Insurance.</li> </ul>

◆ Occupational Safety and Health Training Course Statistics

Occupational Safety and Health Training Courses		2020
Occupational Health and Safety for New Employees	Attendance	1,122
	No. of Sessions	19
	Total Hours	3,202
Annual Occupational Health and Safety Course	Attendance	7,925
	No. of Sessions	11
	Total Hours	3,096
Occupational Health and Safety Business Executive Training	Attendance	7
	No. of Sessions	7
	Total Hours	166
Fire Safety Management Personnel Training	Attendance	11
	No. of Sessions	10
	Total Hours	100
First Aid Personnel Education and Training	Attendance	16
	No. of Sessions	12
	Total Hours	183



Physical Fitness Testing



Physical Fitness Group Class I



Physical Fitness Group Class II



Individual nutrition consultation with dietitian.



The Company was awarded the Taipei City Outstanding Healthy Workplace — Specially Outstanding Award

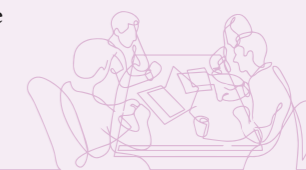


Destined for Health

## 5.4 Human Rights

### Management Approach

The Group is committed to providing an equal and friendly workplace environment and implementing human rights protection. 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. In 2020, we expanded the scope of application of human rights policies, and drew up Terms and Conditions for Human Rights and Environmental Sustainability to improve human rights issues and related risk management.



### 5.4.1 Human Rights Policy

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 Labour Conventions and complies with all relevant local labor laws and regulations. In 2018, the Company established a “Human Rights Policy”, which is applicable to its subsidiaries and covers the protection of human rights in the workplace, the implementation of equal pay for equal work, the provision of a healthy and safe workplace, the support of freedom of association, the promotion of labor harmony, the protection of personal data, and the promotion of human rights policies. The Company is committed to respecting and protecting the basic human rights recognized internationally, complying with relevant labor laws and regulations, protecting the legal rights of employees, and prohibiting any acts that violate or infringe upon human rights, and taking practical actions to realize the Company’s responsibility to respect and protect human rights and to incorporate the principles and spirit of human rights into its corporate values and culture.

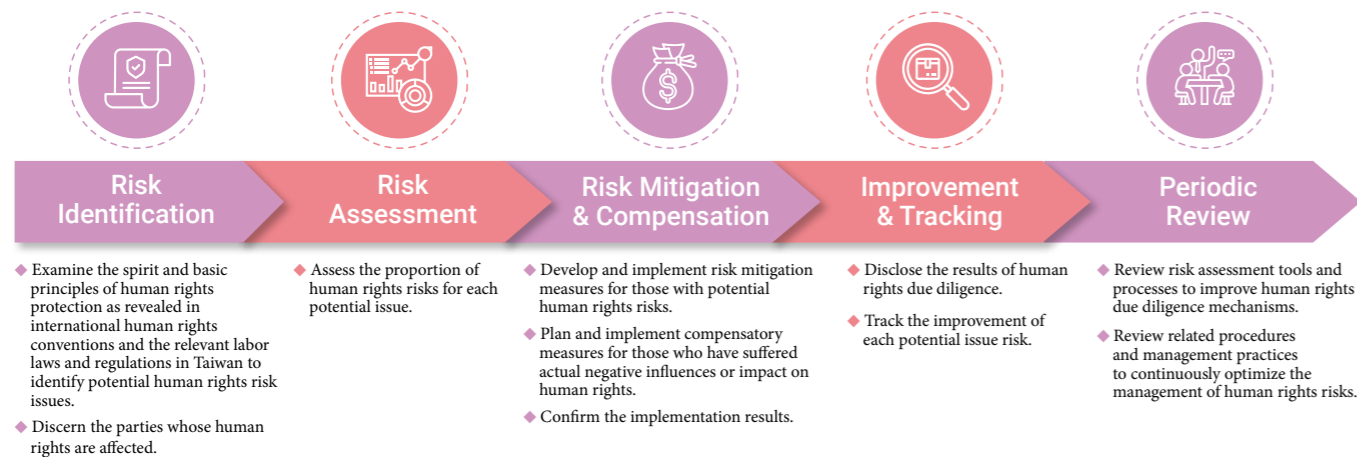


### 5.4.2 Human Rights Due Diligence

In order to implement the “Human Rights Policy”, the Company has established a human rights due diligence process to identify potential human rights risks by reviewing information on domestic and overseas human rights issues and relevant labor laws and regulations in Taiwan, identifying the targets affected and the sources of risk generation, reviewing the corresponding management through the results of risk assessment, and formulating or adjusting risk mitigation measures to improve and follow up on relevant measures in order to effectively control and reduce the impact and influence of human rights risks and achieve management objectives.



Human Rights Risk Assessment Results and Management Measures



## 5.5 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.

### 5.5.1 Union Participation

The Group has always valued communication with unions and employees. Every 3 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 2020, the total number of union members accounted for 29.29% 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 Employee
Yuanta Financial Holding Co., Ltd. and Subsidiaries Corporate Unions	646	5.90	0.25
Yuanta Commercial Bank Co., Ltd. Corporate Union	2,179	49.54	0.48
Yuanta Commercial Bank Co., Ltd. Union	955	21.71	0.57
Yuanta Life Insurance Co., Ltd. Corporate Union	71	10.10	1.00

Note:  
 1. Group agreements applicable to Yuanta Commercial Bank, Ltd.'s labor unions accounted for 8.73% of the Group's domestic employees  
 2. Union representatives are members and supervisors of the union and the representatives of the members.  
 3. The former "Yuanta Commercial Bank Co., Ltd. Union" was renamed "Yuanta Commercial Bank, Ltd. Employees' Corporate Labor Union" on February 24, 2021.

### 5.5.2 Employee Engagement Surveys

For the past three years beginning in 2017, Yuanta Financial Holdings' Human Resources 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. In 2019, our consultants suggested that we should survey domestic employees once every two years and continue to promote overseas employee engagement surveys.

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 7 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 7 dimensions with a gender difference, ranging from 1 to 3 percentage points.

Employee Engagement Survey Data by Year

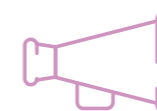
Year	Region	No. of Participants	No. of Respondents	Survey Ratio (%)	Positive Response(%)
2017	Taiwan	11,052	7,929	Taiwan	69
				Taiwan and Overseas	54
2018	Taiwan	10,143	8,844	Taiwan	81
				Taiwan and Overseas	62
2019	Taiwan and Overseas	12,945	11,148	Taiwan	78
				Taiwan and Overseas	79

Notes:  
 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 dates for the number of employees responding to the engagement survey from 2017 to 2019 were September 30, 2017, September 30, 2018, and August 1, 2019, respectively. The base date for the total number of employees in each year is the number of employees in employment as of December 31 of that year.  
 3. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.  
 4. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

## 5.6 Legal Compliance

Protecting our employees is of the utmost importance. Therefore, 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 Announcement



In accordance with Article 20, Paragraph 1 of the Occupational Health and Safety Act, Taiwan's 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

Labor Standards Act Violations					
Company	Competent Authority	Date	Document No.	Law Violated	Details
Yuanta Bank	Department of Labor, Taipei City Government	2020/10/22	No. 10960675031	Paragraph 4, Article 32, Labor Standards Act; Paragraph 1, Article 24, Labor Standards Act ; Paragraph 2, Article 24, Labor Standards Act	Failure to notify the competent authority within 24 hours of the extension of working hours due to natural disasters and unforeseen events; failure to pay additional wages for extended working hours in accordance with the regulations; failure to pay wages for working on rest days in accordance with the law.
Yuanta Bank	Department of Labor, Taipei City Government	2020/07/10	No. 10960303021	Paragraph 2, Article 38, Labor Standards Act	Special leave dates for workers were not scheduled by the workers themselves.
Yuanta Bank	Department of Labor, Taipei City Government	2020/05/08	No. 10960294381	Paragraph 2, Article 32, Labor Standards Act	Extended work hours exceeded those allowed by law.
Yuanta Life	Department of Labor, Taipei City Government	2020/04/28	No. 10960017441	Paragraph 2, Article 32, Labor Standards Act	Extended work hours exceeded those allowed by law.

Yuanta's Responses:  
 1. In order to comply with the law and regulations, the display text of the system is adjusted to make it clearer, and we will continue to optimize the notification of exceptional attendance and overtime work and establish a mechanism to remind employees in advance that overtime hours will reach the legal limit in the month.  
 2. In order to assist supervisors to implement management, in addition to continuous promotion of relevant labor laws and regulations and provision of real-time management information to supervisors, the annual evaluation results of supervisors will be affected if the Company suffers penalties due to any violation of labor laws and regulations.

# 6



# Green Pioneers in Environmental Change

Global warming has intensified in recent years and extreme weather has led to a spate of natural disasters around the world. The significant environmental impact of climate change has become a serious challenge to sustainable business operations. Although the financial industry's operations are not directly affected by climate change, they may be indirectly affected by the impact on customer operations.

Therefore, we identify the risks and opportunities that climate change may bring and develop strategies and adaptations to address them. Since 2011, the administration departments of the Company and its subsidiaries have formed an "Environmental Sustainability Group", which is responsible for formulating environmental management systems, introducing various environmental and energy management systems voluntarily, conducting greenhouse gas inventories, actively promoting energy conservation and carbon reduction, properly managing energy resources, water resources and waste, and implementing green procurement and supply chain management.

In 2016, the Company established an "Environmental Policy", which was approved by the Board of Directors. Through standardized and systematic management, we have leveraged the power of organizational integration to set short-, medium-, and long-term targets for various environmental sustainability indicators, and implemented implementation tracking. The Environmental Sustainability Group reports the effectiveness of its implementation to the Center for the Promotion of Corporate Social Responsibility (CSR) on a quarterly basis. The Center for the Promotion of CSR then reports to the Sustainability Committee to continuously reduce the impact on the environment in the course of operations, demonstrating a positive attitude toward environmental sustainability in line with international standards. In 2020, the Company did not violate any environmental-related national laws and regulations or corporate policies.



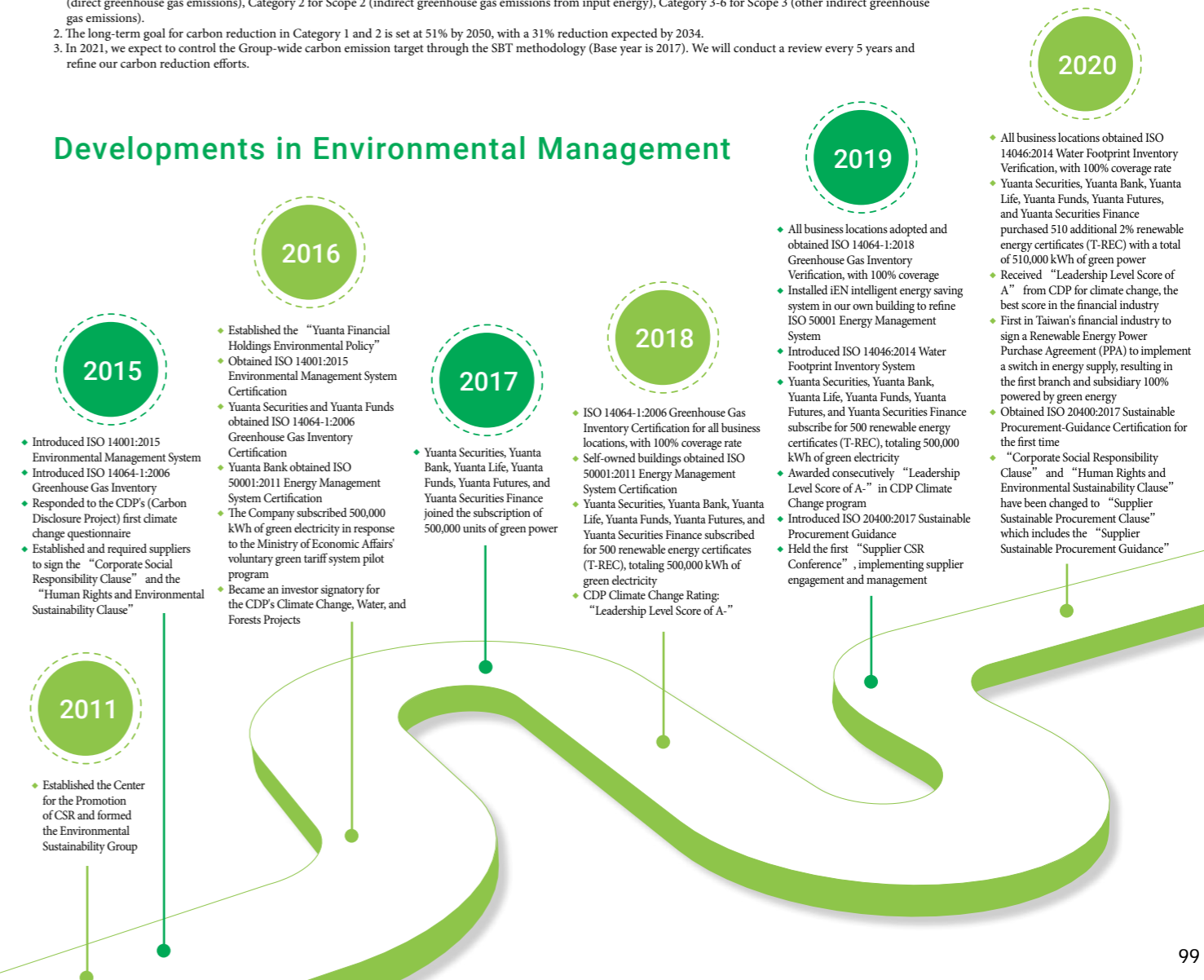
## Targets

Targets	Short-term Targets	Mid-term Targets	Long-term Targets
Set Category 1 and 2 Carbon Reduction Targets (see Notes) (Base year is 2017)	<ul style="list-style-type: none"> <li>Carbon emissions per unit of revenue for Category 1 and 2 in 2021 reduced by 4% compared to the base year</li> <li>3% reduction in energy consumption in 2021 compared to the base year</li> </ul>	<ul style="list-style-type: none"> <li>6% reduction in carbon emissions per unit of revenue in 2023 compared to the base year for Category 1 and 2</li> <li>5% reduction in energy consumption in 2023 compared to the base year</li> </ul>	<ul style="list-style-type: none"> <li>8% reduction in carbon emissions per unit of revenue in Category 1 and 2 in 2025 compared to the base year</li> <li>7% reduction in energy consumption in 2025 compared to the base year</li> </ul>
Other Indirect Emissions (Category 3) Reduction	Maintain the same level of business travel	Maintain the same level of business travel	Maintain the same level of business travel
Participate in the CDP (Climate Change Program)	Continued participation in CDP	Continued participation in CDP	Continued participation in CDP
Supplier Sustainable Sourcing Goals	100% signed sustainable procurement declaration for major supplier contracts	60% coverage rate of CSR questionnaire (covering ESG orientation) conducted by major suppliers	80% coverage rate of CSR questionnaire (covering ESG orientation) conducted by major suppliers
Set Waste Reduction Targets (Base year is 2019)	1% reduction in weight of waste per person in 2021 compared to base year	2% reduction in weight of waste per person in 2023 compared to base year	3% reduction in weight of waste per person in 2025 compared to base year
Water Use Reduction Targets (Base year is 2019)	1% reduction in water consumption per square meter in 2021 compared to the base year	2.5% reduction in water consumption per square meter in 2023 compared to the base year	4% reduction in water consumption per square meter in 2025 compared to the base year
Utilize Renewable Energy	<ul style="list-style-type: none"> <li>100% green power use in 2021 for 2 business locations</li> <li>The proportion of green power usage increases by 2% year by year</li> </ul>	<ul style="list-style-type: none"> <li>At least 4 operating sites to use 100% green power by 2023</li> <li>Green power usage target of 1.5 million kilowatts</li> </ul>	Green power usage target to reach 2.7 million kWh, accounting for 2% of total energy usage
Receive Green Building Certification for Construction of Yuanta Owned Buildings	Certification for 1 green building obtained in 2021	Certification for 2 green buildings obtained in 2023	Green building certification for all new buildings by 2025

Notes:

- From 2019 onwards, based on the new ISO 14064-1:2018 for greenhouse gas inventory, the corresponding names from new and old version are: Category 1 for Scope 1 (direct greenhouse gas emissions), Category 2 for Scope 2 (indirect greenhouse gas emissions from input energy), Category 3-6 for Scope 3 (other indirect greenhouse gas emissions).
- The long-term goal for carbon reduction in Category 1 and 2 is set at 51% by 2050, with a 31% reduction expected by 2034.
- In 2021, we expect to control the Group-wide carbon emission target through the SBT methodology (Base year is 2017). We will conduct a review every 5 years and refine our carbon reduction efforts.

## Developments in Environmental Management



## 6.1 Climate Change and Energy Management

### Management Approach

The financial industry has less of an environmental impact than other industries. The energy consumption and relative greenhouse gas emissions of our business locations are the main sources of impact, and active and proper management is the only way to balance business operations with environmental sustainability. The Group has established “Environmental Policy” and “Energy and Climate Change Management Policy”. In order to enhance environmental sustainability management, the “Environmental Sustainability Group” continues to promote various measures to reduce environmental impact and is committed to establishing a corporate green culture. We hope to reduce the environmental impact of our operations by managing internal energy consumption and greenhouse gas emissions, continuously improving energy use efficiency, and actively procuring green power and renewable energy.

#### Environmental Management System

In order to reduce the impact of our operations on the environment and to promote and manage environmental issues within the Group in a more systematic manner, the “Environmental Sustainability Group” has promoted the implementation of the four ISO standard systems. Since 2015, we have been implementing the ISO 14001 Environmental Management System, establishing an environmental management framework, formulating environmental policies, planning environmental improvement targets and goals, and proposing continuous management improvement plans. We gradually expanded the scope and achieved the completion of ISO 14001 Environmental Management System in our Company and all subsidiaries, obtaining certification in 2019.

In addition, the Group has been implementing ISO 14064-1 Greenhouse Gas Inventory, ISO 50001 Energy Management System and ISO 14046 Water Footprint Inventory in accordance with the ISO 14001 Environmental Management System framework and has been effectively implementing the control of carbon reduction, energy saving, water conservation and business waste to improve environmental management efficiency.

#### ◆ Certification Status of Four ISO Management Systems

	ISO 14001	ISO 14064-1	ISO 14046	ISO 50001
The Company and All of Its Subsidiaries	V	V (Including 316 business locations)	V (Including 316 business locations)	All buildings owned by the group have been certified

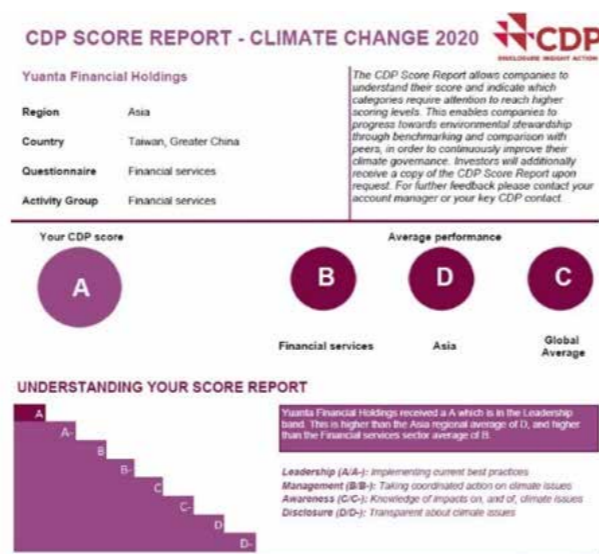
### 6.1.1 Climate Change Management

The Group is concerned about the economic, financial, environmental, and regulatory impacts of climate change. In addition to conducting annual greenhouse gas inventories and participating in the CDP to disclose the effectiveness of greenhouse gas management and carbon reduction, the “Sustainability Committee” has introduced the “Task Force on Climate-related Financial Disclosures (TCFD)” in 2019 to identify climate-related risks and opportunities, as well as their potential financial impacts and to establish a systematic risk management framework. We continue to develop, implement, and improve risk management strategies as described in the chapter on TCFD. In the face of the impact of climate change, the Group not only diversifies its operations to develop related businesses with existing niches, but also adjusts its operational processes, business strategies, and investment decisions as needed and promotes environmental protection issues through education and training to enhance employees' ability to respond to climate risk events, in order to reduce the potential risks of the Company's operations and make continuous efforts for environmental sustainability.

#### CDP Carbon Disclosure Project

Since 2015, we have been responding to the “Carbon Disclosure Project (CDP)”, an international non-profit organization, by answering a questionnaire on climate change and disclosing to the international community our efforts to address climate change issues, greenhouse gas management, and carbon reduction targets. In addition, in January 2016, we became “an investor signatory of the CDP Climate Change, Water and Forests Project”. We have responded to the questionnaire to assess the risks and opportunities brought by climate change and implemented various energy-saving and carbon-reducing actions and green financial services to reduce the impact of our operations on the environment. We also hope that we can lead other enterprises to join the global trend toward low carbon and be in line with international standards while implementing sustainable development.

In the 2020 CDP Climate Change Questionnaire, our Company achieved high scores in greenhouse gas emissions, emission reduction activities, risk disclosure and value chain negotiation, and was ranked a “Leadership Level score of A”, which is not only the highest CDP rating, but also the best score in the Taiwan's financial industry. In the future, we will continue to respond to CDP questionnaires and support CDP by being an investor signatory in its program to actively engage in environmental and climate change related issues.



#### Internal Carbon Pricing Mechanism Program

In response to the international trend of carbon reduction and the implementation of corporate carbon management, the Company formally introduced the “Internal Carbon Pricing (ICP) mechanism” in 2020 to proactively improve energy efficiency and effectively reduce the Group's carbon emissions.

By implementing the ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Inventory over a long period of time, the Company has planned specific energy-saving action plans for the Group and constructed a complete database of carbon emissions.

Initially, the ICP internal carbon pricing mechanism will focus on the greenhouse gas emissions generated in Category 1 and Category 2 and use shadow price in setting the internal price of carbon. The pricing mechanism will assist the Group's subsidiaries in evaluating the benefits of energy saving and carbon reduction projects. The target users are the subsidiaries in the group's own buildings that are currently included in the ISO 50001 Energy Management System boundary. In addition, we will evaluate the emission sources and carbon reduction opportunities of each subsidiary and set an appropriate carbon price with reference to the international carbon pricing mechanism and construct a carbon price operation cost assessment. The target is to complete the assessment and launch the mechanism into operations in 2021.

#### Greenhouse Gas Inventory

The Group has implemented ISO 14064-1 Greenhouse Gas Inventory since 2015. Our subsidiaries, Yuanta Securities and Yuanta Funds, were the first to obtain certification in 2016, and by 2018, we have achieved 100% coverage with all of our operating sites and subsidiaries certified. We continue to promote greenhouse gas management and aim to have the entire Group certified every year.

This year, ISO 14064-1:2018 was adopted to check the greenhouse gas emissions. The Company and all of its subsidiaries, with a total of 316 business locations, have passed certification with a 100% coverage rate. The GHG emissions of Category 1 and Category 2 for the year were 23,880.29 metric tons of CO<sub>2</sub>e, with a carbon intensity of 206.53 (metric tons of CO<sub>2</sub>e / NT\$1 billion in revenue). In early 2020, the global economy was hit by the COVID-19 outbreak. In order to ensure uninterrupted operations, the Group immediately activated off-site office and other epidemic preparedness measures, which resulted in an increase in carbon emissions in 2020 compared to 2019 due to frequent staff movement and operational changes. The Group's revenue in 2020 increased against the trend and the carbon emission intensity was lower than the base year of 2017 due to the proper response to outbreak.

The Group has signed the “Science Based Targets (SBT)” in 2019, and completed the inventory of Category 1 and 2. Future assessment on introduction of Category 3-6 (Note 1) inventory will be conducted in accordance to SBT initiative, working towards achieving more stringent carbon reduction results.

#### ◆ Group Greenhouse Gas Emissions

Greenhouse Gas Emissions (Metric tons CO <sub>2</sub> e)	2017	2018	2019	2020	2020 Targets	2021 Targets
Category 1	1,545.00	975.18	1361.94	1,492.17	1,467.75	1,432.31
Category 2	24,196.00	24,792.44	20,150.58	22,388.12	22,986.20	22,449.12
Category 1+2	25,741.00	25,767.52	21,512.51	23,880.29	24,453.95	23,881.43
Carbon Intensity (Note 10)	274.47	254.42	199.92	206.53		263.49
Data Coverage (%)	100	100	100	100		
Category 3+4	-	6,440.30 (Note 8)	5,667.59	6,440.28 (Note 9)		

- Notes:
- Since 2019 is based on the new version of ISO 14064-1:2018 inventory, the new version is divided into: Category 1 (direct greenhouse gas emissions), Category 2 (indirect greenhouse gas emissions from input energy), Category 3 (indirect greenhouse gas emissions from transport), Category 4 (indirect greenhouse gas emissions from products used by the organization), Category 5 (indirect greenhouse gas emissions from products used by the organization), and Category 6 (indirect greenhouse gas emissions from other sources).
  - 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.
  - The GHG emissions are primarily calculated as emission factor method = activity data x emission factor x Global Warming Potential (GWP). GWP reference Intergovernmental Panel on Climate Change (IPCC) 2007 AR4 version.
  - Category 1 GHG emission activities mainly come from gasoline for business vehicles and refrigerant for air conditioners. The emission coefficients are calculated using the EPA GHG Emission Factor Management Table 6.0.4. The greenhouse gas types for business vehicles include CO<sub>2</sub> (emission factor: 2.26313 metric tons of CO<sub>2</sub>/metric tons), CH<sub>4</sub> (emission factor: 0.00081 metric tons of CH<sub>4</sub>/metric tons), N<sub>2</sub>O (emission factor: 0.00026 metric tons of N<sub>2</sub>O/metric tons); the greenhouse gas types for air conditioner refrigerants are HFCs (emission factor: 0.03 metric tons HFCs/metric ton).
  - Category 1 and 2 greenhouse gas emissions include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.
  - Category 2 greenhouse gas emission activities are from purchased electricity. The emission coefficients refer to the Electricity Emission Coefficients for Public Sales announced by the Energy Bureau in 2020.
  - The old ISO 14064-1:2006 certification standard was adopted in 2018. Significant sources of emissions in Scope 3 include: transmission losses, purchased power from own assets, waste disposal, external ATM power use, business travel, and transportation by credit card. Business travel emissions totaled 229.41 metric tons of CO<sub>2</sub>e.
  - The significant source of emissions in 2020 for Category 3 is business travel of 47.41 metric tons of CO<sub>2</sub>e (with a target of matching 2018 emissions). The significant emission source of Category 4 is waste disposal and purchased electricity (upstream emissions) totaling 6,392.87 metric tons of CO<sub>2</sub>e.
  - The unit of carbon intensity is metric tons of CO<sub>2</sub>e / NT\$1 billion revenue.
  - Data coverage rate represents ratio of locations included in the data compared to total units in the specified year.
  - The 2020 Category 1 and 2 emissions target is a 5% reduction compared to 2017. The carbon intensity target for 2021 is a 4% reduction compared to 2017 (base year), with a target intensity per NT\$1 billion revenue unit.

## Carbon Reduction Actions and Results Going Paperless, Online Meetings, and Training

Yuanta has implemented carbon reduction efforts into our daily office environment. We are promoting various reduction measures in our Company and its subsidiaries. In order to reduce the impact on forests caused by the use of photocopy paper and the large amount of carbon emissions from the paper manufacturing process, we promote paperless offices to reduce paper consumption, streamline operational procedures, and enhance operational efficiency. In addition, we are using the electronic document system to replace paper signatures with electronic signatures. During the year, 39,876 documents were issued and 39,442 documents were received, resulting in a total paper reduction of 400,000 sheets, or about 2,000 kg. In addition, we also promote online meetings and online education and training, not only reducing the use of paper for meetings, but also reducing carbon emissions from transportation to meetings. Combining the above paper reduction from electronic signatures and the following quantifiable carbon reduction measures, the total carbon emission reduction for the year was about 21.3 metric tons of CO<sub>2</sub>e, total paper reduction for the year was about 698,000 sheets, or about 3,490 kg, and the carbon reduction was about 14.8 metric tons of CO<sub>2</sub>e.

Note: The carbon emissions of paper are calculated using the Life Cycle Carbon Footprint Emission Factor Open Platform of the Environmental Protection Administration, Executive Yuan - 4.24 kg CO<sub>2</sub>e/kg paper for virgin wood pulp photocopy paper and 5 g/sheet of A4 paper for paper weight calculation.

Company	Items
Yuanta Financial Holdings	<ul style="list-style-type: none"> <li>In the fourth quarter, “Yuanta Earth Conservation Walkathon” was held to encourage employees to walk instead of taking vehicles or elevators. A cloud-based pedometer system was used to record each person’s steps. 246 people participated in the event. A total of 36.5 million steps were accumulated during the two weeks of the event, which translates to a reduction of 6,910 kg of CO<sub>2</sub>e (Note). This is conducive to the development of exercise habits and personal health, as well as achieving the environmental benefits of energy saving and carbon reduction.</li> <li>In July, we purchased tablet PCs for use by meeting managers of major meetings (Board of Directors and Audit Committee) in order to gradually promote paperless meetings. A total of 15 meetings were held this year, saving a total of 59,500 sheets of photocopy paper and a total of 298 kg of paper consumption.</li> </ul>
Yuanta Securities	<ul style="list-style-type: none"> <li>Since July 2016, iPads have been provided for the use of meeting managers of major meetings (Board of Directors and Audit Committee). During the year, a total of 31 major meetings were held, saving approximately 16,860 sheets per month and 202,320 sheets of photocopy paper per year, totaling approximately 1,012 kg of paper consumption, effectively reducing energy consumption and improving operational efficiency.</li> </ul>
Yuanta Bank	<ul style="list-style-type: none"> <li>We implemented ISO 14067 carbon footprint inventory for credit cards in Q4 with external certification expected to be obtained in 2021. Afterwards, we will carry out our commitment to “PAS 2060 carbon neutrality” and expect to receive external certification of PAS 2060 in 2023 for the official launch of the zero carbon credit card.</li> </ul>
Yuanta Life	<ul style="list-style-type: none"> <li>In the fourth quarter, iPads were purchased for use by meeting managers at major meetings (Board of Directors and Audit Committee). During the year, a total of 37 meetings were progressively paperless, saving an average of 4,337 sheets per month from November to December, for a total of 44 kg of paper usage. It is estimated that 52,044 sheets of photocopy paper were saved for the whole year, with a total of 230 kg of paper usage. From November 2020 to the end of 2021, it is estimated that 60,718 sheets of photocopy paper will be saved, amounting to 268 kg in paper volume. We are planning to promote it to other executive meetings.</li> <li>Major meetings (Board of Directors and Audit Committee) are also held by video conference. A total of 37 meetings were held during the year, achieving efficiency in meetings and energy saving in transportation.</li> <li>In order to implement energy saving and carbon reduction as well as to improve operational efficiency, we launched the E-process for payment requests in September. With a monthly average of 1,142 payment requests, it is estimated that a total of 13,704 payment requests will be made online, which will reduce the use of 27,408 sheets of paper and save a total of 120 kg of paper. From September 2020 to the end of 2021, it is estimated that 36,544 sheets of photocopy paper will be saved, amounting to 160 kg in paper volume.</li> <li>The training on relevant laws and regulations and the promotion of policy issues were conducted online. 17 classes were held this year, which reduced the traffic to and paper usage at meetings.</li> </ul>

Note: Carbon reduction by walking is calculated as 1.42 kg CO<sub>2</sub>e per 6 km per pace of 80 cm as released by the National Health Administration, Ministry of Health and Welfare.

### 6.1.2 Energy Management

The majority of greenhouse gas emissions originate from energy use. Electricity is the largest source of carbon emissions in our services. In order to help fight global warming, we have implemented the ISO 50001 Energy Management System and through various action plans, including prioritizing the replacement of old energy-consuming equipment, prioritizing the purchase of energy-saving labeled equipment in accordance with energy efficiency standards, introducing intelligent monitoring systems, implementing energy use management programs, purchasing renewable energy, promoting green buildings, and training courses, we increase employees’ awareness on energy saving and carbon reduction and environmental protection and reduce energy consumption and carbon emissions in our operations, making continuous efforts for a friendly environment.

#### Energy Management System

Since 2016, all subsidiaries of the Group have been gradually implementing ISO 50001 Energy Management System. Through a systematic management structure and process, we continue to evaluate and implement energy saving plans to achieve effective improvement of energy performance and reduction of energy costs. This year, 10 buildings owned by the Group, including Yuanta Financial Holding Building, Taipei Tatung Building, Taipei Chengde Building, Taipei Baoqing Building, Taichung Building, Taichung Chongde Building, Tainan Yongkang Building, Tainan Fucheng Building, Kaohsiung Building, and Kaohsiung Mingcheng Building, have obtained ISO 50001 Energy Management System certification. The target of having all of the Group’s owned buildings certified by 2021 has been achieved ahead of schedule, and the Group will continue to improve energy efficiency and reduce its environmental impact.

In order to calculate energy consumption with data, real-time and continuous information, in 2019, the Company took the lead in implementing the “Chunghwa Telecom iEN Intelligent Energy Saving Service - Building Energy Saving System”. The project was implemented through six steps: current situation assessment, system introduction assessment, simulation, on-site installation, on-site acceptance, and official commissioning. 211 sensor points and system feeders were deployed in 6 buildings owned by the Group to obtain basic information on electricity consumption of high energy consumption equipment by using real-time metered measurement. Using this system, we can monitor the energy consumption of continuous electricity consumption to evaluate the operation efficiency of high energy-consuming equipment and set long-term carbon reduction targets in a scientific manner.

## Energy Consumption

The Group compiles annual statistics on the Group’s energy use. For the current year, the coverage rate is 100%. Total energy consumption totaled 164,533,205.87 MJ and energy intensity totaled 1,422,940.66 (MJ / NT\$1 billion in revenue). Following the outbreak of COVID-19 in 2020, in order to ensure uninterrupted operations, we began implementing various epidemic prevention and response measures at the beginning of the year, resulting in a 16.45% increase in energy consumption and an 8.38% increase in energy intensity in 2020 compared to 2019. In addition to the implementation of the epidemic prevention measures, the Group continues to implement various energy-saving action plans to reduce the proportion of increased energy use.

### ◆ Group Main Energy Use

Items	2017	2018	2019	2020	2020 Targets	2021 Targets
Gasoline (liters)	182,316.50	168,531.13	155,586.70	184,952.00		
Diesel (liters)	8,263.00	3,365.00	2,229.20	3,425.00		
Total Power Consumption (kWh)	45,238,610.00	44,353,757.36	37,805,960.40	43,984,518.00	42,976,679.50	43,881,451.70
Total Electricity Expenditures (NT\$ thousand)	117,656.58	115,355.25	98,325.74	174,559.42		
Total Heating Value (MJ)	169,019,719.58	165,213,797.78	141,285,355.79	164,533,205.87		
Total Energy Consumption (MWh)	46,949.96	45,892.76	39,245.96	45,703.70	44,602.46	45,541.46
Energy Intensity (Note 7)	1,802,204.19	1,631,257.88	1,312,963.31	1,422,940.66		
Green Power / Renewable Energy Certificates (kWh)	500,000	500,000	500,000	510,000	510,000	520,200
Heating Value (MJ)	1,799,120	1,799,120	1,799,120	1,835,102		
Data Coverage Rate (%)	100	100	100	100		

Notes:

- The scope of annual energy usage is consistent with the scope of GHG emissions.
- Yuanta’s primary form of energy use is consumption of purchased electricity. Use of heating, cooling, and steam is 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 is zero.
- All conversion values are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and the 2020 Energy Statistics Handbook - Energy Products & Energy Units Table” of Taiwan’s Energy Bureau, Ministry of Economic Affairs.
- The total electricity expenditures for 2017 - 2019 were calculated based on the average electricity tariff in the Ministry of Economic Affairs 2018 Energy Statistics Manual; the actual expenditure for 2020 is calculated based on the Group’s actual expenditures.
- Data coverage rate represents ratio of locations included in the data compared to total units in the specified year.
- The energy intensity unit is MJ / NT\$1 billion in revenue.
- The 2020 energy consumption target is a 3% reduction from 2017, mainly from electricity consumption reductions; the 2021 energy consumption target is a 3% reduction from 2017 (base year).
- Starting in 2020, the renewable energy target will increase by 2% per year over the previous year.

### Renewable Energy




In 2016, the Group subscribed 500,000 kWh of green electricity from Taipower in response to the “Ministry of Economic Affairs’ voluntary green tariff system pilot program”. In 2017, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, and Yuanta Securities Finance all joined the green power procurement process and subscribed for a total of 500,000 units of green power. Starting from 2018, due to the amendment to the “Electricity Law”, the procurement was changed to the purchase of renewable energy certificates (T-REC), with Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, and Yuanta Securities Finance jointly purchasing 500,000 units each year.

In order to achieve the goal of increasing renewable energy usage year by year, the amount of renewable energy certificates (T-REC) purchased will increase by 2% each year starting from 2020. This year, Yuanta Securities and Yuanta Bank each purchased 205,000 kWh of renewable energy, Yuanta Futures 50,000 kWh, Yuanta Life and Yuanta Funds 20,000 kWh each, and Yuanta Securities Finance 10,000 kWh, for a total purchase of 510,000 kWh of renewable energy, equivalent to a reduction of 259.59 metric tons of CO<sub>2</sub>e. The total purchase of 2.51 million kWh from 2016 to 2020 represents a cumulative reduction of 1,322.59 metric tons of CO<sub>2</sub>e (Note).

Note: Calculated based on the annual electricity emission coefficients announced by the Bureau of Energy, Ministry of Economic Affairs.

The year 2020 marked the first year of green energy trading in Taiwan. The government announced that enterprises can purchase green power directly through electricity sellers. Therefore, the Group's renewable energy use strategy has advanced from purchasing renewable energy certificates (T-REC) to the implementation of renewable energy purchase agreements (PPAs) and the highest standard of 100% green power use, resulting in "the first 100% green power branches and subsidiaries in Taiwan". Subsidiaries, Yuanta Securities and Yuanta Bank, have signed PPAs for 4 branches and are expected to supply electricity in the second quarter of 2021, making them the first financial business locations in Taiwan to use 100% green power, setting a new model for green energy use in the financial industry and ushering in the first year of financial green power.

#### ◆ Group Green Power / Renewable Energy Certificate Purchases

Items	2016	2017	2018	2019	2020
 Renewable Energy Purchases	500,000 kWh	500,000 kWh	500,000 kWh	500,000 kWh	510,000 kWh
 Electricity Carbon Emission Coefficient (kg CO <sub>2</sub> e)	0.530	0.554	0.533	0.509	0.509
 Carbon Reduction (Metric tons CO <sub>2</sub> e)	265	277	266.5	254.5	259.59

Notes:  
1. The electricity emission coefficient is based on the standard announced by the Bureau of Energy, Ministry of Economic Affairs each year.  
2. As the Bureau of Energy, Ministry of Economic Affairs had not yet announced the carbon emission coefficient for electricity in 2020, the calculation was based on the announced value for 2019.

#### Green Buildings

In accordance with Yuanta Financial Holdings' "Energy and Climate Change Management Policy", the Company and its subsidiaries continue to improve energy use and reduce greenhouse gas emissions. When constructing its own buildings for business use, the Company aims to obtain a green building label upon completion, so that energy can be used in a sustainable manner to the maximum extent.

On March 15, 2019, Yuanta Life's Yuntai Plaza was awarded the Green Building Certificate by the Ministry of the Interior with the green building grade of silver. On February 26, 2021, it was awarded the "Green Building Silver Label" by the Taiwan Architecture & Building Center. For future construction of Yuanta buildings, the Company plans to adopt green building planning while continuing to promote green building planning.

#### Energy Savings Actions and Results

Through various action plans, including the replacement of old energy-consuming equipment, retrofitting of LED energy-saving lighting fixtures, regulating the use of electrical equipment, and education and promotion, the Group has raised employee awareness of energy conservation, carbon reduction and environmental protection to reduce the potential risks of the Company's operations and to strive for environmental friendliness. This year, the following energy saving projects saved a total of 715,953 kWh of electricity, which is equivalent to a reduction of approximately 364.4 metric tons of CO<sub>2</sub>e greenhouse gas emissions.

#### ◆ Major Energy Savings Actions

Company	Energy Saving and Carbon Reduction Project Description	Reduction of Power Consumption (kWh)	Reduction of Energy Consumption (MJ)	Carbon Reduction Performance (Metric tons CO <sub>2</sub> e)	Project Input Cost (NT\$)
Yuanta Securities	19 branches fully upgraded to energy-saving lighting fixtures	168,322	605,959	85.68	2,502,300
	Removed 748 19-inch screens from the walls in the branch office lobby	28,050	100,980	14.28	224,400
Yuanta Bank	7 branches fully upgraded to energy-saving lighting fixtures	297,630	1,071,468	151.50	1,732,188
	4 buildings owned by the Group fully upgraded to energy-saving lighting fixtures	186,414	671,090	94.89	788,200
Yuanta Life	Installation of a timer for the air conditioning fan in the head office to perform automatic equipment shutdown setting and management	29,675	106,830	15.11	38,000
	Pingtung Agency Office upgraded its lighting fixtures to LED, with a total of 75 fixtures and 50.2% annual energy efficiency	5,862	21,103	2.98	79,000
Total		715,953	2,577,431	364.42	5,364,088


Notes:  
1. The reduction in electricity consumption is calculated by converting the project's electricity savings over 12 months.  
2. The carbon reduction performance in 2020 is calculated based on the 2019 Electricity Emission Factor for Public Power Sales = 0.509 (kg CO<sub>2</sub>e/kWh) as announced by the Energy Bureau.

## 6.2 Water and Waste Management

### 6.2.1 Water Management

The Group's water use is for general purposes and comes mainly from tap water. Yuanta compiles annual statistics on the Group's water usage and the coverage rate for this year was 100%. The total water consumption was 194.44 million liters, with an intensity of 680.91 (liters/m<sup>2</sup>). In 2020, water consumption increased by 3.23% compared to 2019 due to the activation of emergency pandemic prevention measures including the promotion of hand washing, disinfection and other precautions. In 2020, we started to expand the ISO 14046 water footprint inventory boundary to cover 100%, establishing the Group's complete water consumption baseline and setting intensity targets for water consumption per square meter to continuously manage water resources and achieve water conservation goals.

#### ◆ Group Water Use Information

Items	2017	2018	2019	2020	2020 Targets	2021 Targets
 Water Consumption (million liters)	211.08	212.40	188.35	194.44	186.00	184.15
 Water Cost (NT\$ thousand)	3,460.13	3,462.17	3,129.70	3,116.55		
 Water Intensity (liters/m <sup>2</sup> )	748.78	753.46	647.70	680.91		641.22
 Data Coverage Rate (%)	100	100	100	100		

Notes:  
1. Yuanta Life's water consumption for 2017-2018 was estimated based on Taiwan Water Corporation's water and service charges calculated backwards from the Taiwan Water Corporation water bill and service fee, and the maximum unit price was set at a conservative NT\$11.50 per unit. Water consumption from 2019-2020 is the actual inventory.  
2. From 2017 to 2019, the actual boundary of the water consumption inventory is Yuanta Financial Holdings Building. From 2020, the inventory will be expanded to all business locations.  
3. The total water use target for 2020 is a 1.25% reduction from 2019. The intensity target for 2021 is a 1% reduction in water use per square meter compared to 2019 (base year).

#### Water Footprint Inventory Certification

We care about and value water resources and reduce water consumption by installing water-saving devices and promoting water conservation. This year, we expanded the ISO 14046 Water Footprint Certification to cover a total of 316 business locations of the Company and its subsidiaries, with a coverage rate of 100% to understand the use of water resources in terms of time and space and changes in the environment of the operating sites, analyze the environmental impact of water consumption caused by the operation process, and implement data management and target setting as a comprehensive evaluation indicator for internal measurement of water resources use.

#### Water Conservation Actions

The Yuanta Financial Holdings Building is equipped with a rainwater recycling system on the top floor to recycle rainwater for watering and sanitary equipment. In the future, all new buildings will be equipped with rainwater recycling system to help realize the environmental protection. All new buildings and business locations will use water-saving label equipment when being built, relocated or renovated to reduce water consumption. The Company and its subsidiaries are also gradually upgrading to water-saving equipment. For example, in 2017, Yuanta Life began to adjust water volume using induction faucets in the head office restrooms and installed water-saving faucets in the common area pantries.

### 6.2.2 Waste Management

The Group's waste mainly comes from general waste. In order to achieve environmental friendliness, we adopt the 3R management measures of Reduce, Reuse and Recycle to reduce waste generation at source. Over the years, we have continued to promote a waste reduction and recycling classification system, and manage waste according to general waste, recyclable and food waste, and no hazardous waste. We carefully select various waste disposal companies to ensure that the disposal of waste is legal and does not cause secondary impact on the environment. General waste is transported to incineration plants by qualified waste removal companies, while recyclable waste and food waste are collected and processed by recyclers.

From 2019, the Group has weighing all our waste to implement management by quantifying the data and strive for waste reduction, and the Group's waste disposal situation is tallied annually, with 100% coverage this year. The total amount of waste was 691.83 metric tons and the per person waste was 63.22 (kg/person). In 2020, the total waste volume decreased by 81.45% and the per person waste decreased by 81.51% compared to 2019. The significant increase in recycled waste in 2019 is mainly due to the execution of regular destruction of document by pulping that year.

When offering services, paper waste is the bulk of the waste. Confidential documents are destroyed in accordance with the key points of the Personal Data Protection Act and related regulations. We entrust qualified service providers to use safe, fast, and environmentally friendly pulping treatment for document destruction to ensure that information does not leak out. We also keep the certificate of destruction and allow the waste paper to be made into recycled paper, thereby reducing waste.

◆ Group Waste Information

General Waste (non-hazardous) (Metric tons)	2017	2018	2019	2020	2020 Targets	2021 Targets
Incineration	2,175.87	2,931.56	435.66	452.32	430.21	425.91
Recycling	9.01	104.59	3,294.34	239.51		
Total Volume	2,184.88	3,036.15	3,730.01	691.83	3,683.38	3,315.08
Waste per Person (kg/person)	188.87	276.37	341.83	63.22		338.41
Data Coverage Rate (%)	100	100	100	100		

Notes:  
 1. From 2017 to 2018, the amount of waste was estimated based on the average daily amount of general waste generated per person according to the Environmental Protection Administration. Starting from 2019, the actual weight of waste will be calculated by each subsidiary.  
 2. The 2020 reduction target is a 1.25% reduction from the 2019 total; the 2021 per person waste target is a 1% reduction from 2019 (base year).

Waste Reduction Actions

The Company and its subsidiaries have set up waste recycling bins, posted resource recycling notices, and combined daily promotions and family days to cultivate awareness of resource recycling among employees. For example, in 2019, Yuanta Life implemented waste separation, promoted the reduction of garbage and waste, used environmentally friendly cups in meetings, and did not provide disposable paper cups in the coffee machines in the employee lounge area and purchased additional refrigerators and microwave ovens this year to encourage employees to use microwavable lunch boxes and reduce plastic and paper waste.

6.3 Supplier Management

Management Approach

In addition to establishing its own green corporate culture, creating a green-friendly workplace, and making efforts to reduce negative impacts on the environment in its operations, Yuanta also recognizes that as a corporate consumer group, the issue of sustainability extends to the supply chain. In addition to paying attention to our own operations, we should also exert our influence by encouraging and practicing green consumption from the procurement side, working together with suppliers to implement sustainable practices, and making our best efforts for environmental sustainability. Our “Sustainable Procurement Declaration” states that we will actively engage our supplier partners to jointly establish a sustainable management and service model.

The Group has established the “Sustainable Procurement Declaration”, “Integrity Management Guidelines”, “Procedures for Integrity Management and Guidelines for Conduct”, “Supplier Sustainable Procurement Guidance”, and “Guidelines of Supplier Management”, and continues to regulate suppliers with the “Declaration of Integrity Commitment” and “Supplier Sustainable Procurement Clause” in supplier contracts. Furthermore, the “Procurement Guidelines” of our subsidiaries also include provisions for green procurement.

The Company actively exerts its influence to work with suppliers by requiring them to sign commitment to integrity management and sustainable procurement clause. We hold annual supplier conferences for sustainability-related education and training, and conduct annual supplier evaluations and human rights due diligence surveys. We obtained the “ISO 20400 Sustainable Procurement-Guidance” certification this year to optimize our sustainable procurement process and plan to obtain certification for each subsidiary in 2021.

By strengthening the management of environmental and human rights issues of suppliers and incorporating the Group's philosophy of corporate social responsibility into supply chain management, the Group is able to reduce the risks posed by suppliers to the enterprise and establish a supply chain that promotes the environment, human rights, safety, health and sustainable development.

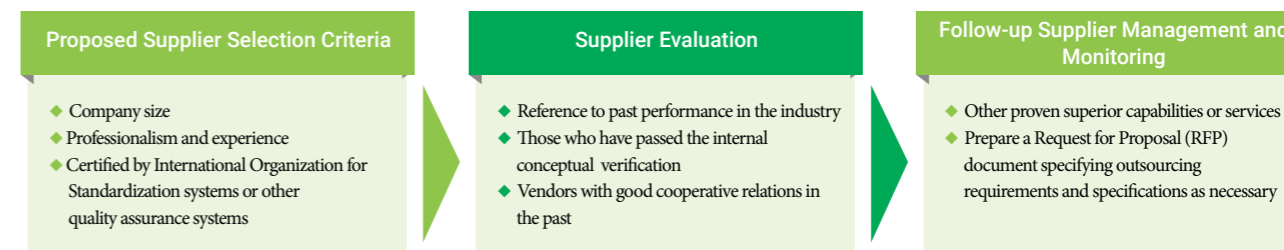
6.3.1 Supplier Management Model



Supplier Screening

In order to ensure the quality of purchased products and services and to effectively control and reduce procurement risks, the Company conducts ability assessments and bribery-related Judicial Yuan record checks on new and existing suppliers. In addition to considering the size, professionalism and experience of the suppliers, and whether they have obtained international standards or relevant quality assurance certifications, the Company also conducts terrorism financing checks on major suppliers of procurement amount of NT\$25 million or more, and only those who pass the checks become qualified suppliers of the Company.

◆ Supplier Selection Process



Supplier Integrity Standards

We hope to work together with our suppliers to fulfill our corporate social responsibility and abide by the principles of honest management. Starting from June 2013, suppliers who wish to sign contracts with us are required to understand our integrity management principles, CSR strategies and practices in accordance with our “Procedures for Integrity Management and Guidelines for Conduct” (hereinafter referred to as “Conduct Guidelines”), and are required to comply with the relevant integrity management terms and conditions and the provisions of the Conduct Guidelines.

In addition, the Company has established a checklist for the procurement contract signing process in the internal “Key Points for Procurement and Disposal of Goods (Labor Services)” to facilitate the evaluation of procurement contracts with suppliers. The “Integrity Commitment Declaration” attached to the checklist is required to be signed by 100% of the suppliers and serves as documentary proof of the checklist.

Sustainable Procurement Guidance

In order to establish a better “sustainable procurement process”, the Group's subsidiaries actively introduced the “ISO 20400 Sustainable Procurement-Guidance” in 2020, and through systematic management of the sustainable procurement process, the Company has obtained the “ISO 20400 Sustainable Procurement-Guidance” certification this year, and will further implement the concept of sustainability in the procurement process of all subsidiaries.

In terms of management system, since November 2015, the Group has required major suppliers (including newly contracted suppliers) of each subsidiary to sign the “Supplier Sustainable Procurement Clause” listed in the procurement contract, which specifies that suppliers are to fulfill and comply with various labor conditions, occupational safety and health, environmental protection, and labor human rights laws and regulations. The contract also contains a clause which stipulates the contract may be terminated if suppliers violate the relevant laws and regulations, to show Yuanta's determination to promote and implement of corporate social responsibility by suppliers. Since 2020, the Company has required suppliers to sign the “Supplier Sustainable Procurement Terms and Conditions” and “Supplier Sustainable Procurement Guidance” in their contracts. The completion rate of the signatures is 100%.

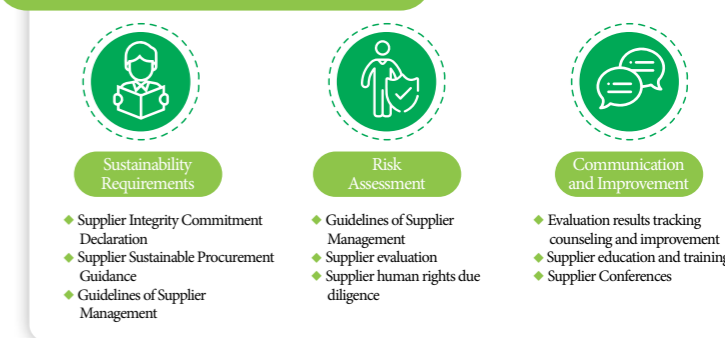
◆ Supplier Sustainable Procurement Guidance



Supplier Education and Training

The Company is committed to promoting sustainable corporate development and not only does it fulfill its own corporate social responsibility, it also requires its supplier partners to do the same. In addition to the annual training on human rights and environmental issues at the negotiations meetings for procurement cases exceeding NT\$1 million, in 2019, the Company began to hold annual “Supplier Conferences” to build a bridge between communication and sustainable management by deepening communication and fulfilling commitments and visions on sustainability issues with our supplier partners.

Supplier Risk Assessment



This year, a total of 118 major suppliers participated in 3 supplier conferences. Speakers from various fields were invited to share the concepts and practices of supply chain management and sustainable procurement, how to bring into play the social impact of enterprises in the post-epidemic era and how to actively embrace a new future of co-prosperity, and using the United Nations Sustainable Development Goals (SDGs) as the theme, provided an analysis into the conceptual idea of sustainable development as part of the corporate innovation cycle.

### Supplier Evaluation

In January 2019, the Company established the “Guidelines of Supplier Management”. In accordance with these guidelines, our procurement staff conducts evaluation once a year, and evaluates major suppliers whose transaction amounts reached NT\$1 million or more in the previous year, and who have made 12 transactions with us in the past, while conducting annual negotiations for each procurement contract.

The supplier evaluation not only examines the major suppliers' compliance with the regulations on integrity management, confidentiality, personal data protection, and corporate social responsibility, but also evaluates five major items: price, quality, service, reputation, and sustainability. The sustainability assessment is based on the seven core themes and 37 sustainability issues of the ISO 20400 Sustainable Procurement Guidance. We use the evaluation results as a reference for procurement to ensure the quality of products and services, control operating costs, and reduce risks related to sustainability issues in the supply chain.



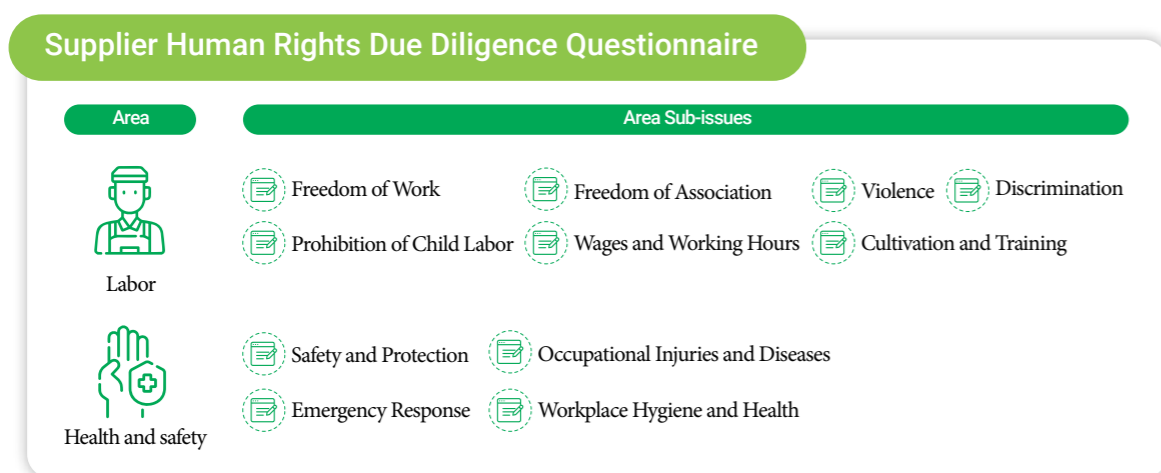
The maximum score according to the standard for supplier evaluation is 100. If a supplier receives less than 60 points in the evaluation, the Company will communicate with the supplier. If no improvement is made after communication, the procurement contract with the supplier will be terminated. This year, 133 major suppliers were evaluated, and the coverage rate of major suppliers was 100%. The average score of supplier evaluations was 84.75. No supplier was considered to be below acceptable standard (60 points) and no significant negative environmental or social impacts were identified.

### Supplier Human Rights Management

Guided by international norms and the spirit of human rights, the Group developed the “Supplier Human Rights Due Diligence Questionnaire” in accordance with the principles found in the Universal Declaration of Human Rights, The Ten Principles of the United Nations Global Compact, the International Labour Organization - Declaration of Fundamental Principles and Rights at Work, Responsible Business Alliance (RBA) Code of Conduct, Social Accountability 8000 Standard (SA8000), Business Social Compliance Initiative BSCI, ISO 20400 Sustainable Procurement-Guidance, and the ISO 27001 Information Security Management System.

In order to improve the implementation of human rights system for suppliers, the Company conducts annual supplier human rights due diligence. We define high-risk suppliers as those suppliers who have violated laws, labor disputes, and labor health and safety incidents in the past 3 years (2017 to present). Procurement personnel conduct on-site visits and communication with high-risk suppliers to understand their management practices and improvements in labor and health and safety issues in order to reduce the human rights risk of suppliers and to enhance the supplier's attention to human rights issues. If no improvement is made after communication, we will exclude signing contracts with the supplier.

A total of 140 contractors and suppliers were asked to complete the “Supplier Human Rights Due Diligence Questionnaire” this year. The results of the survey identified 7 human rights high-risk suppliers and 38 medium-risk suppliers. The Company communicated and followed up with the 7 high-risk suppliers. In view of the COVID-19 outbreak, we did not conduct on-site visits this year, but instead communicated and followed up by phone and mail, and we have completed the follow-up on the improvement status of risks. In addition, we also strengthened communication with 38 medium-risk suppliers and reiterated the “Supplier Sustainable Procurement Guidance” as a code of conduct for our suppliers.

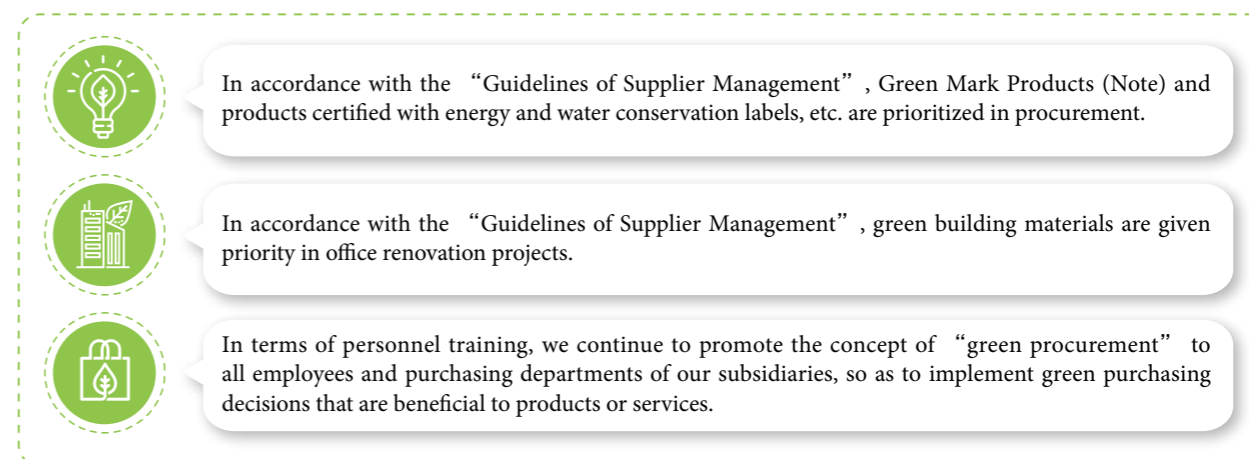


### 6.3.2 Green Procurement

Through green procurement and supplier management, the Group supports companies with low-carbon and sustainable products, expands the impact of sustainable practices, and reduces procurement risks in order to effectively control and reduce operating costs. The Group's suppliers can be divided into four categories, namely, information (software and hardware), operation, printing and others. The bulk of the money spent for procurement are for products in the information category and the purchases are conducted mainly with local suppliers in Taiwan.

In order to implement the Group's green procurement policy, each subsidiary has a “Green Procurement Clause” in its procurement regulations. By promoting green procurement, we hope to promote green production, which will in turn promote environmental protection and reduce environmental impact, in order to achieve the goal of sustainable corporate environmental management.

#### ◆ Green Procurement Principles



Note: 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.

### Green Procurement Performance

The amount of green procurement completed under the “Green Procurement Principle” for the year was NT\$83.85 million, and the proportion of green procurement to the total procurement amount was 3%. In addition, through procurement and business cooperation, we continued to promote the concept of environment-friendly and green consumption to our suppliers by adopting to use material supplies which have environmental logos, and encouraged our partners to also follow these principles to build a wider market of green consumption.

In recent years, the Company has participated in the “Green Procurement Program for Private Enterprises and Organizations” promoted by the Taipei City Government, and actively responded to green procurement activities, so the amount spent on green procurement has increased year by year. The Company has received awards from the Taipei City Government in recognition of its outstanding performance in green procurement for 10 consecutive years (2011-2020) and has received certificates of appreciation from the Environmental Protection Administration of the Executive Yuan in recognition of its outstanding performance in promoting environmental protection and implementing green procurement for 9 consecutive years (2012-2020). In the future, we will continue to promote the concept of environmental protection and pass it on to all employees to abide by, gradually increasing our contributions toward going green for our planet.

#### ◆ Group Green Procurement Amount

Unit: NTS thousand

	2018	2019	2020	Categories	Amounts	Proportion (%)
Green Procurement Amount				Energy Label Products	38,890.98	46
				Green Products	37,597.03	45
				Products Applicable for Type III Environmental Declarations	-	-
				Other Certified Products	7,361.04	9
	82,273	125,560	83,849			

Note: Products Applicable for Type III Environmental Declarations 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.



# 7

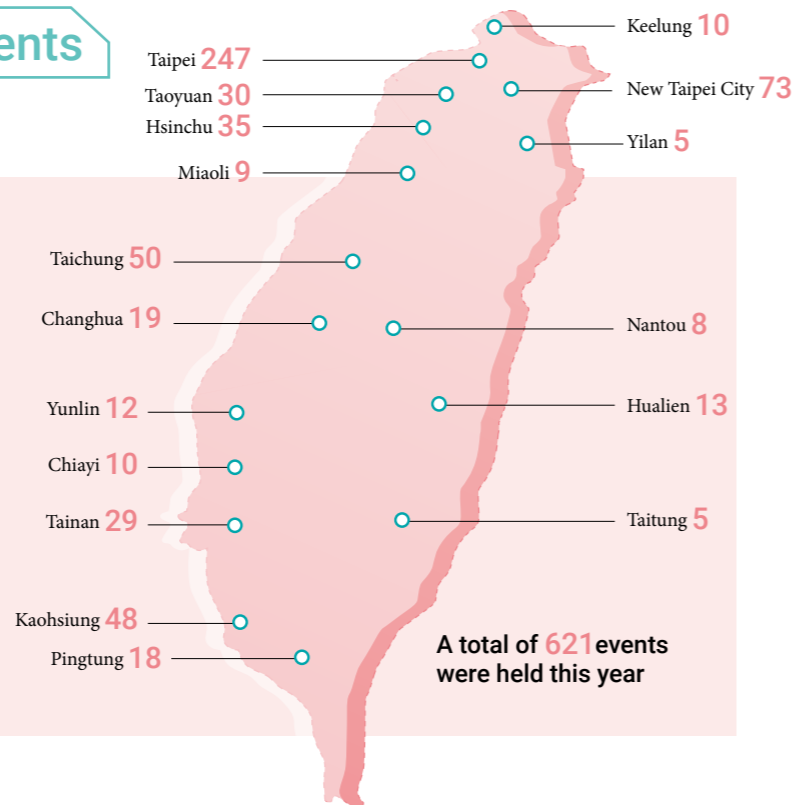


## Our Commitment to Social Participation

### 7.1 Yuanta Philanthropic Events

#### Group Social Welfare Involvement

- ◆ Philanthropic donations : NT\$163,189,450
- ◆ Number of volunteers : 2,039
- ◆ Hours of volunteer participation : 9,019
- ◆ Self-organized events : 155
- ◆ Co-organized events : 389
- ◆ Sponsored events : 77

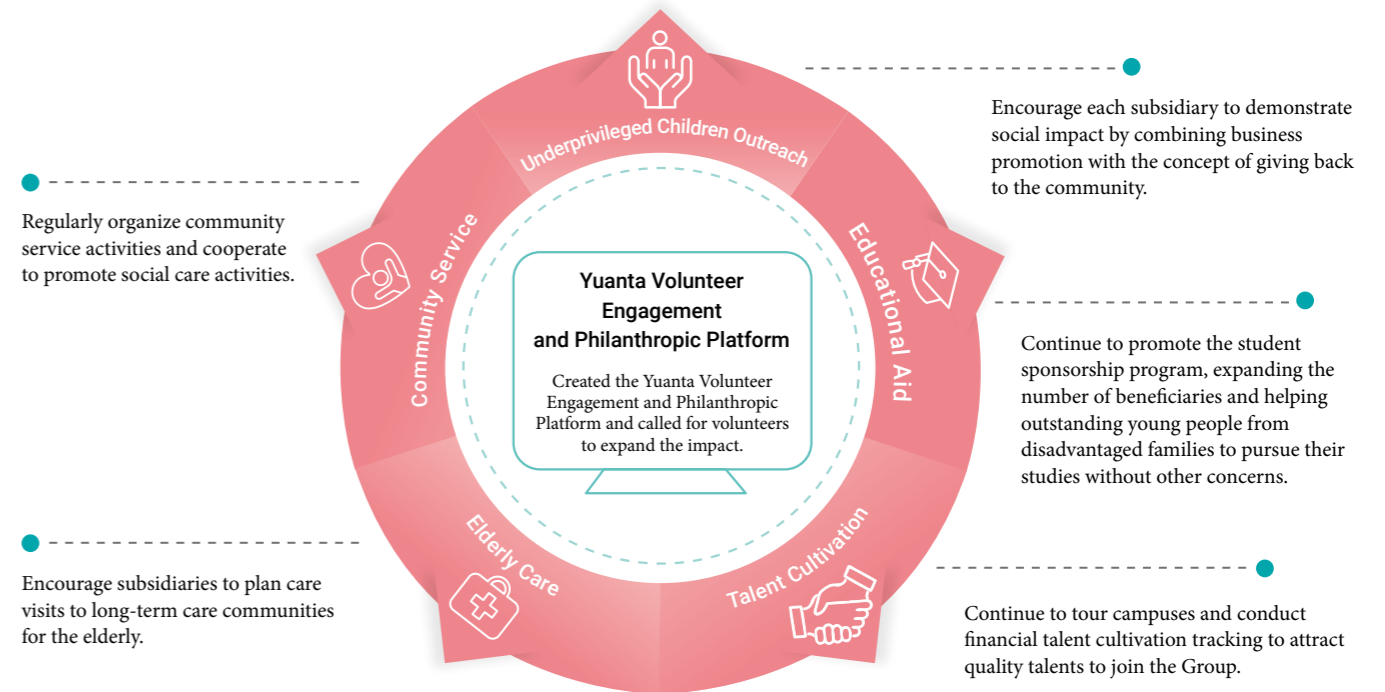


### Management Approach

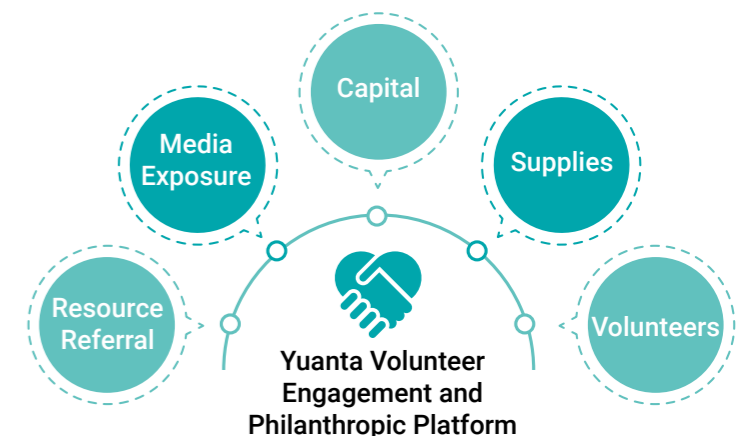
Driven by rapid economic development, social development is faced with major changes and challenges, such as the gap between the rich and the poor, the aging of the population and the declining birthrate, the uneven distribution of educational and social resources, and other conditions that affect disadvantaged groups' lives. Although the government provides a certain degree of policies and welfare measures to alleviate this situation, mutual assistance from the private sector and companies giving back can bring more positive responses and support. Due to its business model, for example, the financial industry interacts very closely with customers and local communities. Yuanta communicates with customers to identify the needs of different regions and the difficulties faced by residents in fulfilling its corporate social responsibilities. With the Community Engagement Group responsible for building the Volunteer Engagement and Philanthropic Platform, we focus our efforts on five major areas: Underprivileged Children Outreach, Elderly Care, Educational Aid, Talent Cultivation, Community Service. By leveraging the information and resources among subsidiaries, we aim to realize the goal of good interaction and long-term growth in carrying out our longstanding principle of "taken from society and giving back to society" .

### 7.2 Philanthropic Activities and Yuanta Group Strategy

The Group has been actively supporting social welfare. We focus on the United Nations Sustainable Development Goals "SDG 1 No Poverty", "SDG 3 Good Health and Well-Being", "SDG 4 Quality Education", "SDG 8 Decent Work and Economic Growth", and "SDG 11 Sustainable Cities and Communities". In light of this, we have developed five main public welfare strategies of Underprivileged Children Outreach, Elderly Care, Educational Aid, Talent Cultivation, and Community Service.





The Company and our subsidiaries along with the Yuanta Cultural and Educational Foundation formed the Community Engagement Group, which coordinates management and use of our collective resources. In addition to giving full play to our financial expertise as well as our strengths, such as the extensive presence and convenience in diversified operating bases at home and abroad, we also combine capital, materials, and volunteer charity platforms to effectively integrate resources. We hope to become a long-term stable partner of social charity organizations and build a sense of corporate identity and social care among colleagues to achieve the shared value of mutual benefit between the Company and society, create social influence, and concretely implement corporate social responsibility.





### 7.3 Results of the Group's Philanthropic Strategies

The Group has long invested in our social welfare, 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 our own social impact on community.

Educational Aid	
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"> <li>1. Assist the disadvantaged to get an education, find employment, and transform their lives, which will also enhance our corporate image.</li> <li>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.</li> </ol>
Benefits Created Operational/Social/Environmental Benefits	<p><b>Operational Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Attracted 27,000 instances of brand exposure.</li> <li>◆ As of this year, 22 scholarship recipients have been recruited to work in the Yuanta Group through the Yuanta Cultural and Educational Foundation's talent development program.</li> </ul> <p><b>Social/Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>◆ We sponsored 2,907 disadvantaged children and a cumulative 15,000 students.</li> <li>◆ 22 job opportunities were added.</li> <li>◆ We have long been concerned with the progress of student education and employment. As of this year, 51 students have completed their studies and been successfully employed.</li> <li>◆ We provided NT\$17.33 million in educational grants and granted a cumulative total of NT\$89.27 million since the inception of the program.</li> </ul>
Associated Projects	Yuanta-FJU Dreams Take Flight Project, Yuanta Scholarship for Outstanding Underprivileged Talent

Community Service	
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 at the core for 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"> <li>1. Through our subsidiaries' extensive network of operating locations and Group volunteers from across Taiwan, we utilize our reach in neighborhoods across Taiwan to deepen interactive links with the community and assist in resolving issues of concern to residents.</li> <li>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.</li> </ol>
Benefits Created Operational/Social/Environmental Benefits	<p><b>Operational Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Attracted 467,000 instances of brand exposure.</li> <li>◆ Yuanta Bank integrated philanthropy into our core business to create the Yuanta Bank social welfare credit card. Currently, there are 272 cards in circulation, which were used for NT\$4.444 million in transactions that resulted in NT\$8,600 in charitable donations.</li> </ul> <p><b>Social/Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Programs benefitted 7,677 people for a cumulative total of 41,000 beneficiaries.</li> <li>◆ 6 groups benefitted from related programs. A total of 24 groups have benefitted.</li> <li>◆ Volunteers cleared beaches of 3,837 kilograms of trash. As of this year, we have cleaned 7,944 kilograms of trash from beaches.</li> <li>◆ As of this year, we have held a total of 10 beach, hiking trail, and river cleanups, 4 of which occurred this year.</li> <li>◆ Adopted historical monuments and community space to protect our cultural assets.</li> <li>◆ Adopted trees to implement urban greening and reduce carbon.</li> <li>◆ Utilized the Groups' 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.</li> <li>◆ Provided NT\$1.8 million in sponsorship for a cumulative total of NT\$7.741 million as of this year.</li> </ul>
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)

Underprivileged Children Outreach	
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"> <li>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.</li> <li>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.</li> <li>3. Taking advantage of the convenience of fintech mobile payment to help small-scale stores such as rural stores or night market vendors through payment, to reduce the risk of cash transactions and management procedures, and to simplify mechanisms used for collection.</li> <li>4. Caring for the vulnerable groups affected by the COVID-19 pandemic, supporting them with practical actions, and using our corporate influence to help them get through the economic difficulties.</li> </ol>
Benefits Created Operational/Social/Environmental Benefits	<p><b>Operational Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Attracted 351,000 instances of brand exposure.</li> <li>◆ Use Yuanta Credit Card to donate 616 donations, NT\$1.175 million, on the donation platform, accounting for 89% of donations.</li> <li>◆ Using Yuanta's online banking to transfer 76 donations of NT\$141,000, accounting for 11% of donations.</li> <li>◆ Donated more than NT\$710,000 to underprivileged groups to get micro insurance coverage with Yuanta Life.</li> <li>◆ As of this year, the number of transactions of small-scale stores that have used Yuanta mobile payment tools exceeded 20,000 with transaction amounts exceeding NT\$130 million.</li> <li>◆ Yuanta Bank made its own plan to work with relief projects of the Ministry of Economic Affairs, the Ministry of Transportation and Communications, the Ministry of Culture of Taiwan and other ministries and committees. 1,302 projects and a total amount of NT\$12.06 billion were approved.</li> </ul> <p><b>Social/Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Beneficiaries totaled 106,000 people.</li> <li>◆ 59 organizations benefitted.</li> <li>◆ Donated NT\$104.149 million.</li> <li>◆ A total of NT\$1.316 million was donated using the philanthropic donation platform.</li> <li>◆ Stimulus Charity Cash Cards allow disadvantaged families in Taiwan to purchase food and daily necessities in our partner convenience stores. We donated 33,000 cards which worth NT\$3,000 each. As of this year, NT\$86.18 million had been used.</li> <li>◆ Support local vegetable and flower farmers affected by the COVID-19 pandemic by purchasing their products.</li> </ul>
Associated Projects	Yuanta Happiness Day, “Yuanta Bank Give Love, Give Warmth” Donation Platform, Microinsurance Donations, Stimulus Charity Cash Cards, The Group Participates in the Taiwan Financial Services Roundtable, setting up booths to promote financial knowledge, Yuanta Charity Shoebox, Long-Term Cooperation and Support for Organizations That Work for Social Good: Taiwan Fund for Children and Families' Self-Help for Children Program, Taitung Kids' Bookhouse

Talent Cultivation	
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"> <li>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.</li> <li>2. Hold finance case competitions, focus on financial innovation opportunities and challenges, and stabilize the development and availability of financial system in society.</li> </ol>
Benefits Created Operational/Social/Environmental Benefits	<p><b>Operational Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Attracted 40,000 instances of brand exposure.</li> <li>◆ As of this year, we recruited 71 employees (13 new employees this year).</li> </ul> <p><b>Social/Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Sponsorships totaled NT\$320,000.</li> <li>◆ Beneficiaries totaled 4,774 people.</li> <li>◆ 47 organizations benefitted.</li> </ul>
Associated Projects	Work with Ming Chuan University in an Industry-Academia Collaboration on Yuanta Cultural and Educational Foundation Newsletter, Support the Corporate Governance Summit Forum, Cooperate with Colleges and Universities to Provide Cooperative Courses/ Single Class Courses/ Special Lectures, Group and Colleges and Universities Internship Projects

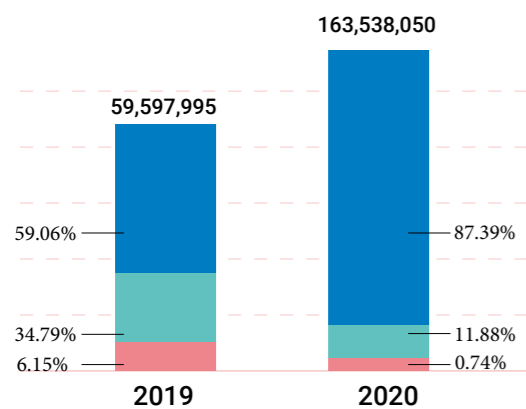
### Elderly Care

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"> <li>1. Collaborate with professional institutions to construct a community-based care network to promote a culture of social mutual aid and good health in society.</li> <li>2. Provide medical research grants and assistance to encourage and support healthcare system advancements and training of medical professionals.</li> </ol>
Benefits Created	<p><b>Operational Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Attracted 27,374 instances of brand exposure.</li> </ul> <p><b>Social/Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>◆ Donated NT\$2.424 million.</li> <li>◆ Beneficiaries totaled 28,000 people.</li> <li>◆ Invested NT\$340,000 in medical care cooperation programs.</li> <li>◆ 9 organizations benefitted.</li> <li>◆ In collaboration with Nasdaq, Yuanta Securities, Yuanta Funds, and Yuanta Futures, posted a warm public message of support on the Times Square LED display during the coronavirus crisis to show that concern for health knows no national boundaries and contribute to the efforts in the fight against coronavirus.</li> </ul>
Associated Projects	Participated in the Third Year of the Everpro Charity Walk Carnival, Celebrating the Holidays with Mennonite Christian Hospital, Chang Gung Memorial Hospital 2020 Yung-Ching Wang Cup Road Run, The 2nd Annual Yuanta Cultural and Educational Foundation Physician-Scientist Merit Award, Worked with Nasdaq, USA.

## 7.4 Investment and Use of Funds for Public Welfare Activities

The Group and the foundation refer to the London Benchmarking Group's (LBG) community investment management model and integrate it with our five areas of focus for public welfare to evaluate the overall investment of public welfare resources this year, as a reference for future public welfare strategies.

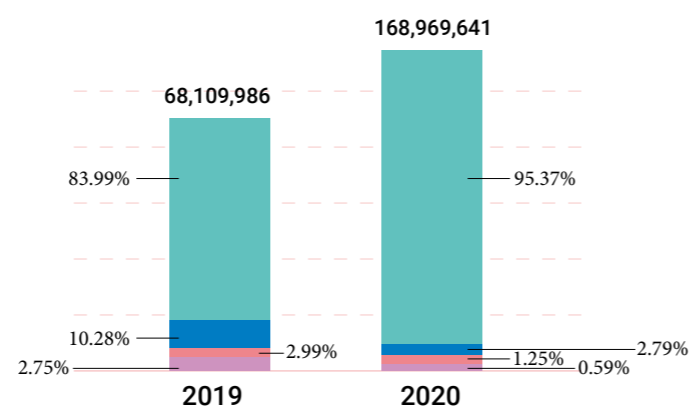
Breakdown by activity Unit: NTS



Category	2019	2020
Commercial Initiatives	35,197,333	142,913,618
Community Investments	20,736,354	19,420,182
Charitable Donations	3,664,308	1,204,250

Unit: NTS

Breakdown by investment Unit: NTS



Category	2019	2020
Cash Contributions	58,965,510	163,189,450
Time Invested	7,216,368	4,771,051
Management Overheads	2,099,030	2,138,459
In-kind Donation	1,928,108	1,009,140

Unit: NTS

## 7.5 Social Welfare during the Pandemic

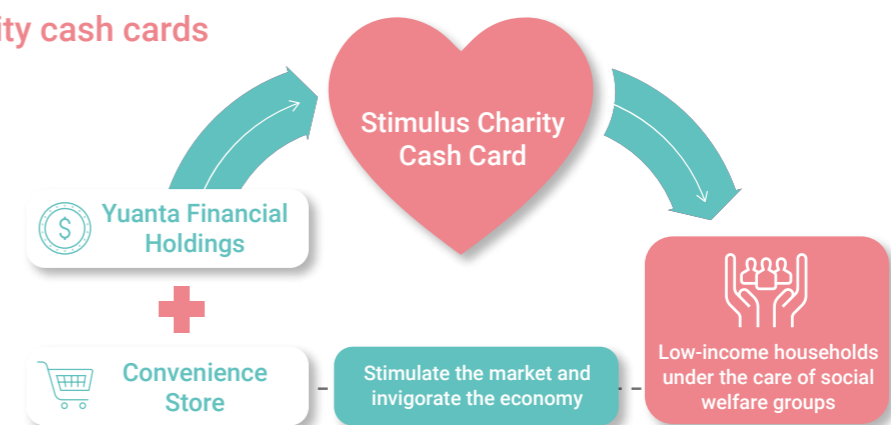
The impact of the COVID-19 pandemic has affected various industries and industries as well as fundraising efforts of various public welfare organizations. Yuanta Group, however, continues to uphold the concept of “taken from society and giving back to society” and spares no effort in social responsibility. In order to support the disadvantaged groups to fight against the pandemic, in 2020, the Company and its subsidiaries, together with Taiwan Fund for Children and Families (TFCF), planned the “Yuanta Supports Happiness” project and issued the “Stimulus Charity Cash Card” with a total amount of NT\$100,002,000 which was donated to 7 social welfare organizations, benefiting more than 100,000 people, to help the disadvantaged groups through the crisis.

In May 2021, the COVID-19 pandemic in Taiwan became increasingly serious, resulting in a strain on medical resources and a severe physical and mental strain on healthcare workers. As a nationwide financial institution, the Group donated NT\$160 million to the frontline medical system in support of the government's efforts to fight the pandemic. Yuanta will continue to leverage the Group's resources, such as its financial expertise, operational base, materials, financial and human resources, to invest in social welfare activities and fulfill its corporate social responsibility.



### 7.5.1 Springing No Effort to Bring Economic Relief

#### Stimulus charity cash cards



**Summary of the recipient's testimonials**

- ◆ A woman from Taichung: her husband has advanced lung cancer and the government's stimulus vouchers issued to their children were used to buy nutritional supplements for their father. They were grateful to Yuanta for providing charity cash cards so that the children could buy meals.
- ◆ A child from Taoyuan: his mother was unable to work due to a foot injury and with the additional impact from the pandemic, the charity cash card provided timely assistance to the family.
- ◆ A child from Chiayi: he often skips breakfast because it is too expensive. The charity cash card allows him to have breakfast.
- ◆ A child from Taitung: they used their cards to buy stationeries they need for school.



SDGs	Project Description	Achievements	Impact
  	<p>The COVID-19 pandemic has impacted many industries and activities, and distribution of social resources are at risk. In view of this situation, during the pandemic, Yuanta subsidiaries have taken concrete actions such as cooperating with FamilyMart convenience store chain to issue Stimulus Charity Cash Cards to give to charity organizations, Yuanta Bank's relief program, collaboration with Nasdaq to display a public message of support in combatting COVID-19 on TV wall in New York's Times Square, purchased farmer's organic produce, and carnation. These actions were taken in response to government policies to help stimulate the economy. We donated flowers to medical staff dealing with the pandemic. In addition, we donated material resources to disadvantaged groups to help them deal with the pandemic, and show our concern for society.</p>	<ul style="list-style-type: none"> <li>Invested more than NT\$100,002,000 in funds.</li> <li>Collaborated with over 10 groups.</li> <li>More than 100,000 recipients benefited, including disadvantaged families and children.</li> <li>Yuanta Bank's own program along with the relief projects of the Ministry of Economic Affairs, the Ministry of Transportation and Communication, the Ministry of Culture of Taiwan, and other ministries and committees amounted to 1,302 cases and NT\$12.06 billion approved.</li> <li>Yuanta Bank approved a total of 1,424 cases under the Central Bank's project financing (ABC) program with total approved loan amount is NT\$760 million.</li> </ul>	<ul style="list-style-type: none"> <li>Helped revitalize the economy.</li> <li>Assisted farmers get through the economic difficulties.</li> <li>Supported medical staff.</li> <li>Enhanced pandemic prevention.</li> <li>Showed concern for socially disadvantaged groups.</li> </ul>

## 7.5.2 Continuing to Help Despite the Pandemic

### Underprivileged Children Outreach

#### Yuanta Happiness Day - Tailor-Made "Happiness Gift Pack" for Children

##### Description

Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation jointly have organized the Yuanta Happiness Day to share happiness, love, and show care for 9 consecutive years. We give each child a customized-concept gift bag filled with things like new sportswear and sports shoes to encourage them to study hard. In addition, our colleagues also served as volunteers to join activities with children. For example, members of our staff shared their own financial skills to explain the importance of financial management in our "Little Buyer" wealth management course, which uses fun methods to teach children about the importance of financial management. The children benefit a lot from learning to keep track of their money and use it wisely to maximize their money. In order to remind everyone to take precautionary measures to protect themselves during the pandemic, the Happiness Day event also included pandemic prevention activities, such as a handwashing dance, based on popular dances, to teach the correct way to wash hands. It is our hope that volunteers from our Company can help more rural and economically disadvantaged children.

##### Results

◆ 27 partner organizations ◆ A total of NT\$4.082 million was invested ◆ Total of 205 volunteers participated ◆ Total of 1,149 hours volunteered ◆ Beneficiaries totaled 993 people



#### Nurturing Local Young Teachers 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.

#### Education Investment on Children from Harmony Home Foundation

We help with children's education expenses of Harmony Home Foundation every month to ensure that the children receive a basic and uninterrupted education, maintain a regular and stable quality of life and education, and improve their bond with their families, and their ability to return to the community.

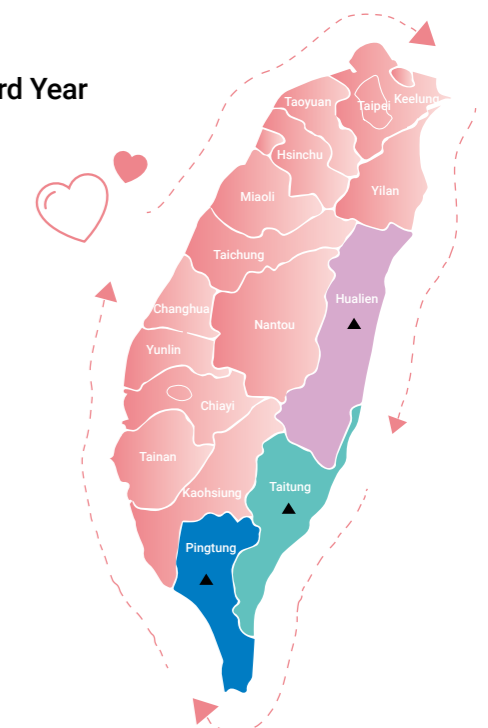
#### Love in a Shoebox — the Love in a Shoebox Activity Continued to Expand in Its Third Year

##### Description

Yuanta Funds has held the Shoebox Donation Drive event 3 consecutive years. The first stop was Hualien, the second stop Taitung, and the third stop Pingtung. We hope to continue this event and circle Taiwan in the process. The activities were expanded in 2020. Executives and staff responded enthusiastically and 18 of Yuanta Financial Holdings' suppliers participated in the grand event. Thanks to the concerted efforts of Yuanta Financial Holdings and Yuanta Funds, we collected 485 shoeboxes filled with donated items with an approximate total value of NT\$240,000. They were donated through the Pingtung County Education Department's Academic Affairs and Management Division to students and employees of 22 rural elementary schools in Pingtung.

##### Results

Year	Number of Shoe Box	Beneficiary Groups
2018	254	12
2019	219	3
2020	485	22



#### Microinsurance - Financial Insurance Education

Yuanta Life underwrites the youth microinsurance for the Northern Region Children's Home. In order to help children better understand insurance, social workers with the Northern Region Children's Home invited Yuanta Life to conduct financial insurance education at the North Region Children's Home to help the participants understand the importance of life risk planning and developing the ability to plan for family financial security and risk management.

#### Yuanta Life Sapling Program Series - Laying a Financial Education Foundation from Childhood

The Yuanta Life Sapling Program went to the Liugui Care Association in Kaohsiung to spend time with disadvantaged children in the area. They taught the concept of insurance risk through games, allowing risk diversification education to take root from an early age.



## Elderly Care

### 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 holidays to those who could not be home with family.



### Chang Gung Memorial Hospital 2020 Yung-Ching Wang Cup Road Race

Yuanta Bank co-organized the Yung-Ching Wang Cup Road Race to encourage people to embrace their health and give the utmost support and encouragement to the frontline pandemic prevention heroes. The campaign, which cost approximately NT\$95,000, resulted in 6 news stories, at least 100 people becoming official Line friends with Yuanta Bank, and more than 500 messages from the public community about the campaign.



## Educational Aid

### Yuanta Scholarship for Outstanding Underprivileged Talent

Turning your life around starts with education. In order to prevent outstanding students from being deprived of the opportunity to pursue their studies due to financial hardship, Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation have been promoting the “Yuanta Scholarship for Outstanding Underprivileged Talent” for 5 consecutive years. In the past 5 years, we have helped 283 people to continue their studies and achieve their dreams.



### Yuanta-FJU Dreams Take Flight Project

Since 2011, Yuanta Financial Holdings and Yuanta Cultural and Educational Foundation have been working with Fu Jen Catholic University to promote the “Dreams Take Flight” program, which has benefited 1,435 people so far. To prevent children from interrupting their studies due to financial problems, Yuanta provides scholarships for disadvantaged students in rural areas. In order to make up for the shortage in educational resources, Fu Jen Catholic University students serve as one-on-one online study partners, teaching them in winter and summer school, helping students in remote areas by teaching, spending time with them, and showing care about their lives in general on a long-term basis. In 2020, 223 students from 8 counties and cities across Taiwan, from high school to college, applied for the scholarship program.

## Talent Cultivation

### 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 on the job market, narrow the gap between industry and academia, and fulfill our corporate social responsibility to cultivate new financial talents. This year, we participated in 32 campus exhibitions and orientations, which were attended by 1,718 people, to introduce finance careers, internship opportunities, and developments within the industry. A total of 2,480 students took courses that Yuanta co-developed with finance-related college departments and we were invited to give lectures which were attended by 1,465 people. We received 72 people from 4 colleges and universities on company visits and accepted 409 students as interns and encouraged all subsidiaries to implement their own internship programs as well.



### Corporate Governance Summit Forum

We sponsored the “International Summit on Corporate Governance” of the Taiwan Corporate Governance Association to provide advice on improving corporate governance and board effectiveness in the industrial sector. Representatives of Yuanta Financial Holdings' independent directors provided insightful insights into corporate governance issues. The theme of this year's forum is “Strengthening Corporate Governance Ecology and Implementing Independent Director System”.

### Industry-Academic Cooperation in Yuanta Foundation's Newsletter

We worked with the Ming Chuan University School of Communication, compiling the Yuanta Cultural and Educational Foundation newsletter, a monthly periodical, to provide students with more practical experience and prepare early to meet the challenges of the workplace and allow corporate employees, partner organizations, and the general public to understand the concrete actions the Group has implemented to realize corporate social responsibility through the foundation.

## Community Service

### Yuanta Charity Blood Drives

We hold 3 blood drives each year and have received the Blood Donation Enterprise Award 5 years in a row. This year, we donated nearly 3,000 bags of blood. Also, 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 of society.



### Green Action, Clean Beaches, Clean Mountains

A total of 467 volunteers cleaned for a combined 1,868 hours and collected 3,837 kilograms of trash.



### “Surrounding Abused Children with Love” Program

Yuanta Financial Holdings and Yuanta Foundation have long been dedicated to caring for children and have responded to the Taiwan Fund for Children and Families' “Surrounding Abused Children with Love” program. Since 2012, working as a partner of the program, we have integrated our resources to promote the Good Neighbor Child Protection Program. As the only financial institution to respond to the campaign, Yuanta worked with its subsidiaries to promote child protection information through its official website, social media, ATM operation interface, electronic statements, and other self-media. We also took advantage of our high concentration of offices and used the 305 sales offices across Taiwan to strengthen the reporting system, fully utilizing the benefits of virtual and physical integration, and establishing a comprehensive notification channel that extends from each office to the community to form a point-line security network.



In addition, the Group also calls on colleagues to join in the public service and act as the most powerful “super hero” of child protection, advocating social responsibility and implementing the United Nations Sustainable Development Goals (SDGs), emphasizing the importance of proactive behavior, calling for the courage to report in a timely manner in order to effectively reduce the occurrence of child abuse, thereby helping the next generation and providing a safe environment that children can happily grow up in.

### Support for Former Inmate Program

Promoting rehabilitation care through Yuanta Culture and Education Foundation for more than 10 years, in 2020, the Ministry of Justice awarded Yuanta the “Group of Merit in Helping to Promote Rehabilitation and Protection” in recognition of Yuanta's long-standing commitment to rehabilitation. We purchased products made in correctional institutions, encouraged self-reliance among inmates, while also serving as a public service platform to bring in a variety of resources. We also assisted in setting up skills training classes. Through activities held to promote after-care services of inmates, we invite members of the public to give former inmates a chance to transform their lives.

## Appendix 1 Task Force on Climate-Related Financial Disclosures (TCFD) Promotion Results

### Climate Risk and Opportunity Identification and Response Measures

Risk Categories	Description of Risks	Time Frame	Geographical Scope of Impact	Value Chain Position of Impact	Financial Impact	Response Measures
Transition Risk — Policies and Regulations	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.	Mid-term	Global	Customer	Decreased revenue	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.
Transition Risk — Technology	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.	Mid-term	Global	Customer	Decreased revenue	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.
Transition Risk — Market	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.	Mid-term	Global	Investor	Divestment by investors	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.
Transition Risk — Reputation	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.	Short-term	Global	Company Operations	Divestment by investors	<ul style="list-style-type: none"> <li>◆ Strengthened review of and controls on investments in/loans to high polluting enterprises and actively engage in ESG management with these counterparts to reduce the potential for negative news reporting.</li> <li>◆ 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.</li> </ul>
Physical Risks — Immediate	Frequent natural disasters caused by climate change and the risk of new large-scale infectious diseases, which are highly contagious and severe and for which effective treatments or medications have not yet been developed, the safety of policyholders and even death may result in higher medical or life insurance claims expenses for Yuanta Life.	Mid-term (pandemic), Long-term	Taiwan	Customer	Increased operating costs	<ul style="list-style-type: none"> <li>◆ When designing products, we consider climate-related factors and provide insurance products that meet the needs of policyholders and align with climate change trends.</li> <li>◆ In the practice of claims settlement, we compile the case types and medical treatment patterns of new infectious diseases and provide them to the relevant departments for consideration when designing products.</li> </ul>
	If an investee or a loan borrower suffers property loss or business interruption because of extreme weather conditions, it may also affect Yuanta's profits.	Long-term	Global	Customer	Decreased revenue	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 system for uninterrupted operations.
Physical Risks — Long Term	The Group's profit or loss may be further affected by disruptions in the operations of subsidiaries' business locations or decreases in the prices of its own real estate due to sea level rising caused by climate change.	Long-term	Taiwan	Company Operations	Decreased revenue	Business locations and self-owned real estate investments take into account the factors of sea level rise caused by climate change.

Note: Time frame for risks and opportunities are defined as: short (likely to occur within 1 year), medium (likely to occur within 1 to 3 years), and long (likely to occur in more than 3 years).

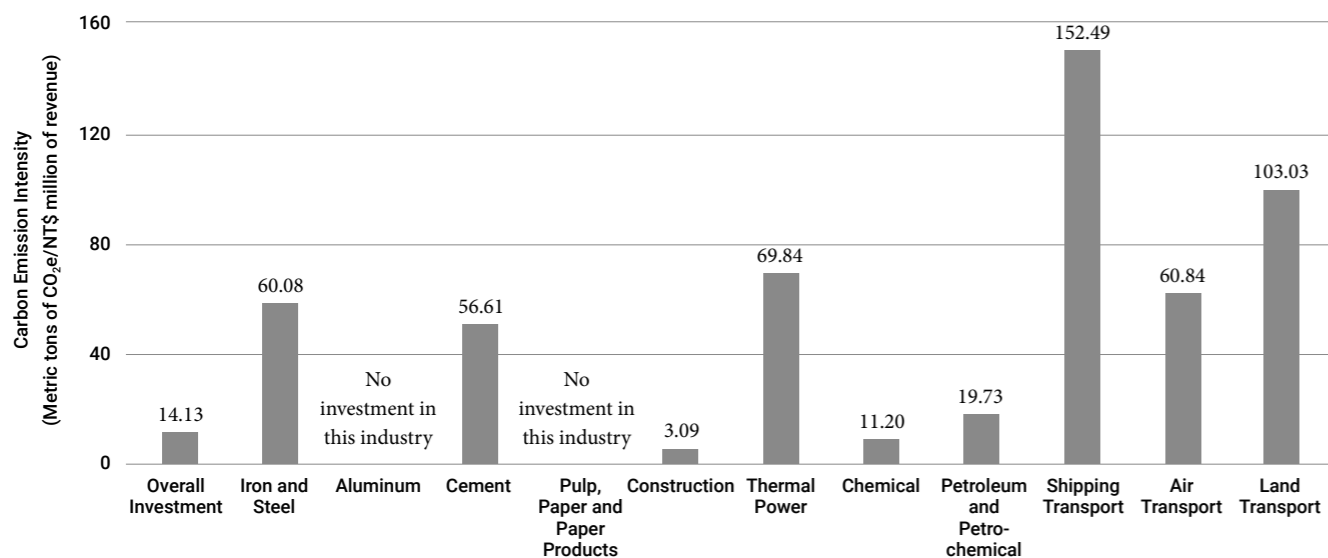
Opportunity Categories	Description of Opportunities	Time Frame	Geographical Scope of Impact	Value Chain Position of Impact	Financial Impact	Response Measures
Investment in Renewable/ Green Energy	To support the development of green energy and related industries, Yuanta Securities actively participates in the underwriting of related products. 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.	Mid-term	Taiwan	Products and Services	Increased revenue	The Group has established Sustainable Finance Guidelines which explicitly include green industries as industries to be actively encouraged.
Innovation in Products and Services	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.	Mid-term	Taiwan	Products and Services	Increased revenue	Yuanta Life plans to cooperate with outside academic institutions in a collaboration project and incorporate climate change factors into the design of insurance products to strengthen the competitiveness of products in future scenarios.
Market 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, aiming to expand proportion of green energy to 20% of energy supply in the country by 2025. Green energy has become the new global business trend and consequently drives the growth of related industries.	Long-term	Global	Products and Services	New sources of income	In response to increased market demand for investment, Yuanta Securities is considering increasing the proportion of warrants issued which are linked to green energy-related industries in order to capitalize on new market opportunities.
	Ordinary investors have also begun to pay greater attention to climate change issues in recent years. Yuanta Funds understands customer needs and preferences and has developed mutual funds which are focused on sustainable development through the use of asset management, enabling investors to participate and support businesses that operate sustainably through public funds, while also bringing in new sources of income for the Company.	Short-term	Global	Investors	New sources of income	Yuanta Funds has incorporated ESG factors into its product design and is committed to providing investors with products for sustainable investment. Over 30 of its fund products have received the highest rating of 5 globes in Morningstar Sustainability Rating.
	In the face of climate change, Yuanta Futures continues to focus on ESG investment opportunities, incorporating sustainable investment factors in commodity promotion, commodity design, and investment of its own capital.	Mid-term	Taiwan	Products and Services	Increased revenue	With the launch of sustainable futures on the Taiwan Futures Exchange in June 2020, Yuanta Futures has spared no effort in promoting the futures, with an annual market share of 82.5%, providing investors with multiple hedging channels.
Operational Flexibility	In order to promote environmental sustainability, respond to the policy of green finance, and implement the business philosophy of sustainable development, Yuanta Bank plans to issue green bonds to expand access to green capital.	Mid-term	Taiwan	Company Operations	Increased revenue	Yuanta Bank issued general-tranche financial debentures, the funds of which will be used for the construction of the bank's head office building (green building) or for lending money in line with green investment plans.
	In response to the trend of sustainable development in Taiwan, Yuanta Bank has effectively integrated its core competencies with its corporate social responsibility practices and introduced the Equator Principle to establish a more systematic and comprehensive credit system for project financing and to control social and environmental-related risks, thus enhancing the positive benefits of financial institutions to society.	Long-term	Taiwan	Company Operations	Increased revenue	Yuanta Bank has established the "Management Guidelines for Handling Equator Principles Financing Projects" and enhanced the education and training of its business staff to regularly monitor environmental and social risks to confirm that credit cases are in compliance with the Equator Principles.
	Yuanta strives to seize opportunities arising from climate change and develop diversified investment opportunities, including trading indexes or products related to carbon emissions and sustainability index products or indicators, thus raising the Company's operational flexibility.	Long-term	Global	Company Operations	Increased revenue	The Group has formulated the "E&S Risk Management Rules" for high-risk industries to strengthen the review and control of investments in highly polluting enterprises and increase the overall proportion of low-carbon assets to leverage opportunities for climate transformation.
Other Opportunities	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.	Long-term	Taiwan	Company Operations	Decreased operating costs	Each of the Group's subsidiaries regularly conducts drills for disaster contingency measures to ensure the normal operation of equipment and mechanisms in the event of a crisis.

Note: Time frame for risks and opportunities are defined as: short (likely to occur within 1 year), medium (likely to occur within 1 to 3 years), and long (likely to occur in more than 3 years).

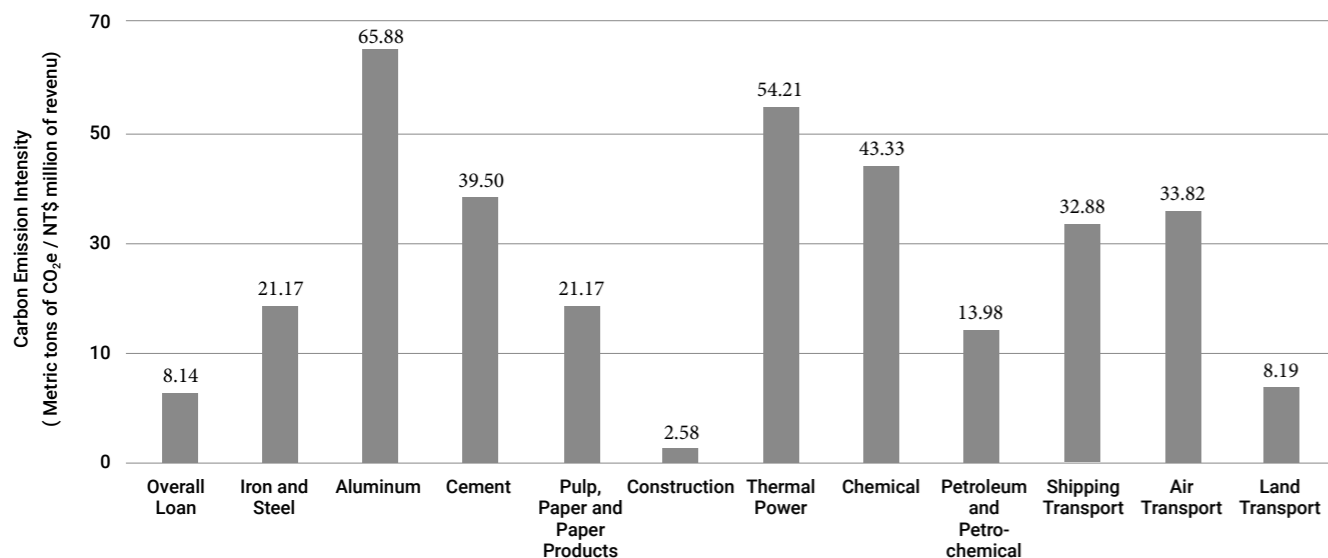
### Carbon Emission Intensity Analysis of High Carbon Emission Industries from Investment and Financing

In response to stakeholders' expectations for the financial industry to lead the economy towards low-carbon transformation, the Company has initiated the calculation of carbon emissions and carbon intensity of the Group's long-term loan and long-term equity investment portfolio based on the proposed PCAF and TCFD methodologies for 2019 as the base year. To further track and regulate the impact of investment and financing portfolios on climate change, an independent investment and financing analysis was conducted with reference to the 11 high carbon emission industries of interest to SBT. These 11 industry sectors also have a significant impact on Yuanta's overall investment and financing, accounting for 59% and 78% of Yuanta's total carbon emissions from its investment and loan portfolios, respectively. Based on the results of this analysis, the Company will not only review the high carbon emission contributors in its investment and financing portfolio and continue to strengthen engagement practices, but also expects to incorporate carbon intensity into the reference factors for future investment and financing decisions and to reduce the carbon intensity of each high carbon emission industry sector year by year by setting specific investment and financing carbon reduction targets.

Carbon emission intensity of the long-term investment portfolio of listed companies in the overall and high carbon emission industry sectors in 2019



Carbon emission intensity of Yuanta's long-term loan portfolio for 2019 by overall and high carbon emission industries



Notes:  
 1. Carbon emission intensity of long-term investments in stocks and bonds of listed companies in high carbon emission industries: This is the calculation of the carbon emission intensity of the listed companies' long-term investment in the equity and debt parts of the 8 subsidiaries of Yuanta Financial Holding in 2019, using the methodology proposed by TCFD for implementation. Calculation formula: Total carbon emissions (metric tons of CO<sub>2</sub>e) of specific high carbon emission industry investment portfolio / total revenue (NT\$ million) of specific high carbon emission industry investment portfolio = carbon emission intensity (metric tons of CO<sub>2</sub>e/NT\$ million of revenue) of specific high carbon emission industry investment portfolio. Since the carbon emission data were collected from external databases and self-collected data, we cannot guarantee the accuracy and completeness of all data, and therefore the carbon emission intensity has not been externally verified and assured.  
 2. Carbon emission intensity of corporate long-term loans: The carbon emission intensity of Yuanta Bank's corporate long-term loan portfolio in 2019 was calculated using the methodology proposed by TCFD. Calculation formula: Total carbon emissions (metric tons of CO<sub>2</sub>e) of specific high-carbon emission industry loan portfolio / total revenue (NT\$ million) of specific high-carbon emission industry loan portfolio = carbon emissions intensity (metric tons of CO<sub>2</sub>e / NT\$ million of revenue) of specific high-carbon emission industry loan portfolio. Since the carbon emission data were collected from external databases and self-collected data, we cannot guarantee the accuracy and completeness of all data, and therefore the carbon emission intensity has not been externally verified and assured.

### Appendix 2 Sustainable Finance Performance

#### Responsible Investment Management Action Plan

To comply with PRI and Sustainable Finance Guidelines, the Group's Guidelines for Sustainable Finance, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds 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 "Sustainable Finance Guidelines", 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	Fixed Income	Property
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. After investing, review the fulfillment of social responsibilities of the investment partners again on the last business day at the end of each year.	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 or on the list of prohibited enterprises, the reason must be explained in the investment report and the appropriate level of management must approve before the investment can be executed. After investing, review the fulfillment of social responsibilities of the investment partners again on the last business day at the end of each year.	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	Derivative Products and Alternative Investments	Infrastructure	Property
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.	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.	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.	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. The addition of stock investment targets (MainList) requires checking whether the application targets meet the ESG scoring standard and consistent with the "Stock Investment Target Risk Management Guidelines", maintains a list of domestic and overseas private equity investment targets. In addition, it is stipulated in the "Domestic Taiwan Stock Pool Management Procedures" that if the stock subject has a significant impact on the ESG level, a meeting must be held to decide whether to remove it.

◆ Yuanta Futures

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.

◆ 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. The investment subject must not be controversial or prohibit investment Companies on the exclusion list, and 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. If the investment purpose is medium and long-term investment, timely review of the company's fulfillment of corporate social responsibility should be conducted in due course.

Total Value and Number of Underwriting in 2020. Unit : NT\$ thousand

Type	Number	Amount
Under-writing		
Equity and Other Securities	38	8,344,289
Fixed Income	205	332,876,096

Total Value and Number of Market Making Transactions in 2020. Unit : NT\$ thousand

Market Making Targets	Number	Amount
Derivatives (futures/options)	26	1,012,871,239
Derivatives (warrants)	13,333	181,373,816

Total Proprietary Investment Scale and Corresponding Number as of December 31, 2020. Unit : NT\$ thousand

Business Type	Industry	Number	Total Investment Size at the End of the Year (Note)	
Proprietary Investment (Bonds)	Finance & Insurance	55	11,465,954	
	Plastic Industry	8	8,384,577	
	Semi-conductor industry	7	4,262,700	
	Cement Industry	5	3,850,000	
	Government Agencies	9	3,762,734	
	Communication Network	9	3,425,476	
	Leasing	5	2,840,700	
	Rubber	1	2,700,000	
	Energy Industry	10	2,197,383	
	Textile and Fiber	5	2,000,000	
	Building Materials	3	1,850,000	
	Investment	6	1,829,895	
	Trade and Department Store	4	1,719,019	
	Food Industry	7	1,426,836	
	Health Care Industry	6	1,327,817	
	Steel (excluding stainless steel)	3	1,220,006	
	Computer and Peripherals	2	1,030,316	
	Public Sector	3	771,167	
	Real Estate Investment	3	690,139	
	Electricity, Natural Gas, and Water	2	557,752	
	Electrical Machinery	1	500,000	
	Biotechnology and Pharmaceuticals	4	410,843	
	Information Services	2	371,879	
	Cultural and Creative Industries	1	304,122	
	Automobile industry	1	302,198	
	Chemical Industry	1	179,455	
	Marine industry	1	150,713	
	Agriculture, Forestry, Fisheries and Mining	1	121,110	
	<b>Total</b>		<b>165</b>	<b>59,652,791</b>

Note: The total investment size and the number of investments of Yuanta Securities as of December 31, 2020.

Total Loan Balance as of December 31, 2020 and Corresponding Number of Loans. Unit : NT\$ thousand

Business Type	Number	Amount (Note)
Margin purchase	6,746,565	38,317,886
Short sale	1,324,567	6,562,827
Non-restricted lending	31,337	15,862,942
<b>Total</b>	<b>8,102,469</b>	<b>60,743,655</b>

Note: Total loan balance and number of loans of Yuanta Securities.

Total Investment Size and Number of Investments as of December 31, 2020. Unit : NT\$ thousand

Business Type	Industry	Number	Total Investment Size at the End of the Year (Note)
Proprietary Investment (Securities)	Semiconductor Industry	2	425,582
	Computer and Peripheral Industry	1	393,807
	Chemical Industry	1	91,205
	Tourism Business	1	23,521
<b>Total</b>		<b>5</b>	<b>934,116</b>

Note: The total investment size and number of investments of Yuanta Securities as of December 31, 2020.

### Appendix 3 Social Indicators

#### 2020 New Employee Statistics in Taiwan Region

Company	Male			Total	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	4	7	1	12	5	8	2	15	27	157	17.20
Yuanta Securities	109	48	0	157	127	58	2	187	344	4,860	7.08
Yuanta Bank	159	178	6	343	158	230	19	407	750	4,398	17.05
Yuanta Life	14	16	1	31	13	32	1	46	77	701	10.98
Yuanta Funds	5	2	1	8	3	6	0	9	17	295	5.76
Yuanta Futures	20	13	0	33	23	12	0	35	68	412	16.50
Yuanta Venture Capital	0	0	0	0	0	0	0	0	0	14	0.00
Yuanta Asset Management	0	5	8	13	1	7	0	8	21	35	60.00
Yuanta Securities Investment Consulting	3	3	0	6	2	1	0	3	9	72	12.50
<b>Total</b>	<b>314</b>	<b>272</b>	<b>17</b>	<b>603</b>	<b>332</b>	<b>354</b>	<b>24</b>	<b>710</b>	<b>1,313</b>	<b>10,944</b>	<b>12.00</b>
<b>Percentage (%)</b>	<b>23.91</b>	<b>20.72</b>	<b>1.29</b>	<b>45.93</b>	<b>25.29</b>	<b>26.96</b>	<b>1.83</b>	<b>54.07</b>	<b>100.00</b>		

Notes:  
 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted 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

#### 2020 Departed Employee Statistics in Taiwan Region

Company	Male			Total	Female			Total	Total Departed Employees	Total Employees	Turnover Ratio (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Yuanta Financial Holdings	0	4	1	5	2	1	2	5	10	157	6.37
Yuanta Securities	44	43	34	121	47	55	49	151	272	4,860	5.60
Yuanta Bank	82	188	39	309	106	309	47	462	771	4,398	17.53
Yuanta Life	11	21	1	33	10	33	6	49	82	701	11.70
Yuanta Funds	0	4	1	5	0	12	0	12	17	295	5.76
Yuanta Futures	11	12	0	23	9	5	1	15	38	412	9.22
Yuanta Venture Capital	0	0	0	0	0	0	0	0	0	14	0.00
Yuanta Asset Management	0	1	1	2	0	0	0	0	2	35	5.71
Yuanta Securities Investment Consulting	2	2	1	5	1	2	0	3	8	72	11.11
<b>Total</b>	<b>150</b>	<b>275</b>	<b>78</b>	<b>503</b>	<b>175</b>	<b>417</b>	<b>105</b>	<b>697</b>	<b>1,200</b>	<b>10,944</b>	<b>10.96</b>
<b>Percentage (%)</b>	<b>12.50</b>	<b>22.92</b>	<b>6.50</b>	<b>41.92</b>	<b>14.58</b>	<b>34.75</b>	<b>8.75</b>	<b>58.08</b>	<b>100.00</b>		

Notes:  
 1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.  
 2. Employee turnover rate (%) = (Total departed employees / total employees at year end) x 100; Percentage (%) = (Total employees in each category / total departed employees) x 100

#### Employee Turnover Rate by Year

Turnover Statistics	2017	2018	2019	2020
Employee Turnover Rate (%)	11.80	13.04	12.86	10.96
Voluntary Departure Rate (%)	12.60	11.10	11.23	8.71



By Gender	Gender	2017	2018	2019	2020
Employee Turnover Rate (%)	Male	45.23	46.76	43.91	41.92
	Female	54.77	53.24	56.09	58.08
Voluntary Departure Rate (%)	Male	47.89	49.88	44.73	44.39
	Female	52.11	50.12	55.27	55.61

By Age	Age	2017	2018	2019	2020
Employee Turnover Rate (%)	Under 30	27.79	27.57	27.87	27.08
	30-50	61.22	63.43	60.09	57.67
	51 or Over	10.99	9.00	12.04	15.25
Voluntary Departure Rate (%)	Under 30	36.60	30.48	30.53	32.53
	30-50	58.23	63.93	61.39	60.23
	51 or Over	5.17	5.59	8.08	7.24

By Ethnicity	Ethnicity	2017	2018	2019	2020
Employee Turnover Rate (%)	Taiwanese (Excluding Indigenous People)	99.89	99.72	98.57	98.50
	Foreign Nationals	0.11	0.28	1.07	1.50
	Taiwanese Indigenous People	0.00	0.00	0.36	0.00
Voluntary Departure Rate (%)	Taiwanese (Excluding Indigenous People)	99.86	99.67	98.37	98.22
	Foreign Nationals	0.14	0.33	1.22	1.78
	Taiwanese Indigenous People	0.00	0.00	0.41	0.00

By Position	Position	2017	2018	2019	2020
Employee Turnover Rate (%)	Managerial	10.18	8.09	9.34	9.00
	Non-Managerial	89.82	91.91	90.66	91.00
Voluntary Departure Rate (%)	Managerial	7.76	7.40	8.00	8.08
	Non-Managerial	92.24	92.60	92.00	91.92

## Total Employees (Including Overseas Employees) by Year

Year	Gender	Taiwan	Overseas	Total
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
2020	Male	3,890	1,820	5,710
	Female	7,054	1,341	8,395
	Total	10,944	3,161	14,105

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

## Employee Status Breakdown by Year – Taiwan

Year	Employment Situation	Male	Female
2018	Permanent Contract	3,866	7,117
	Temporary Contract	0	3
	Total	3,866	7,120
2019	Permanent Contract	3,826	7,081
	Temporary Contract	1	4
	Total	3,827	7,085
2020	Permanent Contract	3,890	7,050
	Temporary Contract	0	4
	Total	3,890	7,054

## Full-Time Employee Distribution (Gender, Age, Management Position, and Ethnic Group) – Taiwan

2018								
	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	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	100.00
Percentage (%)		16.13	83.87	0.10	99.79	0.11	100.00	

2019								
	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	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	100.00
Percentage (%)		16.40	83.60	0.05	99.68	0.27	100.00	

2020								
	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	4	590	0	593	1	594	5.40
	30-50	493	1,908	2	2,391	8	2,401	21.90
	51 or Over	333	562	0	894	1	895	8.20
Female	Under 30	2	867	0	865	4	869	7.90
	30-50	558	3,991	4	4,534	11	4,549	41.60
	51 or Over	382	1,254	0	1,633	3	1,636	15.00
Total		1,772	9,172	6	10,910	28	10,944	100.00
Percentage (%)		16.20	83.80	0.05	99.70	0.25	100.00	

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted salespeople.
- Managerial refers to employees with approval authority.

## Physically Disabled Employee Statistics

Company	2018			2019			2020		
	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	2	1	1	1	0	1	1	0
Yuanta Securities	12	30	18	12	27	15	12	31	19
Yuanta Bank	35	26	-9	27	31	4	28	31	3
Yuanta Life	8	15	7	7	12	5	7	11	4
Yuanta Funds	2	10	8	2	8	6	3	8	5
Yuanta Futures	2	2	0	2	2	0	3	2	-1
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	0	0
Total	61	88	27	52	84	32	55	85	30

Notes:  
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. The Company transferred its entire equity interest in Yuanta Securities Finance to Yuanta Securities with the settlement date on March 26, 2019.

## Employee Diversity Statistics for 2020

Employee Category Ratio (%)	Male	Female	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Taiwanese Indigenous People
Senior Management	65.00	35.00	99.40	0.20	0.40
Junior and Middle Management	39.40	60.60	99.80	0.00	0.20
Professionals	33.60	66.40	99.88	0.05	0.07
All Other Employees	48.20	51.80	98.70	1.30	0.00

Definition of Employee Category Description:  
1. Senior management is a management position up to two reporting levels away from the CEO and is responsible for directing and formulating policy, and setting strategy and providing the overall direction of enterprises/ organizations for the development and delivery of products or services.  
2. Middle management refers to managers who are responsible for specific departments (e.g., accounting, marketing) or business units, or who manage projects within a unit organization. Mid-level managers are responsible for implementing the policies, programs and directives of senior management.  
3. Junior management refers to first-line managers, junior managers, and management positions at the lowest level of the Company's management system. These individuals are generally responsible for directing and executing the day-to-day operational objectives of enterprises, and conveying the direction of senior management to subordinates.  
4. Professionals refer to employees with professional licenses. For the types of licenses, please refer to the "Information about the general employees" table on pages 301-303 of Yuanta Financial Holdings 2020 Annual Report.  
5. All other employees refer to those who are not listed in 1-4 above.

Nationality	Proportion of Employees (%)	Proportion of Management-Level Staff (%)
Republic of China (R.O.C.)	99.74	99.66
Asian (Excluding R.O.C.)	0.23	0.28
U.S.A.	0.02	0.00
Ireland	0.01	0.06

Item	Percentage of Females (%)	Target
Female Employees	64.50	Target Year:2025 Target Percentage:No less than 50%
Management (Percentage of total management positions)	53.20	Target Year:2025 Target Percentage:Maintain or no less than 50%
Junior Management (Percentage of total junior management positions)	60.60	Target Year:2025 Target Percentage:No less than 50%
Senior Management (Percentage of total senior management positions)	35.00	Target Year:2025 Target Percentage:Increase by at least 1 percentage point to 36%
Management Positions of Revenue-Generating Functions (e.g., sales business) (excluding support units, e.g., Human Resources, Information, Legal)	46.80	Target Year:2025 Target Percentage:Maintain or increase to 50%
Science, Information Engineering, Mathematics Related Positions	32.50	Target Year:2025 Target Percentage:Increase at least 2.5 percentage points to 35%

## Parental Leave Statistics by Year

Year	2018			2019			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees Eligible for Parental Leave	332	518	850	293	475	768	282	421	703
Employees that Took Parental Leave in the Current Year	12	157	169	13	131	144	12	111	123
Number of Employees on Leave Expected to Return in the Current Year	9	86	95	7	74	81	9	74	83
Actual Number of Employees that Returned	7	56	63	3	59	62	1	52	53
Return Rate (%)	77.78	65.12	66.32	42.86	79.73	76.54	11.11	70.27	63.86
Employees Who Returned from Parental Leave in the Previous Year	6	55	61	7	56	63	3	59	62
Number of Employees Still with the Company 12 Months after Returning from Leave the Previous Year	1	28	29	6	39	45	1	45	46
Retention Rate (%)	16.67	50.91	47.54	85.71	69.64	71.43	33.33	76.27	74.19

Notes:  
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

## Number of Full-Time Non-Managerial Employees

	2018	2019	2020
Number of Full-Time Non-Managerial Employees	13,458	13,376	13,496

Unit: NTS thousand

## Benefits of Full-time Employees in Non-Managerial Positions

	2018	2019	2020
Total Full-Time Employee Benefit Costs for Non-Management Positions	20,190,000	19,650,000	22,430,000
Average Benefit Costs for Full-Time Employees in Non-Management Positions	1,500	1,470	1,662

## Statistics on Transfers, Internal Promotions and Departures

Year	Number of Employees at Year-End	Number of Job Transfers				Number of Transfers Within the Group			
		Male	Female	Total	%	Male	Female	Total	%
2018	10,986	706	1,215	1,921	17.50	36	24	60	0.50
2019	10,912	748	1,255	2,003	18.40	35	29	64	0.60
2020	10,944	591	1,056	1,647	15.10	41	37	78	0.70

Notes:  
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	%
2018	10,986	842	1,588	2,430	21.30
2019	10,912	632	1,149	1,781	16.30
2020	10,944	539	833	1,372	12.50

Year	Number of Employees Receiving Guidance			Resignation/Legal Severance		
	Male	Female	Total	Male	Female	Total
2018	188	240	428	26	21	47
2019	161	210	371	10	5	15
2020	129	171	300	6	5	11

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

## Statistic of New Recruits and the Percentage of Internal Transfers, and Promotions

Item	2017	2018	2019	2020
Total Number of New Recruits (Person)	1,112	1,499	1,329	1,313
Percentage of Internal Transfers or Promotions (%)	22.80	39.60	34.70	27.60
Average Hiring Cost (NT\$ / FTE)	1,597	1,499	2,545	2,829

By Gender	Gender	2017	2018	2019	2020
Total Number of New Recruits (Person)	Male	494	672	581	603
	Female	618	827	748	710
Percentage of Internal Transfers or Promotions (%)	Male	37.30	35.60	36.50	37.40
	Female	62.70	64.40	63.50	62.60

By Age	Age	2017	2018	2019	2020
Total Number of New Recruits (Person)	Under 30	561	712	564	646
	30-50	536	749	722	626
	51 or Over	15	38	43	41
Percentage of Internal Transfers or Promotions (%)	Under 30	11.50	13.50	14.20	17.10
	30-50	76.30	72.80	69.90	65.20
	51 or Over	12.20	13.70	15.90	17.70

By Ethnicity	Ethnicity	2017	2018	2019	2020
Total Number of New Recruits (Person)	Taiwanese (Excluding Indigenous People)	1,106	1,496	1,315	1,298
	Foreign Nationals	6	3	14	15
	Taiwanese Indigenous People	0	0	0	0
Percentage of Internal Transfers or Promotions (%)	Taiwanese (Excluding Indigenous People)	99.90	99.80	99.80	99.70
	Foreign Nationals	0.10	0.20	0.20	0.30
	Taiwanese Indigenous People	0.00	0.00	0.00	0.10

By Position	Position	2017	2018	2019	2020
Total Number of New Recruits (Person)	Managerial	64	76	82	67
	Non-Managerial	1,048	1,423	1,247	1,246
Percentage of Internal Transfers or Promotions (%)	Managerial	5.00	8.00	7.30	5.00
	Non-Managerial	23.60	34.20	27.40	22.60

## Breakdown of Training Hours and Costs for Employees in 2020

By Gender		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Male	50.50	4,034
Female	51.10	4,084

By Age		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Under 30	51.80	4,142
30-50	49.30	3,941
51 or Over	54.70	4,367

By Position		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Managerial	55.70	4,453
Non-managerial	50.00	3,992

By Ethnicity		
Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Taiwanese Indigenous People	41.70	3,329
Foreign Nationals	18.60	1,487
Taiwanese (Excluding Indigenous People)	51.00	4,073

## By Class Type

Category	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Required Class	34.30	1,993
Elective Class	16.60	2,073

## Occupational Injury Related Statistics of the Group

Year	2018	2019	2020
Total Annual Working Hours	21,662,611	21,655,672	21,843,368
The Number of General Work-Related Injuries (Note 1)	23	33	19
The Number of High-Consequence Work-Related Injuries (Note 2)	0	0	0
The Number of Fatalities as a Result of Work-Related Injuries	0	0	0
Total Number of Recordable Work-Related Injuries (Persons)	23	33	19
Number of Lost Workdays	414	496	324
Rate of Fatalities as a Result of Work-Related Injuries (Note 3)	-	-	-
Rate of High-Consequence Work-Related Injuries (Note 4)	-	-	-
Rate of Recordable Work-Related Injuries (Note 5) (Disabling Injury Frequency Rate)	1.06	1.52	0.87
Ratio of Lost Workdays (Note 6) (Disabling Injury Severity Rate)	19	22	14
Frequency-Severity Indicator (Note 7)	0.14	0.19	0.11

## Notes:

- Less than 180 lost work days.
- Number of days of lost work over 180 days, excluding fatalities.
- Rate of fatalities as a result of work-related injuries = number of fatalities x 1,000,000 / total hours worked
- Rate of high-consequence work-related injuries = number of high-consequence work-related injuries x 1,000,000 / total hours worked
- Rate of recordable work-related injuries = total number of recordable work-related injuries (persons) x 1,000,000 / total hours worked
- Disabling injury severity rate = number of lost workdays x 1,000,000 / total hours worked
- Frequency-Severity Indicator =  $\sqrt{\text{frequency of disabling injury} \times \text{disabling injury severity rate} / 1,000}$

## Number of Injuries Over the Years (Persons)

Type of Injury	2018	2019	2020
Injured on Duty	3	1	1
Injured on Business Trip	2	10	1
Injured During Commute to/from Work	18	22	17
Total	23	33	19

## Absence Statistics

Items	Total				
	2017	2018	2019	2020	
Total Days of Absence	Male	4,023	3,258	3,393	3,072
	Female	10,407	8,708	9,852	9,318
	Total	14,430	11,966	13,245	12,390
Absentee Rate (AR)(%)	Total	0.64	0.44	0.49	0.45

## Notes:

- 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. After 2018, 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 2020, the absentee rate goal was 0.59, which was achieved.
- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.

Employee Engagement Survey Data by Year – By Gender

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)	
2017	Taiwan	11,052	7,929	Male (Taiwan)	25	81
				Female (Taiwan)	44	78
				Male (Taiwan and Overseas)	20	NA
				Female (Taiwan and Overseas)	35	NA
2018	Taiwan	10,143	8,844	Male (Taiwan)	28	85
				Female (Taiwan)	53	83
				Male (Taiwan and Overseas)	21	NA
				Female (Taiwan and Overseas)	41	NA
2019	Taiwan	9,906	8,545	Male (Taiwan)	27	89
				Female (Taiwan)	51	88
	Overseas	3,039	2,603	Male (Taiwan and Overseas)	32	87
				Female (Taiwan and Overseas)	47	87

Notes:  
 1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.  
 2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

Employee Engagement Survey Data by Year – By Age

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)		
2017	Taiwan	11,052	7,929	Under 25	1	84	
				25-29	5	78	
				30-39	19	76	
				40-49	30	79	
				50-59	12	83	
				60 or Over	1	88	
				Taiwan and Overseas	Under 25	1	NA
					25-29	4	NA
					30-39	15	NA
					40-49	24	NA
					50-59	9	NA
					60 or Over	1	NA
2018	Taiwan	10,143	8,844	Under 25	1	82	
				25-29	7	79	
				30-39	20	81	
				40-49	35	85	
				50-59	17	87	
				60 or Over	1	92	
				Taiwan and Overseas	Under 25	1	NA
					25-29	5	NA
					30-39	15	NA
					40-49	27	NA
					50-59	13	NA
					60 or Over	1	NA

2019	Taiwan	9,906	8,545	Taiwan	Under 25	1	89
					25-29	7	85
					30-39	17	86
					40-49	34	88
					50-59	18	91
					60 or Over	1	94
	Overseas	3,039	2,603	Taiwan and Overseas	Under 25	2	84
					25-29	7	84
					30-39	21	84
					40-49	32	87
					50-59	16	91
					60 or Over	1	92

Notes:  
 1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.  
 2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

Employee Engagement Survey Data by Year – By Position

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)	
2017	Taiwan	11,052	7,929	Junior Management Positions (Taiwan)	3	83
				Middle Management Positions (Taiwan)	7	84
				Senior Management Positions (Taiwan)	3	91
				Executive Management Positions (Taiwan)	0.4	95
				Non-Managerial (Taiwan)	56	77
				Managerial (Taiwan and Overseas)	NA	NA
2018	Taiwan	10,143	8,844	Junior Management Positions (Taiwan)	2	87
				Middle Management Positions (Taiwan)	9	88
				Senior Management Positions (Taiwan)	4	93
				Executive Management Positions (Taiwan)	0.5	98
				Non-Managerial (Taiwan)	66	83
				Managerial (Taiwan and Overseas)	NA	NA
2019	Taiwan	9,906	8,545	Junior Management Positions (Taiwan)	64	90
				Middle Management Positions (Taiwan)	2	92
				Senior Management Positions (Taiwan)	9	94
	Overseas	3,039	2,603	Executive Management Positions (Taiwan)	4	98
				Non-Managerial (Taiwan)	0.4	88
				Junior Management Positions (Taiwan)	1.4	90
				Middle Management Positions (Taiwan and Overseas)	7	92
				Senior Management Positions (Taiwan and Overseas)	3	92
				Executive Management Positions (Taiwan and Overseas)	0.3	98
				Non-Managerial (Taiwan and Overseas)	67	86

Notes:  
 1. Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.  
 2. Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

## Appendix 4 GRI Criteria Index

Disclosures	Related Report Sections	Pages	Reasons for Omission
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102-2 Activities, brands, products, and services	About This Report	2	
102-3 Location of headquarters	1.1 Yuanta Financial Holdings Profile	16	
102-4 Location of operations	1.1 Yuanta Financial Holdings Profile	18	
102-5 Ownership and legal form	About This Report	2	
102-6 Markets served	About This Report 1.1 Yuanta Financial Holdings Profile	2 18	
102-7 Scale of the organization	1.1 Yuanta Financial Holdings Profile 1.2 Operating Performance	16 18	
102-8 Information on employees and other workers	5.1 Employee Attraction and Retention Appendix 3 Social Indicators	87 125	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.
102-9 Supply chain	6.3 Supplier Management	106	
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<b>Corporate Governance and Integrity Management</b>			
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<b>Risk Management and Internal Control</b>			
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<b>Information Security</b>			
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103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 3.3 Information Security	31 49	
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GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 3.4 Legal Compliance	31 53	
103-2 The management approach and its components	3.4 Legal Compliance	53	
103-3 Evaluation of the management approach	3.4 Legal Compliance	53	
GRI 206: Anti-competitive Behavior 2016			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.4 Legal Compliance	54	
GRI 419: Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area	3.4 Legal Compliance 5.6 Legal Compliance	53 97	
<b>Energy and Climate Change</b>			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 6.1 Climate Change and Energy Management	31 100	
103-2 The management approach and its components	6.1 Climate Change and Energy Management	100	
103-3 Evaluation of the management approach	6.1 Climate Change and Energy Management	100	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	6.1.2 Energy Management	103	
302-3 Energy intensity	6.1.2 Energy Management	103	
302-4 Reduction of energy consumption	6.1.2 Energy Management	104	
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	6.1.1 Climate Change Management	101	
305-2 Energy indirect (Scope 2) GHG emissions	6.1.1 Climate Change Management	101	
305-3 Other indirect (Scope 3) GHG emissions	6.1.1 Climate Change Management	101	
305-4 GHG emissions intensity	6.1.1 Climate Change Management	101	
305-5 Reduction of GHG emissions	6.1.1 Climate Change Management	102	
<b>Supplier Management</b>			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 6.3 Supplier Management	31 106	

Disclosures	Related Report Sections	Pages	Reasons for Omission
103-2 The management approach and its components	6.3 Supplier Management	106	
103-3 Evaluation of the management approach	6.3 Supplier Management	106	
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	6.3 Supplier Management	107	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	6.3 Supplier Management	107	
Employee Attraction and Retention			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 5.1 Employee Attraction and Retention	31 86	
103-2 The management approach and its components	5.1 Employee Attraction and Retention	86	
103-3 Evaluation of the management approach	5.1 Employee Attraction and Retention	86	
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	5.1 Employee Attraction and Retention Appendix 3 Social Indicators	87 125	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employee Attraction and Retention	87	
401-3 Parental leave	5.1 Employee Attraction and Retention Appendix 3 Social Indicators	88 125	
Friendly and Excellent Working Environment			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 5.3 Occupational Safety and Health Management	31 91	
103-2 The management approach and its components	5.3 Occupational Safety and Health Management	91	
103-3 Evaluation of the management approach	5.3 Occupational Safety and Health Management	91	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	5.3 Occupational Safety and Health Management	91	
403-2 Hazard identification, risk assessment, and incident investigation	5.3 Occupational Safety and Health Management	91	
403-3 Occupational health services	5.3 Occupational Safety and Health Management	92	
403-4 Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Safety and Health Management	92	
403-5 Worker training on occupational health and safety	5.3 Occupational Safety and Health Management	94	
403-6 Promotion of worker health	5.3 Occupational Safety and Health Management	93	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Occupational Safety and Health Management	92	
403-9 Work-related injuries	Appendix 3 Social Indicators	125	
Talent Cultivation and Development			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 5.2 Talent Cultivation and Development	31 88	
103-2 The management approach and its components	5.2 Talent Cultivation and Development	88	
103-3 Evaluation of the management approach	5.2 Talent Cultivation and Development	88	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	5.2 Talent Cultivation and Development Appendix 3 Social Indicators	89 125	
404-3 Percentage of employees receiving regular performance and career development reviews	5.2 Talent Cultivation and Development	90	
Human Rights			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 5.4 Human Rights	31 95	
103-2 The management approach and its components	5.4 Human Rights	95	
103-3 Evaluation of the management approach	5.4 Human Rights	95	

Disclosures	Related Report Sections	Pages	Reasons for Omission
GRI 412: Human Rights Assessment 2016			
412-1 Operations that have been subject to human rights reviews or impact assessments	5.4.2 Human Rights Due Diligence	95	
Financial Product Innovation and Services			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 4.1 Financial Product Innovation and Services	31 58	
103-2 The management approach and its components	4.1 Financial Product Innovation and Services	58	
103-3 Evaluation of the management approach	4.1 Financial Product Innovation and Services	58	
Sustainable Finance			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 4.2 Sustainable Finance	31 64	
103-2 The management approach and its components	4.2 Sustainable Finance	64	
103-3 Evaluation of the management approach	4.2 Sustainable Finance	64	
G4 Sector Disclosure - Financial Services: Product Portfolio			
DMA (former FS1) Policies with specific environmental and social components applied to business lines	4.2 Sustainable Finance	65	
DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines	4.2 Sustainable Finance	65	
DMA (former FS3) Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	4.2 Sustainable Finance Appendix 2 Sustainable Finance Performance	65 123	
FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	4.2 Sustainable Finance	68	
Financial Inclusion			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 4.3 Financial Inclusion	31 72	
103-2 The management approach and its components	4.3 Financial Inclusion	72	
103-3 Evaluation of the management approach	4.3 Financial Inclusion	72	
G4 Sector Disclosure - Financial Services: Local Communities			
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	4.3 Financial Inclusion	74	
FS14 Initiatives to improve access to financial services for disadvantaged people	4.3 Financial Inclusion	73	
Customer Services and Privacy			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 4.4 Service Quality and Customer Relationship Management	31 78	
103-2 The management approach and its components	4.4 Service Quality and Customer Relationship Management	78	
103-3 Evaluation of the management approach	4.4 Service Quality and Customer Relationship Management	78	
GRI 418: Customer Privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Service Quality and Customer Relationship Management	84	
Social Welfare			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundary	2.2.2 Materiality Assessment Procedures 7 Our Commitment to Social Participation	31 111	
103-2 The management approach and its components	7 Our Commitment to Social Participation	111	
103-3 Evaluation of the management approach	7 Our Commitment to Social Participation	111	
Other Topics			
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	1.2 Operating Performance	19	

Disclosures	Related Report Sections	Pages	Reasons for Omission
201-2 Financial implications and other risks and opportunities due to climate change	Climate Related Risks and Opportunities and Financial Impacts Appendix 1 TCFD Promotion Results	11 120	
GRI 303: Water and Effluents 2018			
303-3 Water withdrawal	6.2.1 Water Management	105	
GRI 306: Waste 2016			
306-2 Management of significant waste-related impacts	6.2.2 Waste Management	106	
GRI 307: Environmental Compliance 2016			
307-1 Non-compliance with environmental laws and regulations	6. Green Pioneers in Environmental Change	98	
GRI 417: Marketing and Labeling 2016			
417-3 Incidents of non-compliance concerning marketing communications	4.4 Service Quality and Customer Relationship Management	80	

### Appendix 5 United Nations Sustainable Development Goals (SDGs) Comparison Table

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards (GRI403 is the 2018 version, the rest are the 2016 version)	Related Report Sections	Pages
1. No Poverty End poverty in all its forms everywhere	Financial Inclusion	FS7, FS14	4.3 Financial Inclusion	72
	Social Welfare	-	7.2 Philanthropic Activities and Yuanta Group Strategy	111
			7.3 Results of the Group's Philanthropic Strategies 7.5 Social Welfare during the Pandemic	112 115
3. Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	Friendly and Excellent Working Environment	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	5.3 Occupational Safety and Health Management	91
			Social Welfare	-
4. Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Social Welfare	-	7.2 Philanthropic Activities and Yuanta Group Strategy	111
			7.3 Results of the Group's Philanthropic Strategies 7.5 Social Welfare during the Pandemic	112 115
8. Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Attraction and Retention	GRI 401-1 GRI 401-2 GRI 401-3	5.1 Employee Attraction and Retention	86
	Friendly and Excellent Working Environment	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	5.3 Occupational Safety and Health Management	91
			Talent Cultivation and Development	GRI 404-1 GRI 404-3
	Social Welfare	-	7.2 Philanthropic Activities and Yuanta Group Strategy	111
			7.3 Results of the Group's Philanthropic Strategies 7.5 Social Welfare during the Pandemic	112 115
9. Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Sustainable Finance	FS1, FS2, FS3, FS8	4.2 Sustainable Finance	64
	Financial Product Innovation and Services	-	4.1 Financial Product Innovation and Services	58
10. Reduced Inequalities Reduce inequality within and among countries	Human Rights	GRI 412-1	5.4 Human Rights	95
	Customer Services and Privacy	GRI 418-1	4.4 Service Quality and Customer Relationship Management	78

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards (GRI403 is the 2018 version, the rest are the 2016 version)	Related Report Sections	Pages
11. Sustainable Cities and Communities Make cities and human settlements inclusive, safe, resilient and sustainable	Social Welfare	-	7.2 Philanthropic Activities and Yuanta Group Strategy	111
			7.3 Results of the Group's Philanthropic Strategies	112
			7.5 Social Welfare during the Pandemic	115
12. Responsible Consumption and Production Ensure sustainable consumption and production patterns	Supplier Management	GRI 308-1 GRI 414-1	6.3 Supplier Management	106
13. Climate Action Take urgent action to combat climate change and its impacts	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	6.1 Climate Change and Energy Management	100
16. Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Legal Compliance	GRI 206-1 GRI 419-1	3.4 Legal Compliance	53
			3.5 Anti-Money Laundering and Countering the Financing of Terrorism 5.6 Legal Compliance	55 97
	Corporate Governance and Integrity Management	-	3.1 Corporate Governance and Integrity Management	38
			Information and Transaction Security	49
17. Partnerships for the Goals Strengthen the means of implementation and revitalize the global partnership for sustainable development	Financial Inclusion	FS7, FS14	4.3 Financial Inclusion	72
	Supplier Management	GRI 308-1 GRI 414-1	6.3 Supplier Management	106

### Appendix 6 ISO 26000 Social Responsibility Guidelines Comparison Table

Category	Core Subjects and Issues	Related Report Sections	Pages
Organizational Governance	System for implementing decision-making and implementation	2.1 Sustainable Vision	24
		3.1 Corporate Governance and Integrity Management	38
Human Rights	Due diligence	5.4 Human Rights	95
	Human rights risk situations	5.4 Human Rights	95
	Avoidance of complicity	3.1 Corporate Governance and Integrity Management	43
	Resolving grievances	5.5 Employee Communication	96
	Discrimination and vulnerable groups	5.4 Human Rights	95
	Civil and political rights	5.4 Human Rights	95
	Economic, social and cultural rights	5.4 Human Rights	95
	Fundamental principles and rights at work	5.2 Talent Cultivation and Development	88
Labor Practices	Employment and employment relationships	5.1 Employee Attraction and Retention	86
	Conditions of work and social protection	5.2 Talent Cultivation and Development	88
	Social dialogue	5.5 Employee Communication	96
	Health and safety at work	5.3 Occupational Safety and Health Management	91
The Environment	Human development and training in the workplace	5.2 Talent Cultivation and Development	88
	Prevention of pollution	6.2 Water and Waste Management	105
	Sustainable resource use	6.1 Climate Change and Energy Management 6.2 Water and Waste Management	100 105
	Climate change mitigation and adaptation	6.1 Climate Change and Energy Management	100
	Protection of the environment, biodiversity and restoration of natural habitats	6.1 Climate Change and Energy Management 6.2 Water and Waste Management	100 105
Fair Operating Practices	Anti-corruption	3.1 Corporate Governance and Integrity Management	38
	Responsible political involvement	3.1 Corporate Governance and Integrity Management	43
	Fair competition	3.1 Corporate Governance and Integrity Management 3.4 Legal Compliance	38 53

Category	Core Subjects and Issues	Related Report Sections	Pages
Fair Operating Practices	Promoting social responsibility in the value chain	4.3 Financial Inclusion 6.3 Supplier Management	72 106
	Respect for property rights	4.1 Financial Product Innovation and Services	58
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	4.4 Service Quality and Customer Relationship Management	78
	Protecting consumers' health and safety	4.4 Service Quality and Customer Relationship Management	78
	Sustainable consumption	4.2 Sustainable Finance 6.3.2 Green Procurement	64 109
	Consumer service, support, and complaint and dispute resolution	4.4 Service Quality and Customer Relationship Management	78
	Consumer data protection and privacy	4.4 Service Quality and Customer Relationship Management	78
	Access to essential services	4.3 Financial Inclusion 4.4 Service Quality and Customer Relationship Management	72 78
	Education and awareness	4.4 Service Quality and Customer Relationship Management	78
Community Involvement and Development	Community involvement	7.2 Philanthropic Activities and Yuanta Group Strategy	111
	Education and culture	7.2 Philanthropic Activities and Yuanta Group Strategy	111
	Employment creation and skills development	7.2 Philanthropic Activities and Yuanta Group Strategy	58
	Technology development and access	4.1 Financial Product Innovation and Services	111
	Wealth and income creation	7.2 Philanthropic Activities and Yuanta Group Strategy	111
	Health	7.2 Philanthropic Activities and Yuanta Group Strategy	111
	Social investment	7.4 Investment and Use of Funds for Public Welfare Activities	114

## Appendix 7 Taiwan Stock Exchange (TSE) "Regulations on the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies" - Financial and Insurance Industry Comparison Table

Items	Related Report Sections	Pages
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.	4.2 Sustainable Finance 4.3 Financial Inclusion	64 72
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.	5.1 Employee Attraction and Retention	87
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.	Climate Related Risks and Opportunities and Financial Impacts (TCFD)	11

## Appendix 8 Sustainability Accounting Standards Board (SASB) Standards Index

Topic	Accounting Metric	Code	Pages	Notes
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-IB-330a.1	128	See Appendix 3 Social Indicators for details.
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410a.1	-	The revision of internal regulations was completed in 2020 and further disclosure of information related to this indicator is planned for the future.
	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	FN-IB-410a.2	-	The revision of internal regulations was completed in 2020 and further disclosure of information related to this indicator is planned for the future.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	FN-IB-410a.3	67	See 4.2 Sustainable Finance for details.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510a.1	54	See 3.4 Legal Compliance for details.
	Description of whistleblower policies and procedures	FN-IB-510a.2	54	See 3.4.2 Reporting System and Whistleblower Protection for details.
Professional Integrity	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510b.1	-	The Company's Legal Department and its subsidiary's Legal Department were not informed of any related cases in 2020 and intend to continue to track information related to this indicator.
	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	FN-IB-510b.2	-	No integrity-related mediation or arbitration cases in 2020.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	54	See 3.4 Legal Compliance for details.
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	43	See 3.1.2 Integrity Management for details.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-IB-550a.1	-	The Company is not a G-SIB Bank.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-IB-550a.2	-	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
Employee Incentives & Risk Taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	-	The information about this indicator will be further disclosed in the future.
	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550b.2	-	No clawback provisions apply to the Group's senior management.
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	-	For details, please refer to P.538-549 of the Company's annual report for FY2020.
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	124	See Appendix 2 Sustainable Finance Performance for details.
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	124 125	See Appendix 2 Sustainable Finance Performance for details.
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	124	See Appendix 2 Sustainable Finance Performance for details.



This table is based on the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standards - Standards for Investment Banking and Brokerage. In accordance with R.O.C. Statement of Assurance Engagement Auditing Standards No. 1, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", PwC Taiwan has provided limited assurance on certain key performance information of SASB (see Appendix 11). For more information about SASB, please refer to: <https://www.sasb.org/>



## Appendix 9 Independent Assurance Opinion Statement



## INDEPENDENT ASSURANCE OPINION STATEMENT

Yuanta Holding Co., Ltd. 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Yuanta Financial Holding Co., Ltd. (hereafter referred to as Yuanta in this statement) and has no financial interest in the operation of Yuanta other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Yuanta only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Yuanta. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Yuanta only.

### Scope

The scope of engagement agreed upon with Yuanta includes the followings:

1. The assurance scope is consistent with the description of Yuanta Financial Holding Co., Ltd. 2020 Corporate Social Responsibility Report with the following exceptions:
  2. The evaluation of the nature and extent of the Yuanta's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.
- This statement was prepared in English and translated into Chinese for reference only.

### Opinion Statement

We conclude that the Yuanta Financial Holding Co., Ltd. 2020 Corporate Social Responsibility Report provides a fair view of the Yuanta CSR programmes and performances during 2020. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Yuanta and the sample taken. We believe that the 2020 economic, social and environmental performance information are correctly represented. The CSR performance information disclosed in the report demonstrate Yuanta's efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Yuanta's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to Yuanta's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Yuanta's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- interview with 22 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

#### Inclusivity

In this report, it reflects that Yuanta has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Yuanta's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among organization.

#### Materiality

The Yuanta publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Yuanta and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Yuanta's management and performance. In our professional opinion the report covers the Yuanta's material issues.

#### Responsiveness

Yuanta has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the Yuanta is developed and continually provides the opportunity to further enhance Yuanta's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Yuanta's responsiveness issues.

#### Impact

Yuanta has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Yuanta has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the Yuanta's impact issues.

#### Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, Yuanta and BSI have agreed upon to include in the scope. In our view, the data and information contained within Yuanta Financial Holding Co., Ltd. 2020 Corporate Social Responsibility Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

#### GRI Sustainability Reporting Standards (GRI Standards)

Yuanta provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Yuanta's social responsibility and sustainability topics.

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

This CSR report is the responsibility of the Yuanta's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

...making excellence a habit.™



Statement No: SRA-TW-2020080  
2021-05-05

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## Appendix 10 Independent Limited Assurance Report



Independent Limited Assurance Report

PWCM20000608

To Yuanta Financial Holding Co., Ltd.

We have been engaged by Yuanta Financial Holding Co., Ltd. ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Corporate Social Responsibility Report (hereinafter referred to as the "CSR Report"), and have issued a limited assurance report based on the result of our work performed.

**Subject Matter Information and Applicable Criteria**

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "SASB for Investment Banking & Brokerage: Summary of Subject Matters Assured" on page 146 of the CSR Report. The scope of the aforementioned Subject Matter Information is set out in the "Report Boundaries and Scope" on page 2 of the CSR Report.

**Management's Responsibilities**

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CSR Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

**Our Responsibilities**

We conducted our assurance work on the Subject Matter Information disclosed in the CSR Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes,

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information systems and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, and inspection to obtain evidence for limited assurance.

We do not provide any assurance on the CSR Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the CSR Report for 2020.

**Compliance of Independence and Quality Control Requirement**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Inherent Limitations**

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria.

**Other Matter**

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

Li, Yi-Huah

Partner

August 6, 2021

## Appendix 11 SASB for Investment Banking & Brokerage: Summary of Subject Matters Assured

No.	Subject Matter Information	Page	Applicable Criteria
1	The percentages of (1) senior management, (2) junior and middle management, (3) professionals, and (4) all other employees who are male, female, Taiwanese (excluding indigenous people), foreign nationals, and Taiwanese indigenous people in "Appendix 3, Employee Diversity Statistics for 2020"	128	<p>As of the end of 2020, the percentages of male and female employees of Yuanta Financial Holding and its 8 major subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management, and Yuanta Securities Investment Consulting) to all types of employees. The percentages of Taiwanese (excluding indigenous people), foreign nationals or Taiwan indigenous people employees to all types of employees.</p> <p>The employees as of December 31, 2020 include domestic and overseas employees with regular indefinite contracts and regular fixed-term contracts, excluding those on leave without pay, those who are not under regular contracts, and life insurance salespeople of Yuanta Life.</p> <p>Referring to Technical Protocols Point 3 of SASB Standard for Investment Banking and Brokerage FN-IB-330a.1, senior management is responsible for planning, directing and formulating policy, setting strategy and providing the overall direction of enterprises for the development and delivery of products or services; junior and middle management are responsible for implementing the policies, programs and directives of senior management, directing and executing the day-to-day operational objectives of enterprises, and conveying the direction of senior management to subordinates; professionals are those with bachelor's and graduate degrees, and/or professional certifications; and all other employees are those who are not senior, middle, or junior management and are not professionals as described above.</p> <p>Yuanta Financial Holdings Internal Definition: Senior management refers to management positions up to two reporting levels away from the CEO. Middle management refers to managers who are responsible for specific departments (e.g., accounting, human resources) or business units, or who manage projects within a unit organization. Junior management refers to first-line managers, junior managers, and management positions at the lowest level of the Company's management system; professionals refer to employees with professional licenses. Please refer to the table "Information about the general employees" table on pages 301-303 of Yuanta Financial Holdings 2020 Annual Report for the types of licenses.</p>
2	In 2020, Yuanta Financial Holdings had no monetary losses as result of legal proceedings associated with fraud, insider trading, anti-competitive, anti-trust behavior practices, malpractice, market manipulation, or other related financial industry laws or regulations.	54	<p>Referring to the first point of Technical Protocols of SASB Standard for Investment Banking and Brokerage FN-IB-510a.1, Yuanta Financial Holding and its 8 major subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management, and Yuanta Securities Investment Consulting), the total amount of monetary losses incurred in 2020 as a result of legal proceedings associated with fraud, insider trading, anti-competitive, and anti-trust behavior, malpractice, market manipulation, or other related financial industry laws or regulations.</p> <p>The amount of this loss represents the loss from litigation (excluding legal fees and other fees and expenses incurred to defend the case) to be recorded in 2020 by the Company as a result of litigation arising from violations of the above-mentioned laws or regulations in accordance with International Financial Reporting Standards, International Accounting Standards, interpretations and explanatory pronouncements approved by the Financial Supervisory Commission.</p>
3	The total amount of monetary losses incurred by Yuanta Financial Holdings as a result of legal proceedings associated with professional integrity-related laws and regulations (including duty of care) in 2020 was NT\$1,307,332.	54	<p>Referring to the first point of Technical Protocols in SASB Standard for Investment Banking and Brokerage FN-IB-510b.3, Yuanta Financial Holding and its 8 subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures, Yuanta Venture Capital, Yuanta Asset Management, and Yuanta Securities Investment Consulting), the total amount of monetary losses it incurred in 2020 as a result of legal proceedings associated with professional integrity-related laws and regulations (including duty of care).</p> <p>This amount represents the loss from litigation (excluding legal fees and other fees and expenses incurred to defend the case) to be recorded in 2020 by the Company as a result of litigation arising from violations of the above-mentioned laws or regulations in accordance with International Financial Reporting Standards, International Accounting Standards, interpretations and explanatory pronouncements approved by the Financial Supervisory Commission.</p>
4	The number and amount (Unit: NT\$ thousand) of underwriting of equity and other securities transactions and the number and amount (Unit: NT\$ thousand) of underwriting of fixed-income instruments in the table in "Appendix 2, Total Value and Number of Underwriting in 2020"	124	<p>Referring to the second point of Technical Protocols in SASB Standard for Investment Banking and Brokerage FN-IB-410a.1, underwriting is activities in which the entity raises investment capital from investors on behalf of corporations and governments that are issuing either equity or debt securities. It includes public offerings and private placements, including local and cross-border transactions and acquisition financing of a wide range of securities and other financial instruments, including loans.</p> <p>The total underwriting amount and the total number of underwriting cases for equity and other securities such as convertible bonds and overseas depositary receipts underwritten by Yuanta Securities in 2020.</p> <p>The total underwritten amount and the total number of underwritten cases of fixed-income corporate bonds and financial bonds denominated in Taiwan dollars and foreign currencies underwritten by Yuanta Securities in 2020.</p>
5	The number and amount (Unit: NT\$ thousand) of market making transactions in derivatives (futures/options) and the number and amount (Unit: NT\$ thousand) of market making transactions in derivatives (warrants) in the table Appendix 2, Total Value and Number of Market Making Transactions in 2020.	124	<p>Referring to the FN-IB-000.C Activity Metrics of SASB Standard for Investment Banking and Brokerage, the number and total value of market making transactions in derivatives of Yuanta Securities in 2020.</p> <p>The number of futures and options is based on the total number of products listed in the "List of Market Makers and Products" published by Yuanta Securities on the Taiwan Futures Exchange in 2020. The total transaction amount is the total number of futures and options traded in each month * the average price of the month * the contract multiplier.</p> <p>The number of warrants is based on the number of warrants traded by Yuanta Securities in 2020 (including purchase and sale). The total transaction amount is the number of warrants traded * transaction price, and the transaction amount is calculated separately, not expressed in net amount.</p>

## Appendix 12 ISO Management Standards

 <p>bsi. Certificate of Registration ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015</p>	 <p>bsi. Opinion Statement Water Footprint Verification Opinion Statement</p>	 <p>bsi. Opinion Statement Greenhouse Gas Emissions Verification Opinion Statement</p>
<p>ISO 14001:2015 Environmental Management System Certificate of Registration</p>	<p>ISO 14046:2014 Water Footprint Inventory Opinion Statement</p>	<p>ISO 14064-1:2018 Greenhouse Gas Inventory Opinion Statement</p>
 <p>bsi. Conformity Statement Sustainable procurement - ISO 20400:2017</p>	 <p>bsi. Certificate of Registration OCCUPATIONAL HEALTH &amp; SAFETY MANAGEMENT SYSTEM - ISO 45001:2018</p>	 <p>bsi. Certificate of Registration ENERGY MANAGEMENT SYSTEM - ISO 50001:2018</p>
<p>ISO 20400:2017 Sustainable Procurement – Guidance Conformity Statement</p>	<p>ISO 45001:2018 Occupational Health &amp; Safety Management System Certificate of Registration</p>	<p>ISO 50001:2018 Energy Management System Certificate of Registration</p>

## Yuanta Financial Holdings 2020 CSR Report

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