



元大金控

*Yuanta  
Financial Holdings*



ESG

REPORT 2022



# TABLE OF CONTENTS

ABOUT THIS REPORT\_\_01

A WORD FROM THE CHAIRMAN\_\_02

MILESTONE\_\_04

## CHAPTER 1 ABOUT YUANTA



1.1 YUANTA FINANCIAL HOLDINGS PROFILE	06
1.2 OPERATING PERFORMANCE	07

## CHAPTER 2 SUSTAINABILITY STRATEGIES AND COMMITMENTS



2.1 SUSTAINABLE COMMITMENT	14
2.2 SUSTAINABILITY STRATEGIES AND GOALS	15
2.3 SUSTAINABLE GOVERNANCE	22
2.4 STAKEHOLDER ENGAGEMENT	23
2.5 SUSTAINABLE IMPACT VALUE	32

## CHAPTER 3 GREEN PIONEERS IN ENVIRONMENTAL CHANGE



3.1 RESPONSE TO THE INTERNATIONAL CARBON REDUCTION PROGRAM	36
3.2 CONTRIBUTION TO THE DEVELOPMENT OF GREEN OPERATIONS	41

## CHAPTER 4 CUSTOMERS NUMBER ONE TRUSTED BRAND



4.1 SUSTAINABLE FINANCE	53
4.2 INNOVATIVE SOCIAL FINANCE PRODUCTS	67
4.3 CUSTOMER RIGHT	76

## CHAPTER 5 A LEADER IN CORPORATE GOVERNANCE



5.1 CORPORATE GOVERNANCE	83
5.2 INTEGRITY MANAGEMENT	89
5.3 RISK MANAGEMENT	92
5.4 LEGAL COMPLIANCE	96
5.5 INFORMATION SECURITY	100

## CHAPTER 6 AN EXCEPTIONAL WORKPLACE EMPLOYEES ASPIRE TO WORK IN



6.1 EMPLOYEE ATTRACTION AND RETENTION	105
6.2 TALENT CULTIVATION AND DEVELOPMENT	108
6.3 FRIENDLY AND EXCELLENT WORKING ENVIRONMENT	113
6.4 HUMAN RIGHTS	119
6.5 EMPLOYEE COMMUNICATION	120

## CHAPTER 7 OUR COMMITMENT TO SOCIAL PARTICIPATION



7.1 PUBLIC WELFARE GOALS AND STRATEGIES	122
7.2 KEY PERFORMANCE OF PUBLIC WELFARE PROJECTS	123
7.3 PUBLIC SERVICE HIGHLIGHTS	127

## APPENDIX

APPENDIX 1 SUSTAINABLE FINANCE PERFORMANCE	130	APPENDIX 9 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)	151
APPENDIX 2 SOCIAL INDICATORS	134	INVESTMENT BANKING & BROKERAGE COMMERCIAL BANKS	
APPENDIX 3 TAX INFORMATION	142	APPENDIX 10 TOTAL IMPACT MEASUREMENT AND MANAGEMENT	153
APPENDIX 4 ENVIRONMENTAL PERFORMANCE	143	APPENDIX 11 INDEPENDENT ASSURANCE OPINION STATEMENT	154
APPENDIX 5 GRI CRITERIA INDEX	144	APPENDIX 12 ACCOUNTANTS' LIMITED ASSURANCE REPORT	155
APPENDIX 6 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS) COMPARISON TABLE	148	APPENDIX 13 ACCORDING TO "RULES GOVERNING THE PREPARATION AND FILING OF SUSTAINABILITY REPORTS BY TWSE LISTED COMPANIES" ARTICLE 4 PARAGRAPH 1 ("RULES") EMPHASIZE THE INFORMATION DISCLOSURE AND STATEMENT OF SUMMARY	156
APPENDIX 7 ISO 26000 SOCIAL RESPONSIBILITY GUIDELINES COMPARISON TABLE	149	APPENDIX 14 MANAGEMENT GUIDELINES	157
APPENDIX 8 TAIWAN STOCK EXCHANGE CORPORATION RULES GOVERNING THE PREPARATION AND FILING OF SUSTAINABILITY REPORTS BY TWSE LISTED COMPANIES	150		
FINANCIAL AND INSURANCE INDUSTRY COMPARISON TABLE			
CLIMATE-RELATED INFORMATION OF TWSE/TPEX LISTED COMPANY			

## About This Report

Yuanta Financial Holding Co., Ltd. (hereinafter referred to as "Yuanta Financial Holdings") has long been committed to promoting positive developments in environmental, social, and corporate governance (ESG), adhering to the principles of prudent and steady management. We acknowledge the risks, opportunities, and challenges brought by climate change, and invest in financial products and services that have a positive impact on society and the environment. We disclose our goals and progress publicly to demonstrate our commitment to sustainability.

### Reporting Period

Yuanta Financial Holdings prepare and publicly disclose our ESG Report on a yearly basis. This year we published the "Yuanta Financial Holdings 2022 ESG Report" in June 2023 (hereinafter referred to as this report). The twelfth (12th) edition of our report can be downloaded in both Chinese and English versions from the "Sustainability" section of the Yuanta Financial Holdings website.

This report covers the Group performance in 2022 (January 1, 2022 to December 31, 2022) in three ESG dimensions—environmental, social, and corporate governance—as well as the management of the Group and its response to material issues.

The previous report was issued in June 2022.

### Report Boundaries and Scope

The organizational boundaries of this report are set based on consolidated reporting principles and cover Yuanta Financial Holdings, our eight subsidiaries and Yuanta Cultural and Educational Foundation. 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 (NTD). All calculations adhere to international standards.

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

## Report Authoring Principles

### Sustainability Compliance Standards

- GRI Sustainability Reporting Standards (GRI Standards) Universal Standards 2021
- Integrated Report (IR)
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards—Investment Banking and Brokerage
- Sustainability Accounting Standards Board (SASB) Standards—Commercial Banks
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

## Report Quality Management Process

### 1 Integrate

Information for the report is provided by each unit of the Group, which is responsible for ensuring completeness and correctness of this information before submitting to the Corporate Sustainability Office for overall planning.

### 3 Review

**Internal** | Verified by the responsible persons and supervisors of each unit and each subsidiary.

**External** | This report has been verified by BSI Taiwan according to AA1000AS v3 assurance standards and GRI standards.

Following verification, this report is compliant with GRI standards Universal Standards 2021 and AA1000 Type II moderate-level assurance.

In accordance with R.O.C. Statement of 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.

### Financial Compliance Standards

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

### Social Compliance Standards

- ISO 22301 ■ ISO 26000 ■ ISO 27001
- ISO 45001 ■ ISO 45005

### Environmental Compliance Standards

- ISO 14001 ■ ISO 14046 ■ ISO 14067
- ISO 20400 ■ ISO 50001 ■ ISO 14064-1
- PAS 2060

### 2 Compile

The Corporate Sustainability Office is responsible for coordination and compilation of information regarding 2022 sustainability performance and progress toward related goals.

### 4 Finalize

Draft submitted to the Board of Directors for review and finalization.

### Contact Information

Yuanta Financial Holdings -

The Corporate Sustainability Office

Address: No. 66, Sec. 1, Dunhua South Road,

Taipei 105, Taiwan

ESG Website : [www.yuanta.com/TW/ESG](http://www.yuanta.com/TW/ESG)

ESG E-mail : [csr.fhc@yuanta.com](mailto:csr.fhc@yuanta.com)

Phone : +886 2 2781-1999

Fax : +886 2 2772-1585



## A Word from the Chairman

The global economic situation in 2022 was affected by unfavorable factors such as geopolitics and monetary policies, as well as complex threats and challenges such as extreme climate and ecological crises, which will continue to influence the domestic political and economic situation. Nevertheless, the importance of ESG (environmental, social, and corporate governance) issues can totally be felt in the international trend of sustainability and the advancement of domestic financial policies.

In the face of the increasingly apparent impact of climate change, countries around the world have all announced and taken actions towards achieving "net-zero emissions by 2050". The financial industry has been entrusted with a critical and important mission. In March 2022, the Executive Yuan announced the "Taiwan's Pathway to Net-Zero Emissions in 2050", which mentioned that through the funding, commodities, and collaborative efforts of financial institutions, various industries will be guided towards sustainable transformation.

In response to the lead of the Financial Supervisory Commission (FSC), Yuanta Financial Holdings has joined the "Coalition of Movers and Shakers for Sustainable Finance" to take more actions on prudently responding to the physical and transformational risks of climate change, take specific actions to reduce carbon emissions, and guide customers and play peer effects to drive the industry and society towards the goal of sustainable development.

The Group's sustainable vision is to "become an international benchmark enterprise for sustainability to actively promote a better future for future generations". We integrate ESG into our corporate culture and business strategies, and continuously demand and improve ourselves by participating in domestic and international evaluations and initiatives. In 2022, we were honored to be selected for the fourth consecutive year as a component of both the "Emerging Markets Index" and "World Index" of the Dow Jones Sustainability Indices (DJSI). From board members to every employee, we are fully committed to achieving our goals with a high level of execution and excellence in all aspects of ESG.

In order to establish a sustainable management and service model, the Group employs a scientific and systematic approach to environmental management, and enhances management efficiency by adopting relevant international standards. For instance, we have established carbon reduction strategies and pathways based on the Science Based Targets initiative (SBTi). In July 2022, we became the fourth financial institution in Asia to pass the review. We have also implemented the Internal Carbon Pricing (ICP) mechanism to internalize the "external cost" of greenhouse gas emissions and actively promote carbon reduction within the Group. Furthermore, we have incorporated climate risks into our existing risk management procedures and published our first TCFD Report in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Our efforts in environmental sustainability have been widely recognized by domestic and international organizations. For three consecutive years, we have been rated A in the CDP international carbon disclosure project, and we have also been ranked in the leadership level for five consecutive years.

Robust corporate governance is the cornerstone of sustainable business operations. The Group follows the "Corporate Governance 3.0 - Sustainable Development Roadmap" to enhance the functions and effectiveness of our directors of the board, and has established "Performance Management Measures" that require senior managers to link their work objectives with sustainable business practices. Through a performance-linked reward system, we concretely realize our sustainable development goals. Furthermore, we continuously enhance our ESG disclosure, and our ESG Report adopts both GRI and SASB standards,

which are verified by third-party experts and accountants. In 2022, Yuanta was ranked among the top five percent (5%) of companies in the Taiwan Stock Exchange's eighth (8<sup>th</sup>) Corporate Governance Evaluation.

In terms of social engagement, employees of Yuanta actively engage in volunteer services, demonstrating high enthusiasm and social concern. The Group has long been concerned about disadvantaged groups, supporting community organizations and groups. In 2022, the beneficiaries of public welfare activities exceeded 670,000, and the number of beneficiary groups exceeded 110. We not only lead by example, but also invite stakeholders (including employees' families, suppliers, and customers) to respond to public welfare and environmental initiative activities, expanding our social influence.

The spirit of Yuanta is to fulfill "your biggest dreams", with the sustainable goal of "DREAM", which includes five aspects of sustainability: "full engagement in social participation (DEVOTION)", "customers' number one trusted brand (RELIABILITY)", "green pioneers in environmental change (EXCHANGE)", "provide an exceptional workplace that employees aspire to work in (ACHIEVEMENT)", and "a leader in corporate governance (MOTIVATION)". The Company has set specific med-term and long-term goals to integrate ESG into its operational strategy, and has actively collaborated with stakeholders to raise awareness of sustainable development and expand its impact. Yuanta aims to ensure the Earth's sustainable rotation and the long-term survival of the Company, while creating a better future for future generations.

Chairman, Yuanta Financial Holdings

Tony Shen



# Important Achievements and Sustainable Management Outcomes in 2022



## CORPORATE GOVERNANCE

Selected as a constituent stock of the Dow Jones Sustainability(DJSI) Emerging Markets Index and World Index for the 4<sup>th</sup> consecutive year

2022 National Sustainable Development Award

S & P Global  
2022  
The Sustainability  
Yearbook

The 6<sup>th</sup> Consecutive Year  
FTSE4Good Emerging Index  
constituent stock

Ranked in the top 5%  
of the Taiwan Stock Exchange's 8<sup>th</sup>  
Corporate Governance Evaluation

Taiwan Corporate Governance Association CG6013 (2021)  
**Corporate Governance Framework Assessment Certificate with High Distinction**  
(Certificate valid for December 29, 2022 to December 28, 2024)

The 5<sup>th</sup>  
Consecutive Year  
FTSE4Good TIP  
Taiwan ESG  
Index constituent stock

**Corporate Governance Asia Magazine Best Investor Relations Company**

Asia's Best CEO  
(Investor Relations)  
CEO-Chien Weng

Asia's Best CFO  
(Investor Relations)  
CFO Hsu-Shu Mai

Best Investor Relations Professional  
Executive Vice President  
Ching-Tang Wu

British Standards Institution (BSI)  
**Sustainability Resilience Award - Pilot Award**

British Standards Institution (BSI)  
**Information Resilience Award – ESG Practice Award**

Global Views Monthly  
**ESG Corporate Social Responsibility Awards: Financial Industry Category Exemplary Award**

CommonWealth Magazine  
**CommonWealth Sustainable Citizenship Award Top 100 Enterprises**

Wealth Magazine  
**Financial Holdings CSR Premium Award**

Taiwan Institute for Sustainable Energy  
**Taiwan Top 10 Sustainable Model Enterprise Award (Service Industry Category), Platinum Award for Corporate Sustainability Report**

## SOCIAL CO-PROSPERITY

**Bloomberg 2022 Bloomberg Gender-Equality Index (GEI)**



**HR Asia Best Company to Work for in Asia**



**Taiwan Blood Services Foundation Outstanding Blood Donor Group for the 8<sup>th</sup> consecutive year**



**Taiwan Institute for Sustainable Energy Social Inclusion Leadership Award, Creative Communication Leadership Award**



**Occupational Safety and Health Administration Excellent Enterprise Award for Occupational Health and Safety Index**

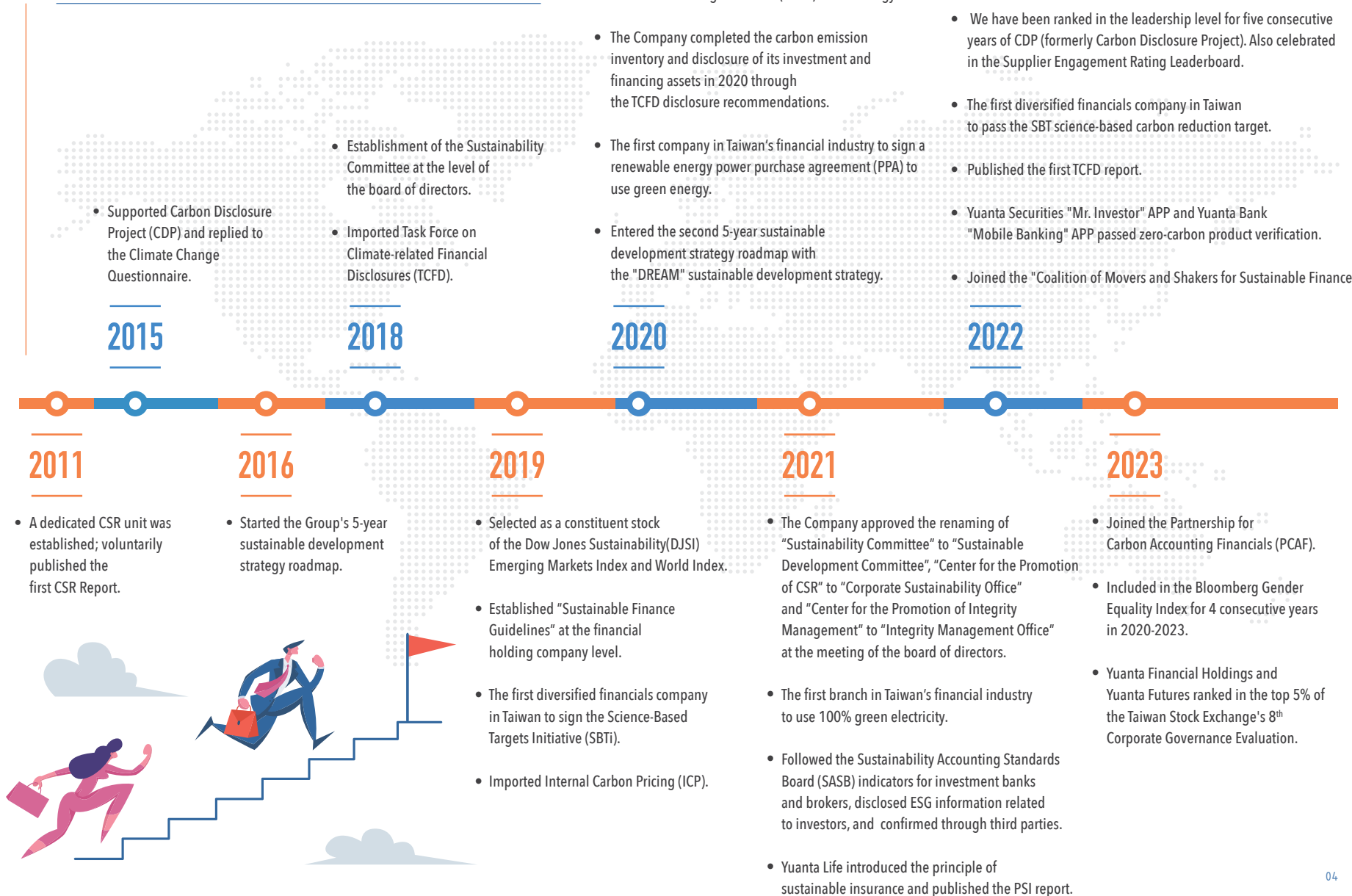


## ENVIRONMENT FRIENDLY

CDP (formerly Carbon Disclosure Project)  
**We have been ranked in the leadership level for five consecutive years**  
Also won the **A-level** of the Supplier Engagement Rating

**Taiwan Institute for Sustainable Energy Taiwan Sustainability Action Awards: Climate Leadership Award**

## Milestone





ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX



CHAPTER 1

# ABOUT YUANTA

1.1 YUANTA FINANCIAL HOLDINGS PROFILE 1.2 OPERATING PERFORMANCE

The Company's long-term goal is to grow steadily and enhance shareholder value. In recent years, the Company has been able to integrate its business units and grow on its own initiative, to realize the benefits of mergers and acquisitions, to build up its overseas securities business, and to actively pursue its growth business. The overall scale of operations has increased significantly, and the Company has developed into a financial holding company with five major profit generating engines: securities, banking, life insurance, funds and futures. Furthermore, through our differentiated services and products, we are able to drive the growth of Yuanta Group's five major business units. Looking ahead to the post-pandemic era, our company will prudently manage risks and continue to adopt a comprehensive growth development strategy with "solidification of cores and driving of growth" as the main focus. We will focus on two main aspects, "focusing on the Taiwan capital market" and "expanding overseas profit engines". While balancing the three core principles of "stable profitability", "risk management", and "sustainable development", we will operate business, markets, and customer groups with growth potential, leveraging the benefits of cross-industry and cross-border integration within the Group to effectively stabilize and enhance the level of profitability. We aim to steadily move towards the two major goals of "Asia-Pacific's best financial service provider" and "international benchmark enterprise for sustainability".

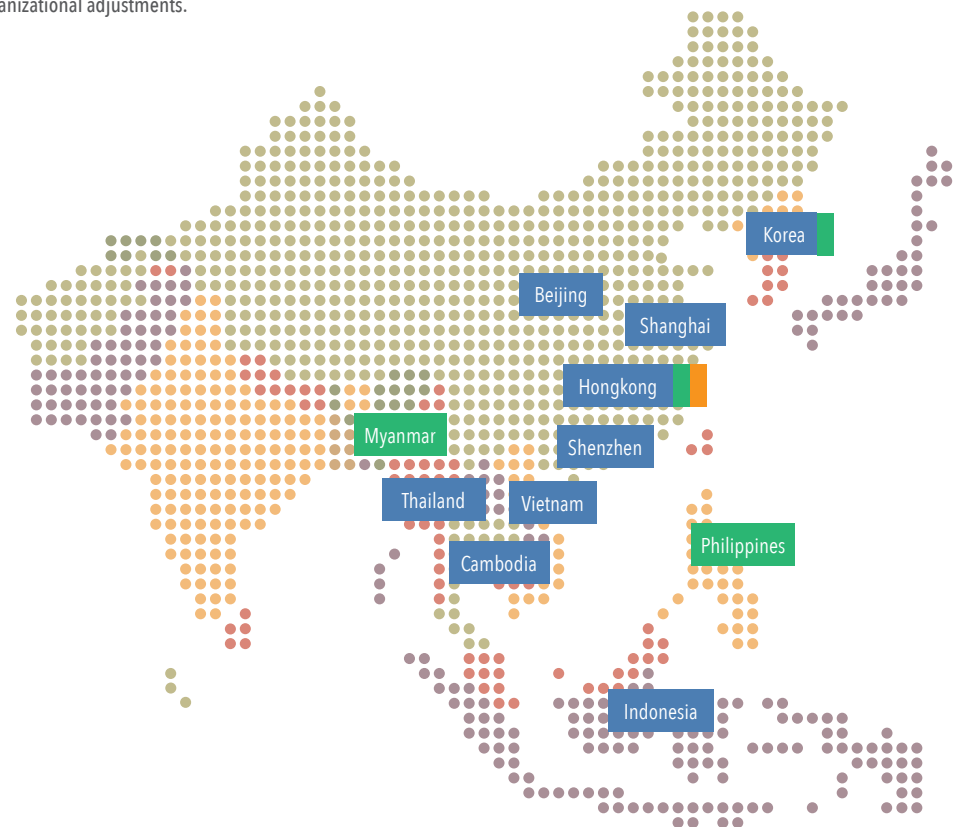
## 1.1 Yuanta Financial Holdings Profile

### Basic information of Yuanta Financial Holdings

Location of headquarters	No. 66, Section 1, Dunhua South Road, Songshan District, Taipei City
Established	February 4, 2002
Chairperson	Mr. Tony Shen
Chief Executive Officer	Mr. Chien Weng
Capital	NT\$ 125,015,590,000
Total assets	NT\$ 3,016,118,537,000
Number of employees	11,253
Industry type	Finance and Insurance
Stock code	2885

## Global Locations

As of the end of 2022, we had a total of 316 locations in Taiwan, with operations across entire Taiwan to provide our customers with a full range of financial services. While Yuanta Group continues to expand operations in Taiwan, we have also focused on overseas development, and we currently have 118 overseas locations. In the future, we will continue to respond to business development needs by strengthening overall competitiveness through organizational adjustments.



### Taiwan locations

Yuanta Financial Holdings	1	Yuanta Life	9	Yuanta Venture Capital	1
Yuanta Securities	147	Yuanta Funds	2	Yuanta Asset Management	1
Yuanta Bank	149	Yuanta Futures	5	Yuanta Securities Investment Consulting	1
<b>Total</b>					<b>316</b>

Note: In April and November 2022, Yuanta Securities and Yuanta Futures established subsidiaries in Singapore through reinvestment, and their operating projects are pending approval from the competent authorities in Singapore.

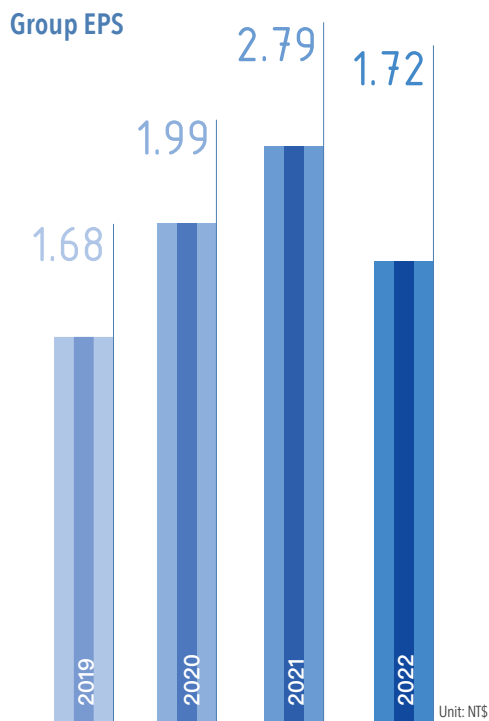
### Overseas locations

Yuanta Securities	111
Yuanta Bank	5
Yuanta Futures	2
<b>Total</b>	<b>118</b>

## 1.2 Operating Performance

### Financial Performance

Looking back at 2022, the global market experienced significant volatility due to geopolitical conflicts, severe inflation, and the impact of rising interest rates. The Company persisted in adhering to its prudent and sound operating principles, making internal adjustments in response to external changes. In 2022, the Company generated after-tax net profits of NT\$21.456 billion with an earnings per share (EPS) of NT\$1.72, and ranked third among 14 listed financial holding companies.



Note: The EPS is adjusted retrospectively based on the increased capital stock after the earnings capitalization in 2022.

### Group Economic Performance

Unit: NT\$ thousand

	2020	2021	2022	
Direct Economic Value	Net interest income	26,918,952	29,973,751	30,701,365
	Net non-interest income	88,709,914	89,266,752	60,800,517
	Service fees and commissions	27,210,777	40,606,346	25,120,057
	Insurance business	35,509,066	16,021,241	13,377,691
	Investment income	27,271,198	32,320,073	(1,642,031)
	Foreign exchange profit	(6,664,689)	(5,384,950)	19,127,589
	Other income	5,383,562	5,704,042	4,817,211
	Subtotal of direct economic value	115,628,866	119,240,503	91,501,882
Distributed Economic Value	Operating expenses	57,645,791	40,846,155	37,456,374
	Employee salary and benefits	26,983,562	33,955,070	25,428,255
	Donation to governmental agency	40,215	146,359	33,775
	Donation to school fund	3,922	2,198	4,837
	Social welfare	180,335	136,138	127,953
	Political donations	0	0	0
	Pay dividends and interest	7,585,898	14,564,923	18,206,154
	Income tax expenses	4,277,495	4,950,047	9,102,438
	Fines	8,763	13,239	36,875
	Subtotal of distributed economic value	96,725,981	94,614,129	90,396,661
<b>Retained Economic Value<sup>(Note)</sup></b>	<b>18,902,885</b>	<b>24,626,374</b>	<b>1,105,221</b>	

Note: Retained Economic Value = Direct Economic Value - Distributed Economic Value.



## Operating Performance of Subsidiaries

Unit: NT\$ thousand

Company	Operating Direction of Subsidiaries	Item	2020	2021	2022
Yuanta Securities	Balancing the development of various businesses domestically, and actively promoting the regional layout in Asia overseas	Total assets	454,697,118	539,006,241	430,070,051
		After-tax gains and losses	14,399,429	23,293,080	12,051,504
		EPS	2.41	3.53 <sup>Note</sup>	1.83
Yuanta Bank	Expanding lending scale and deepening customer base, enhancing customer service through emerging technologies and digital platforms	Total assets	1,431,853,979	1,651,478,911	1,712,135,805
		After-tax gains and losses	6,895,871	8,021,862	7,288,388
		EPS	0.93	1.08	0.99
Yuanta Life	Focusing on USD traditional insurance and investment-linked products, and steadily expanding protection-type and long-term products	Total assets	343,790,499	390,529,091	415,054,660
		After-tax gains and losses	1,810,207	2,074,289	1,376,517
		EPS	0.88	0.87	0.58
Yuanta Funds	Focusing on four core developments ① Expanding Taiwan equity fund base ② Actively promoting high dividend quality products ③ Promoting global themed products ④ Actively developing digital financial transformation	Total assets	6,327,666	6,934,264	7,157,085
		After-tax gains and losses	1,719,220	1,918,960	1,820,634
		EPS	7.58	8.46	8.02
Yuanta Futures	Strengthening the domestic and international brokerage business to maximize the benefits of the business channels and enhance brokerage revenue	Total assets	95,736,549	95,652,955	109,878,680
		After-tax gains and losses	1,070,099	860,282	1,145,348
		EPS	4.23	2.97	3.95
Yuanta Venture Capital	Emphasizing on both core and growth businesses, with the industry changes, grasping local business opportunities, supplemented by overseas markets	Total assets	2,896,948	3,946,044	2,913,675
		After-tax gains and losses	287,342	939,305	(197,272)
		EPS	1.06	3.46	(0.73)
Yuanta Asset Management	Deepening the handling of existing assets, implementing the management of non-performing loan (NPL) cases, refining foreclosure real estate appraisal, real estate management and maintenance planning within the Group, appraisal and participation in urban renewal and renewal of old and dangerous buildings	Total assets	3,852,077	4,023,338	4,121,624
		After-tax gains and losses	121,132	139,433	126,379
		EPS	0.38	0.42 <sup>Note</sup>	0.38
Yuanta Securities Investment Consulting	Continuously providing real-time, professional and abundant investment analysis and research reports to enhance customer service	Total assets	284,194	299,984	307,872
		After-tax gains and losses	6,478	1,085	10,850
		EPS	0.65	0.11	1.09

Note: The EPS of Yuanta Securities and Yuanta Asset Management are adjusted retrospectively based on the increased capital stock after the earnings capitalization in 2022.

## Regional Net Income

Unit: NT\$ thousand

Regions	2020	2021	2022
Taiwan	98,297,679	97,828,337	77,385,770
Korea	13,745,580	16,527,007	10,267,024
Others	3,585,607	4,885,159	3,849,088
<b>Total</b>	<b>115,628,866</b>	<b>119,240,503</b>	<b>91,501,882</b>

## Taxation Governance

In response to international trends, the increasingly complex cross-border taxation environment, and to strengthen our implementation of sustainable corporate development, in 2021 the Board of Directors passed the Company's "Taxation Governance Policy" to implement the following principles:

1

### 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, fulfilling its social responsibility as a tax payer.

2

### Tax structure

Tax planning and organizational restructuring is to be conducted legally and not for the primary and sole purpose of tax avoidance.

3

### Economic substance

- 1 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).
- 2 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.

## Regional Net Profit before Tax

Unit: NT\$ thousand

Regions	2020	2021	2022
Taiwan	26,903,812	37,531,220	25,988,433
Korea	3,800,397	5,288,240	1,765,771
Others	62,069	1,321,884	659,609
<b>Total</b>	<b>30,766,278</b>	<b>44,141,344</b>	<b>28,413,813</b>

4

### Risk Management

- 1 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.
- 2 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.

5

### 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.

6

### 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.

7

### 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	2021	2022	Average
Net profit before tax (A)	44,141,344	28,413,813	36,277,579
Income tax expenses (B)	6,950,633	5,703,400	6,327,017
Adjustment item (C)	Time differences	1,113,502	647,519
	Tax-exempt income	2,538,035	669,563
Effective tax rate (%) ((B)+(C)) / (A)	24.02	24.71	24.29
Income tax cash payment (D)	4,950,047	9,102,438	7,026,243
Cash tax rate (%) (D) / (A)	11.21	32.04	19.37

The tax rate of the Group differs from the average effective tax rate and the average cash tax rate in the diversified financials industry provided by the Global Industry Classification Standard (GICS) because:

### 1 Single jurisdiction tax law

The tax rate in Taiwan is 20%, lower than the average tax rate (22.9%). 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 2021 and 2022 were NT\$2,538,035 thousands and NT\$669,563 thousands, respectively.

### 2 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 2021 and 2022 were NT\$1,113,502 thousands and NT\$647,519 thousands respectively.

## Tax Deductions Recognized by National Taxation Bureau of Taiwan

Unit: NT\$ thousand

Items	Classify	2020	2021	2022
Unrecognizable Deductions	Donation	0	0	0
<b>Recognizable Deduction without a Limit Amount</b>				
Donations to aid in national defense infrastructure, support the military, to government at all levels, to the Small and Medium Enterprise (SME) Development Fund, and otherwise approved by the Ministry of Finance.	Donation	42,663	143,008	38,189
<b>Recognizable Deduction with a Limit Amount</b>				
Donations to education, culture, philanthropy, charitable groups/institutions, and charitable trusts	Donation	168,349	110,328	126,489
Election donations that comply with the Political Donations Act	Donation	0	0	0
Donations to the China region	Donation	0	0	0

Note: The Group mainly gave donations to education, culture, philanthropy, charitable institutions or groups and charitable trusts in 2022. Yuanta did not give any improper donations or sponsorships.

## The Domestic and Overseas Tax of the Yuanta Group

Unit: NT\$ thousand

Items	2020	2021	2022
Domestic (Taiwan) tax amount	4,092,572	4,360,943	7,927,733
The ratio of domestic (Taiwan) tax amount to the total tax amount (%)	95.68	88.10	87.09
Overseas (Korea) tax amount	142,037	329,831	887,598
The ratio of overseas (Korea) tax amount to the total tax amount (%)	3.32	6.66	9.75
Overseas (other countries) tax amount	42,886	259,273	287,107
The ratio of overseas (other countries) tax amount to the total tax amount (%)	1.00	5.24	3.15

## Tax Information

Unit: NT\$ thousand

Country/Region	Total Employees <sup>Note</sup>	Operating Income (Net Income)	Net Profit before Tax	Income Tax Expenses	Income Taxes Paid
Taiwan	11,377	77,385,770	25,988,433	5,136,556	7,927,733
Korea	1,847	10,267,024	1,765,771	406,065	887,598
Others	1,529	3,849,088	659,609	160,779	287,107

Note: According to International Accounting Standards 19, the term "employees" as referred to in this table includes directors of the board, managers, regular employees, and contract workers, but excludes supervisors, dispatched workers, and those employed through labor or business outsourcing.

## Major Positions on Public Associations

Public Association	Position Held
The Bankers Association of Taipei	director
The Bankers Association of the Republic of China	director
Taiwan Securities Association	executive director
R.O.C. Bills Finance Association	member
Trust Association of R.O.C	member
Securities Investment Trust & Consulting Association of the R.O.C. (SITCA)	director general
Chinese National Futures Association	executive director
The Life Insurance Association of the Republic of China	member

The Group actively participates in various public association activities, such as banking associations, securities associations, funds and securities investment consulting associations, life insurance 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\$67,405 thousands.

In practicing sustainable finance, Chairman Tony Shen of Yuanta Financial Holdings joined the FSC Coalition of Movers and Shakers for Sustainable Finance on behalf of the Company in 2022. Through taking more proactive and practical actions in the five areas of "green procurement", "funding and engagement", "information disclosure", "assistance and promotion", and "international outreach", the Company leads the financial industry in addressing climate change issues, gathering and leveraging influence, and promoting sustainable development.

In the area of promoting ESG financial products, Chairman Tsung Sheng Liu of Yuanta Securities Investment Trust Co., Ltd. (Yuanta Funds), also serving as the Chairman of Securities Investment Trust & Consulting Association of the ROC, actively promoted the sustainable transformation of the securities investment trust and consulting industry in 2022. In response to the new regulatory requirements for funds and other financial products, he collaborated with competent authorities to establish ESG financial product regulations, investments, risk management, ecological systems, and infrastructure. This will enable the securities investment trust and consulting industry to launch more ESG financial products, while assisting businesses and society in practicing sustainability.

In promoting TCFD disclosure in the banking industry, Chairman Tony Shen of Yuanta Financial Holdings served as a director of the Bankers Association of Taipei. In 2022, he actively promoted TCFD-related research in climate change risk and opportunity. The competent authorities will require all banking industry participants to disclose climate-related financial information based on the research findings of the bankers associations, assisting banks in quantifying the potential financial impact of climate change risks and strengthening risk management.

## Financial Industry Policy Research and Promotion

### Related Expenditure Statistics Table

Unit: NT\$ thousand

Unit	2019	2020	2021	2022
Chinese National Futures Association	27,452	29,716	31,693	30,475
Taiwan Securities Association	22,951	19,627	14,535	21,691
The Bankers Association of the Republic of China	2,913	2,942	2,602	5,081
Securities Investment Trust & Consulting Association of the R.O.C.	2,701	3,222	3,566	3,629
Others	3,043	3,345	4,224	6,529
<b>Total Expenditures</b>	<b>59,060</b>	<b>58,852</b>	<b>56,620</b>	<b>67,405</b>
<b>Data Coverage (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: Expenses related to the research and promotion of financial industry policy in 2022 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 funds associations, and our directors of the board 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 financial inclusion to build a sustainable financial society. In addition, the Group has made no contributions to political groups, lobbying activities, and other tax-exempt groups and related expenses.



## Governance Mechanisms for Public Policy Engagement - Climate Consistency

### Climate policy statement

Released the "Yuanta Financial Holdings Net-Zero Manifesto", with net-zero emissions in 2050 as the development direction, and formulated the "Sustainable Finance Guidelines", "Climate Finance Policy", "Environment and Energy and Climate Change Management Policy", and "Supplier Sustainable Procurement Guidance" as the core, it is committed to building a sustainable financial ecosystem, responding to national policies and participating in the global low-carbon transformation process, and is consistent with the Paris Agreement.

### Lobbying activities and management mechanisms of industry associations

#### ■ Governance structure and management responsibilities

- Lobbying activities: According to the nature of the lobbying topic, an internal task force is established to divide the powers and responsibilities of each relevant unit to more efficiently integrate internal opinions. For example, the internal task force of the Coalition of Movers and Shakers for Sustainable Finance was established, with the chief executive officer as the convener, and divided into five groups according to sustainable issues, responsible for advocating sustainable financial policies and practical development.
- Industry associations: The corporate planning department implements the participation process of industry associations, reports to the chairperson of the board according to the public policy issues promoted by industry associations, and assigns corresponding internal units to participate in order to assist industry associations to promote public policy development smoothly.

#### ■ Review, monitoring and management procedures

- When participating in lobbying activities and industry associations, for different lobbying or discussion issues, the relevant responsible units will give feedback and form consensus according to practical feasibility through meeting discussion or written reply, etc., and report to senior management and governance unit for review according to the content of the resolution. In addition, since the participation of industry associations is mandatory by law in Taiwan, the pre-participation review procedures cannot be implemented. However, the Company will review whether the public policy positions of industry associations are consistent with the Company every year, and take corresponding management actions.
- Review and monitor lobbying activities and industry associations related to climate issues, actively manage the risks and impacts of climate change, join hands with all stakeholders to cooperate with the spirit of the "Yuanta Financial Holdings Net-Zero Declaration", and lead the industry and value chain in net-zero transformation.
- When participating industry associations have inconsistent policy positions on climate change with the Company, we will follow the Company's internal management mechanism to communicate with participating industry associations in real time, and consider withdrawing financial support or terminating membership.

#### ■ Scope of application: The scope of climate-related lobbying and industry association management mechanisms covers operating bases in all regions.

### Results of climate-related lobbying and industry association participation

- In 2022, the Company jointly organized the "Coalition of Movers and Shakers for Sustainable Finance" together with the leaders in Taiwan's financial industry, and went hand in hand with the competent authorities to lead Taiwan's financial industry to face up to the issue of climate change, gather and exert influence, and together promote sustainable development.
- In 2022, the securities, futures, banking, life insurance, and investment trust/funds industry associations that the Group participates in actively promoted the progress of climate change issues, including financial disclosure of climate change risks and opportunities(TCFD), and greenhouse gas emission inventory (scopes 1, 2 and 3).



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX






# SUSTAINABILITY STRATEGIES AND COMMITMENTS

2.1 SUSTAINABLE COMMITMENT    2.2 SUSTAINABILITY STRATEGIES AND GOALS  
2.3 SUSTAINABLE GOVERNANCE    2.4 STAKEHOLDER ENGAGEMENT  
2.5 CREATING SUSTAINABLE IMPACT VALUE

## 2.1 Sustainable Commitment

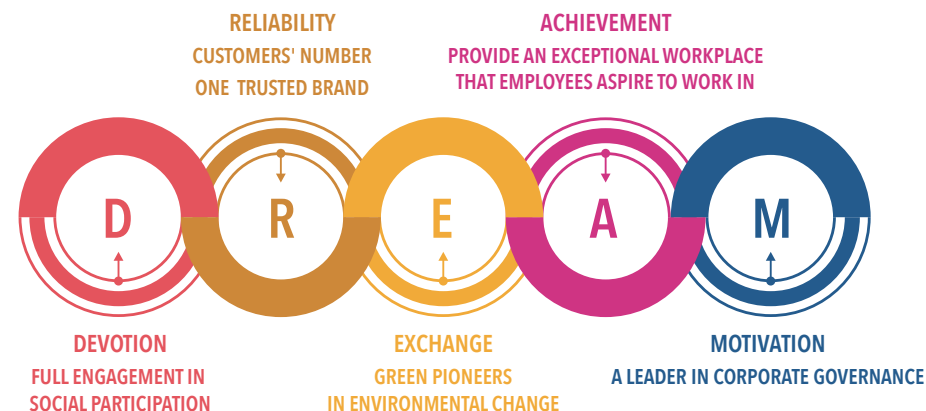
Following the rise of global sustainable development, the Company set "becoming an international sustainability benchmarking company to actively promote a better future for future generations" as our vision, actively complied with the Sustainable Development Goals (SDGs) established by the United Nations, paid attention to developing ESG while engaging in financial operations and generating profits, and built a sustainable management and service model.

To respond to climate change and promote sustainable financial development early, in 2022, we, under the leadership of the competent authority, cofounded the Sustainable Financial Pioneer Alliance with our partners in the financial industry. We prudently assessed the physical and transition risks in response to climate change, took specific actions to reduce carbon emissions, guided customers to maximize peer effects, and drove industries and society to try to achieve sustainable development.

	Commitments	Projects	2022 Implementation
 <p><b>Net-Zero Carbon Emissions</b></p>	<p>Yuanta Financial Holdings supports the Paris Climate Agreement's "50% global carbon reduction by 2030 and net-zero carbon emissions by 2050" target. Group-wide carbon governance and carbon reduction target setting with reference to the Science-Based Targets (SBT) and the Partnership for Carbon Accounting Financials (PCAF).</p>	<p>Green Energy Procurement and Utilization</p>	<ul style="list-style-type: none"> <li>Five business locations under the ownership of Yuanta Securities, Yuanta Bank, and Yuanta Futures exclusively utilize 100% green energy.</li> <li>Green electricity is supplied to the operating sites of five major subsidiaries, including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures.</li> </ul>
		<p>Carbon Governance</p>	<ul style="list-style-type: none"> <li>Carbon reduction targets have been audited and declared by SBTi.</li> <li>Formally implemented the Internal Carbon Pricing (ICP) trial run to evaluate the benefits of energy-saving and carbon-reduction projects.</li> </ul>
 <p><b>Sustainable Finance</b></p>	<p>Green finance has become a trend in the international financial industry, incorporating environmental and social risk considerations in the evaluation of financial instruments and projects. Contributes to a virtuous cycle of investment and industry pursuit of sustainable development.</p>	<p>Responsible Investment Engagement</p>	<ul style="list-style-type: none"> <li>Yuanta Funds has engaged in dialogue with the constituent companies of its funds to increase their understanding of the Company's weightings on various ESG themes in international ESG assessments, and to set standards or recalibrate future operational directions accordingly.</li> <li>Yuanta Funds and index issuers hold discussions to enhance their understanding of sustainable development and related ESG trends in Taiwan. They aim to establish strategic cooperation and communication with those in the ESG field in the future, using the power of investors to encourage companies to demonstrate more proactive ESG practices.</li> </ul>
		<p>Responsible Lending</p>	<ul style="list-style-type: none"> <li>The "Industry-Specific Environmental and Social Risk Management Rules" were established to strengthen the risk control of high-carbon emission industry.</li> <li>Yuanta Bank supports ASUS in implementing comprehensive material disclosure management, promoting responsible mineral procurement and due diligence, and enhancing control over critical metals shortage risks. This year, the bank signed a new NT\$5 billion sustainability-linked loan with ASUS to jointly advance sustainable development.</li> <li>Yuanta Bank actively promotes sustainability-linked loans to encourage companies to implement sustainable practices, with a focus on promoting internal ESG policies and strategies. It has approved a total of 22 cases, with a loan balance of NT\$18.5 billion.</li> </ul>
 <p><b>Talent Cultivation</b></p>	<p>Yuanta is committed to the transmission of financial knowledge. In addition to using its financial expertise to train its employees to perform multiple functions internally, Yuanta also conveys financial knowledge to students, the general public, and the senior community, so that the Company, the public, and its customers can grow together and grasp the trends of financial management.</p>	<p>Green Financial Talent Development Program</p>	<ul style="list-style-type: none"> <li>Participating in "TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance", publicly advocating six dimensions of talent sustainability and actions, integrating ESG principles into operational strategies, and implementing the sustainable DNA of Yuanta.</li> <li>We provide professional ESG skills training, covering topics such as climate risk management and stress testing, ESG investment and practical application, green and sustainable finance talent program, friendly service, fair customer treatment, and other SDG (sustainable development goal) practices. Our goal is to deepen the sustainable finance knowledge and skills of financial professionals in various fields.</li> </ul>
		<p>New Generation Financial Literacy</p>	<ul style="list-style-type: none"> <li>We collaborate with industries and academia to disseminate financial knowledge, such as participating in campus finance seminars, hosting corporate visits, mentoring investment and wealth management clubs, and conducting recruitment and other campus activities. Additionally, we cooperate with tertiary institutions to offer credit courses.</li> <li>To cultivate students' ability to apply theoretical knowledge learned in the classroom to actual investment trading, we organize stock market and foreign exchange trading simulation competitions, allowing students from colleges and universities across Taiwan to experience the real-life fluctuations in the financial market.</li> </ul>

## 2.2 Sustainability Strategies and Goals

The Company has established a "2021-2025 Sustainable Development Strategy Roadmap " to practice sustainable development through five major dimensions and uphold the service spirit of "fulfilling your biggest dreams". In the process of practicing sustainability, the Company takes "D.R.E.A.M" as a keyword: DEVOTION (full engagement in social participation), RELIABILITY (customers' number one trusted brand), EXCHANGE (green pioneers in environmental change), ACHIEVEMENT (provide an exceptional workplace that employees aspire to work in), and MOTIVATION (a leader in corporate governance), and sets specific medium- and long-term goals for the five sustainable initiatives. It invests in various projects according to its commitments and goals, regularly reviewing the progress and adjusting them in line with trends to gradually fulfill its sustainability commitments.



### DEVOTION · FULL ENGAGEMENT IN SOCIAL PARTICIPATION



Item	2022 Implementation	Achievement Status <sup>Note 1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Social welfare</b>				
Employee participation in volunteer activities (Base year 2021).	Employee participation in volunteer activities increase by 15% compared to the base year.	● Employee participation in volunteer activities increase by 20% compared to the base year.		Employee participation in volunteer activities increase by 20% compared to the base year.
Expanding stakeholder engagement activities.	An accumulative total of 19% supplier involved.	● An accumulative total of 5% supplier involved.		An accumulative total of 8% supplier involved.
Continuing to support social activities of senior care and medical services	17 events related to financial fraud prevention education and public welfare care have been organized in honor of elderly people.	● 12 sessions per year.		15 sessions per year.
Empowering local social organizations and groups to promote social betterment.	Empowering 7 local organizations or groups. 13% of the branch locations of the entire Group have completed community care activities.	● Empowering at least 6 local organizations or groups. ● 10% of the branch locations of the entire Group complete community care activities.		Empowering at least 8 local organizations or groups. 15% of the branch locations of the entire Group complete community care activities.
Continuing to provide additional assistance to students who wish to complete their studies.	"Yuanta-FJCU Dreams Take Flight Project" supported 4,154 underprivileged students. "Yuanta Scholarship for Outstanding Underprivileged Talent" provided 127 undergraduate students and 6 graduate studies with scholarships.	● Collaborate with key partners to continue to help motivated students complete their education.		
A long-term concern for children and disadvantaged groups in remote areas.	Collaborated with 114 key partners to continue to care for children in remote areas and disadvantaged groups.	● Collaborate with 100 key partners to continue to care for children in remote areas and disadvantaged groups.		Collaborate with 120 key partners to continue to care for children in remote areas and disadvantaged groups.
Financial education for disadvantaged groups.	New goal for 2023.	– Provide 10 sessions of financial education for disadvantaged groups.		Provide 17 sessions of financial education for disadvantaged groups.
Integration of financial business models with social participation.	New goal for 2023.	– Integration of financial business models with social participation.		
<b>Sustainability Topic: Financial Inclusion</b>				
Assisting small investors in building financial habits through regular fixed deposits or small savings accounts.	Participation increase by 118% compared to 2020.	● Participation increase by 10% compared to the previous year.		Participation increase by more than 10% compared to the previous year.

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap " (referred to as the 5-year plan) with the short-term goals based on the year 2021.



## RELIABILITY · CUSTOMERS' NUMBER ONE TRUSTED BRAND



Item	2022 Implementation	Achievement Status <sup>Note1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Sustainable finance</b>				
Complying with voluntary green investment and financing guidelines (Principles for Responsible Banking PRB), (Principles for Responsible Investment PRI), (Principles for Sustainable Insurance PSI).	Yuanta Life has voluntarily adopted the Principles for Sustainable Insurance (PSI) and disclosed its PSI report on its official website.	●	Voluntarily follow the Principles for Sustainable Insurance (PSI).	Plan execution schedule.
Continuing to promote the Group's sustainable finance commodity development strategies - Implemented "Sustainable Finance Guidelines" assessment.	<ul style="list-style-type: none"> <li>The subsidiary has completed the revision of relevant internal regulations.</li> <li>Introduced "Sustainable Finance Guidelines" and evaluated 18,423 cases in total.</li> </ul>	●	<ul style="list-style-type: none"> <li>Continue to implement in accordance with relevant regulations.</li> <li>Introduce "Sustainable Finance Guidelines" and evaluate 10,000 cases in total.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement in accordance with relevant regulations.</li> <li>Introduce "Sustainable Finance Guidelines" and evaluate 18,000 cases in total.</li> </ul>
Evaluate project financing cases based on the Equator Principles.	Based on the Equator Principles, three project financing cases have been evaluated, and all three have been declined after careful evaluation.	●	Promote and implement the Equator Principles industry-specific environmental and social risk management mechanism.	Promote and implement the Equator Principles industry-specific environmental and social risk management mechanism.
Social and environmental risks are taken into account in transactions (for companies in the steel, plastic materials, and semiconductor manufacturing industries)	Completed 925 social and environmental risk assessments.	●	Complete 600 social and environmental risk assessments.	Complete 1,000 social and environmental risk assessments.
Growth in revenue of ESG-related products/services (about NT\$255 billion in 2020).	Total sustainable investment / lending amounted to NT\$748.3 billion.	●	Total sustainable investment / lending amounted to NT\$300 billion.	Total sustainable investment / lending amounted to NT\$340 billion.
Issue/underwrite/invest in sustainable development bonds.	Issued/underwrote/invested in sustainable development bonds worth NT\$54.7 billion.	●	Continue to issue/underwrite/invest in sustainable development bonds.	
<b>Sustainability Topic: Financial product innovation and services</b>				
Making digital accounts convenient to increase the number of users.	The ratio of online account opening/member registration is 31.6%.	●	The ratio of online account opening/member registration is 33%.	The ratio of online account opening/member registration is 39%.
Digital mobile user activity levels.	Active digital mobile users account for 50% of all electronics users.	●	Active digital mobile users account for 60% of all electronics users.	Committed to the development of digital financial system deployment, providing customers with a full range of digital services related to their lives.
Carbon footprint verification for financial products or services.	New goal for 2023.	—	Expanding carbon footprint verification scope of financial products or services.	Continuing to promote carbon footprint verification for financial products or services.

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap" (referred to as the 5-year plan) with the short-term goals based on the year 2021.



## RELIABILITY · CUSTOMERS' NUMBER ONE TRUSTED BRAND



Item	2022 Implementation	Achievement Status <sup>Note 1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Customer services</b>				
Customer satisfaction.	Yuanta Securities 99.43%		Yuanta Securities 97.0%	Yuanta Securities 97.5%
	Yuanta Bank 99.02%		Yuanta Bank 93.0%	Yuanta Bank 95.0%
	Yuanta Life 98.82%	●	Yuanta Life 91.5%	Yuanta Life 92.5%
	Yuanta Funds 98.01%		Yuanta Funds 95.3%	Yuanta Funds 95.8%
	Yuanta Futures 98.12%		Yuanta Futures 95.5%	Yuanta Futures 96.0%
Providing reliable and high-quality customer care system using ISO 10002.	Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds(2023) and Yuanta Futures obtained ISO 10002 customer complaint management certification.	●	Ongoing annual certification.	
Implementing the principle of fair treatment of customers.	Reaching the goal of 3 hours of training per person per year.	●	More than 5 hours of training per person per year on the principles of fair treatment.	
<b>Sustainability Topic: Information Security</b>				
ISO 27001 Information security management system certification.	Yuanta Financial Holdings and its five subsidiaries have passed ISO 27001 certification.	●	Annual verification is conducted to more effectively ensure the security of both financial and confidential information, and reduce the risk of unauthorized or illegal use of information.	
Establishment of security operations centers (SOC) for information security incident monitoring mechanism.	<ul style="list-style-type: none"> <li>Yuanta Financial Holdings, Yuanta Life and Yuanta Futures have implemented Information Security and Event Management System (SIEM).</li> <li>Yuanta Securities and Yuanta Bank have established SOC for information security incident monitoring mechanism.</li> </ul>	●	<ul style="list-style-type: none"> <li>Yuanta Financial Holdings, Yuanta Life, Yuanta Funds, and Yuanta Futures have strategized the introduction of the Security Information and Event Management (SIEM) system for security purposes.</li> <li>Establishing SOC for Yuanta Group information security incident monitoring mechanism (with Yuanta Securities and Yuanta Bank prioritized).</li> </ul>	Establish Group-wide SOC for information security incident monitoring mechanism.
Implementation of an AI analysis mechanism.	Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures are planning to implement a protection system with advanced AI capabilities such as intelligent identification and proactive investigation. The implementation is expected to be completed by the end of 2023.	●	Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures are planning to implement a system with AI analysis mechanism.	Establish a Group-wide AI analysis mechanism.

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap" (referred to as the 5-year plan) with the short-term goals based on the year 2021.





EXCHANGE · GREEN PIONEERS IN ENVIRONMENTAL CHANGE

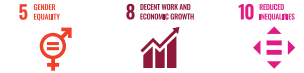


Item	2022 Implementation	Achievement Status <sup>Note 1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Climate action, Water, and Waste</b>				
Implementation of climate change adaptation and mitigation.	Completed the determination of investment and financing measures for climate change risk management.	●	<ul style="list-style-type: none"> <li>Formulating investment and financing measures for climate change risk management.</li> <li>Passing the TCFD compliance assessment.</li> </ul>	Continuing to improve on financial impact assessment and disclosure of risks and opportunities.
Actively participate in international climate evaluation.	Made CDP's "A-List" for 3 consecutive years, and have been ranked in the leadership level for five consecutive years.	●	Proactively responding to CDP climate change questionnaire and continuing to achieve the leadership level.	
Control the carbon emission target of the whole Group (Based on the SBT methodology). <sup>Note 2</sup>	Carbon reduction targets have been audited and declared by SBTi.	●	6% reduction in carbon emissions and 5% reduction in energy consumption per unit of revenue.	8% reduction in carbon emissions and 7% reduction in energy consumption per unit of revenue.
Control of group-wide waste reduction. (Base year is 2019)	Waste per capita reduced by 83.06% compared to base year.	●	Waste per capita reduced by 2% compared to base year.	Waste per capita reduced by 3% compared to base year.
Control of group-wide water reduction. (Base year is 2019)	Water consumption per square meter reduced by 1.76% compared to base year.	●	Water consumption per square meter reduced by 2.5% compared to base year.	Water consumption per square meter reduced by 4% compared to base year.
Use green energy. (Base year is 2020)	<ul style="list-style-type: none"> <li>5 operating locations use 100% green energy.</li> <li>Green electricity is supplied 945.9 thousand kWh.</li> </ul>	●	<ul style="list-style-type: none"> <li>At least 4 operating locations use 100% green energy.</li> <li>The use of green energy has reached 4% of the benchmark year's electricity consumption (equivalent to approximately 1.6 million kWh).</li> </ul>	The use of green energy has reached 6% of the benchmark year's electricity consumption (equivalent to approximately 2.4 million kWh).
Newly constructed office buildings have received the Green Building Label.	No newly constructed office building in 2022.	—	Yuanta Bank's newly constructed office building on Ren'ai Road in Taipei has been green-building certified.	The Nanjing Fuxing urban renewal project and Yuanta Life's newly constructed office building on Songjiang Road in Taipei have both been green-building certified.
<b>Sustainability Topic: Supplier Management</b>				
Audit suppliers on ethical and sustainability issues through ISO 20400 sustainable procurement guidelines.	Verified compliance with ISO 20400 sustainable procurement guidelines with supplier management processes optimized.	●	Continuous supplier process management optimization with ISO 20400 sustainable procurement guidelines.	
Suppliers are required to comply with Supplier's Terms and Conditions for Sustainable Procurement.	100% coverage of contracted manufacturers.	●	100% coverage of contracted manufacturer.	100% coverage of contracted manufacturers.
Risk assessment and audit of major suppliers.	The self-assessment questionnaire retrieval rate was 90.67%, and the on-site inspection rate for high-risk suppliers was 22.72%.	●	The self-assessment questionnaire retrieval rate is 100%, and the on-site inspection rate for high-risk suppliers is 30%.	The self-assessment questionnaire retrieval rate is 100%, and the on-site inspection rate for high-risk suppliers is 50%.
Supplier Sustainability Management and Evaluation.	New goal for 2023.	—	<ul style="list-style-type: none"> <li>Percentage of C-tier suppliers reduced compared with previous year.</li> <li>C-tier suppliers are listed as a non-priority procurement list, and the cooperation with C-tier suppliers is reduced year by year.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of C-tier suppliers reduced compared with previous year.</li> <li>If the supplier becomes a C-tier supplier for 3 consecutive years, it will be deleted from the procurement list.</li> </ul>

Note 2: The Group has established Category 1 and Category 2 carbon reduction targets based upon the SBT methodology. Category 1 and Category 2 carbon reduction targets are set to reduce emissions by 31% by 2034 and 51% by 2050, respectively. Progress towards these targets will be reviewed and refined every five years as part of a phased approach to carbon reduction.



## ACHIEVEMENT · PROVIDE AN EXCEPTIONAL WORKPLACE THAT EMPLOYEES ASPIRE TO WORK IN

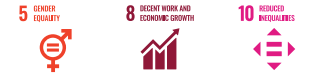


Item	2022 Implementation	Achievement Status <sup>Note1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Friendly and excellent work environment</b>				
Committed to demonstrating corporate responsibility through safe, healthy and sustainable processes.	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 26.5% of employees throughout the entire Group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached over 75%</li> </ul>	●	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 30% of employees throughout the entire group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached over 80% annually.</li> </ul>	<ul style="list-style-type: none"> <li>ISO 45001 Occupational health &amp; safety management system has been implemented and covers over 60% of employees throughout the entire Group.</li> <li>The completion rate of occupational safety and health proposals raised at the Occupational Safety and Health Committee/Labor-Management Meeting reached over 85% annually.</li> </ul>
Promoting employee health, safety and welfare programs.	<ul style="list-style-type: none"> <li>The frequency rate (FR) and severity rate (SR) of disabling injuries are better than the average of 1.8% in the financial services sector.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 75%.</li> </ul>	●	<ul style="list-style-type: none"> <li>The frequency rate (FR) and severity rate (SR) of disabling injuries are better than the average of 2% in the financial services sector.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 80%.</li> </ul>	<ul style="list-style-type: none"> <li>The frequency rate (FR) and severity rate (SR) of disabling injuries are better than the average of 3% in the financial services sector.</li> <li>The improvement rate of measures to prevent occupational accidents and false alarms is over 85%.</li> </ul>
Application for workplace health label certification.	The Group has achieved workplace safety and health certification for 44% of its operations. (A total 1+3 obtained)	●	The Group achieve workplace safety and health certification for 75% of its operations. (A total of 1+6 or more obtained)	The Group achieve workplace safety and health certification for 88% of its operations. (A total of 1+7 or more obtained)
<b>Sustainability Topic: Employee attraction and retention</b>				
Long-term bonus and reward plan.	All levels of management have incorporated sustainable development goals and ESG initiatives into their annual work objectives, which are linked to the remuneration system.	●	Design of long-term incentive and sustainable development plans and evaluation mechanisms.	Implement a long-term compensation plan that links sustainable development and performance to encourage commitment and long-term engagement.
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>	●	<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>	
Excellent talent retention rate.	93.8% retention rate of high performers.	●	Maintain 93% - 95% retention rate of high performers.	

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap" (referred to as the 5-year plan) with the short-term goals based on the year 2021.



## ACHIEVEMENT · PROVIDE AN EXCEPTIONAL WORKPLACE THAT EMPLOYEES ASPIRE TO WORK IN



Item	2022 Implementation	Achievement Status <sup>Note 1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Talent Cultivation and Development</b>				
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>99.5% of employees in Taiwan and overseas receive education and training.</li> <li>81% of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>	●	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>93% of employees in Taiwan and overseas receive education and training.</li> <li>83% or more of employees in Taiwan and overseas satisfied with their learning and development.</li> </ul>	<ul style="list-style-type: none"> <li>100% of employees in Taiwan receive education and training.</li> <li>95% of employees in Taiwan and overseas receive education and training.</li> <li>85% 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 249.0% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year</li> </ul>	●	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>Total number of individuals increase by 10% compared to the previous year.</li> <li>Total number of hours increase by 10% compared to the previous year.</li> </ul>
Percentage of employees included in performance evaluation.	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate is 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage rate is 99.8%.</li> </ul>	●	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage is over 93%.</li> </ul>	<ul style="list-style-type: none"> <li>Taiwan employee performance evaluation coverage rate of 100%.</li> <li>Taiwan and overseas employee performance evaluation coverage is over 95%.</li> </ul>
<b>Sustainability Topic: Human rights</b>				
Human rights due diligence and issue management.	<ul style="list-style-type: none"> <li>This year's risk value remained the same as the previous year.</li> <li>Through systematic review, no additional significant potential risk issues have been identified.</li> </ul>	●	<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.	Introduced human rights due diligence and implemented human rights risk mitigation measures in overseas subsidiaries in South Korea and Thailand.	●	Overseas companies with over 300 employees have implemented human rights due diligence investigations and measures for human rights risk mitigation.	Overseas companies with over 200 employees have implemented human rights due diligence investigations and measures for human rights risk mitigation.

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap " (referred to as the 5-year plan) with the short-term goals based on the year 2021.



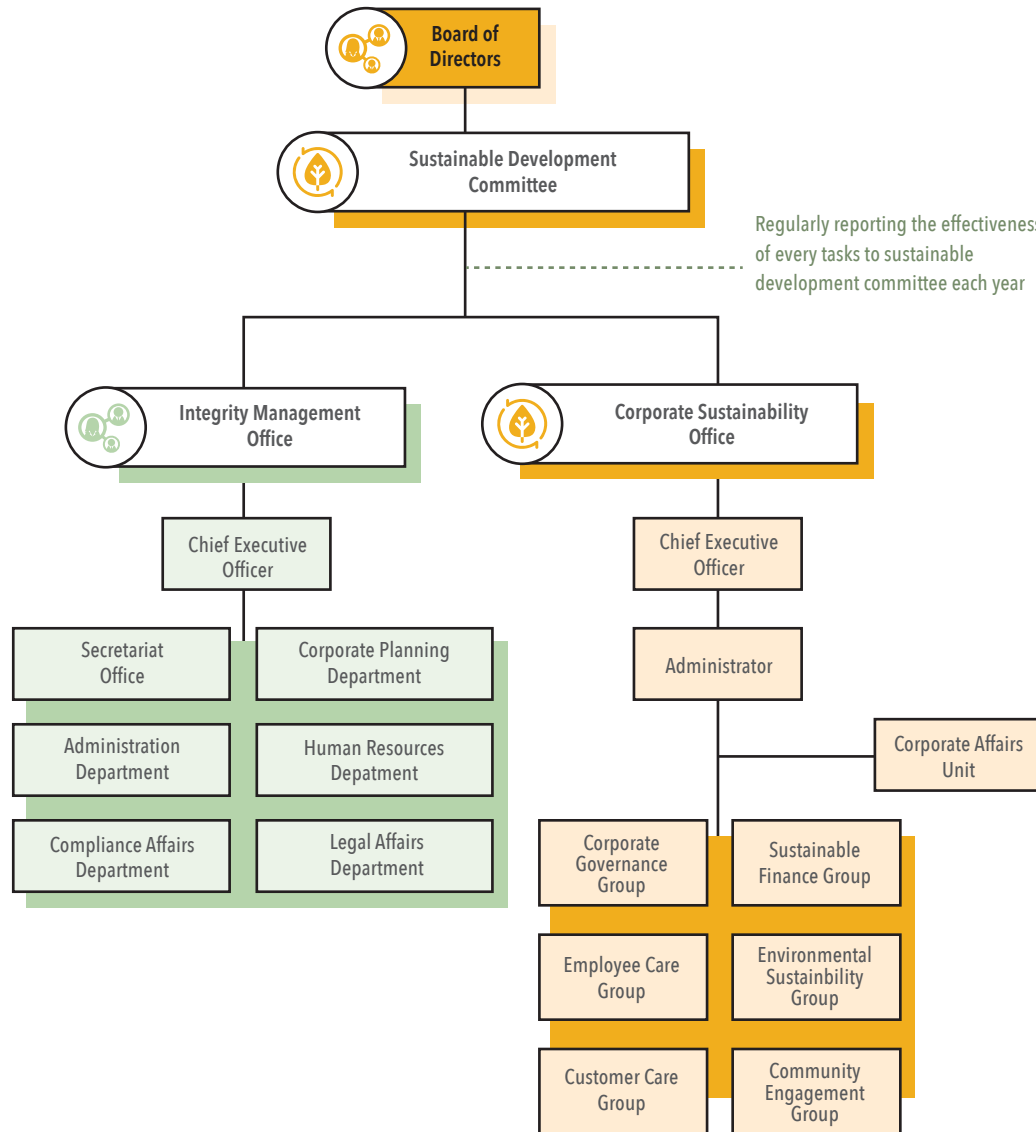
## MOTIVATION · A LEADER IN CORPORATE GOVERNANCE



Item	2022 Implementation	Achievement Status <sup>Note1</sup>	Medium-Term Goal (2023)	Long-Term Goal (2025)
<b>Sustainability Topic: Corporate Governance and Integrity Management</b>				
Listed companies by Corporate Governance Evaluation of Taiwan Stock Exchange.	Top 5% of listed companies by Corporate Governance Evaluation of Taiwan Stock Exchange.	●	Consistently ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange.	Consistently ranked in the top 5% of listed companies by the Corporate Governance Evaluation of the Taiwan Stock Exchange.
Conduct regular board performance evaluations to enhance the board's functions.	The Company conducts self-evaluation for the board of directors annually and voluntarily participates in various corporate governance assessments. Based on the evaluation results, recommendations, and medium-to-long-term company development strategies, the effectiveness of the board of directors continues to improve.	●	Plan for the 2024 external board performance evaluation.	
Plan diversified director education programs to enhance the professional functions of directors.	Completion of four director training courses, with 205 participations by directors and supervisors, totaling 615 hours.	●	In line with the Corporate Governance 3.0 Sustainable Development Roadmap, we provide director education courses in line with the international trend development.	
Improving information transparency.	In accordance with regulations, the annual financial report for the year 2022 will be announced and filed within 75 days after the end of the accounting year.	●	Publish annual financial report within 2 months after the end of the accounting year.	
<b>Sustainability Topic: Legal Compliance</b>				
Money Laundering Prevention Unit staff certified as international anti-money launderers.	76% of subsidiaries' specialists passing the international anti-money laundering exam.	●	70% of subsidiaries' specialists passing the international anti-money laundering exam.	
<b>Sustainability Topic: Risk management</b>				
Provide risk management sustainability goals.	<ul style="list-style-type: none"> <li>A quantified model for climate risk has been developed and monitored. The quantitative analysis module for climate risk will continue to improve.</li> <li>The risk quantification module has been completed with continuous system integration and analysis.</li> </ul>	●	<ul style="list-style-type: none"> <li>Continue to improve climate change risk management and develop a climate change quantitative analysis module.</li> <li>Develop risk quantitative modules, expand integrated system analysis functions, and increase the breadth and depth of financial investment and financial service risk management.</li> </ul>	

Note 1: The "2021-2025 Sustainable Development Strategy Roadmap " (referred to as the 5-year plan) with the short-term goals based on the year 2021.

## 2.3 Sustainable Governance



### Sustainable Governance

In an effort to uphold the concept of sustainable development and to implement corporate governance, the Company has established a "Sustainability Committee" in 2018 as a functional committee under the Board of Directors, with the aim of strengthening the board's management of integrity operations and active practice of sustainable development. And on March 15, 2022, the 39th meeting of the eighth (8th) Board approved the renaming of the "Sustainability Committee" to "Sustainable Development Committee". This term of the Sustainable Development Committee is composed of the Chairman of the Board of Directors and four independent directors, with the Chairman of the Board of Directors acting as the convener and the proportion of independent directors being as high as 80%. Meetings shall be held at least twice a year and may be called as often as necessary.

The Sustainable Development Committee is responsible for the following:

1. Assisting in integrating the values of integrity management and sustainable development into the Company's business strategies.
2. Compliance with laws and regulations to establish measures to ensure integrity management and fulfill corporate sustainable development.
3. Supervising and implementing company policies regarding integrity management and sustainable development, as well as evaluating their effectiveness.
4. Any other matters pertaining to the establishment, supervision, and implementation of policies on integrity management and sustainable development.

### Sustainable Governance Operating Model

In order to implement the sustainable development policy, the Sustainable Development Committee has established the "Corporate Sustainability Office" and the "Integrity Management Office" <sup>Note</sup>, which are composed of relevant personnel from the Company and each subsidiary, and are responsible for the promotion and coordination of daily related affairs, and regularly report the work plan and implementation results to the Sustainable Development Committee.

The Corporate Sustainability Office is the core unit of the Company to promote corporate sustainability. Six functional groups are set up under the office, with members being senior executives of the Company and each subsidiary. The office holds quarterly meetings and reports regularly to the Board of Directors through the Sustainable Development Committee on important issues and implementation of resolutions.

Note: The Company approved the renaming of "Center for the Promotion of CSR" to "Corporate Sustainability Office" and "Center for the Promotion of Integrity Management" to "Integrity Management Office" at the 39th meeting of the 8th Board of Directors on March 15, 2022.



## 2.4 Stakeholder Engagement

### Stakeholder Communication

Yuanta Financial Holdings takes into account domestic and international trends in sustainability, and through cross-departmental and cross-subsidiary discussions among members of the Corporate Sustainability Office, in accordance with AA 1000 SES (AA 1000 Stakeholder Engagement Standard), eight categories of stakeholders, including shareholders and investors/creditors, government agencies, current employees, potential employees, customers/debtors, media, community, and suppliers, were selected as the main targets for communication.

In the process of promoting corporate sustainability, the Company attaches great importance to the expectations and needs of its internal and external stakeholders, and regularly discloses its operational performance and ESG-related information through the publication of annual reports, ESG reports, and press releases. We have also set up a stakeholder area on our website and a communication line to understand the needs of stakeholders and their expectations of the Company.

### Stakeholder Communication Topics of Interest

Materiality	Topic	Communication channels, feedback methods	Communication frequency	2022 Key communication achievements
<b>Stakeholder: Shareholders and Investors /Creditors</b>				
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.	Corporate governance	Announcement of operation profile on Market Observation Post System and company website	Monthly	<ul style="list-style-type: none"> <li>1 shareholders meeting.</li> <li>The Company has been selected for multiple international ESG assessments, including being listed for 4 consecutive years in the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index; S&amp;P Global Sustainability Yearbook Silver Class; CDP Leadership Level A; Bloomberg Gender Equality Index; FTSE4Good Emerging Index; and FTSE4Good TIP Taiwan ESG Index.</li> <li>The Company, along with Yuanta Securities and Yuanta Bank, has been certified for excellent corporate governance systems by the Taiwan Corporate Governance Association through the CG6013 (2021) corporate governance assessment. (Certificate valid from December 29, 2022 to December 28, 2024).</li> <li>The 2021 Yuanta Financial Holdings ESG Report has been released in both Chinese and English versions and will be regularly updated on the Company's official website.</li> <li>We received invitations to participate in 4 investor conferences and conduct more than 60 meetings (including video and phone conferences) with analysts and institutional investors. As part of our ongoing efforts, we frequently gather investor feedback and analyze areas of concern, such as net-zero transition, risk management, and market trends, among others, which are in turn reported to senior management on a regular basis.</li> <li>Following the SASB's sustainability accounting standards for "Investment Banks and Brokerage Firms" and "Commercial Banks", with relevant information in the ESG Report, climate risks and opportunities have been identified and our first TCFD Report published using the TCFD framework.</li> <li>A third-party institution has been contracted to oversee and audit compliance with corporate debt obligations on behalf of the debt holders.</li> </ul>
	Integrity management	Announcement of financial reports and investor presentations on the Company's website	Quarterly	
	Legal compliance	Shareholders meeting	Annual	
	Risk management	International ESG ratings	Annual	
	Sustainable finance	Participating in credit rating	Annual	
	Financial inclusion	Issuance of Annual Report and ESG Report in English and Chinese	Annual	
	Information and transaction security	Setting up Chinese and English website and stakeholder contact area	On a regular basis	
	Climate action	Domestic and international investor presentations	Nonscheduled basis	
	Disclosing the latest information on corporate governance and sustainable development	Nonscheduled basis		
	Communication with investors through bond underwriters, preparation of public prospectuses	Nonscheduled basis		
	Providing the Company's credit rating report and disclosing the latest financial and operational information for reference in credit evaluation	Nonscheduled basis		

Materiality	Topic	Communication channels, feedback methods	Communication frequency	2022 Key communication achievements
<b>Stakeholder: Government Agencies</b>				
To comply with the relevant requirements and strengthen management capabilities through regular and periodic responses to surveys with the competent authorities and to release major information and to respond to relevant inquiries.	Legal compliance  Customer rights  Friendly and excellent working environment	Joined the "Coalition of Movers and Shakers for Sustainable Finance"	Quarterly	<ul style="list-style-type: none"> <li>Under the leadership of FSC, Yuanta and financial peers have advanced the establishment of the "Coalition of Movers and Shakers for Sustainable Finance", and jointly promoted the "Financial Industry Net Zero Promotion Work Platform" with financial-related associations.</li> <li>On a monthly/quarterly basis, operational status reports and declarations have been submitted to the competent authorities, enabling them to grasp the overall financial landscape.</li> <li>The Company has not violated any regulations regarding information disclosure, material news, and press conference reporting requirements set forth by the Taiwan Stock Exchange.</li> </ul>
		Reporting operations overview	Quarterly	
		Responding to inquiries from the competent authorities through official documents, meetings, phone calls, emails and public information	Nonscheduled basis	
		Announcement of material information	Nonscheduled basis	
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.	Corporate governance  Integrity management  Talent cultivation and development  Friendly and excellent working environment	Club activities	Quarterly/Monthly	<ul style="list-style-type: none"> <li>Company executives at all levels have incorporated sustainable development goals and ESG initiatives into their annual work objectives, and linked them to the reward system to promote sustainable business development.</li> <li>To develop and implement occupational health and safety prevention programs such as maternal health protection plans, prevention for diseases induced by abnormal workloads, ergonomic hazard initiatives, and other measures for infringements of job duties.</li> <li>The Company achieved an 85% participation rate in the Employee Sustainable Engagement Survey conducted among employees at home and abroad. Of the participating employees, 86% expressed a positive evaluation of the level of sustainable engagement.</li> <li>The average number of training hours and frequency, as well as the associated training expenses per employee, increased by 23.2% and 17.9%, respectively, compared to the previous year. The implementation of digitalized teaching methods resulted in a decrease of 5.4% in the average training expenses per employee.</li> <li>To ensure the safety of employees and maintain uninterrupted operations, verification has been conducted using the ISO/PAS 45005 COVID-19 occupational health and safety management guidelines during the pandemic period.</li> <li>Based upon daily COVID-19 situations, epidemiological investigations have been conducted, with notifications issued and preventive measures implemented. A total of 32 epidemic prevention guidelines have been released to safeguard the health of employees and their families.</li> </ul>
		Convening labor-management meetings and occupational safety and health committees	Quarterly	
		Performance evaluation and feedback	Half year	
		Occupational safety and health training	Annual	
		Employee engagement survey	Every two years	
		Organized Summit Forum / "Yuanta e-Learning" online courses	On a regular basis	
		Employee complaint mailbox, internal communication channel, e-newsletter	On a regular basis	
<b>Stakeholder: Current Employees</b>				
The Company welcomes outstanding talents and helps students understand the current status of the financial industry to help them with their career choices.	Talent cultivation and development	Industry-academic cooperation internship	Annual/Half year	<ul style="list-style-type: none"> <li>Collaborations established with 139 schools for industry-academic partnerships, cultivating a strong interest among the new generation to enter the financial industry. Through jointly developed credit courses, internships, keynote speeches, corporate visits, and campus recruiting, efforts are made to actively foster financial talent, with a total of 12,564 participations by individuals in 2022.</li> <li>We operate a Facebook fan page and an official internship opportunity website to assist students in understanding Yuanta and its various internship and employment opportunities.</li> </ul>
		Lectures, industry-academia cooperation	On a regular basis	
		Recruitment website, company website, company Facebook	On a regular basis	
		Course cooperation, career counseling	Nonscheduled basis	
<b>Stakeholder: Potential Employees</b>				

Materiality	Topic	Communication channels, feedback methods	Communication frequency	2022 Key communication achievements
<b>Stakeholder: Clients /Debtors</b>				
<p>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.</p>	Customer rights	E-News and various investment research reports	Daily/ Monthly	<ul style="list-style-type: none"> <li>The weighted average of customer satisfaction for the five major subsidiaries is 98.97%.</li> <li>Yuanta Securities' "Mr. Investor" is the first zero-carbon app in the securities industry to pass both ISO 14067 and PAS 2060 international certifications.</li> <li>Yuanta Bank has approved 22 sustainability-linked loans with a total amount of NT\$18.5 billion.</li> <li>Yuanta Life has undertaken 73 micro-injury insurance policies with a total coverage amount of NT\$1.778 million.</li> <li>Yuanta Funds has a total of 18 funds with the highest rating of 5 globes from Morningstar, Inc., with a combined fund size of NT\$512.506 billion.</li> <li>Yuanta Futures has been ranked in the top 20% in the Principle for Financial Service Industries to Treat Clients Fairly. It has also launched three ESG futures products, with a trading volume of 21.37 million contracts.</li> <li>Yuanta Securities Investment Consulting has established the "Money-Managing Expert" YouTube channel, producing and broadcasting 25 videos, accumulating nearly 600,000 views.</li> <li>A comprehensive grievance channel with dedicated units for dispute and complaint resolution. <a href="http://www.yuanta.com/TW/ESG/Stakeholder-Engagement/Contacts">www.yuanta.com/TW/ESG/Stakeholder-Engagement/Contacts</a></li> </ul>
	Financial product innovation and services	Payment discount program notification letter	Daily/ Monthly	
	Information and transaction security	Repayment negotiation	On a regular basis	
	Financial inclusion	Customer service center, customer service and complaint hotline	On a regular basis	
	Sustainable finance	Web services and mobile services app	On a regular basis	
		Investment and financial management seminars, talks and forums	Nonscheduled basis	
		Customer satisfaction survey	Nonscheduled basis	
<b>Stakeholder: Media</b>				
<p>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.</p>	Corporate governance			<ul style="list-style-type: none"> <li>Issued 257 press releases this year.</li> <li>Provided the latest market overview and financial products information to help the public keep abreast of market trends.</li> <li>From time to time, the Company and its subsidiaries hold press conferences and events.</li> <li>Issued press releases or statements on major issues.</li> <li>Specialized staff is responsible for media communication between the Company and its subsidiaries, and respond to media questions immediately.</li> </ul>
	Integrity management	Providing the latest market overview and financial commodity information	Regular	
	Legal compliance	Media, press conferences, and advertising	Nonscheduled basis	
	Financial product innovation and services	Explanation of unexpected events	Nonscheduled basis	

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

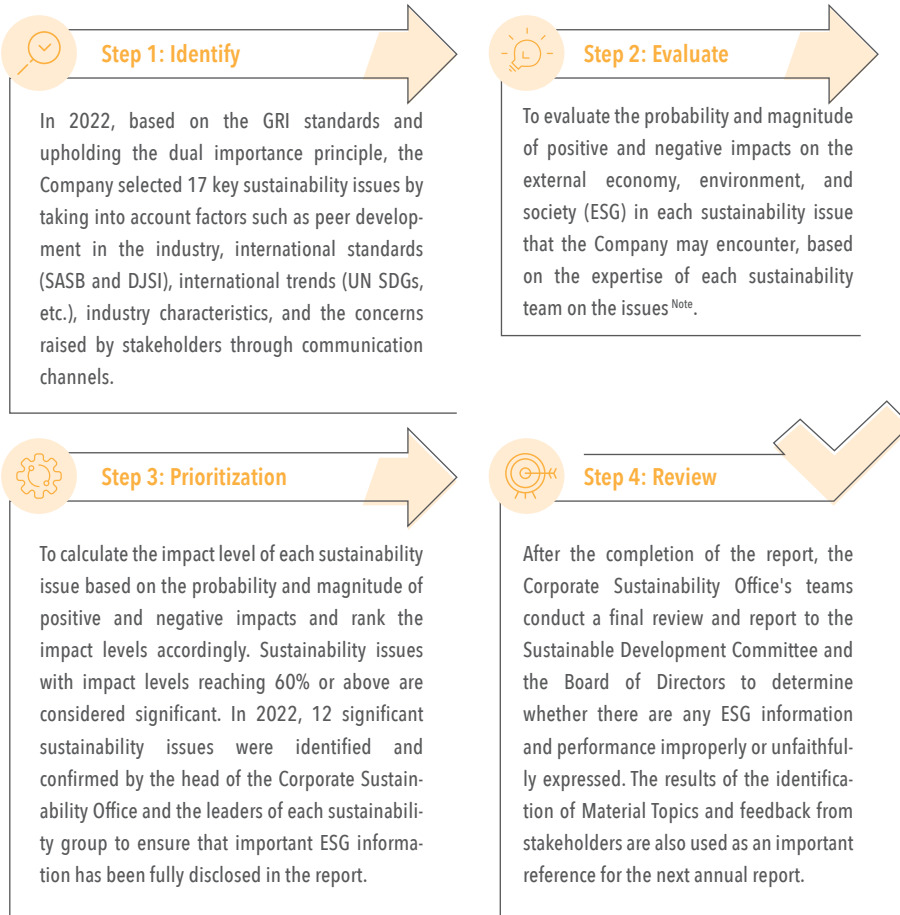
APPENDIX

Materiality	Topic	Communication channels, feedback methods	Communication frequency	2022 Key communication achievements
<b>Stakeholder: Community</b>				
<p>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 Group and how it continues to spread positive energy for Taiwan.</p>	Social welfare	Yuanta Blood Donation Campaign	Annual	<ul style="list-style-type: none"> <li>The Group invested 2,989 volunteers, logged 7,386 volunteer hours, and benefited 670 thousand people from its annual public welfare activities.</li> <li>For six consecutive years, we have organized the "Dream Big Project" and provided human and material resources to assist 37 small social welfare organizations in need, benefiting 120 thousand people in total. For the past 12 consecutive years, we have been promoting the Yuanta-FJCU Dreams Take Flight Project and have provided 1,881 Yuanta scholarships, including 127 undergraduates and 6 graduate students, as well as academic tutoring for more than 300 primary and secondary school children in rural areas.</li> <li>Disclosure of the status of public donations on our website <a href="https://www.yuanta.com/TW/ESG/Social-Engagement">https://www.yuanta.com/TW/ESG/Social-Engagement</a></li> </ul>
		Dream Big Project /Yuanta-FJCU Dreams Take Flight Project	Annual	
		Social welfare, academic education, and environmental protection activities	On a regular basis	
		Community care and neighborhood visits	Nonscheduled basis	
		Collaboration with NPO/NGO groups	Nonscheduled basis	
<b>Stakeholder: Suppliers</b>				
<p>To enable our suppliers to understand our environmental and human rights standards and to work together with them to promote ESG concepts</p>	<p>Supplier management Information and transaction security Social welfare</p>	Supplier reviews	Annual	<ul style="list-style-type: none"> <li>Annual evaluation of 150 major suppliers, classified into three grades of ABC according to the evaluation results, including 10 grade A (excellent), 134 grade B (qualified), and 6 grade C (engaging and coaching).</li> <li>Following the "Yuanta Financial Holding Co., Ltd. and Subsidiaries Guidelines of Supplier Management" and evaluating both new and existing suppliers based on three ESG dimensions.</li> <li>Three supplier conferences conducted to communicate and negotiate over sustainability-related issues, including human rights and the environment.</li> <li>The entire group has been verified by ISO 20400 Sustainable Procurement Guidelines to systematically implement and manage the sustainable procurement process; business partners are required to include 100% of the "Yuanta Financial Holding Co., Ltd. Supplier's Terms and Conditions for Sustainable Procurement" and "Integrity Management Terms and Conditions" in their procurement contracts.</li> </ul>
		Supplier self-assessment	Annual	
		Supplier conference	Annual	
		Signing of Supplier's Terms and Conditions for Sustainable Procurement	Regular	

## 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. The Company conducts major theme assessments and reviews every year, of which the results are presented, along with the potential internal/external risks of financial-related business, to the Board of Directors. The major themes of 2022 were evaluated and adjusted in accordance with the GRI Sustainability Reporting Standards:

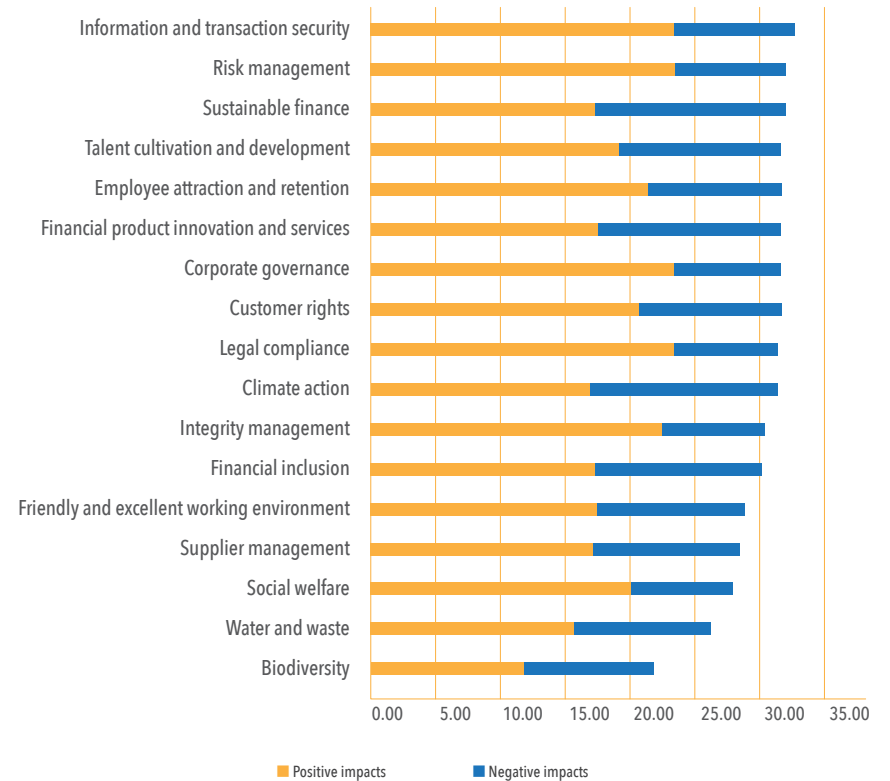
### Procedures for identifying material topics



Note: According to the GRI Standards 2021, the assessment is divided into positive and negative impacts. The positive impact assessment focuses on the probability of occurrence, as well as the size and scope of the impact. The negative impact assessment focuses on the probability of occurrence and the severity of the impact.

Universal Standards 2021 and the practical situations reflected within and outside the Company, through discussions and joint decisions made by the head of the Corporate Sustainability Office and the group leaders. In response to these major themes, corresponding management policies and concrete actions are disclosed, and the assessment process and identified major themes are as follows:

### Impact of sustainability topics



Note: The impact level is measured in points, with a total of 50 points. Sustainability issues with impact levels reaching 60% or above (i.e., 30 points or more) for total impact are considered significant.

### Material Topics and Their Impact Boundaries

In 2022, 12 significant sustainability issues were identified, and remained the same ones as those identified in 2021. The following is an analysis of the involvement levels of these significant sustainability issues in terms of the "Value Chain Impacts", "Impact Dimensions", and "Impact Categories".

Material Topics	Corresponding sections	Impacted Parties-Value Chain								Impact Dimensions		Impact Categories		
		Yuanta Financial Holdings	Shareholders and investors / creditors	Government agencies	Potential employees	Customers/debtors	Media	Community	Suppliers	Environment	Social	Business conduct	Product/Service	Supply chain
Sustainable finance	4.1 Sustainable finance	■	■			■●				■	■		■	
Financial inclusion	4.2 Financial Product Innovation and Services	■				■				■	■		■	
Climate action	3.1 Climate action	■							▲	■		■	■	
Customer rights	4.3 Customer rights	■				■			■●		■		■	
Financial product innovation and Services	4.2 Financial Product Innovation and Services									■	■		■	
Employee attraction and retention	6.1 Employee attraction and retention	■									■		■	
Talent cultivation and development	6.2 Talent cultivation and development	■	■	■	▲						■		■	■
Corporate governance	5.1 Corporate governance	■	■	■							■		■	■
Integrity management	5.2 Integrity management	■	■	■		■		■	■●		■		■	■
Legal compliance	5.4 Legal compliance	■	■	■		■				■	■		■	■
Risk management	5.3 Risk management	■	■	■		■				■	■		■	■
Information and transaction security	5.5 Information Security	■	■	■		■			■●		■		■	■

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



## Management Approach

Importance to Yuanta	Impact Description	Policy	Evaluation	Corresponding sections
<b>Material Topics: Corporate governance</b>				
The Company believes that good corporate governance and integrity management are the foundation of its operations. In particular, the financial industry plays an important role in maintaining the stability of the financial environment and the flow of commercial capital. Therefore, we are committed to sound management, decision-making oversight, and professional and ethical operations, which are key to gaining the trust of our stakeholders.	Enforce relevant laws and regulations such as the Corporate Governance Guidelines to help build favorable corporate governance systems and ensure stable company operations.	Corporate Governance Guidelines	<ul style="list-style-type: none"> <li>Every two years, the Taiwan Corporate Governance Association is commissioned to conduct an evaluation of the Company's corporate governance system. Through regular and in-depth reviews by external institutions and experts, the evaluation examines the completeness of the Company's relevant governance system, effectiveness of the system operations, implementation of disciplinary measures, and relevance and integrity of disclosures. The results of this evaluation serve as a reference for the Company to continuously improve and strengthen its corporate governance system.</li> <li>The performance of the Board of Directors and Functional Committees is evaluated annually (self-evaluation), and every three years, the performance of the Board of Directors is evaluated by an outside professional and independent organization or outside experts.</li> </ul>	5.1
<b>Material Topics: Integrity Management</b>				
Integrity has always been our management philosophy. In order to carry out our corporate philosophy of sustainable management, we have been promoting corporate governance, strengthening the management of the Board of Directors on integrity management and practicing corporate social responsibility, and integrating integrity and ethical values into our management strategy.	Implement integrity management to help stabilize market order and protect the rights and interests of our stakeholders.	Integrity Management Guidelines  Procedures for Integrity Management and Guidelines for Conduct  Whistleblowing System and Implementation Measures  Professional Code of Ethics	<ul style="list-style-type: none"> <li>The prevention plan and the related regulations established by the Company.</li> <li>Internal control and other related regulations for each unit to follow internal control and operating procedures.</li> <li>General business audits conducted by the auditing unit on an annual basis.</li> </ul>	5.2
<b>Material Topics: Risk Management</b>				
The global financial environment is becoming more complex and the risks involved in the financial industry are more diversified and intensified. Through the three lines of defense of risk management, the Company can effectively diversify, transfer or reduce risks to achieve a win-win-win situation for customers, shareholders, and employees.	Establish comprehensive risk management measures to help improve operational resilience against crises, safeguard assets, and maintain financial market stability.	Risk Management Policy  Crisis Management Policy and Procedure Rules  Various risk management measures	<ul style="list-style-type: none"> <li>Compliance and enforcement of regulations and internal control systems are verified through the Internal Auditing Department, which is part of the Board of Directors.</li> <li>An annual risk management mechanism assessment is conducted, and the assessment results are reported to the Audit Committee and the Board of Directors.</li> </ul>	5.3
<b>Material Topics: Legal compliance</b>				
Good compliance with laws and regulations is an important basis for companies to gain the trust of their stakeholders. In order to reduce compliance risks and ensure that the Company operates in compliance with relevant laws and regulations, we aim to strengthen employees' awareness of compliance, maintain an effective and appropriate internal control system, and promote sound operation of the Company.	Comply with relevant laws and regulations to help stabilize market order, and protect the natural environment as well as the rights and interests of our stakeholders.	Compliance Manual Anti-Money Laundering and Counter-Terrorist Financing Policy	Through the Internal Auditing Department under the Board of Directors, the Company conducts general business audits at least once a year and project business audits every six months.	5.4

Importance to Yuanta	Impact Description	Policy	Evaluation	Corresponding sections
<b>Material Topics: Information and Transaction Security</b>				
With the increasing development of technology, the financial trading environment is becoming more and more dependent on the Internet, and the diversification of services also brings the impact of information security risks. The Group aims to provide stable and secure information services with the sustainable goals of "protecting the security of information assets" and "maintaining business continuity to achieve sustainable business operation".	Strengthen information security protection networks and employee information security awareness to prevent hackers and to prevent private customer information from leaking, protecting the rights and interests of our stakeholders.	Information Security Policy	The information security team of the Company and each subsidiary holds regular group meetings and management review meetings every year to evaluate and improve the effectiveness of information security management, audit and evaluation results, and feedback from stakeholders.	5.5
<b>Material Topics: Talent Cultivation and Development</b>				
In the ever-changing financial industry, human resources are one of the foundations of the Company to provide good services and corporate innovation. The Company actively cultivates multiple functions of its staff, consolidates core professions, and develops new functions to meet the needs of the financial industry and the Group's business development and enhance the Group's overall competitiveness.	Train employees to possess multiple competences and provide them with favorable and equal career development opportunities in order to improve employee engagement and the Group's competitiveness.	The Group's talent cultivation strategy is to align with "solidification of cores and driving of growth", encourage employees to learn and transfer to other positions, and promote lifelong learning by combining physical and online training courses and providing learning resources through four course structures: Management College, Professional College, License College and Life College.	Managing employee education and training coverage rate, cultivating green financial talents, and reviewing employee performance evaluation.	6.2
<b>Material Topics: Employee attraction and retention</b>				
Talent is an important driving force for companies to move forward. The Group actively invests resources in recruiting outstanding and diversified talents, and through the employment of diversified talents, the Group is able to further expand into Taiwan.	Pay attention to the issues of retaining old employees as well as attracting talented domestic and foreign workers to improve the competitiveness of domestic industries and to increase employment opportunities, including those for disadvantaged groups.	We have established multiple channels to source talents and provided a comprehensive compensation and benefit system to recruit domestic and overseas talents.	We have established a long-term incentive plan linked to sustainable performance, actively retained high-performing personnel, and conducted regular employee engagement surveys.	6.1
<b>Material Topics: Customer rights</b>				
From the perspective of customers' 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 loyalty, and continue to provide attentive and caring services to customers.	Care about the rights and interests of customers and provide them with complete communication mechanisms to understand their needs promptly and protect their rights and interests.	<ul style="list-style-type: none"> <li>• Personal Data Protection Act</li> <li>• Cyber Security Management Act</li> <li>• Financial Holding Company Act</li> <li>• Regulations on Joint Marketing among Subsidiaries of Financial Holding Companies</li> </ul>	We incorporate the principles of fair treatment into our daily core business. Each of the five subsidiaries has established a specialized unit, with the chief executive officer as the convener, to hold regular meetings to plan, review, and promote improvement plans on matters related to the principle of fair treatment of customers and product review, and to report the implementation status to the Board of Directors to strengthen implementation from the top down.	4.3

Importance to Yuanta	Impact Description	Policy	Evaluation	Corresponding sections
<b>Material Topics: Financial Product Innovation and Services</b>				
Digital platforms and mobile services have become part of our daily life. In response to the gradual changes in the behavioral patterns of consumers and the financial industry, the Group has been improving the functions of its financial digital platform based on its business characteristics, optimizing the investment process and customer habits through a convenient and fast digital experience, cultivating customer loyalty, and strengthening the Group's digital competitiveness.	Continue to promote financial product innovations and services, increase the reach of financial services, and reduce the use of paper and carbon emissions through the increased use of digital media.	<ul style="list-style-type: none"> <li>Digital platform development process</li> <li>Design criteria specification document and production design specification XD file</li> </ul>	We hold monthly meetings and occasional meetings with colleagues in the digital finance department of each subsidiary to discuss and ask the head of the digital finance department of each subsidiary to report on the content, progress, schedule, and promotion of mobile device development and optimization. Every six months, we evaluate the growth rate of mobile users of each subsidiary's digital finance department.	4.2
<b>Material Topics: Sustainable finance</b>				
The Group places emphasis on sustainable financial development and is in line with international trends. We have developed Sustainable Finance Guidelines and are gradually incorporating ESG considerations into our lending, investment and financial products and services development. We also combine the business expertise of each subsidiary to provide diversified financial services and support the development of enterprises with sustainable concepts, and use our influence as a capital provider and manager to channel capital to sustainable industries and expand the influence of sustainable finance.	Encourage our business partners to set sustainable goals, promote green energy, and support sustainability-related industries as well as companies with good ESG performance to drive society to engage in sustainable practices.	<ul style="list-style-type: none"> <li>Sustainable Finance Guidelines</li> <li>Industry-Specific Environmental and Social Risk Management Rules</li> </ul>	Through half year meetings of the chief executive officers of the Company and its subsidiaries, we review the progress and performance of sustainable investment and financing, ESG products and services, and ESG consultation and negotiation, and discuss relevant international trends and directions for promoting sustainable finance, so that ESG can be implemented in our operations.	4.1
<b>Material Topics: Financial Inclusion</b>				
The Group is committed to strengthening the inclusiveness of its financial services and integrating the core idea of "fulfilling your biggest dreams" to provide diversified, convenient, and lower-cost financial services to the disadvantaged people and micro-enterprises in the society, effectively promoting the development of local finance and expanding the reach of financial services, such as micro-insurance, public trust, and barrier-free financial services. We hope to enable disadvantaged groups to enjoy equal access to financial services.	Continue to promote financial inclusion, protect the rights and interests of the public to obtain financial services, promote social equity, and achieve inclusive growth.	—	We track and manage the performance of each subsidiary's financial inclusion products on a quarterly basis. Through each subsidiary's quarterly reports on the new financial products developed, the number of participants, and the amount of money involved, as well as reporting on the 24 financial inclusion indicators and 4 observation indicators of Taiwan's Financial Supervisory Commission (FSC), we are able to grasp the financial inclusion policies of the competent authorities.	4.2
<b>Material Topics: Climate action</b>				
We are committed to building a corporate green culture by managing internal energy consumption and greenhouse gas emissions, continuously improving energy efficiency, and actively purchasing green power and renewable energy to reduce the environmental impact of our operations.	Care about climate action issues, set carbon reduction targets, and implement GHG inventory, energy management, climate finance, and supply chain carbon reduction management to mitigate global warming; and use our financial power to promote low-carbon industrial transformation.	Environmental and Energy and Climate Change Management Policy	<ul style="list-style-type: none"> <li>Environmental related ISO standard system is introduced and third-party verification is obtained.</li> <li>Annual review of carbon reduction, energy saving, renewable energy use, water saving, and waste reduction targets.</li> </ul>	3.1

## 2.5 Sustainable Impact Value

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 disclose our management performance. In the spirit of the reporting framework of the Integrated Reporting (IR) developed by the International Integrated Reporting Council, we disclose our six major capital inputs. By strategically allocating and utilizing sustainable capital, the Group maximizes the effectiveness of its capital and strives to create sustainable value for all stakeholders.

### Six Types of Major Sustainable Capital

#### Financial Capital



Operating costs NT\$ **37.456** billion  
Employee benefits costs NT\$ **25.428** billion

#### Natural Capital



Green procurement of  
NT\$ **212** million. Energy Saving  
Action Project NT\$ **7.96** million.

#### Intellectual Capital



The Group obtained a total  
of **12** patents.

#### Manufactured Capital



Yuanta Securities **147** locations.  
Yuanta Bank **149** locations.  
Total number of ATMs: **505**.

#### Human Capital



Local talent development and cultivation costs of NT\$ **43.54** million.  
Entire staff invested **651,622** hours into learning to enhance workplace competitiveness.

#### Social and Relations Capital



Charitable donations of NT\$ **113** million.  
The Group's volunteer commitment reaches **2,989** number of people;  
Volunteer input **7,386** hours.

Note: The impact disclosure framework adopts Total Impact Measurement and Management (TIMM), which makes reference to the monetization methods of the Natural Capital Protocol and Social Capital Protocol to measure and quantify the impact after compiling the data and identifying the financial impact variables. The indicator content description is provided in Appendix 10.

In the critical era of sustainable development, the financial industry plays an important role in driving the entire society towards sustainable transformation. With the goal of continuing to create sustainable impact, Yuanta Financial Holdings uses the Total Impact Measurement and Management (TIMM) framework<sup>Note</sup> to explain the impact of its operations on society and the environment from four perspectives: economy, taxation, society, and environment, and to communicate with stakeholders through quantification, with the objective of increasing positive impact over time. In 2022, the quantified sustainability impact of Yuanta Financial Holdings was NTD 1,576,881,556 thousand.

### Economic and Tax Impact NTD 1,365.43 billion

#### Impact description

Under the business strategy of "solidifying cores and pursuing growth", Yuanta Financial Holdings has achieved significant economic performance and generated real profits. In 2022, amidst the post-pandemic era, there was a strong economic performance that balanced three core principles: "prudent profitability", "risk management", and "sustainable development". Employee payroll, capital expenditures, tax contributions, and financial financing and investment activities generate economic benefits for employees, government, and industry at large, and drive the overall economic development of the society.

#### Impact factors

Profits, salaries and employee benefits, intangible assets, capital expenditures, investment and financing (general and sustainability related), tax contributions

### Environmental Impact NTD -6.654 billion

#### Impact description

"Green Pioneers in Environmental Change" is the responsibility of Yuanta Financial Holdings. The value of our positive impact on the environment in 2022 through a series of climate actions, water resources and waste management was NTD 6.74 million, mainly from low-carbon investments, use of renewable energy, and carbon reduction and water conservation actions that bring carbon reduction benefits. The negative environmental impact was NTD 6.654 billion, which was mainly due to the social cost of carbon generated from financing and investment and financing activities, in addition to the energy consumption of operational needs. In the future, we will continue to expand our financing and investment targets with carbon reduction benefits to enhance the overall positive environmental benefits.

#### Impact factors

Waste disposal and recycling, water consumption, greenhouse gas emissions arising from financing and investment activities, investment in greenhouse gas emissions, carbon reduction benefits

### Social Impact NTD 218.091 billion

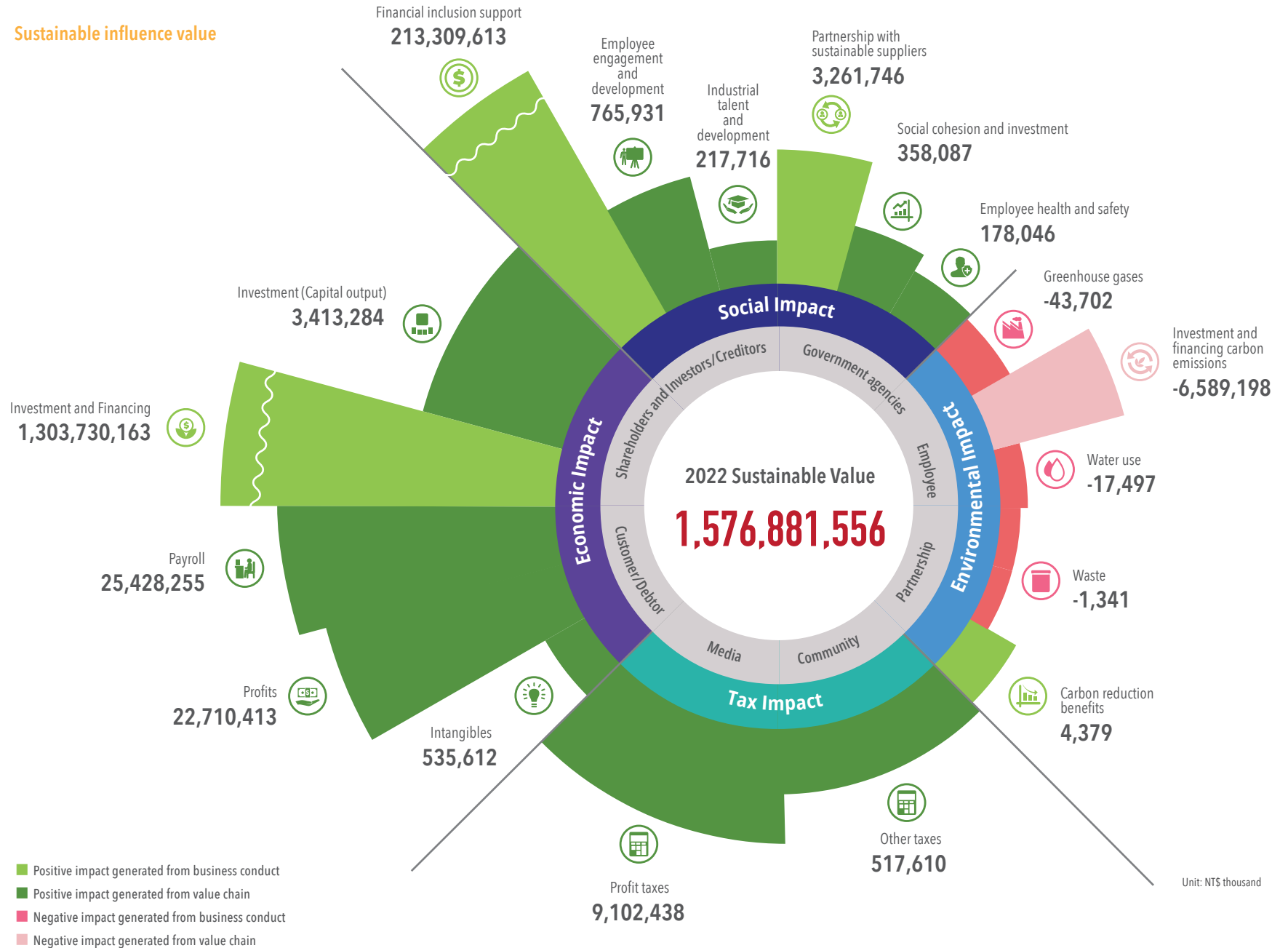
#### Impact description

Among the five sustainable strategies of DREAM, employee care, customer rights and social welfare are the focus of Yuanta's social impact development. The positive social impact in 2022 was NTD 218.091 billion mainly due to the investment in multi-functional development and healthy working environment of employees, but the social loss due to occupational accidents was NTD 811 thousand. The value chain includes cultivating financial talent and knowledge transfer, supporting social welfare and financial inclusion, and building sustainable supplier partnerships to provide real assistance and protection to vulnerable groups in the socio-economic sphere. At the same time, by investing in local procurement, green procurement, and due diligence management, Yuanta actively supports local suppliers and exerts a positive social influence.

#### Impact factors

Employee engagement and development, employee health and safety, social cohesion investment, financial inclusion support, industry-academia cooperation development, supplier partnership

## Sustainable influence value





ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

**CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE**

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## CHAPTER 3

# GREEN PIONEERS IN ENVIRONMENTAL CHANGE

3.1 RESPONSE TO THE INTERNATIONAL CARBON REDUCTION PROGRAM

3.2 CONTRIBUTION TO THE DEVELOPMENT OF GREEN OPERATIONS



## Environmental Management Development History



## 3.1 Response to the International Carbon Reduction Program

The Group actively engages in carbon reduction. In line with international practices, we formulated climate change governance in reference to international standards and initiatives such as TCFD, PCAF, SBT, and CDP. We are gradually perfecting the management mechanism for carbon inventories in our operations and investment/ financing assets, as well as risks and opportunities related to climate change, while enhancing the climate risk management philosophy at the core of our operations through the ICP mechanism, and fulfilling our sustainable responsibilities in the finance sector.

### TCFD Climate Risk and Opportunity

Climate action has become a critical global issue as the impact of climate change and extreme weather events continue to intensify. In 2022, the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27) was held, in the hope of turning commitments into concrete actions to achieve carbon reduction. The convention urged countries around the world to gradually decrease their coal emissions and work collectively to limit the temperature rise to within 1.5°C in order to achieve net-zero emissions. The Executive Yuan has recently introduced "Taiwan's Pathway and Strategies to Net-Zero Emissions in 2050", which calls upon the financial industry to guide industries towards net zero emissions and promote sustainability by leveraging its funds, products, engagement, financial prowess and the market's mechanism. To further the cause, we have developed a net-zero transformation plan for our group to demonstrate our commitment to achieve sustainability and net-zero emissions. Moreover, we have been publishing TCFD reports since 2021 to ensure the comprehensiveness and the transparency of our climate-related data disclosure meet the expectation of all stakeholders and to show that Yuanta is responding to the risks and opportunities caused by climate change.

### Net-zero Transition, Sustainable Yuanta

With "Becoming an international benchmark enterprise for sustainability & Actively promoting a better future for future generations" as our vision, the Group is committed to long-term efforts toward climate change. We declared our resolution to achieve net-zero emissions and proposed the Climate Finance Operating Guidelines in 2023 to guide our actions toward the goal of net-zero emissions by 2050 set by Taiwan and the United Nations. We have also launched carbon reduction actions in four major areas, namely low-carbon operations, sustainable finance, low-carbon supply chain, and sustainability initiatives, in which we integrated the vision of net-zero transformation into day-to-day operations and business decision-making process.

In 2019, the Group signed the "Science Based Targets Initiative (SBTi)" and completed the inventory of Category 1 and 2, being the first diversified financial company in Taiwan to undertake this initiative. The Company has completed the carbon emission inventory and disclosure of its investment and financing assets in 2020 through scientific methods, following the PCAF methodology and TCFD disclosure recommendations. We abided by the SBT methodology to set carbon reduction targets and formally passed the SBT review in 2022. In the future, we will take stock of the GHG emissions of our own operations and investment and financing assets on an annual basis, and continue to refine our carbon reduction efforts to give full play to our financial influence to promote the low-carbon transformation of the industry as a whole and strengthen climate management to achieve the goal of sustainable finance. Category 1 and 2 GHG inventory information is detailed in section 3.2 Low-Carbon Operations, and GHG inventory information for financial assets is detailed in the TCFD Report.



Yuanta Finance  
TCFD report

### SBT Targets <sup>Note 1</sup>

Category 1 and 2			
		42% absolute GHG emissions reduction by 2030 compared to 2020	
Category 5 (Investment and Financing)			
By Investment and Financing Target	Electricity generation project finance	49% reduction in GHG emissions per MWh by 2030 in comparison to 2019 for electricity generation project finance portfolio.	
	Corporate loans	Commercial real estate	59% reduction in GHG emissions per square meter by 2030 in comparison to 2019 for corporate loan portfolio for commercial real estate sector.
		Electricity generation	49% reduction in GHG emissions per MWh by 2030, in comparison to 2019 for corporate loan portfolio for electricity generation sector.
		Other long-term loans	<ul style="list-style-type: none"> <li>• 58% reduction in GHG emissions per square meter by 2030, in comparison to 2019 for long-term corporate loan portfolio for finance, retail, service, food and lodging, and real estate development sectors.</li> <li>• SBT targets to be set for 38% of long-term corporate loan portfolio (calculated based on the loan value) for fossil fuel <sup>Note 2</sup>, electrical and electronic equipment as well as general manufacturing sectors by 2027.</li> </ul>
	Listed equity and bonds <sup>Note 3</sup>	SBT targets to be set for 39% (calculated based on invested value) of the proprietary investment portfolio for listed equity and bonds by 2027.	

Note:

1. For targets validated by SBTi, please refer to: [https://sciencebasedtargets.org/resources/files/Target-language-and-summary\\_Yuanta-Financial-Holding-Co.-Ltd.docx.pdf](https://sciencebasedtargets.org/resources/files/Target-language-and-summary_Yuanta-Financial-Holding-Co.-Ltd.docx.pdf)

2. The target includes 100% of the Group's fossil fuel corporate loans.

3. The listed equity and corporate bond investment portfolio includes common stock, preferred stock, corporate bonds, exchange-traded funds (ETF), real estate investment trust (REIT) investments and mutual funds.

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

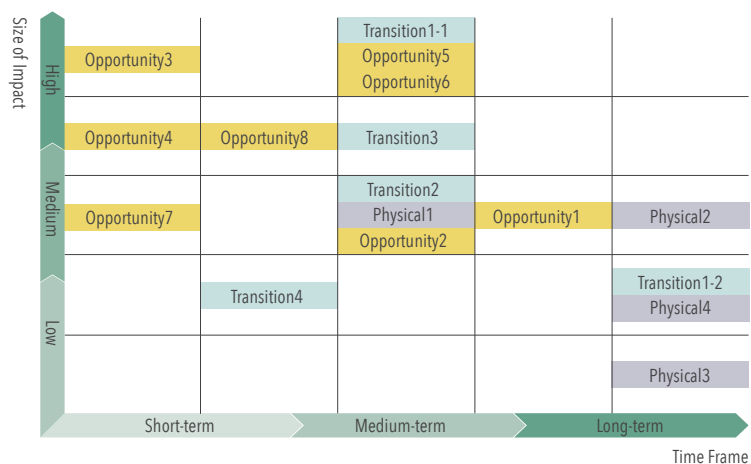
CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## TCFD Executive Summary and Highlighted Performance

Dimension	Executive Summary	Performance Highlights	TCFD Report
Governance	<p>1.The Company's Board of Directors is the highest climate related supervisory authority and has established the "Risk Management Committee" and "Sustainable Development Committee" under it, chaired by the Chairman of the Company, which are responsible for overseeing and managing climate-related risks and opportunities, and promoting the Group's overall climate strategy and policies.</p> <p>2.The TCFD Working Group, consisting of the Risk Management Department is responsible for identifying, evaluating and monitoring climate related risks and opportunities, and reporting important climate risk related information to the Risk Management Committee on a quarterly basis.</p> <p>3.The Corporate Sustainability Office is responsible for promoting the Group's policies and related work plans, developing adaptive strategies and action plans, and reporting regularly to the Sustainable Development Committee on the effectiveness of implementation.</p>	<ul style="list-style-type: none"> <li>Improved the climate governance structure and created a TCFD working group to manage climate related issues and impacts in a comprehensive manner.</li> <li>The performance evaluation of senior management has included the indicators related to performance of sustainable development goals, including climate management, and the evaluation results are linked to the reward.</li> <li>The independent director has a professional background in climate risk management.</li> <li>Senior management and board members took training courses on sustainability and climate related issues.</li> <li>Formulated management policies for the environment and energy as well as climate change.</li> <li>Formulated climate risk management guidelines for investments and financing.</li> </ul>	CH 1
Strategy	<p>1.We regularly identify short-, medium- and long-term climate risks and opportunities, and develop countermeasures and management strategies.</p> <p>2.Modeling of scenario analysis and quantification of financial impacts:</p> <ul style="list-style-type: none"> <li>–Analysis of the transition risk and physical risk scenarios for the Top Down and Bottom Up scales of the investment and financing positions.</li> <li>–Scenario analysis of the physical risk in its own operations.</li> <li>–Analysis of financial opportunities in a transition risk scenario.</li> </ul> <p>3.The quantitative results are used to develop corresponding risk management actions, including related indicators or targets.</p>	<ul style="list-style-type: none"> <li>In 2022, 8 risks and 8 opportunities were identified.</li> <li>Continuously improving and refining the climate risk scenario analysis model by including climate risk factors (e.g. credit risk and market liquidity risk) in the assessment scope.</li> <li>Used the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) scenarios to assess financial impacts caused by long-term rising temperature and transformation policies.</li> <li>Continued to implement the internal carbon pricing (ICP) mechanism.</li> <li>Continuously promoting climate finance products and services, and implementing responsible investment and responsible financing.</li> </ul>	CH 2, CH 3
Risk Management	<p>1.The process for identifying, measuring and managing climate-related risks and opportunities is defined and integrated into the existing risk management framework. For more details, please refer 5.3 Risk Management.</p> <p>2.Incorporate climate risk into the Group's risk management policy and establish a management mechanism to facilitate the consideration of climate risk in daily operations, e.g., we have integrated climate change risks into the three lines of defense. For more details, please refer 5.3 Risk Management.</p>	<ul style="list-style-type: none"> <li>Continued to include climate-related risk factors in the investment and lending review process.</li> <li>The risk management department began to monitor the group's climate risk value on a monthly basis from 2022. The risk management departments of the five major subsidiaries will implement monitoring of relevant climate change risk value from 2023.</li> </ul>	CH 2
Metrics and Targets	<p>1.The Group sets targets and goals for major climate risks and opportunities, including greenhouse gas emissions and green electricity use, and regularly tracks and discloses progress towards them.</p> <p>2.Annual disclosure of various types of greenhouse gas emissions and obtaining external verification.</p>	<ul style="list-style-type: none"> <li>Set the threshold for monitoring the Group's overall climate risk value.</li> <li>Completed the carbon emission inventory of investment and financing assets according to Partnership for Carbon Accounting Financials' (PCAF) proposed methodology and TCFD disclosure framework.</li> <li>Continuously enhanced the use of green energy. In 2022, five business locations of Yuanta Securities, Yuanta Bank, and Yuanta Futures are 100% powered by green energy.</li> </ul>	CH 4

## Short-, Medium- and Long-term Risks and Opportunities



Type	Description
Type1   Risks	Transition1-1 Cost for decarbonization policies and legal compliance- Investment and financing clients.
	Transition1-2 Cost for decarbonization policies and legal compliance - Own operations.
	Transition2 Cost for eco-friendly green energy transformation.
	Transition3 Investor divestment from high-polluting industries.
	Transition4 Impact on the Company's reputation for investing in highly polluting industries.
	Physical1 Increase in insurance premium cost for natural disasters and infectious diseases.
	Physical2 Extreme climate causes companies that receive investment/financing to halt their operations.
	Physical3 Losses from business locations and collateral damages due to flooding.
Type2   Opportunities	Physical4 Losses from business locations and collateral damages due to a rise in sea level.
	Opportunity1 Improving energy efficiency in business locations.
	Opportunity2 Green procurement and supplier management.
	Opportunity3 Develop and promote low-carbon products and services.
	Opportunity4 Customer engagement on sustainability and green consumption concepts.
	Opportunity5 Sustainable investment and green loan.
	Opportunity6 Sustainable development bond market.
	Opportunity7 Cooperation with government agencies.
Opportunity8 Natural disaster crisis management and early warning measures	

Note:  
1.The time frame defined in the consideration scope is as follows: short-term (possible occurrence within 1 year), medium-term (one to three years), and long-term (three years or more).  
2.The size of the impact is determined by the results of internal discussions after considering domestic and foreign industry analysis reports and the Group's market research information.

## Climate Risks and Opportunities Financial Impacts and Countermeasures Table

#	Type	Financial Implications	Response Measures
Transition risk1-1	Cost for decarbonization policies and legal compliance- Investment and financing clients.	Stricter regulations or lack of transition technique may cause extra carbon reduction costs for investment and financing targets, resulting in decreased profits for clients, a drop in stock prices, or increased credit risks, ultimately taking a toll on the Group's assets.	Keep a careful watch on the changes in international carbon tax and carbon-related regulations, and enhance engagement with high-carbon investment and financing targets.
Physical risk2	Extreme climate causes companies that receive investment/ financing to halt their operations.	Extreme weather events cause investment and financing targets to lose property or cease operations, which leads to a reduction in the Group's assets.	Strengthen the due diligence and Know Your Customer (KYC) process for investment and financing targets to ensure a comprehensive understanding of the resilience of business partners when responding to extreme weather events.
Opportunity5	Sustainable investment and green loan.	Formulate group-level investment and financing policies to steer capital towards sustainable businesses and increase business revenue.	Investment and credit decisions will be made in accordance with the Sustainable Finance Guidelines and the Industry-Specific Environmental and Social Risk Management Rules. Each subsidiary's investment unit has formulated regulations and indicators based on the nature of its business and incorporate the concept of ESG into the investment process. For credit business, Yuanta Bank has formulated the Guidelines for Managing Equator Principles Financing Cases to implement the Equator Principles.

Note: This table uses transition risk 1-1, physical risk 2, and opportunity 5 as examples to illustrate the financial implications and response measures for the Group. For the rest of the risks and opportunities, please refer to 2.2 Short-term, mid-term, and long-term risks and opportunities in the TCFD Report.

## Carbon Emissions Inventory of Investing and Financing Business

In order to capture the impact of investment financing on climate change, the Group has estimated the GHG emissions from investment and financing cases since 2018 (1,866,739.76 metric tons of CO<sub>2</sub>e ; 1.02 metric tons of CO<sub>2</sub>e /NT\$ million). As the relevant accounting methodologies mature, the Group continues to expand the scope of the inventory in accordance with the PCAF methodology and TCFD disclosure recommendations as a basis for managing climate risks and opportunities of investment and financing business, and discloses the results of the inventory on a yearly basis. Detailed information is disclosed in the TCFD report.

Financing	2019	2020	2021	2022
Greenhouse gas emissions (metric tons of CO <sub>2</sub> e) <sup>Note 1</sup>	1,584,973.21	3,140,616.85	2,939,046.21	3,536,366.38
Greenhouse gas intensity (metric tons of CO <sub>2</sub> e/NT\$ million) <sup>Note 2</sup>	3.74	5.25	4.73	4.38
Data coverage (%) <sup>Note 3</sup>	22.41	28.64	27.51	35.14

Notes:  
1.GHG emissions from investment and financing are calculated based on corporate loans, electricity generation project financing, commercial real estate loans, and investment in listed equity and corporate bonds consolidated by the Group, as well as sovereign debt investment using the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF) on December, 2022, as reference. The relevant GHG emission data comes from the external database, self-collection and estimation.  
2.GHG intensity of financial assets: The methodology recommended by TCFD Guideline has been used to calculate the carbon intensity of each financial asset. Calculation formula: Total financial assets greenhouse gas emissions (metric tons of CO<sub>2</sub>e)/Total financial assets inventory risk position (NT\$ million) = Carbon intensity of financial asset (metric tons of CO<sub>2</sub>e/ NT\$ million).  
3.The data coverage rate is the proportion of the total number of assets included in the inventory to the total number of investments and loans.  
4.The GHG emission inventory scope was expanded in 2020(including short-term investment position), resulting in the Carbon Intensity in year 2020 to be higher than in 2019.

## TCFD Scenario Analysis

### Contextual Analysis General Description:

In 2021, the Group deepened its climate risk scenario analysis model by integrating Top Down analysis (the overall investment position) and Bottom Up analysis (the level of individual company in high climate risk industries) to analyze climate related financial impacts at different points in time and under different scenarios from multiple perspectives. In 2022, we continue to refine the climate risk quantification model, and incorporate various risk factors of climate risk impacts—credit risk factors, market liquidity risk factors and other risk factors into the scope of assessment.

- 1 Top Down analysis: Calculate the additional loss of investment position due to the impact of climate change at the industry level by incorporating information on climate risks derived from economic model.
- 2 Bottom Up Analysis: Analyze the impact of individual investment and financing targets on the Group by understanding industry climate risks and risk exposures with industry-specific climate risk assessment tools.

#### TOP DOWN SCENARIO ANALYSIS STEPS:

- STEP 01** Establishing a climate-economic model: Evaluate and decide on a climate-economic model that links climate factors to economic losses.
- STEP 02** Economic scenario generator: Based on the data required for financial instrument evaluation, the various risk factors are screened and economic scenarios are generated through the climate-economic model to calculate the impact of climate scenarios on economic damage, and by extension, on various risk factors.
- STEP 03** Value loss calculation: The adjusted various risk factors of each investment position and the economic variables of each country are incorporated into the financial instrument pricing model to calculate the value loss of each subsidiary's investment position.

#### BOTTOM UP SCENARIO ANALYSIS STEPS:

- STEP 01** Matrix analysis: With reference to industry climate risk reports, financial market trends, and the Group's investment and financing risks exposure by industry, priority is given to industries with higher climate risk and higher industry risk exposure for analysis.
- STEP 02** Additional cost calculation: Inventory the relevant data (e.g., financial information, greenhouse gas emissions, etc.) of investment and financing targets, and calculate additional costs under different scenarios and time scales.
- STEP 03** Expected loss calculation: Additional costs are brought into different valuation methods to calculate the expected losses arising from changes in financial factors of the investment and financing targets.

### Quantitative analysis of financial impact:

Strategies	TOP DOWN	BOTTOM UP		
Risk Type	Overall Climate Risk	Transition Risk—Cost of Carbon Reduction		
Climate Scenario	SSP1-RCP2.6+NGFS Net Zero 2050, SSP1-RCP2.6+NGFS Divergent Net Zero, SSP5-RCP8.5+NGFS Current Policies	NGFS Net Zero 2050 (1.5°C) Well Below 2°C	The Group's SBT goal and the national goal of 2050 Net-Zero	
Evaluation Period	2023, 2027, 2032	2025, 2030, 2035, 2040, 2045, 2050		
Analyzed industry	All Industries	Plastics, steel and iron, energy, power generation, cement, and land transportation	Group	
Analyzed subject	Mid-term and long-term investment positions, including the Group's subsidiaries	Corporate banking credit position	Equity investment position	All of the business locations in Taiwan
Evaluation Method	Linking macroeconomic model and climate model	Expected Credit Loss Model	Equity Valuation Model	Expected green energy cost scenario analysis





### Top Down Quantitative Analysis:

**Analysis:** Loss of value of investment position of each subsidiary due to long-term temperature increase

**Assessment results:** The long-term relative market value decrease of the Group's medium and long-term investment positions due to the impact of climate is about 0.5% of the base day's market value. Because the types of commodities invested by the whole group are more diverse, after diversification and risk diversification, the impact of climate change is not significant.

**Analysis:** Expected losses in credit due to climate change in each subsidiary's med- and long-term investment positions.

**Assessment results:** For the expected credit losses, the increase in the Group's mid- and long-term investment positions due to climate change is approximately 0.8% of the base date's market value. The expected change in credit losses due to climate change is not as significant since most positions are investment-grade.

**Analysis:** Discount rate of financial trades due to climate change in each subsidiary's med- and long-term investment positions.

**Assessment results:** For the discount rate of financial trades, the additional loss of climate market value is approximately 0.02%, due to climate change's impact on the Group's mid- and long-term investment positions needed to settle within a week. Overall, the discount rate of climate market value due to climate change is not significant.

Note: For the process and results of a detailed top-down quantitative analysis, please refer to Yuanta Financial Holdings' 2022 TCFD Report 2.3 Quantitative Financial Analysis of Climate Change.

### Bottom Up Quantitative Analysis:

**Analysis:** The impact ratio of carbon cost for each industrial asset position in the equity investment position under two scenarios (1.5°C / <2°C).

**Assessment results:** In equity investment positions, a clear impact can be seen in the cement, steel, and energy sectors as they grow annually. Analysis suggests that this is because most assets concentrate on investments with slightly higher net loss rates.

**Analysis:** The impact ratio of carbon cost for each asset position in the corporate banking credit position under two scenarios (1.5°C / <2°C).

**Assessment results:** The power generation and steel industries have a more significant change in impact level with the increase of year, where the impact of the 1.5°C scenario is more significant than that of the <2°C scenario.

**Analysis:** Quantitative Evaluation of the promotion of renewable energy carbon reduction.

**Assessment results:** The expected cost of procuring green energy and using it as the main approach to carbon reduction is estimated to reach NT\$49.3 million by 2030 and NT\$105 million by 2050.

Note: For the process and results of a detailed bottom-up quantitative analysis, please refer to Yuanta Financial Holdings' 2022 TCFD Report 2.3 Quantitative Financial Analysis of Climate Change.

### Response Measures

The Group establishes indicators for monitoring the Climate Value-at-Risk (VaR) based on the estimated loss of the investment portfolio by integrating the results of the Top Down analysis, in order to control the additional credit and impermanent losses of the value of financial instruments. In addition, the Group has been combining the results of the Bottom Up analysis with the analysis of individual companies to manage the investment and financing targets that have a greater impact, and continues to develop related measures, such as strengthening the examination of customers' ability to cope with transformation risks in the credit process, reducing the investment and financing of enterprises with high climate risks, and engagement with the target companies of high carbon emission industries. The Group will continue to monitor changes in climate risk trends and regularly review the results of risk analysis, which will be used as a basis for formulating relevant countermeasures and promoting sustainable financial strategies.

### CDP Disclosure Project

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, review the organization's climate governance and risk management, 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 as well as enhancing our climate resilience. In the 2022 CDP Climate Change Questionnaire, our Company achieved high scores in GHG emissions, emission reduction activities, risk disclosure, value chain engagement and climate risk assessment of investment and financing portfolios, and was ranked a "Leadership Level score of A", which is the highest CDP rating, for 3 consecutive years. In addition, we received an A-level (Leaderboard) score in the Supplier Engagement Rating.



## Internal Carbon Pricing (ICP) Mechanism Program

The Company takes responsibility as a green pioneer under the environment and climate change. In response to the international trend of carbon reduction and the implementation of corporate carbon management, the Company introduced the Internal Carbon Pricing (ICP) in 2020, and formally implemented the ICP trial run in 2022, making it the first financial institution in Taiwan to “internalize the external cost” of greenhouse gas (GHG) emissions and set a clear price.

ICP is based on the principle of “total mass based control - high emitters pay”, and the boundary for the Group’s ICP mechanism is primarily based on Category 1 and Category 2 GHG emissions, referring to the international carbon pricing and the estimated carbon costs for the 2050 net-zero scenario to set the cost of greenhouse gas emissions; by building an ICP team that takes into account the changes in international carbon reduction goals, carbon pricing, and investment costs associated with net-zero transition, we will continue to make rolling adjustments to our ICP, visualizing the cost of carbon emissions and carbon reduction benefits generated by operations, and then identify and control the risks and opportunities associated with carbon emissions, and promote the resilience of transition risks.

To work toward low-carbon development, the ICP mechanism uses carbon reductions within the scope of the Group’s operations as a goal. The Company is also taking active steps to improve energy efficiency and reduce emissions, using the Shadow Price model as the mechanism to assist the Group’s subsidiaries in evaluating the benefits of energy-saving and carbon-reduction projects, and is linked to the ISO 50001 energy management system by including the parameter of carbon price in the calculation of inputs and outputs of energy-saving action projects to achieve synergistic effects. Going forward, carbon-reduction goals will be linked with the performance evaluation of the managers to carry out our determination to achieve carbon reduction.

Year	Period	Key Events
2020	June ~ December	Studied carbon price trading mechanisms, and collected information on international carbon fees as well as the costs to achieve net zero carbon emissions in 2050.
2021	January ~ June July ~ December	Set up an internal carbon price group and discussed trial mechanism-related details. Yuanta Financial Holdings, its subsidiaries, and its departments had interdepartmental discussions on trial draft implementation-related details.
2022	January ~ June July ~ December	Yuanta’s internal management reported to the Sustainable Development Committee the trial in ternal carbon price mechanism, which passed the review. Yuanta Financial Holdings and its subsidiaries formally implemented a trial internal carbon pricing mechanism.
2023	June ~ December	Yuanta Financial Holdings and its subsidiaries implemented a trial internal carbon pricing mechanism.

## 3.2 Contribution to the Development of Green Operations

### Low- Carbon Operations

Extreme weather incidents will cause asset valuation loss or disruptions in the Company’s operations. To mitigate and adapt to the impact of weather incidents on the Company’s operations, Yuanta Financial Holdings will include economic benefits, climate change (flood and soil liquefaction), protective facilities, and sustainable architecture (e.g., Green Building Label, renewable energy power system, rainwater collection system, and Energy Conservation Label) when selecting the site for operational expansion. The site evaluation will be completed to prevent and reduce possible disasters and operating losses in the future.

The Group has conducted full GHG inventories and acquired certification since 2018. Moreover, we also passed the SBTi compliance validation this year. Through our energy and environmental management systems, we monitor our electricity consumption and carbon emissions, and actively procure renewable energy to support the government’s energy transition goals and the “RE10x10” climate declaration initiative launched by Greenpeace. Going forward, we will continue to focus on taking inventories of our carbon footprint, strengthening operational resilience, and leverage sustainable impact to advocate low-carbon transition throughout the industry, thereby reinforcing our goal to achieve sustainable financing through climate management.

### Greenhouse Gas Inventory

#### Group Greenhouse Gas Emissions

Greenhouse Gas Emissions (Metric tons CO <sub>2</sub> e)	2019	2020	2021	2022	2022 Targets	Target Status	2023 Targets
Category 1	1,361.94	1,492.17	1,660.71	1,436.98	1,627.50	–	1,594.95
Category 2 (Location-based)	20,150.58	22,388.12	20,593.33	18,562.91	22,260.32	–	21,815.11
Category 2 (Market-based)	19,896.08	22,128.53	20,407.59	18,562.91 <sup>Note 5</sup>	22,260.32	–	21,815.11
Category 1+2 (Location-based)	21,512.51	23,880.29	22,254.04	19,999.89	24,129.78	Achieved	23,647.18
Carbon Intensity (Metric tons CO <sub>2</sub> e / NT\$1 billion revenue)	199.92	206.53	186.63	218.57	260.75	Achieved	255.54
Data Coverage Rate (%) <sup>Note 6</sup>	100.00	100.00	100.00	100.00	–	–	–
Category 3~6 <sup>Note 7</sup>	5,667.59 <sup>Note 8</sup>	6,440.28	4,035.19	125,777.62 <sup>Note 9</sup>	126,358.09	–	126,358.09

Notes:

- The inventory is conducted for Category 1~4 based on ISO 14064-1. The operational control approach is used to set the organizational boundary, and the base year was the 2017 location-wide inventory.
- The GHG emissions are calculated using the emission factor method = activity data x emission factor x Global Warming Potential (GWP). GWP references to IPCC 2021 AR6 version.
- Category 1 and 2 GHG emissions include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.
- Category 1 GHG emissions mainly come from gasoline and refrigerant. The emission factors are calculated using the “Taiwan Environmental Protection Administration Greenhouse Gas Emission Factor Management Table 6.0.4.”
- Category 2 GHG emissions are externally procured electricity, and calculated using the quantitative method of “Taiwan Environmental Protection Administration Operating Guidelines for Greenhouse Gas Emissions Inventories.” The emission coefficient is calculated using the latest historical electricity carbon emission coefficients announced by Taiwan’s Bureau of Energy, Ministry of Economic Affairs (MOEA) in 2022. Therefore, the GHG emissions of Category 2 (location base) and Category 2 (market base) in 2022 are comparably equivalent.
- Data coverage rate represents the ratio of locations included in the Category 1 and 2 data compared to total locations in the specified year.
- Category 3~6 GHG emissions do not include the carbon emissions related to investing and financing activities.
- The source of significant Category 3~6 GHG emissions in 2019-2021 are from business travel and waste disposal and purchased electricity (upstream emissions). Business travel emissions in 2020 - 2022 dramatically dropped owing to the impact of COVID-19.
- For details about disclosures of Category 3~6 GHG emissions which based on GHG Protocol scope 3 emissions, please refer to the appendix 4.

## Energy Consumption

### Group Main Energy Use

Items	2019	2020	2021	2022	2022 Targets	Target Status	2023 Targets
<b>Non-Renewable Energy</b>							
Power Consumption (kWh)	37,805,960	43,984,518	41,022,562	36,454,150	43,429,066	Achieved	42,976,680
Other Energy Consumption (GJ)	5,159	6,160	5,147	4,402	-	-	-
Other Energy Consumption (MWh)	1,433.06	1,711.11	1,429.72	1,222.78	-	-	-
Total Energy Consumption (GJ)	141,285	164,533	152,828	135,637	162,259	Achieved	160,569
Total Energy Consumption (MWh)	39,245.83	45,703.61	42,452.22	37,676.93	45,072.04	Achieved	44,602.54
Energy Intensity (GJ / NT\$1 billion revenue)	1,312.96	1,422.94	1,281.68	1,482.34	-	-	-
<b>Renewable Energy</b>							
Power Consumption of Green Power Wheeling & Renewable Energy Certificates (kWh)	500,000	510,000	527,341	945,924	530,000	Achieved	800,000
Total Renewable Energy Consumption (GJ)	1,800	1,836	1,896	3,405.32	-	-	-
Total Renewable Energy Consumption (MWh)	500.00	510.00	527.34	945.92	-	-	-
Data Coverage Rate (%)	100.00	100.00	100.00	100.00	-	-	-

Notes:

1.The primary form of energy use is purchased electricity. The item of other energy includes gasoline and diesel.

2.The conversions of heating value of energy are calculated with reference to the conversion units published by the International Bureau of Weights and Measures and to the "2021 Energy Statistics Handbook - Table for Unit Heating Value of Energy Products" of Taiwan's Bureau of Energy, MOEA. We calculated the data using 860 kcal/kWh for electricity, 7,800 kcal/L for gasoline, and 8,400 kcal/L for diesel, and converted units by 4.1868 kJ/kcal, 0.277778 MWh/GJ.

3.Data coverage rate represents the ratio of locations included in the data compared to total locations in the specified year.

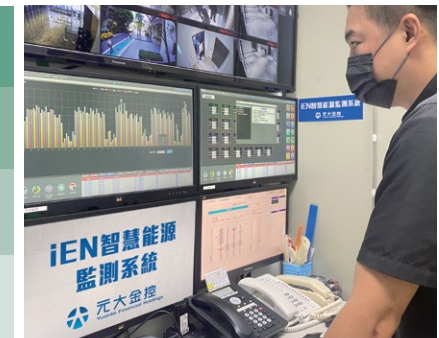
## Energy Management System

In order to implement sustainable energy management, Yuantai Plaza has obtained a Green Building Silver Label from Taiwan's Ministry of the Interior. The Group plans to obtain green building certifications for all newly constructed buildings owned by us by 2050, in order to achieve our low-carbon sustainability goals in energy usage.

The consumption of purchased electricity accounts for the largest part of the energy used in our services. Through a systematic management structure and process, we implement energy saving plans to achieve effective improvement of energy performance, decrease of energy costs, and reduction of environmental impact. In accordance with Yuanta Financial Holding's "Environment and Energy and Climate Change Management Policy", the Company continued to improve energy use and reduce greenhouse gas emissions. In 2022, all 10 buildings owned by the Group (Yuanta Financial Holding Building, Yuantai Plaza, Chengde Building, Baoqing Building, Taichung Building, Chongde Building, Yongkang Building, Fucheng Building, Kaohsiung Building, and Mingcheng Building) have obtained ISO 50001 Energy Management System certification. To achieve scientific real-time energy management, the Group has established Intelligent Environment Network, iEN, which uses real-time electricity usage data to manage and reduce power consumption. We have also implemented alerts for excessive electricity consumption, enabling us to manage and promptly respond to situations of overuse, thus fulfilling our energy management goals. Since the implementation of ISO 50001 in 2016, the overall performance of energy management has improved by nearly 10%, which contributed to carbon reduction of cumulative 1,761.12 metric tons CO<sub>2</sub>e.

## iEN (Intelligent Environment Network)

- 1 Analyze the historical electricity consumption data of each building using the system.
- 2 Set alert for exceeding expected electricity use.
- 3 Units exceeding the electricity use threshold will receive text message and email alert.
- 4 These units will check their power use and record any abnormalities.



- 5 If the equipment is newly deployed, it will be added to the range of normal power use.

- 6 If it is abnormal power use, a corrective form will be issued in line with ISO50001, and the unit in question shall explain the cause and submit improvement actions.

## Renewable Energy

The Group has actively responded to the changes in Taiwan's renewable energy regulations and has been subscribing green power and purchasing renewable energy certificates (T-RECs) through its subsidiaries since 2016. In terms of purchasing renewable energy, the Group will focus mostly on solar power plants based on the operating model in our offices. We will also focus on solar power plants that do not affect the land or pose a negative impact on the environment by requesting the power plants to provide actual photos and describe their plans. In addition, this year, five business locations used 100% green power through renewable energy power purchase agreements (PPAs), achieving the mid-term target ahead of schedule and power wheeling a total of 945,900 kWh. In summary, the cumulative use of renewable energy from 2016 to 2022 reaches 3,983,200 kWh, reducing greenhouse gas emissions of 2,068.88 metric tons of CO<sub>2</sub>e<sup>Note 1</sup>, which is equivalent to the amount of carbon absorbed by 212.81 hectares of forest<sup>Note 2</sup>.

Notes:

1. Calculated based on the latest announcement of Taiwan's Bureau of Energy, MOEA on the electricity emission factors for each year.

2. The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2022 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.

### Group Renewable Energy Procurement

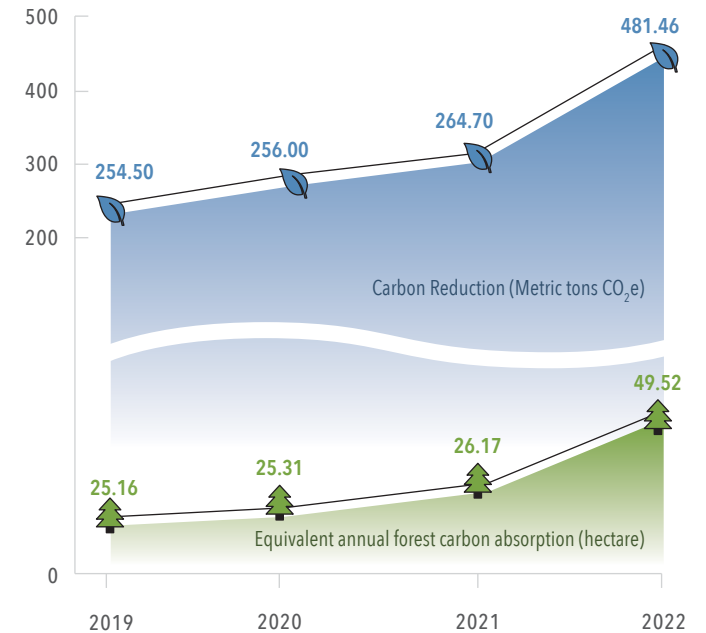
Item	2019	2020	2021	2022	2022 Targets	Target Status	2023 Targets
Renewable Energy Certificates (RECs) (kWh)	500,000	510,000	370,000	0	-	-	-
Green Power Wheeling (PPAs) (kWh)	-	-	157,341	945,900	-	-	-
Total Renewable Energy Consumption (kWh)	500,000	510,000	527,341	945,900	530,000	Achieved	800,000
Electricity Emission Factor (kgCO <sub>2</sub> e/kWh)	0.509	0.502	0.509	0.509	-	-	-

### Business Office Green Power Lays the Foundation for Taiwan's Financial Green Power

In response to the aggravation of extreme climate and the Paris Climate Agreement's goal of "50% global carbon reduction by 2030 and net zero carbon emission by 2050," the urgency of action against global warming cannot be overstated. During the Climate Change Conference (COP27) in 2022, United Nations Secretary-General Antonio Guterres emphasized the conclusion of the conference: "To have any hope of keeping to 1.5 (degree temperature limit), we need to massively invest in renewables and end our addiction to fossil fuels." The Group is highly concerned about the impact of climate change on the environment and is taking proactive measures in responding to global actions to fight warming. From the reduction of greenhouse gas emissions to the use of intelligent energy management systems, we are now further changing the type of energy used in our daily operations by directly using renewable energy, not only to move toward zero carbon emissions in our daily operations, but also to drive a new trend of using green power in Taiwan's financial industry, leading the industry towards the goal of net zero carbon emissions.

The Group completed the signing of the "Renewable Energy Power Purchase Agreement (PPA)" in 2020 and officially switched to renewable energy power supply in the third quarter of 2021. Unlike the previous initiative of purchasing renewable energy certificates (T-RECs), the Group is now directly using renewable energy and driving its subsidiaries to join the green power movement. The Group's five business locations have adopted 100% renewable energy, becoming the first financial institution in Taiwan to use 100% green electricity in its securities branches, bank branches and Futures branches. At the same time, the Group has achieved the mid-term target of having at least four operational sites using 100% green power by 2023 ahead of schedule. In addition, the green power procured is all generated from rooftop solar power system, rather than ground-based solar power so as to avoid disputes over the use of agricultural land and ecological impacts.

Starting from December 2022, the second phase of the green power procurement plan has officially begun. This green power procurement plan covered the Group's five subsidiaries: securities, banking, life, funds, and futures. Apart from the five locations, which are already 100% powered by green energy, including Yuanta Securities Ximen Branch, Taichung Branch, Yuanta Bank Main Branch and Taichung Branch, and Yuanta Futures Taichung Branch, the Group will continue to expand the coverage of green energy supply to move toward its goal of 10% green power by 2023. This makes the Group not only the largest green power consumer in the financial industry but also the one with the broadest coverage. As a green pioneer in Taiwan's financial industry, the Group is setting a new chapter in the procurement of renewable energy with the "business office green power model" and establishing a new model for green energy use in the financial industry.



## Energy Saving Actions and Results

Using energy-saving initiatives and reducing energy consumption is an important part of creating low-carbon operations. Through various energy-saving initiatives, including the replacement of high-energy consumption equipment, the installation of LED energy-saving lighting, induction lighting, control of electrical equipment usage, intelligent monitoring of energy consumption, air-conditioning system upgrade, building insulation design, replacing old vehicles and installing electric vehicle charging piles in new buildings, etc., and through education and promotion, the Group has enhanced employees' awareness of energy saving, carbon reduction and environmental protection in order to reduce the potential risks of carbon emissions from the Company's operations and mitigate the impact of climate change.

### Major Energy Saving Actions

Energy Saving Actions	Reduction of Power Consumption (kWh)	Reduction of Energy Consumption (MJ)	Carbon Reduction Performance (Metric tons CO <sub>2</sub> e)	Project Input Cost (NT\$ thousand)
Installation of LED energy-saving lighting	158,531.25	570,712.50	80.69	2,951
Replacement of old air conditioning equipment	31,758.00	114,328.80	16.16	4,969
Auto-off timer setting of water dispensers	30,834.00	111,002.40	15.69	36
Total	221,123.25	796,043.70	112.55	7,956

Notes:

- The reduction in electricity consumption is calculated by converting the project's electricity savings over 12 months of 2022.
- The carbon reduction performance is calculated based on the 2021 Electricity Emission Factor = 0.509 (kg CO<sub>2</sub>e/kWh) as most recently announced by the Taiwan's Bureau of Energy, MOEA.
- The GHG reductions of the major energy saving actions take place in the scope of Category 2.

### Paperless Carbon Reduction Actions

To reduce operational carbon emissions, the Group promote various paper reduction measures. We streamline operational procedures to enhance operational efficiency, and at the same time, promote online meetings and education and training. In addition to reducing paper consumption, we also encourage public transportation to reduce the carbon footprint of transportation to the meetings. Combining the quantifiable paperless actions, the total paper reduction for this year was about 2,256,721 sheets, equivalent to the carbon reduction of 14.44 metric tons CO<sub>2</sub>e.

- ✔ **Paperless Operations:** Electronic internal documents, Online signing system, Electronic payroll for employees.
- ✔ **Paperless Meetings:** Providing meeting information in electronic format, Switching to tablet computers for major meetings (Board of Directors and Audit Committee), Using video conferencing as much as possible for daily business and business communication to reduce travel and improve administrative efficiency.
- ✔ **Paperless Training:** Building online teaching system and digital learning platform (E-Learning), developing common platform system cloud, database and E-learning materials, Conducting physical classes with presentation slides or iPads.
- ✔ **Paperless Business Services:** Introducing digital services for marketing, transactions, payments, and billing (e.g., e-policies, credit card e-statements/online applications, online credit applications/appropriations, e-statements/online account openings/online orders), as described in the section Paperless for Green Living.
- ✔ **Paperless Living:** Reducing the use of paper cups, paper lunch boxes, etc.

Quantification of Paperless Measures	Number of Sheets of Paper Saved	Equivalent Carbon Reduction (kg CO <sub>2</sub> e)	Equivalent Annual Amount of Carbon Absorbed by Forests (hectares)
Electronic internal documents	496,060	3,174.78	0.33
Electronic payroll for employees	226,260	1,448.06	0.15
Switching to tablet computers for major meetings	374,023	2,393.75	0.25
Yuanta e-Academy	1,160,378	7,426.42	0.76
Total	2,256,721	14,443.01	1.49

Notes:

- The carbon emissions of paper are calculated using the Carbon Footprint Information Platform of Taiwan's Environmental Protection Administration, Executive Yuan- 3.20 kg CO<sub>2</sub>e/500 sheets per pack.
- The annual carbon sequestration by forests is calculated based on the latest announcement of the "National Greenhouse Gas Emissions Inventory Report 2022 - Land Use, Land Use Change, and Forestry Sector" for carbon removal from forest land and forest floor area data.
- The GHG reductions of the paperless actions take place in the scope of Category 4.





## Water Resources and Waste Management

### Water Resources Management

The water resource consumed by the Group is 100% from tap water. No groundwater or other water supply is used. The water used in each office building and business location is used only by employees and customers, and mainly for the purpose of cleaning, drinking and air-conditioning cooling systems, with no significant negative impact on water sources. Wastewater generated is discharged legally to the sewer or designated drainage systems in compliance with local laws and regulations, meeting the standards of drainage water.

In 2022, we continued to introduce the ISO 14046 Water Footprint Verification to cover a total of 321 business locations of the Company and its subsidiaries, with a coverage rate of 100%. According to the inventory results, we in-depth traced the bases with large water consumption, and investigate whether there is any abnormality of water equipment or leakage of pipelines in order to understand the environmental impact of water consumption caused by the operation process, and to implement data management and target setting as a comprehensive evaluation indicator for internal measurement of water resources use.

### Group Water Use Information

Items	2019	2020	2021	2022	2022 Targets	Target Status	2023 Targets
Water Withdrawal (million liters)	188.35	194.44	172.67	167.04	184.83	Achieved	182.98
Water Intensity (liters/m <sup>2</sup> )	647.70	680.91	637.20	636.27	643.75	Achieved	637.31
Data Coverage Rate (%)	100.00	100.00	100.00	100.00	—	—	—

Notes: In 2019, the actual boundary of the water consumption inventory was Yuanta Financial Holding Building. From 2020, the inventory is expanded to all business locations.



### Water Conservation Actions

Uneven rainfall periods and water scarcity are on the rise as climate extremes intensify. The Group has set up the rainwater recycling system on the top floor of the Yuanta Financial Holding Building and Yuntai Plaza, which can store rainwater during rainfall and use the collected rainwater for watering the plants used in greening of buildings and for sanitary facility, reducing the use of public water resources. In the future, we also plan to equip all newly-constructed Yuanta buildings with rainwater recycling system to help realize the environmental protection through water resource recycling. In 2022, the volume of rainwater recycled was 2,991 cubic meters, accounting for 1.79% of the annual water use.

In addition, the Group plans to gradually install water-saving faucets, dual-flush water-saving toilets, and other water-saving devices. In 2022, water-saving devices have been installed on 49.82% of the equipment which uses water. And the Group plans to use devices with water-saving labels when new buildings and business locations are built, relocated, or renovated. At the same time, we will adjust the amount of water discharged from the faucets and regularly promote the concept of water conservation internally to effectively reduce water consumption and improve on water waste.

## Waste Management

The Group's waste is mainly general household waste and no hazardous waste is generated. All waste is disposed of by outside contractors. General waste is transported to incineration plants, while recyclable waste and food waste are processed by recyclers. We carefully select qualified waste removal companies to ensure cautious and legal disposal of waste and that it does not cause secondary impact on the environment.

When offering services, a large amount of paper is used. Confidential documents are destroyed in accordance with the key points of the Personal Data Protection Act and related regulations. We entrust qualified manufacturers to use safe and environmentally friendly water destruction treatment 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, in order to achieve the effect of resource recycling and waste reduction.

### Group Waste Information

Items (Metric Ton)		2019	2020	2021	2022	2022 Targets	Target Status	2023 Targets	
General Waste	Incineration	without Energy Recovery	0	0	0	0	-	-	-
		with Energy Recovery	435.66	452.32	407.45	398.00	-	-	-
	Landfilling	0	0	0	0	-	-	-	
	Other	0	0	0	0	-	-	-	
	Subtotal	435.66	452.32	407.45	398.00	422.59	Achieved	418.36	
	Recyclable Waste	3,294.34	239.51	253.73	253.70	-	-	-	
	Total Volume	3,730.01	691.83	661.18	651.70	3,282.40	Achieved	3,249.58	
	Waste per Person (kg/person)	341.83	63.22	59.88	57.91	334.99	Achieved	331.64	
	Data Coverage Rate (%)	100.00	100.00	100.00	100.00	-	-	-	

Notes:

1.Starting from 2019, the actual weight of waste is calculated by each subsidiary.

2.The significant increase in recycled waste is due to the execution of regular water destruction of documents in 2019.

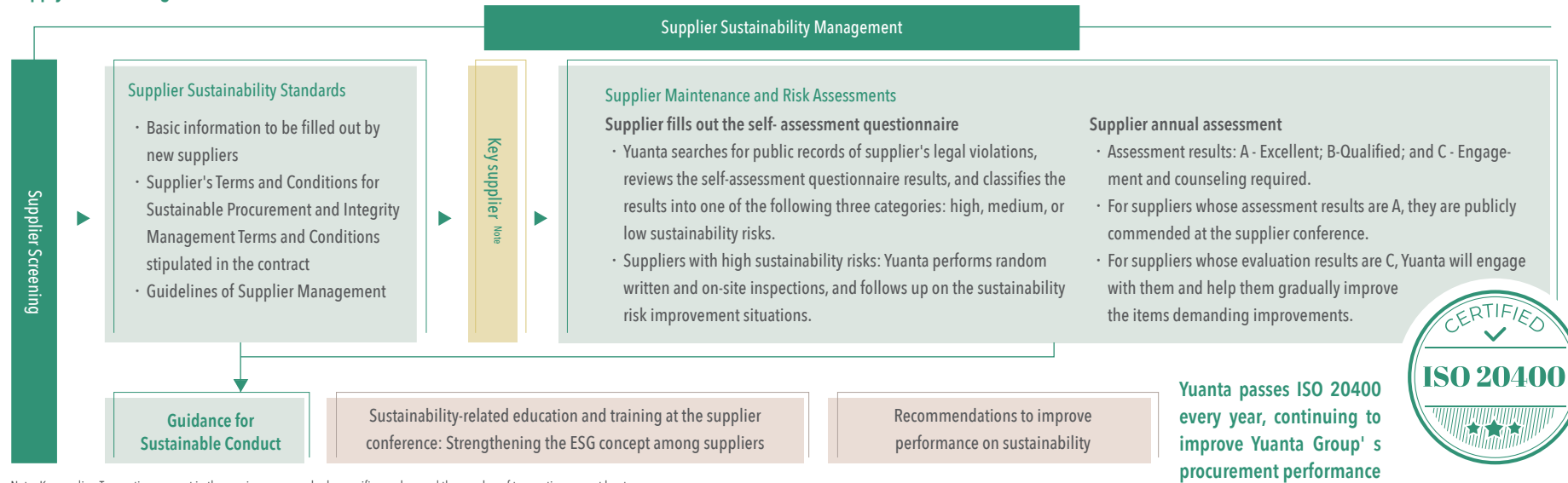
### Waste Reduction Actions

The Group is committed to sustainable environmental development, and be proactive in promoting waste-related reduction actions. We have promoted specific waste reduction measures among our staff and implemented them in our offices on a nonscheduled basis. We have installed water dispensers, boxed lunch steamers and microwave ovens to encourage employees to bring their own meals and tableware. We stop providing water in plastic cups or bottle water during meetings, and stop using disposable and melamine tableware if meals are served. We have been actively responding to Taipei City's policy of banning disposable and melamine tableware in order to reduce waste generation, and have been commended by the Taipei City Government since 2018. We have set up separate garbage bins for recycling, weighed the volume of garbage, and monitored garbage and waste reduction targets on each floor.



## Sustainable Supply Chain

### Supply Chain Management Process



Note: Key supplier: Transaction amount in the previous year reached a specific number, and the number of transactions was at least one.

### Supplier Risk Control Procedures

Sustainability Specifications
<ul style="list-style-type: none"> <li>Supplier Integrity Management Guideline</li> <li>Supplier Sustainable Procurement Guidance</li> <li>Guidelines of Supplier Management</li> </ul>
Risk Assessment
<ul style="list-style-type: none"> <li>Supplier sustainability risk analysis</li> <li>Supplier evaluation</li> </ul>
Communication and Improvement
<ul style="list-style-type: none"> <li>Tracking counseling and improvement for sustainability risk analysis results</li> <li>Supplier conferences (including education and training)</li> </ul>

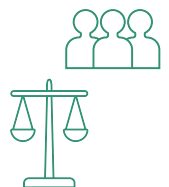
### Supplier Screening

The Company not only focuses on the growth of the Group's business, but also attaches importance to the control of procurement risks and the implementation of responsible procurement. We have invited suppliers to join sustainable action to create a resilient and sustainable future by promoting sustainable supply chain management.

This year, 100% of new suppliers with contractual relationships met our sustainability standards. In addition, we continue to screen and evaluate new and existing suppliers according to the "Key Points for Procurement and Disposal of Goods (Labor Services)" and ESG three dimensions that was established internally. At the same time, we consider the conditions of bribery-related Judicial Yuan record, the size, professionalism and experience of the suppliers, and acquisition of international standards, etc., and also conduct terrorism financing checks on major suppliers of procurement amount of NT\$25 million or more. Only those who pass the checks become qualified suppliers of the Company.

### ESG Screening Dimensions for New Suppliers

E	Environmental	<ul style="list-style-type: none"> <li>Negotiating with suppliers to implement specific actions for climate change management.</li> <li>The products supplied have obtained certified labels as eco-friendly, energy saving, water saving and green building materials.</li> <li>Reducing environmental hazards in the process of manufacturing or providing services.</li> <li>Complying with relevant environmental regulations and pollution prevention measures.</li> </ul>		
		S	Social	<ul style="list-style-type: none"> <li>Advocating that suppliers should follow "Supplier Sustainable Procurement Guidance" related matters.</li> <li>Suppliers for which specific criteria of occupational safety and health are involved, should provide a "Supplier Safety and Health Commitment".</li> <li>Contracts for construction and maintenance work are to include "Occupational Safety and Health Provisions to Prevent Occupational Hazards".</li> </ul>
				G



## Supplier Integrity Standards

Suppliers who sign contracts with us, in accordance with the Company's "Procedures for Integrity Management and Guidelines for Conduct" (hereinafter referred to as "Conduct Guidelines"), are required to comply with the terms and conditions of the "Integrity Management Guidelines" and "Conduct Guidelines". In addition, to facilitate the evaluation of procurement contracts with suppliers, the Company conducts supplier management checks when suppliers provide their quotation.

## Supplier Sustainable Procurement Guidance

In order to establish a better "sustainable procurement process", the Group's subsidiaries continued to introduce the ISO 20400 Sustainable Procurement Guidance in 2022 and obtained the certification. Through systematic management of the sustainable procurement process, we have implemented the concept of sustainability in the procurement process of all subsidiaries.

In terms of management system, the Group has required subsidiaries to incorporate the "Supplier's Terms and Conditions for Sustainable Procurement" and "Integrity Management Terms and Conditions" into the procurement contract with major suppliers. The terms and conditions specify that suppliers are to fulfill and comply with various laws and regulations of labor conditions, occupational safety and health, environmental protection, and labor human rights, etc. The contract also contains a clause which stipulates the contract may be terminated or canceled if suppliers violate the relevant laws and regulations.

## Supplier Sustainability Risk Analysis

### Supplier Annual Self-Assessment

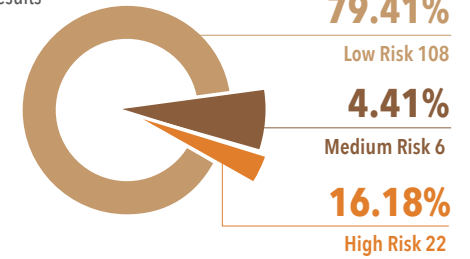
The Company implement sustainable supplier management by keeping optimizing the supplier self-assessment mechanism and setting the self-assessment target standard for suppliers with annual transaction amounts reaching a specific amounts and update the self-assessment questionnaire to classify the assessment into six categories: human rights, labor practices, consumers, integrity management, environment, and health and safety. Using information collected through the self-assessment questionnaires, we analyze the current risk level of suppliers, including the presence of major deficiencies or violations, and classify them into three levels: high, medium, and low risks, so that we can effectively monitor the deficiencies of suppliers with respect to specific indicators to make sure the risk is under control.

In 2022, the self-assessment questionnaire response rate was 90.67%, which was 9.51% increase compared to 2021. The types of risk violated by suppliers were mainly human rights, labor practices and integrity management, including suppliers' lack of awareness of relevant sustainability issues and labor-related violations. In order to enhance suppliers' sustainability awareness and self-awareness, the Company advocates the supplier self-assessment mechanism through three supplier conferences held in each year, individual communications, training, and promotions. In addition, to increase the response rate and the suppliers' awareness of sustainability, we will communicate and follow-up on the individual supplier that do not turn in the self-assessment form.

This year, we provided "Observations and Suggestions for Suppliers' Sustainability Actions" for medium and high-risk suppliers, explaining the implications of high-risk issues, relevant international trends and regulations, and suggestions for improvement. The questionnaire results in 2022 indicated a total of 22 high-risk we will communicate and follow-up on the individual supplier. In addition, the tracking and confirmation of high-risk suppliers are as follows:

- 1 All high-risk suppliers were explained individually and were provided self-assessment questionnaire analysis results and feedback. We acquired detailed reason for the high risks and their risk and violation improvement actions and results were tracked. 100% of their risk mitigation and remedial measures were tracked and confirmed.
- 2 For suppliers that violated laws and regulations, written reports on mentoring and improvements were required in order to verify that they have shown actual improvements.
- 3 We selected five high-risk suppliers for on-site audits and provided analysis and feedback on each of their various risk issues in order to reduce the Company's risk level in procurement.

Total Number of Self-Assessed Suppliers 150  
Total Number of Returned Questionnaires 136  
Assessment Results



### Supplier Evaluation

The Company hopes to encourage and guide our suppliers to continuously enhance product and service quality through implementing the self-assessment mechanism, as well as developing sustainable actions. In accordance with the "Guidelines of Supplier Management", the Procurement Department conducts evaluation once a year, and evaluates major suppliers whose annual transaction amounts reached a specific amounts. "Sustainable Development" is one of the assessment items. It is based on the seven core themes of ISO 20400 Sustainable Procurement Guidance and other relevant international standards. Based on the assessment results, major suppliers are classified into A, B and C three grade levels <sup>Note</sup>. We will give public recognition to Grade A suppliers at our supplier conferences, strengthen guidance and refinement, and re-evaluate in the next year to track Grade C suppliers.

Total Number of Evaluated Suppliers 150  
Evaluation Results



## Sustainable Supply Chain Engagement

### Supplier Conferences

We are committed to promoting sustainable corporate development. In addition to our own efforts, we also ask our supplier partners to fulfill corporate social responsibility and join the ranks of sustainable actions. In 2022, we held three supplier conferences. A total of 64 major suppliers participated.

Through this event, we share the concepts and practices of supply chain management and sustainable procurement and explain how to make the most of corporate social influence and actively embrace a new future of sustainability. We give recognition to Grade A suppliers with excellent sustainable performance; each year, the theme is changed to facilitate suppliers to get on board with the new trends in sustainability and the invitations are adjusted according to different themes and major suppliers.

The theme of the 2022 Supplier Conference was "Net-zero emissions and global carbon reduction trends", which gather suppliers and partners to jointly implement carbon reduction actions, seeking solutions to climate change, and continue to deepen sustainable influence.

### Contents of the 2022 Supplier Conferences

Description of content	Participation	Effectiveness
<b>1st   Theme : Net-zero emissions by 2050</b>		
<ul style="list-style-type: none"> <li>Shared and discussed international trends of net-zero emissions by 2050, corporate carbon reduction actions, and ESG practices.</li> <li>Shared the three major risk topics included in the supplier assessment.</li> <li>Interactions and communications among suppliers.</li> <li>Awarded suppliers achieving A-grade rankings for the first time.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 20 suppliers.</li> <li>Openly commended and awarded 10 suppliers that achieved A-grade rankings.</li> </ul>	More than 50 suppliers joined Yuanta's initiative in turning off lights for 1 hour.
<b>2nd   Theme : Net-zero emissions - methods of carbon footprint verification</b>		
<ul style="list-style-type: none"> <li>Enterprises have implemented ISO greenhouse gas inventories and product carbon footprint verification under the international trend of net-zero emissions.</li> <li>Explained methods of carbon footprint verification used by enterprises.</li> <li>Interactions and communications among suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 20 suppliers.</li> <li>Publicly commended and awarded 10 suppliers that achieved A-grade rankings.</li> </ul>	Invited the supplier representative, Tatung System Technologies Inc., to share its experiences in carbon reductions and ESG commitment, as well as speaking on experiences in carbon footprint verification.
<b>3rd   Theme : Net-zero emissions and green procurement trends</b>		
<ul style="list-style-type: none"> <li>Ways in which enterprises can practice carbon reductions in daily operations.</li> <li>Invited professional consultants to share international trends in green procurement.</li> <li>Experience sharing among suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Participated by 24 suppliers.</li> <li>Publicly commended and awarded 10 suppliers that achieved A-grade rankings.</li> </ul>	Six suppliers joined the walkathon and tree-planting events, and received certificates of appreciation.



### Supplier Education and Training

Starting in 2019, each supplier conference also provided educational training on diverse topics to strengthen suppliers' cognition and practices on sustainability issues. The theme of our educational training in 2022 is "Net-Zero Emissions and Global Carbon Reduction Trends" which focuses on the current carbon reduction trends at home and abroad, methods of carbon footprint verification used by enterprises, and international green procurement trends. In addition, through the post-meeting questionnaires, we were able to further understand whether suppliers had fully absorbed the training contents and use the feedback as a reference for the future direction of the education and training topics.





## Green Procurement

To lessen environmental impact and promote green procurement to drive a green production chain, the Group has established "Key Points for Procurement and Disposal of Goods (Labor Services)" and "Guidelines of Supplier Management," in the procurement regulations, giving priority to products with the labels of eco-friendly, energy saving, Energy Star, water conservation, green building materials, FSC sustainable forestry, and carbon reduction. Through green procurement and supplier management, we exert a green influence and support local companies that provide low-carbon and sustainable goods or services, while reducing procurement risks.

The suppliers can be separated into eight categories: information (software and hardware), building construction and renovation, office equipment, consulting (labor), stationery and printing, media and advertising, gifts, and miscellaneous. The bulk of the money spent for procurement are for products in the information category. To implement environmental friendly concept, we give priority to local suppliers in our purchases; so, our purchases are mainly with local suppliers in Taiwan. The proportion of local suppliers is 97% in 2022.

### Promoting Sustainable Procurement Internally

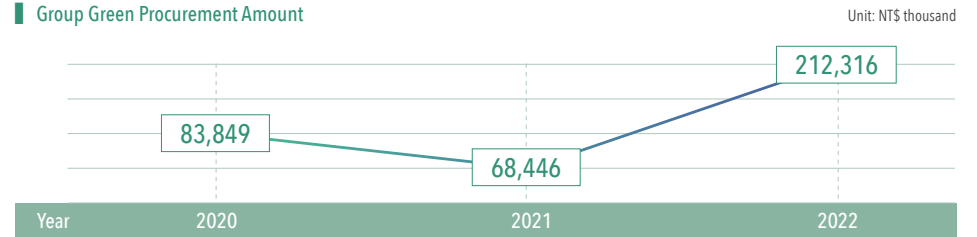
In 2022, four quarterly procurement meetings were held to share the key points of improvement for procurement-related audits of the Group and promote the integration of ESG and supplier management practices. Procurement personnel training is also organized during the quarterly procurement meetings in order to advocate sustainable procurement. A total of 71 persons were trained with the cumulative number of training hours reaching 569 and 100% training completion rate. Various sustainable procurement tasks have been implemented, including amending the procurement operating guidelines, adopting and advocating consistent and green procurement reporting boundaries by the Group, initiating sustainable procurement consultancy, optimizing the Group's supplier database, and organizing supplier engagements. Through these actions, we continue to carry out supplier management and review procedures, strengthen management effectiveness, and integrate the ESG aspects with supplier management in practice.

In addition, we held six "Procurement Seminars" for the Procurement Department this year, which not only enhanced the ability for joint negotiation, but also strengthened the awareness of green purchasing and promoted related auditing and improvement issues to put into practice the Group's green purchasing spirit.

### Green Procurement Performance

The amount of green procurement in 2022 is NT\$212,316,000, accounting for 6.51% of the total procurement amount. For the sake of the large purchase of green electricity and the replacement of information hardware equipment for green label products this year, the green procurement ratio increased by 4.71% compared with 2021. In addition, the Company continued to participate in the "Green Procurement Program for Private Enterprises and Organizations" promoted by the Taipei City Government, and actively responded to green procurement activities. The Company has been awarded by the Taipei City Government in recognition of its "outstanding performance in green procurement" for twelve consecutive years (2011-2022) and has been awarded by Taiwan's Environmental Protection Administration of the Executive Yuan in recognition of its outstanding performance in implementing green procurement for eleven consecutive years (2012-2022).

### Group Green Procurement Amount



## Environmental Sustainability Activities and Initiatives

### Turning Off Lights for Earth Hour

In response to the World Wide Fund for Nature (WWF)'s "Earth Hour" worldwide event, the Group turns off the lights for one hour on the last Saturday of March every year from 8:30 to 9:30 p.m. with the rest of the world. A total of nine buildings, including the Yuanta Financial Holding Building, turn off their exterior lights for one hour as a practical means to reduce carbon and show love for the Earth. To leverage sustainable impact, Yuanta also call on over 50 suppliers to join the initiative to face the issue of climate change and global warming, showing everyone that they have the ability and responsibility to change the world and leave the Earth a little greener.



Yuanta Good News: Yuanta Financial Holdings joins with overseas bases to turn off the lights for one hour



Yuanta Endless Love: Yuanta call on suppliers to join the initiative

### RE10x10(Green Peace)

The Company has joined the "RE10x10 Climate Pledge" initiative launched by Greenpeace in 2020 to promote the use of renewable energy by Taiwanese companies. We were the first financial company in Taiwan to declare that 10% of our total electricity consumption will be green energy by 2023 and that we will strive to achieve 100% renewable energy by 2050, combating climate change with proactive and practical actions and contributing efforts in sharing global climate responsibility.



### Green Office

In response to Taiwan government's promotion of energy saving and carbon reduction in the office and green living, the Company has joined in the "Green Office" project launched by the Environmental Protection Administration in July 2021, and compiled a list of 100 environmental protection measures, which are divided into five major indicators: "energy savings", "reduction from source", "green procurement", "environmental greening" and "promotions and campaigns". The Company has selected 34 of these environmental measures for implementation in its daily operations to mitigate climate change and fulfill its responsibility for environmental protection through actual energy saving and carbon reduction.



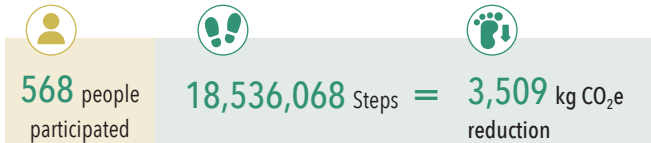
### Tamsui River Convention

The Company is committed to promoting environmental sustainability and its subsidiaries are also passionate about participating in various environmental activities. In 2022, Yuanta Futures continued to support the "Tamsui River Convention" and called on employees to bring their families and friends and participate in the Tamsui River Cleanup, and invited two suppliers to join the event. A total of 44 volunteers enthusiastically participated in the event to do their part for the ecological environment of Taiwan. The event collected over 1,535 kg of beach trash. The more efforts we make, the greater the changeover for Tamsui River. Removing garbage that is harmful to the ecology of the Tamsui River allows Yuanta to do something for the Tamsui River.

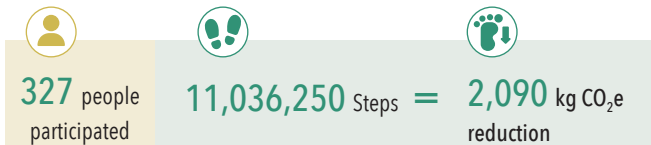
### Yuanta Earth Conservation Walkathon

The Company held online walkathon to encourage employees to walk instead of taking vehicles or elevators. A cloud-based pedometer system was used to record each person's steps. 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. The Walkathon were held two times in 2022. 895 people participated in the events with a total of 29,572,318 accumulated steps, which is equivalent to the carbon reduction of 5,599 kg CO<sub>2</sub>e <sup>Note</sup>.

#### The 1<sup>st</sup> Walkathon



#### The 2<sup>nd</sup> Walkathon



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

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

**CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND**

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## CHAPTER 4

T R U S

CUSTOMERS NUMBER ONE  
TRUSTED BRAND

4.1 SUSTAINABLE FINANCE 4.2 INNOVATIVE SOCIAL FINANCE PRODUCTS 4.3 CUSTOMER RIGHTS



## 4.1 Sustainable Finance

### Collaborate with companies to engage in sustainable operations, creating a green financial "ecosystem"

Wealth Magazine and Yuanta Financial Holdings co-organized the Sustainable Management for Green Financial Ecosystem forum in October 2022. The forum gathered scholars, entrepreneurs, and investors to discuss the global trend of net-zero emissions and the sustainable development of Taiwanese enterprises. In addition to promoting communication among the government, industry, and academia, this forum successfully conducted sustainable engagement with multiple Best ESG Enterprises. Yuanta invited numerous corporate customers of our bank to participate in the forum. With our financial impact, we can drive sustainable transformation of the industry and grow with our customers to prompt the implementation of ESG.



#### Achieve Sustainable Future in Collaboration with Other Companies

The forum topic is Successful Cases of Integrating Sustainability to the Company Management DNA. Two Best ESG companies, Acer AEB and Wistron NeWeb Corporation, were invited to share their experiences. Acer AEB puts their efforts into the development of cloud technology and continues to apply green technology to help other companies and governments achieve digitalization and paperless operations. Acer AEB uses green smart technology to facilitate digital transformation of the companies and improve their resilience when facing changes in the trend. Wistron NeWeb Corporation takes the initiative to promote green product designs, energy management platform, renewable energy, and green construction to achieve sustainability; they integrate the ESG framework into the business process by advocating optimized safe workplace, supporting youth education, and introducing digital supply chain management, while encouraging companies to evaluate the benefits of long-term investment in ESG.

#### Increased Influences of Green Financial Products

As the awareness of ESG issues is raised, the capital is flowing towards relevant fields. The investment in green financial products has been exponentially growing. Yuanta Funds issued Taiwan's very first sustainable ETF in 2019 and the product has been rated by Morningstar, Inc. with the highest rating of five Globes since the end of 2020. Starting from July 2021, according to the eight supervisory principles for ESG funds stipulated by Taiwan's Financial Supervisory Commission, the supervisory mechanism relating to the transparency and disclosure of ESG financial products is stricter. In compliance with the Stewardship Principles for Institutional Investors, the ESG risks of the invested companies are carefully monitored, so that engagement, stewardship, and impacting (ESI) may be achieved in the environmental, social, and governance aspects. Investment capacity is continuously adopted to support sustainable development and net-zero emissions in all industries and demonstrate positive impacts of green finance.

In response to the global trend of net-zero transformation, financial institutions, as a critical driving force behind industrial transformation and technology upgrades, play a critical role in raising the consumers, investors, and industries' awareness of sustainable development.

Failing to effectively evaluate the ESG indicators of each company may result in the investment of capital in projects or companies that damage the ecosystem or threaten labor rights and lead to further negative impacts of potential social hazards.

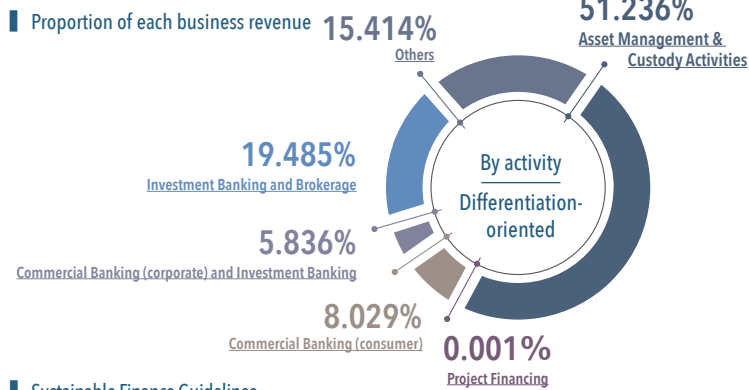
The Group takes the initiative to respond to and manage ESG and climate risks, following the United Nations Principles for Responsible Investment(PRI), signing up to the Equator Principles and disclosing sustainability-oriented indicators that have a significant financial impact in accordance with the standards issued by the Sustainability Accounting Standards Board (SASB), highlighting industry risks and opportunities, and effectively communicating sustainability information that has a significant financial impact.

In response to the global practice of net-zero carbon emission reduction in recent years, investment and financing restrictions have been put on high carbon emission industries, coal industry, and unconventional oil and gas industry to practice climate activism and strengthen the resilience of the financial industry to climate risks. Before taking on a project, all subsidiaries of the Group will carefully assess the business activities and use of funds of all correspondents on the basis of the Sustainable Finance Guidelines established by the Group to rule out all risks of potential social hazards. For high-risk correspondents, due diligence must be carried out with extra caution and companies in industries that are prohibited from undertaking shall be declined politely.

The subsidiaries shall continue paying attention to the business transactions and sustainable activities of the accredited or invested correspondents. If the assessment determines that a correspondent's activities may have adverse impacts on ESG, the subsidiary in charge should advise the correspondent to establish an improvement plan and keep track of the plan implementation to evaluate whether or not to continue working with the said correspondent. The subsidiary shall stay in contact with the client via the customer service telephone line, email, online customer service channel, client satisfaction survey, and active engagement. The Group wishes to take advantage of the investment and financing power to motivate our correspondents to accelerate net-zero transformation and become a trustworthy brand that grows with their clients.

## Supporting Sustainable Economic Development

### Sustainable Financial Management Structure



#### Sustainable Finance Guidelines

The Company formulated “Sustainable Finance Guidelines” to establish a principled framework and guidelines at the financial holding company level. Through a principled framework and guidelines, the Company incorporated ESG factors into its daily operations and decision making, regulated ESG issues of concern (such as: climate change, human rights, and board performance, etc.), instituted 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.

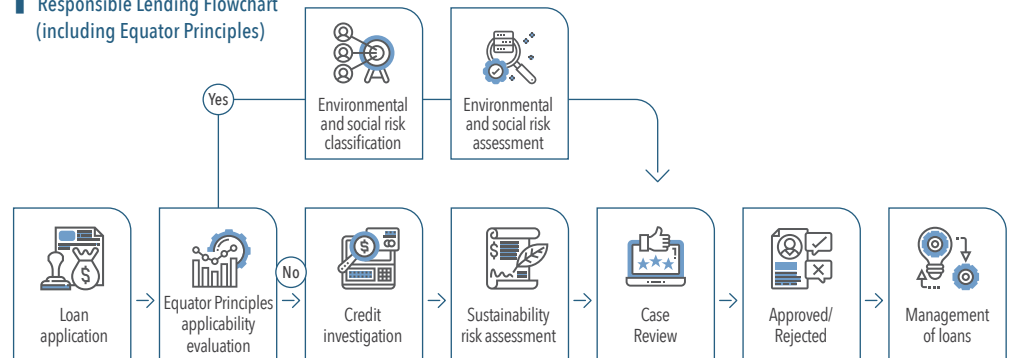
The Sustainable Finance Guidelines is used as a standard for our subsidiaries to implement criteria for sustainable lending and investment. We follow the rules to implement sustainability into our business planning and operations. This year, we introduced new engagement actions to communicate and interact with our business partners in order to understand the risks they face and their sustainable development-related strategies. Also, we evaluated our ESG performance when conducting “know your customer” (KYC)-related “customer due diligence” (CDD) and incorporated the spirit of sustainability into financial products and relevant services. The Group offers 854 courses regarding sustainable finance and related issues to its employees; the courses have received 187,063 participants with a total of 227,250 hours of training provided. The objective of organizing these training courses is to improve the employees’ knowledge of sustainable finance and prepare them for sufficient abilities to guide our customers towards the benefits of sustainable development in practice.

#### Industry-Specific Environmental and Social Risk Management Rules

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

### Responsible Lending

#### Responsible Lending Flowchart (including Equator Principles)



Yuanta Bank follows the “Sustainable Finance Guidelines” to incorporate sustainable financial risk management into the lending business review and decision-making process, and require the completion of sustainable financial assessment for lending business, stipulating that lending business should carefully assess whether there are potential risks of environmental and social hazards in the counterparty or transaction content, KYC (know your customer) and CDD (customer due diligence) process to understand the reputation, business content, financial status, management capability, and regulatory compliance of the lending counterparty, international sustainability index scores, and the presence of negative ESG issues to ensure risk control.

Individuals or entities sanctioned by competent authorities and companies deemed as prohibited counterparts to deal with, such as those involved in Illicit manufacturing of and trafficking in firearms should be declined. When dealing with controversial companies, companies with high climate risk, or companies with sensitive environmental and social issues, the KYC process should include environmental and social risk reviews, strengthen due diligence, and consult with experts when necessary.

For the project financing, we joined the Sustainable Finance Guidelines review program to examine the potential ESG risks of our creditors at the risk assessment stage. In accordance with the “Key Points for Project Financing Management,” the Company conducts due diligence, evaluates the financial, legal, insurance, and technical feasibility and risks of the project, implements the after-loan management, and strengthens the review and approval process. If necessary, we commission external experts (e.g. lawyers, accountants, etc.), professional consultants or third-party inspection and testing organizations to issue evaluation reports. After the loan is disbursed by Yuanta Bank, review and follow-up examinations are conducted to see if the creditors can properly utilize the loan according to the original loan plan and actually fulfill the contractual requirements and other contractual matters. In addition to timely review of the operating activities and financial changes of the lending recipients, we will continue to pay attention to the dynamics of the use of funds after the contract is signed and funded, as well as to the implementation of the tracing of the sustainable development in order to avoid any significant adverse impact on the environment and society, and if there is any violation of environmental and social regulations, the loan amount will be reduced depending on the circumstances of each case. In 2022, we did not have any lending customers with environmental or human rights issues that required the suspension of financing.

In order to enhance communication with customers, Yuanta Bank has included in the lending application form a statement of support for the United Nations’ sustainable development goals, in the hope that applicants will join hands with the Bank to fulfill



promoting sustainable development. While pursuing business development and profitability, Banks also work with customers to pay 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. We urge applicants to apply for loans from Yuanta Bank in such a way that the use of funds will not have a significant negative impact on the environment and society. 100% of all lending customers completed lending application forms and read the above statement of sustainable development goals of the United Nations.

### ESG-based lending decline case: Financing of coal-fired power generation industry

Yuanta Bank implements sustainable finance risk management and declined a financing application made by a coal-fired power generation company this year. Although the company holds a critical position in the country's urban development, considering the overall climate risk assessment and SBTi objectives of the Yuanta Group, Yuanta Bank expected to exercise their financial impact to encourage the company to invest in green energy and alternative fuels to implement actual risk transformation and contribute to the goal of 2050 Net-Zero Emissions.

### Equator Principles

Yuanta Bank signed the Equator Principles and became a member bank of the Equator Principles Association. In November 2020, Yuanta Bank completed the formulation of the "Guidelines for Managing Equator Principles Financing Cases" and related operational procedures. The Equator Principles were officially implemented on June 1, 2021.

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.

The "Task Force on Environmental and Social Risk" was established by Yuanta Bank to evaluate, review, and monitor the environmental and social risks of lending cases. A classification is employed to manage environmental and social risks of large-scale project financing cases. The environmental and social impacts that the projects may cause in terms of climate change, greenhouse gas emissions, and important stakeholders are carefully evaluated under the framework of Equator Principles 4.0. Adequate environmental and social risk monitoring reports and improvement action plans should be obtained when relevant conditions apply to ensure compliance with the Equator Principles and to raise the awareness of environmental protection and social responsibility among our customers.

Three project financing cases were reviewed according to the Equator Principles. However, all three cases were declined. The first case was declined because of the concern that the solid recovered fuel recycling process conducted by the waste supplier may result in unsatisfactory outcomes for the power plant, in which case, the performance of the power plant may be compromised and highly polluting emissions may increase. The second case was declined because of the lending period and the fact that the arranger does not adopt the Equator Principles; moreover, the client was unable to provide an environmental and social due diligence report issued by a third-party agency. The third case was declined because although the project is not located within the area of an important wetland, the location is only 1.5 km away from the closest important wetland and may have impacts on the waterbird habitat in the area; further observation and survey is needed to determine its environmental and social impacts. The total amount of loans for these three cases is NT\$1.9 billion.

Yuanta Bank's corporate banking lending business has implemented environmental and social (E&S) review in the CDD and KYC process to identify and manage customer risk cases. The number and amount of cases reviewed and approved by the "Sustainable Finance Guidelines" and "Industry-specific Environmental and Social Risk Management Rules" in 2022 were as follows:

### Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Amount
Real estate development and operation industry	165	116,306,735
Financial services and securities futures	338	104,196,332
Wholesale industry	129	37,500,563
Computer, electronic products and optical products manufacturing industry	60	31,104,791
Electronic component manufacturing industry	117	25,411,067
Semiconductor manufacturing industry	25	20,729,645
Steel manufacturing	39	19,639,405
Retail	56	16,543,421
Pulp, paper and paper products manufacturing industry	21	13,537,658
Plastic materials manufacturing	48	12,179,759
Other	933	180,091,458
Total	1,931	577,240,834

### Cumulative approved cases by Industry-Specific Environmental and Social Risk Management Rules

Unit : NT\$ thousand

Industries	Number	Amount
Plastic materials manufacturing	48	12,179,759
Steel manufacturing	39	19,639,405
Semiconductor manufacturing industry	25	20,729,645
Total	112	52,548,809

Note: All cases approved by the Industry-Specific Environmental and Social Risk Management Rules are evaluated by the Sustainable Finance Guidelines.

### Corporate Banking Lending Business

In response to Taiwan's Program for Promoting Six Core Strategic Industries, Yuanta Bank has approved loans for green power and renewable energy industries and supported relevant industries that endeavor to fulfill environmental protection and pollution control requirements through resource integration and green innovative material research and development. With such actions, Yuanta is doing our part in helping Taiwanese industries achieve low-carbon sustainable transformation.

Unit : NT\$ thousand

Categories	2021			2022		
	Loan Amount	Total Lending Amount <sup>Note</sup>	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount <sup>Note</sup>	Proportion of Total Lending (%)
Green loans, social loans, sustainable loans <sup>Note1</sup>	138,927,039	494,985,834	28.07	171,124,052	639,585,085	26.76
Sustainability-linked corporate loans <sup>Note2</sup>	4,030,000		0.81	38,151,584		5.97
<b>Total</b>	<b>142,957,039</b>		<b>28.88</b>	<b>209,275,636</b>		<b>32.73</b>

Note:

1. This involves the green power and renewable energy industry as well as related infrastructure, and uses resource integration and innovative green material-related R&D to increase industries' demands for environmental protection equipment, lower water consumption, diminish the harmful impact of waste on the environment, prevent pollution and engage in related construction, build low-carbon buildings, and develop/carry out transportation-related industries and projects.
2. Set ESG goals for companies, where rewards such as money and low rates are given when they achieve these goals.
3. In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

### Sustainability-Linked Loan

In accordance with the spirit of the "Sustainable Finance Guidelines", Yuanta Bank encourages companies to implement sustainable practices to promote Sustainability-Linked Loan. With our employees taking the initiative to negotiate each lending case, companies will understand the spirits of ESG. When these companies show proactive actions in either the environmental, social, or governance aspect, we will offer favorable terms in interests or rates with the hope of supporting companies that promote sustainable development of society with favorable lending terms.

This year, we focused on advocating internal ESG guidelines and strategies in each company. A total of 22 cases were approved and the sum total of the balance of loans is NT\$18.5 billion; comparing to 2021, the number of approved cases increased by 15 and the balance of loans increased by NT\$12.7 billion. In the future, Yuanta Bank will review the achievement of its relevant ESG targets and provide preferential reductions in interest and fee rates. It will also continue to refine relevant business processes and actively promote sustainability-linked businesses and products, inviting customers to move together towards a sustainable path and enhance the positive impact on the environment and society.

### Sustainable Small-and-Medium Enterprise (SME) Loans

Unit : NT\$ thousand

Categories	2021			2022		
	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)
Sustainable SME loans <sup>Note1</sup>	6,152,740	161,676,589	3.81	18,138,108	125,902,557	14.41

Note:

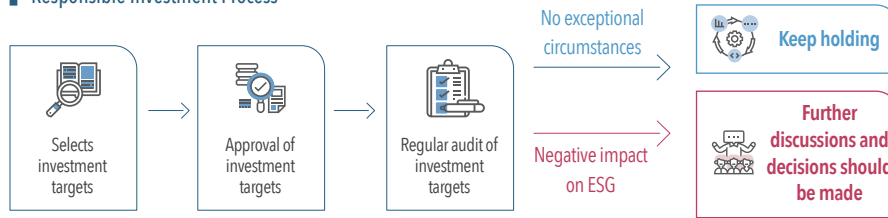
1. Companies that use the loans for "green expenditure" and those that engage in renewable energy power generation, cleaning technology, and energy efficiency are companies belonging to the ESG industry.
2. In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

### Cases of sustainability-linked loans

The spirit of sustainability is embodied in business implementation strategies of all employees on the front line. In 2022, our employees in corporate banking noticed that ASUS places great importance on their own sustainable practices and supply chain environmental and social risk management. Therefore, they actively proposed a sustainability-linked loan to support ASUS to make a purchase of responsible minerals with due diligence and incorporate the concept of circular economy into product designs to improve the recycling and reuse of the products and materials. A contract of the sustainability-linked loan of NT\$5 billion was signed between Yuanta Bank and Asus to pursue sustainable development together.

## Responsible Investment

### Responsible Investment Process



Each subsidiary of Yuanta Financial Holdings incorporates ESG-related screening criteria into investment-related regulations according to its business type and establishes internal mechanisms to implement the spirit of responsible investment. Yuanta Securities, Yuanta Bank, and Yuanta Life, in order to make the best use of the sustainable development of the financial industry, select medium- and long-term investment targets through the following risk assessment framework, and consider the environmental and social performance of the investment targets when selecting investment targets, so as to reduce environmental or social risks caused by the investment and support the development of sustainable enterprises with capital.

### ESG Risk Assessment Program for Investment Business

Excluded Items	Companies that are prohibited from operating under the Sustainable Finance Guidelines.
Supported Projects	We actively support companies that have a positive impact on society and the environment as defined by the Sustainable Finance Guidelines.
Investment Projects Should Be Avoided	The Company should avoid investing in controversial companies mentioned in the Sustainable Finance Guidelines. If the investment is still assessed to have medium- to long-term investment value, the Company must state the reasons for the exceptional investment, and then report the reasons to each subsidiary at the approval level after all members of the investment decision meeting have agreed, and the reasons must be signed by the Risk Management Department staff in attendance.
Specific Industries	Industries stated in the Yuanta Financial Holdings Industry-Specific Environmental and Social Risk Management Rules should include an evaluation using the Industry-Specific Environmental and Social Risk Management Checklist.
Pre-investment and Post-investment Review	Pre-investment review is based on the "Sustainable Finance Assessment Form" and the "Industry-Specific Environmental and Social Risk Management Checklist," and we also regularly review the sustainable development of investment counterparties for post-investment review to ensure that they are sustainable.

In the above risk assessment framework, Yuanta Securities selects investment targets in proprietary trading, and if the target is a securities investment, the trading staff of the Securities and Investment Department should fill out the ESG checklist, perform the ESG audit operation process, and have the ESG assessment report approved by the department head of the Securities and Investment Department before executing the investment decision. If the underlying is a bond, an ESG checklist is completed by the bond trader and signed by the senior executive of the bond department to ensure the quality of ESG audit operations.

The ESG audit criteria are formulated with reference to ESG-related indicators from domestic and international databases, and the audit process is conducted by Yuanta Securities' internal staff to evaluate relevant indicators and information such as Bloomberg ESG indicator scores of investees, listed company websites, exchange websites, TDCC website and Bloomberg information. In the fixed-price securities trading business, Yuanta Securities uses the principle of medium- to long-term investment in marketable securities, and selects customers' designated investment targets based on whether they are constituent stocks of the FTSE4Good TIP Taiwan ESG Index, in the hope of guiding customers to select companies with high ESG performance.

Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Funds have all signed the Stewardship Principles for Institutional Investors and announced on the Company's website the "Statement of Compliance with the Stewardship Principles", "Stewardship Report" and "Voting Record of Attendance at Shareholders Meetings of Investee Companies". We continue to pay attention to news, financial information, industry performance, business strategy, environmental protection, social responsibility, and corporate governance of our investee companies, expressing the Company's goal of actively implementing responsible investment.

In terms of asset outsourcing, NYL Investors LLC has been appointed to manage foreign assets and has completed the signing of the Principles for Responsible Investment (PRI) to ensure that the institution supports sustainable financial standards and practices. In addition, the Company has completed a contractual amendment with the institution to incorporate ESG policies into its investment approach in 2022, confirming that the partner institution also supports the spirit of sustainable finance.

Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Funds voted on 8,635 discussion topics in 2022, including supervisor elections, revisions of articles of association and operating procedures, and issuance of employee stock option at a price lower than the market price. If only in line with the governance topics of Engagement and voting guidelines Article 3, Yuanta voted in favor of ESG issues such as the independence of the board of directors to the invested company, the equity of shareholders and stakeholders, and the transparency of corporate governance information, and the percentage of supporting ESG resolutions is 100%.

The Company has established engagement and voting guidelines this year. The goal is to prompt the invested companies to improve their corporate governance quality and promote overall benign development in society and the industry through credit issuing and other lending interactions. Crucial ESG issues such as climate change and biodiversity have been listed, so that all subsidiaries can establish relevant evaluation mechanisms or indicators. Companies with low ESG indicator scores will be engaged first. If these companies do not address or improve issues in question, the Group may limit the amount of funds available for them. Moreover, the Group does not rule out the possibility of expressing its appeal jointly with other financial institutions, industry associations, and/or government organizations. The Group has established a decision-making process in favor of the shareholder resolutions that allows us to participate in the invested company's decision making through voting. If the discussion topic involves a major ESG issue or an ESG issue with potential major risks, the Group may discuss the topic with the invested company's management before shareholder meetings; if necessary, the Group may vote against the topic or waive the right to vote.

The Group also communicates with the management of invested companies through telephone calls, mails, or meetings (such as institutional investors conferences and shareholders meetings). When an invested company violates ESG principles on specific issues and damages the rights of the Company's customers or beneficiaries, the Company will exercise its voting rights or other shareholders' rights to express its demands to the management of the invested company and further influence the conduct of the invested company. The total responsible investments of Yuanta Securities, Yuanta Bank, and Yuanta Life this year were NT\$56.64 billion.

## Responsible Investment Engagement Initiatives

Yuanta Life and Yuanta Funds have conducted engagements as institutional investors, respectively, with invested companies and relevant partners to help them establish relevant response strategies, improvement plans, and future goals on major environmental issues. Examples of such engagements are as follows:

### Constituent Securities Engagement

<b>Objective</b>	Manage ESG risks and opportunities and deliver sustainable results
<b>Results</b>	Successfully introduced the concept of sustainability to 15 constituents; these constituents improved the disclosure of ESG issues on their websites or sustainability reports. Yuanta Funds continues to invest in these companies.

To introduce the concept of sustainability to all constituents of Yuanta FTSE4Good TIP Taiwan ESG ETF (the source of dividend distribution of the Fund may be the income equalization), Yuanta Funds explained the global investment trend in sustainability, presented the Taiwan ESG Index and FTSE ESG Evaluation Model, and offered guidance on the implementation of sustainable policies in terms of environmental, social, and governance aspects. The FTSE Index Company was invited to explain the ESG evaluation score of each constituent and the focus of each detail item. The engagement allows all constituents to understand where their own companies fall under each topic of the international ESG evaluation and proceed to establish new standards or recalibrate the focus of their business operations. After this conversation, the constituents were able to better disclose relevant policies and implementation on their websites and sustainability reports.

### Index Provider Engagement

<b>Objective</b>	Manage ESG risks and opportunities
<b>Results</b>	A better understanding of sustainable development and relevant ESG issues in Taiwan; continual focus on the field of ESG investment with expectations for further collaboration and conversation.

In addition to FTSE Index, Yuanta Funds invited ICE Index, S&P Index, MSCI Index, and Bloomberg Index to engage in conversation. Yuanta Funds presented the sustainable development trend in finance in Taiwan, and discussed the problems and solutions Taiwanese investment companies have when issuing ESG products under the Eight Information Disclosure Review and Supervisory Principles for ESG Funds stipulated by Taiwan's Financial Supervisory Commission and how Taiwanese financial institutions deal with sustainability (ESG) reports and disclose carbon emission information under the net-zero emissions trend. Index providers shared their opinions on ESG-related climate, energy, and ecosystem issues. Yuanta Funds expects to conduct ESG-related strategic collaborations and exchanges with index providers in the Asia-Pacific region, continue focusing on the Taiwanese market, and prompt all companies to take more proactive actions in ESG using the power of investors.

### Engagement with Invested Companies

<b>Objective</b>	Manage ESG risks and opportunities and deliver sustainable results
<b>Results</b>	The invested companies promised to take action on ESG issues, establish critical ESG indicators to track the development of each issue, and actually invest resources into improving sustainability.

Yuanta Life focuses on environmental issues of the invested companies. Discussions were made with these companies to establish mid- to long-term greenhouse gas emission reduction amount, nine critical indicators of biodiversity issues, and main improvement items for MSCI evaluation. The goal is to reduce environmental and communal impacts of these companies. The invested companies have agreed to invest in equipment upgrades; support planting, greening, ecological restoration, and biodiversity; and reduce their impacts on climate change to achieve sustainable development.

Yuanta Funds focuses on the ESG evaluation results of the invested companies. Engagements were conducted to understand the implementation progress of these companies on sustainable development issues, including establishing greenhouse gas emission and air pollution reduction plans and investing in research and studies of carbon capture to gradually reduce their impacts on global climate change.

The amount and number of cases submitted for review and assessment of the Group's investment business for the implementation of the Sustainable Finance Guidelines and the Industry-Specific Environmental and Social Risk Management Rules in 2021 were as follows:

### Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Amount
Government Agencies	58	30,067,870
Financial Insurance	108	20,348,247
Semi-conductor Industry	153	17,538,829
Computer and Peripherals	110	8,044,185
Communication Network	36	7,550,583
Plastic Industry	45	3,775,349
Shipment Service	10	2,920,816
Steel	31	2,194,051
Food Industry	6	1,186,082
Cement Industry	35	956,532
Other	143	5,944,175
<b>Total</b>	<b>735</b>	<b>100,526,720</b>

Note: Data coverage includes Yuanta Securities, Yuanta Bank, and Yuanta Life.

### Cumulative approved cases by the Industry-Specific Environmental and Social Risk Management Rules

Unit : NT\$ thousand

Industries	Number	Amount
Plastic Materials Manufacturing	45	3,775,349
Steel Manufacturing	31	2,194,051
Semiconductor Manufacturing	153	17,538,829
<b>Total</b>	<b>229</b>	<b>23,508,230</b>

Note:

1. All cases approved by the Industry-Specific Environmental and Social Risk Management Rules are evaluated by the Sustainable Finance Guidelines.

2. Data coverage includes Yuanta Securities, Yuanta Bank, and Yuanta Life.

## Underwriting and Consulting Services

Yuanta Securities is responsible for the business development and customer 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 January 2023. Decisions for underwriting on firm commitment basis are to be based on the PRI and its spirit. As the lead underwriter, cases are evaluated for their ESG compliance according to the “Responsible Investment Checklist.” In addition, if the industries belong to industries regulated by the “Yuanta Financial Holding Co., Ltd. Industry-Specific Environmental and Social Risk Management Enforcement Rules”, an evaluation using the Industry-Specific Environmental and Social Risk Management Checklist should be included for subscriptions or underwriting.

Underwriting cases shall exclude companies that are prohibited by the Sustainable Finance Guidelines. In addition, the Company shall support or strengthen the assessment of relevant industries in accordance with the guidelines, and shall state the relevant reasons if it resolves to subscribe or underwrite the enhanced assessment of industries.

The ESG review criteria were developed by Yuanta Securities staff referring to ESG-related indicators from domestic and international databases, including Bloomberg ESG score indicators, relevant domestic and international ESG ETF constituent stocks or sustainability index constituent stocks, Market Observation Post System, Taiwan's Ministry of Labor, Taiwan Stock Exchange - Corporate Governance Center, DJSI constituent stocks, and MSCI constituent stocks. Yuanta Securities has conducted engagement with consulting companies to reinforce their corporate governance and sustainable development, establish their sustainable development committees, and establish sections regarding investors, stakeholders, and company sustainable development on their websites. After the consultation, the companies have to provide sustainability (ESG) reports and prove that they have completed ESG issue risk assessment and critical information disclosure as a way to lay the foundation for sustainable governance.

### Underwriting Performance of Sustainable Development Bonds

This year, Yuanta Securities assisted in the underwriting of sustainable development bonds. The Company has participated in the underwriting of twelve green bonds including Taiwan Semiconductor Manufacturing Company Limited, E.SUN Bank, and Taiwan Power Company; six sustainability bonds including Chunghwa Telecom, Yuanta Bank, and First Bank; one social bond of Far EasTone Telecommunications; and two sustainability-linked bonds (SLB) of Far Eastern New Century Corporation and CHIMEI Corporation. The total amount of these bonds is NT\$20.4 billion.

The proceeds from the issuance of bonds by the above companies will be used for the development of renewable energy and energy technology, energy efficiency and energy conservation, greenhouse gas reduction, waste recycling or reuse, and other industrial applications related to the development of green energy. In terms of social benefits, we support affordable housing to enhance socio-economic development and rights protection, and we will continue to take practical actions to assist the development of green technology, care for the community, and enhance people's well-being.

Unit : NT\$ thousand

Categories	2021			2022		
	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 Bond Underwriting / Social Bond Underwriting / Sustainable Bond Underwriting <sup>Note 1</sup>	5,600,000	121,970,000	4.59	17,800,000	106,850,000	16.66
Sustainability-Linked Bond Underwriting <sup>Note 2</sup>	—		—	2,600,000		2.43
Total	5,600,000		4.59	20,400,000		19.09

Notes:

1. Bonds that meet the definitions of green bonds, social bonds, and sustainability bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.
2. Bonds that meet the definitions of sustainability-linked bonds described in Article 3 of the Taipei Exchange Operation Directions for Sustainable Bonds.
3. In this table, the underwriting value and underwriting amount are defined as the amount of money from new cases in the current year.

### Bond Underwriting

The revenue and number of cases of Yuanta Securities' bond underwriting business to be evaluated for implementation of the Sustainable Finance Guidelines in 2022 were as follows:

#### Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Underwriting Amount
Semi-conductor Industry	7	7,680
Financial Insurance	7	4,950
Other	6	6,300
Public Business	1	1,400
Total	21	20,330



### Consulting Services ESG Factor Audit and Evaluation

Yuanta Securities has been actively implementing the Sustainable Finance Guidelines and has held a total of 63 IPO and SPO meetings to evaluate cases in 2022, of which fifteen have been completed in the current year. The list of industries and underwriting amount is as follows:

#### Cumulative approval of cases through the Sustainable Finance Guidelines

Unit : NT\$ thousand

Industries	Number	Underwriting Amount
Electronic	4	863,909
Biotechnology and Medical	1	606,696
IC	2	497,189
Financial Insurance	2	21,620
Chemical	2	73,660
Steel	1	91,476
Plastic Industry	1	56,005
Other	2	233,273
Total	15	2,443,828

## Creating a Sustainable Financial Life

### Consumer Banking Lending Business

#### Risk Assessment Process

Yuanta Bank understands and evaluates the financial and credit status of its customers. For personal lending cases under its management (including corporate accounts for auto loans), Yuanta Bank takes the initiative to understand KYC and strengthen due diligence when customers apply for loans, and checks relevant information through the anti-money laundering (AML) system to carefully evaluate whether there is any violation of the relevant regulations.

Lending applications will be denied to those who are on the government sanction list upon inquiry. For other AML high-risk customers (e.g. those who meet the negative news related to money-laundering prevention, insider trading, etc.), the sales unit or levying and auditing personnel should handle the lending account to enhance the examination operation and should raise the lending level of the case. In addition, for approved cases, the flow of funds should be tracked after the funds are allocated to confirm whether it is consistent with the purpose of the loan application in order to prevent money-laundering incidents.

Yuanta Bank maintains a professional approach to lending, 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 strengthen ESG interaction with customers, Yuanta Bank invites its customers to join in the green consumption and cultivate sustainable living habits on their credit card bills. On the other hand, in order to encourage customers to purchase low-carbon products such as green buildings and petrol-electric vehicles, Yuanta Bank continues to cooperate with new-energy vehicle dealers this year, offering preferential auto loan programs to encourage the public to purchase new-energy vehicles. We have added incentives for the public to purchase new-energy vehicles and Green Building Label homes to our car loan and mortgage credit trial webpages. At the end of December 2022, the total amount of auto and home loans and other personal consumption loans was NT\$341.1 billion, accounting for 56% of all consumer banking loans. We encourage customers to give priority to sustainable products and join hands with Yuanta to create a sustainable home.

### Performance of ESG Theme Consultation Services

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 0.26% compared to 2021.

Unit : NT\$ thousand

Categories	2021			2022		
	Sustainability Consulting IPO/SPO Value	Total Consulting Service Value <sup>Note</sup>	Proportion of Total Consulting Service Value (%)	Sustainability Consulting IPO/SPO Value	Total Consulting Service Value <sup>Note</sup>	Proportion of Total Consulting Service Value (%)
Environmentally-Friendly and Social Welfare Industries	18,412,659	43,059,506	42.76	7,157,471	14,661,025	49
Other Companies with Sustainability-Related Issues	24,536,500		56.98	7,503,554		51
Total	42,949,159		99.74	14,661,025		100

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

### Performance of Personal Financial Instruments and Services

Unit : NT\$ thousand

Categories	2021			2022		
	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)	Loan Amount	Total Lending Amount	Proportion of Total Lending (%)
Sustainable loans and mortgages- <small>Note 1</small>	5,217,133	137,572,874	3.79	8,614,902	121,769,757	7.07

Notes:

- The funds are used for "green spending" and for companies engaged in renewable energy generation, clean technology, energy efficiency and other ESG industries.
- In this table, the total lending amount and loan amount are defined as the amount of money from new cases in the current year.

## Going Paperless Promotes Green Living

### Diamond-Gold Carbon Lucky Account

Yuanta Bank hopes to raise the public awareness of environmental protection via the disclosure of carbon emissions reduced by implementing electronic transactions. This year, Yuanta Bank presented the Diamond-Gold Carbon Lucky Account, allowing customers to obtain information about the total number of sheets of paper they saved by adopting electronic transactions simply by logging into their accounts via Yuanta Mobile Banking APP or Yuanta Bank Official Website and go to the My Carbon Account section. With this new feature, the customers can see that over time, the accumulated carbon reduction result may be impressive; they will then be motivated to make electronic transactions part of their lives. Moreover, to incentivize customers to participate in carbon reduction movement with simple clicks, Yuanta Bank offers various green discounts including an exchange rate discount for online currency exchange, online applications for regular investing, and zero subscription fee for designated fund/ETF. This year, Yuanta Bank saved 177 million pieces of A4 paper from encouraging its customers to adopt online applications for various tasks; the results are beneficial for saving resources and reducing overall energy consumption.

In addition, Yuanta Bank included an introduction of the Mobile Banking APP in the My Carbon Account section, describing how the APP becomes a zero-carbon emission APP by obtaining ISO 14067 Carbon Footprint verification and PAS 2060 Carbon Neutrality verification and how Yuanta Bank attains other sustainability achievements such as officially adopting green power in 2021. The section also includes a column for articles related to daily climate, food and drinks, ecological issues, and carbon reduction issues to bring such discussions close to the customers' lives. By inviting the customers to join the carbon reduction movement, Yuanta Bank encourages them to change their behaviors, promotes green financial services, and enhances the impact of digital finance.



### Yuanta Funds Digital Bank Statement Service

Yuanta Funds comprehensively implemented the digital bank statement service. Yuanta Taiwan Top 50 ETF Feeder Fund and Yuanta Taiwan Dividend Plus ETF (the source of dividend distribution of the Fund may be the income equalization) alone have more than 1.3 million investors; if all of them opt for digital bank statements, a total of 19.5 tons of paper may be saved each year, which equals to around 500 trees saved each year. Since the implementation of digital bank statements on June 28, 2022, a total of 43,000 customers have adopted this service by the end of that year.



### ISO14067: 2018 Product Carbon Footprint Verification

Yuanta Bank's all series of credit card carbon footprint obtained the certification from the British Standards Institution (BSI) this year, and in November 2021, the credit cards acquired the BSI ISO 14067 Carbon Footprint verification, with a carbon footprint of approximately 850g per card. Compared with the carbon reduction baseline in 2018, the carbon reduction of credit card products has successfully reached more than three percent (3%) in five years. Moreover, Yuanta Bank gained dual certification of "Product Carbon Footprint Label" and "Product Footprint Reduction Label" from Taiwan's Environmental Protection Administration (EPA) in September 2022, and has pledged to continue to improve the digital connection with the customer side to jointly reduce greenhouse gas emissions during credit card use.

On the basis of digital operations, Yuanta Bank took the lead this year in focusing on the applied services of the Mobile Banking APP and verifying the carbon footprint of the APP. In addition, the bank implemented a carbon neutrality project: Choosing a wind power project that meets the sustainable development goals of the United Nations from the Gold Standard to conduct carbon offset and achieve carbon neutrality. The carbon offset will go to social welfare and be used to reduce poverty, improve healthcare and public health education, and create job opportunities. The bank obtained certification from the BSI and became the first financial institution in Taiwan to obtain both ISO 14067 Carbon Footprint verification and PAS 2060 Carbon Neutrality verification.

Yuanta Securities responds to the UN's net-zero carbon emission target, the Taiwan Financial Supervisory Commission's green finance, and the Group's sustainable development policy, and has integrated the ESG concept into its operation strategy. Yuanta Securities is actively researching carbon reduction practices and promoting carbon neutrality plans. After becoming the first securities company in Taiwan to pass the BSI ISO 14067 Carbon Footprint verification with the "Mr. Investor APP" mobile application in March this year, in June of the same year, it successively passed the PAS 2060 Carbon Neutrality verification of the BSI, officially declaring that it has achieved carbon neutrality. Mr. Investor APP as a result became the first zero-carbon APP in Taiwan's securities industry.

In response to climate change, we will develop sustainable commodities and green financial service processes continuously in the future to reduce the impact on the environment during the operation process. Strengthen the important role of financial institutions in the transformation of global low-carbon, and drive clients towards the life of low carbon.

## Investing in a Sustainable Future

### Existing Product ESG Investment Management

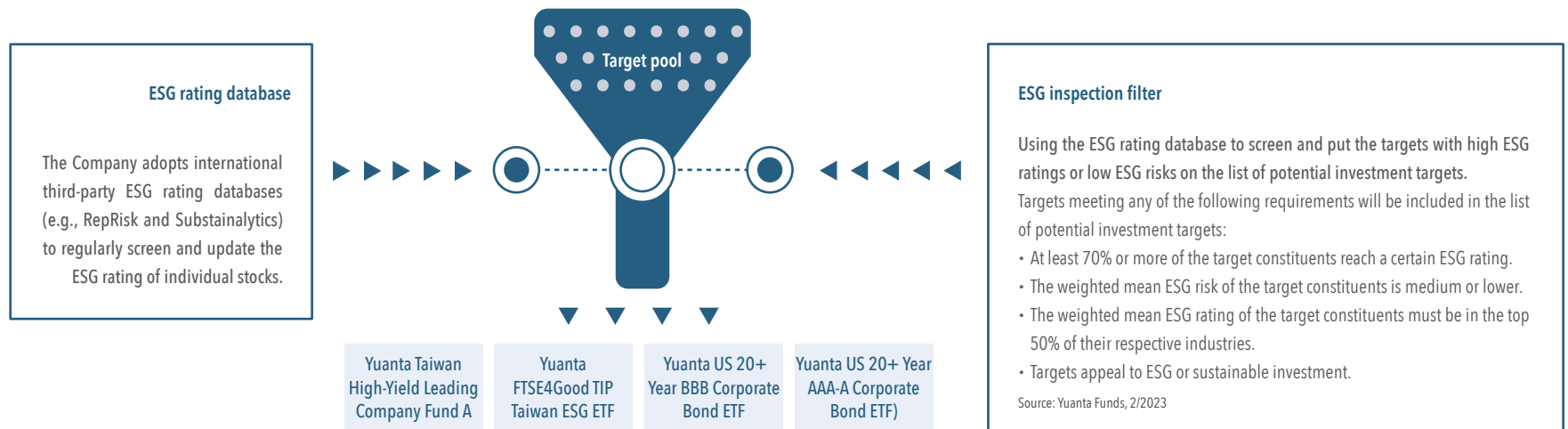
As of the end of the year, Yuanta Funds has eighteen funds rated by Morningstar, Inc. with the highest rating of five Globes, including Yuanta Taiwan High-Yield Leading Company Fund (the source of dividend distribution of the Fund may be the income equalization), Yuanta Taiwan Top 50 ETF, Yuanta Taiwan High Dividend Fund, and Yuanta FTSE4Good TIP Taiwan ESG ETF (the source of dividend distribution of the Fund may be the income equalization). This year, the size of five Globes funds reached NT\$512.506 billion, indicating that sustainability investment is gradually gaining market attention.

Yuanta Funds focuses on ESG risk management when developing investment products and services. 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 invested company is involved in ESG controversies, Yuanta Funds will hold internal discussions to decide if investment weight of the company should be adjusted and regularly review the overall ESG risk of the fund to ensure that the product has a sustainable significance, providing customers with the option to invest in a sustainable future.

### ESG Investment-Linked Insurance Policies

The Group has a clear insight into the structural changes of Taiwanese population and society. Sub-replacement fertility and the aging population means an increasing need of care for the retired population. One of our subsidiaries, Yuanta Life, launched a few discretionary investment-linked insurance policies, including Yuanta Life Variable Universal Life Insurance and Yuanta Life Variable Annuities Insurance. Yuanta Life commissioned Yuanta Funds to operate Yuanta ESG Sustainable Growth Account; via a specific qualitative and quantitative screening logic, the account invests in sustainable and quality ETF and mutual funds with a high-yield ratio. An exclusive ESG inspection filter is applied to verify the ESG level of all the stocks and bonds. With accumulated assets from investing in growing stocks/bonds and end-of-year value-added payout mechanism (when there is an excess return, it will be added to the end-of-year payout of the year), a steady investment account is offered to meet the need for pensions that is more and more important in an aging society.

### Procedure adopted by Yuanta Funds to select its ESG investment targets



#### Investment selection pool

- ⊙ ESG assessment and screening of investment targets
- ⊙ Low risk, normal investment process
- ⊙ Medium risk, ESG assessment report by the manager required
- ⊙ High risk, investment not allowed



#### Fund portfolio

- ⊙ ESG risk tracking, if the ESG risk level of the investment target increases from low to medium, an ESG assessment report must be submitted



#### Fund report

- ⊙ The system has to disclose the ESG risk rating and distribution of funds
- ⊙ The stewardship report must disclose the ESG risk rating of all funds

## ESG Investment Products

The Group has observed the recent investment market trends and provide customers with precise and timely products that meet the spirit of ESG.

### Artificial intelligence of Things and Best Sustainability Companies

As digital technology-related applications such as AI, 5G, and the Internet of Things continue to evolve and business opportunities for relevant products continue to grow, a smart framework built with newly emerged technologies such as artificial intelligence of things plays a critical role in the digital transformation of companies. Proper 5G infrastructure and optimized 5G chips facilitate the development of smart agriculture, efficient energy use, and carbon reduction.

Studies have shown that sustainable funds and companies with high ESG evaluation are more resilient and have better performance in terms of returns and drop resistance comparing to conventional companies.

Based on the above trend, the Group's subsidiaries have launched the following list of products. As of the end of this year, Yuanta Securities has six ESG-compliant ETNs with 276,000 units of ETNs outstanding in circulation and an outstanding amount of approximately NT\$1.328 billion. Yuanta Funds has two 5G ETFs, one ESG ETF, and four Taiwan stock funds focusing on related industries, with fund size reaching NT\$28.917 billion. Yuanta Futures launched 3 ESG futures, with a trading volume of 21.37 million.

Products	Features
<b>Trend: Demand for 5G, Internet of Things, high-speed computing, electric vehicles, etc. is on the rise</b>	
Yuanta Global 5G & NexGen Telecommunication Components ETF (Tracks iSTOXX Global Future Key Technology Index)	Focusing on 5G hardware infrastructure, covering communication components, IC design, cell phone components and other hardware manufacturing industries, and positioned to assist in the global smart life. As of end of this year, it is awarded 4 Globes by Morningstar Sustainability Rating.
Yuanta Global Future Communications ETF (Tracks ICE FactSet Global Future Communications Index)	Covering the overall development of 5G industry, from communication equipment and infrastructure to cell phone manufacturing and telecommunication, supporting the complete supply chain of 5G upstream, midstream, and downstream. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Premier Fund	With a focus on high-technology and a complementary focus on traditional industries, we are able to grasp the trend of industry rotation. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Economic and Trade Fund	The investment characteristics are focused on national economic construction-related industries and export-related stocks. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta 2001 Fund	A portfolio of large-cap growth stocks & small and mid-cap potential stocks, covering industry champions and future stars. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Duo Fu Equity Fund	A balanced portfolio of listed companies, with large-cap stocks with stable performance as core holdings, and actively seeking out small and mid-cap stocks with high-growth potential. As of the end of this year, it is awarded 5 Globes by Morningstar Sustainability Rating.
Yuanta Electric Vehicles Total Return ETN (Tracks the Taiwan Electric Vehicle Representative Compensation Index)	We invest in 10 to 20 upstream to downstream companies in Taiwan's electric vehicle industry chain, covering the complete industry chain index components including high-quality Taiwanese companies specializing in electric vehicle power systems, charging stations, batteries, and other components.
Yuanta Electric Vehicle ETN	We provide customers with investment channels to track Taiwan's excellent electric vehicle-related enterprises, encourage customers to pay attention to the development of Taiwan's electric vehicle industry, and lead them to follow the international trend of emphasizing the development of electric vehicle industry.

Products	Features
<b>Trend: High sustainability performers</b>	
Yuanta ESG High Dividend N (Tracks Selected ESG High Dividend Payout Index)	Screening the top 20% of listed companies with high ESG scores, the composition of the constituent stocks has mainstream market characteristics, and the industries include semiconductor, finance, electronic communication, construction and other targets, diversified investment in listed companies with good sustainable development and high dividends.
Yuanta TPEX ESG Growth ETN (Tracks TIP Customized TPEX ESG Growth Total Return Index)	In addition to the ESG index screening strategy, the Company also uses "growth indicators" to screen for excellent performance in revenue, earnings, market capitalization, and profit growth.
Yuanta TPEX ESG High Dividend Total Return ETN (Tracks Selected ESG High Dividend Payout Index)	The first ever ETN with dividends; exclusively investing in listed companies with high ESG scores and high dividends. The dividends are paid yearly.
Yuanta FTSE4Good TIP Taiwan ESG ETF (Tracks FTSE4Good TIP Taiwan ESG Index)	The index is selected from the "FTSE4Good ESG Rating Model", and as of the end of this year has been recognized with Morningstar's Sustainability Rating of 5 Globes, and it is also certified with the Low Carbon Label. With environmental awareness on the rise, the product outlook is aligned with global trends, maximizing the benefits of investment while doing our part for the planet.
<b>Trend: Quality futures sustainable products</b>	
TAIFEX - Sustainability Futures (Link to FTSE4Good TIP Taiwan ESG Index)	Launched by the Taiwan Futures Exchange, FTSE Russell's international standard ESG rating model is used to select 66 constituent stocks by integrating their risk exposure and financial indicators. In response to the global trend of sustainable investment development, it meets the demand for spot market risk and related trading needs.
EUREX-Europe ESG Futures (Link to STOXX® Europe600ESG-X Index)	Based on the United Nations Global Compact principles, we have selected 581 constituent stocks from the European 600 Index, which is the first ESG-themed external commodity approved by foreign countries in Taiwan.
CME-E-mini S&P 500 futures (Link to Standard & Poor's 500)	The ESG Index is an index made up of S&P 500 Index constituents. Filtering of heavy participation from specific industries (e.g., tobacco and controversial firearms) and low scoring on the United Nations Global Compact was conducted on S&P 500 Index constituents to determine the ESG Index. Additionally, companies with their ESG scores on the bottom 25% of each GICS group according to S&P DJI ESG evaluation are excluded.





Note: Sustainability ranking on Morningstar as of December 31, 2022.





## Environmental and Climate Change and the Rise of Sustainable Energy Resources Issues

Due to environmental changes, many environmental issues be emphasized, such as carbon dioxide emission rights, alternative energy, water resources and other infrastructure, and can create new market opportunities. With the limited traditional energy sources and the emergence of environmental issues, governments are actively developing new power sources and providing various subsidy programs, giving infinite potential to the development of new power sources. Based on these trends, the Group's subsidiaries have launched the following products

Trend	Products	Features
Infrastructure	Yuanta Global Realty & Infrastructure Fund	Linking to infrastructure targets such as electricity, water resources, and transportation, and focusing on emerging market infrastructure issues.
Alternative Energy	Yuanta Global Utility Fund	Our investment targets include wind, hydro, and solar power plants and power transmission and distribution companies. We are able to take hold of the opportunities of high dividend and steady growth in the power industry.
Bioenergy, Food Crisis	Yuanta Global Agribusiness Fund	Linking to agro-finance related industry targets, we focus on agro-food and water industry related issues, covering the agricultural industry chain including basic resources, agricultural production, processing and wholesale sales.
Alternative Energy	Green Energy-Related Warrant Products	<p>From 2020 to 2022, the market shares of green energy-related warrants are 21.7%, 21.9%, and 23.4% respectively, topping the market for three consecutive years.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Solar power 171 warrants</p> </div> <div style="text-align: center;">  <p>Wind power 224 warrants</p> </div> <div style="text-align: center;">  <p>Water 17 warrants</p> </div> <div style="text-align: center;">  <p>Air pollution control 56 warrants</p> </div> </div>
Alternative Energy	Yuanta Green Energy ETN	Linked with Yuanta Taiwan Green Energy Total Return ETN; the index constituents are stocks in the supply chain of solar and wind power industries in Taiwan.

## Proprietary Sustainable Investment Products

Unit : NT\$ thousand

Categories	2021			2022		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
ESG Integration <sup>Note1</sup>	28,715,830	815,767,928	3.52	28,588,551	968,355,952	2.95
Best in Class <sup>Note2</sup>	11,094,953		1.36	9,818,078		1.01
Thematic <sup>Note3</sup>	14,573,596		1.79	10,760,868		1.11
Impact Investing <sup>Note4</sup>	325,989,117		39.96	474,726,250		49.02
Other <sup>Note5</sup>	46,679,828		5.72	42,983,646		4.44
<b>Total</b>	<b>427,053,324</b>		<b>52.35</b>	<b>566,877,393</b>		<b>58.53</b>

Notes:

1. Incorporate the ESG model into the design of financial products or set up relevant selection principles to systematically integrate ESG factors into investment analyses and decision-making.
2. Select industries, companies, or projects with relatively more favorable ESG performance when designing financial products.
3. Invest in a single or multiple thematic sustainability-related targets (e.g., climate change or clean energy) when designing financial products.
4. Have measurable social and environmental impact and financial returns when designing financial products.
5. Other: Funds with the highest rating of five Globes on Morningstar and those that have not been classified into the above categories.

## Third-Party Sustainable Investment Products

Unit : NT\$ thousand

Categories	2021			2022		
	Asset Size	Total Assets	Proportion of Total Assets (%)	Asset Size	Total Assets	Proportion of Total Assets (%)
ESG Integration <sup>Note1</sup>	1,947,956	52,656,743	3.70	1,771,236	72,015,620	2.46
Best in Class <sup>Note2</sup>	77,134		0.15	145,579		0.20
Thematic <sup>Note3</sup>	770,835		1.46	787,264		1.09
Impact Investing <sup>Note4</sup>	16,170		0.03	64,317		0.09
<b>Total</b>	<b>2,812,095</b>		<b>5.34</b>	<b>2,768,396</b>		<b>3.84</b>

Notes:

1. Incorporate the ESG model into the design of financial products or set up relevant selection principles to systematically integrate ESG factors into investment analyses and decision-making.
2. Select industries, companies, or projects with relatively more favorable ESG performance when designing financial products.
3. Invest in a single or multiple thematic sustainability-related targets (e.g., climate change or clean energy) when designing financial products.
4. Have measurable social and environmental impact and financial returns when designing financial products.

## Encourage Customers to Participate in ESG

In view of the growing digital demand of investors, the young generation is gradually become the key momentum in the capital market, and the demand for ESG products is increasing. In the digital era, the information conveyed on the website represents the overall image of the Company and is the most important channel for users to get to know the Company. Yuanta Securities and Yuanta Funds have set up separate website areas for their main ESG products. They also introduce ESG contents and international sustainability trends on the webpage to increase the exposure and recognition of the products, so that investors can easily understand the index and sustainability ratings of the products through an easy and intuitive user interface, allowing customers to identify financial products that are in line with the spirit of ESG. It also provides a convenient investment channel by leveraging Mr. Investor APP and ETF-AI intelligent investment platform to encourage customers to select and focus on ESG commodities.



## Issuance of Sustainable Development Bond

Yuanta Bank issued the first sustainability bond with a total amount of NT\$2 billion in 2022. The fund is to be used mostly for green investment plans and social welfare investment plans, including healthcare, urban renewal, and renewable energy. Moreover, the bond is used for financing sustainability-related industries and helping green power technologies, circular economy, and other industries with social benefits to obtain mid-to long-term funds; benefits achieved include reducing greenhouse gas emissions and promoting affordable housing development. (Please refer to Sustainability Bond Investment Plan)



Note: The Morningstar Sustainability Rating™ was conducted until December 31, 2022. The targets being evaluated include 2,473 Greater China equity funds issued by global asset management companies and domestic investment and trust companies. The score is calculated based on the long position (100.00%) of the funds' assets only. Morningstar sustainability investment history evaluation was calculated with company studies of Sustainability. ©2023 Morningstar, Inc. All rights reserved. The following statements are true for all the data stated here: (1) All data are exclusively owned by Morningstar and/or its content provider; (2) copying and reproduction are forbidden; (3) the accuracy, integrity, and timeliness of the data are not promised. Morningstar or its content provider will not be responsible for any damage or losses caused by your use of this information. Past performances do not guarantee future results.

## 4.2 Innovative Social Finance Products

Social issues have become increasingly diverse and complex. Without timely response, underprivileged groups will be unable to obtain affordable financial services. Insufficient accessible facilities result in impairment of the rights and interests of people with disabilities. Improving the usability of all financial products and services and continuing to provide affordable financial products and services that meet the public's needs are the ultimate goals that the world expects from financial inclusion. The Group reviews all problems with innovative minds. All of our subsidiaries continue to pay attention to the needs of underprivileged groups and regularly review global trends of financial inclusion and social issues. Moreover, core business of the financial industry is used to design financial products and service measures that meet the needs of underprivileged groups, develop innovative products, promote adequate services, and appoint professionals to each branch office and online to help the underprivileged groups. Feedback is taken to optimize relevant services on a regular basis. The subsidiaries shall stay in contact with their customers via the customer service telephone line, email, online customer service channel, and customer satisfaction survey to exert their influence, drive economic developments in inclusive growth, make changes, and eliminate inequality to improve social welfare. The Group has established financial inclusion policies. On the basis of customer demand surveys, discussions with external groups are conducted to tailor financial and non-financial products and services of financial inclusion for groups that are less attended to. To ensure the rights and interests of underprivileged groups, the Company has appointed the board of directors as the top supervisor of financial inclusion. The employees are trained to avoid forceful sales tactics. Procedures to prevent over-indebtedness have been established and a simple and efficient communication channel has been set up for relevant issues.

### Promote Financial Products and Services for Small Investments

In recent years, due to the liberalization of intraday odd-lot trading and the rise of digital financial platforms, young investors have become a key driver for the growth of the stock market. But, because they have limited funds available for investment, the demand for small investments has risen. In addition, the demographic structure of Taiwan is gradually moving towards a super-aged society, which has led to an increasing demand for retirement financial planning. The Group has designed a dollar-cost averaging and dual-dividend payout mechanism, which, in conjunction with the use of the digital investment platform, gives rise to the completion of customized investment portfolio using small investment amounts. By providing stable monthly dividend income, small investors and the elderly can easily participate in the investment market, thus realizing financial inclusion.



#### Dollar-Cost Averaging, Daily Deduction

In order to reduce the investment threshold and psychological pressure, and to alleviate the financial troubles of small investors, we have designed a regular fixed amount and daily deduction mechanism for setting any day of the month or multiple days for deduction, allowing investors to set and change deduction dates at any time for more precise planning by deduction dates and investment amount for the fund based on their cash flow or changes in the market. By choosing multiple deduction dates, investors can diversify and re-diversify their entry points, creating opportunities for better returns.



#### "Income Equalization" + "Dual Dividend Payout" Mechanism

Yuanta Funds integrated the mechanisms of "income equalization" and "monthly and year-end dividend payout" into fund investment. Income equalization solves the problem of mutual funds having changes in amount from income distribution per unit due to changes in the number of beneficiary units, which is not conducive to investors' monthly cash flow planning. The "monthly and year-end dividend payout" mechanism guides investors to make long-term investments through receiving a stable monthly cash flow, which precisely meets the needs of investors for retirement assets through building on their principle and getting regular payout.



#### Smart Investment Portfolio Recommendations

The use of big data to provide ETF solutions and intelligent investment portfolio proposals helps small investors to use investment strategies to select suitable investment portfolios, enabling them to grasp their investment status and asset allocation in real time, break spatial limitation and enjoy financial services at any time, providing diversified, convenient and lower-cost financial services, effectively promoting local financial development and expanding the reach of financial services.

## Lower the Threshold for Investment Tools

### Odd Lot Trading

Intraday odd lot trading and retain the after-market odd lot stock trading mechanism, significantly lowering the investment threshold, which allows small investors with limited capital to participate in the capital market at a small cost. Yuanta Securities provides an electronic platform for placing orders on the Mr. Investor APP, eWinner, Yeswin, or the Company's website, offering a convenient channel for small investors to invest in Taiwan stocks with ease and without burden.

Year	2021		2022	
Type	Intraday	After-Market	Intraday	After-Market
Total number of investment accounts for the year	501,751	268,905	511,202	181,312
Number of transactions	12,644,929	1,141,448	13,887,542	829,766
Total investment for the year (NT\$ billion)	200.403	17.83	177.368	11.142

### Systematic Investment Planning (SIP)

Yuanta Funds launched Yuanta Taiwan High-Yield Leading Company Fund (the source of dividend distribution of the Fund may be the income equalization), based on the concept of "Taiwan stock fund for nationals," to provide a new option for long-term investment and retirement planning for Taiwan citizens. 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. The fund continues to receive the highest rating of five out of five Globes from Morningstar Sustainability Rating. Yuanta Bank also offers systemic investment planning with daily deductions of fixed amount to invest in mutual funds, conveying the concept of long-term investment and diversified risks to investors. In addition, Yuanta Funds has launched the ETF-Linked Fund, which allows investors to subscribe for small amounts, with the threshold for single investment transaction lowered to NT\$10,000. Subscribing to systemic investment planning, the minimum monthly investment amount is NT\$3,000, allowing small investors, senior citizens, and fund investors to participate easily. In 2022, the total number of investors adopting regular investment amount in funds with single transactions of under NT\$3,000 is 595,000; the sum total of the investment is NT\$8.068 billion and the total number of transactions is 5.92 million.

In response to the Taiwan government's financial inclusion policy, Yuanta Securities adjusted its policy regarding wealth management and trust in August 2020 to lower the minimum amount on the financial statement for opening accounts to NT\$30,000. The minimum monthly investment is NT\$3,000, enabling small investors to accumulate wealth through regular fixed-amount investments. The Group will continue to promote systemic investment and optimize the digital investing experience, increase the promotion and usage of financial products, and realize financial inclusion.

Year	2021	2022	Growth Rate(%)
Regular Shares Savings Plan (RSSP) Accounts	349,796	839,383	140
Number of Scheduled Deductions	7,229,288	8,181,138	13
Number of Scheduled Deductions (<NT\$3,000)	3,216,345	5,923,496	84
Number of Transactions below NT\$3,000 as a Ratio of the Total Number of Transactions (%)	44	72	65
Total Amount Invested Over the Year (NT\$ billion)	34.967	30.317	-13

### Regular Shares Savings Plan

Yuanta Securities offers a low threshold investment method through regular fixed amount deductions, encouraging investors to participate in the capital market using small amount of money to invest over a long period of time, developing a good habit of saving and accumulating wealth early to realize their dreams. In 2022, a sum total of NT\$2.648 billion was made by single transactions of under NT\$3,000 and the total number of investors is 67,100.

Yuanta Securities holds semi-annual meetings to review new products and re-examine existing products. By 2022, the regular shares shavings plan has fourteen ETFs and 45 individual stocks available for investors to invest in. In addition, the Company provides investment yield calculation function for investors on its website and offers special handling fees from time to time to meet the needs of investors.

Year	2021	2022	Growth Rate (%)
Regular Shares Savings Plan (RSSP) Accounts	76,869	109,930	43
Number of Scheduled Deductions	159,116	279,299	76
Number of Scheduled Deductions (<NT\$3,000)	81,467	171,677	111
Number of Transactions below NT\$3,000 as a Ratio of the Total Number of Transactions (%)	51	61	20
Total Amount Invested Over the Year (NT\$ billion)	7.925	10.988	39

### Warrants

Warrants are a type of financial product and services that allows you to invest in stocks at a relatively lower cost. The affordable transaction fee effectively lowers the threshold for entering the capital market and is one of the tools suitable for all groups of people in managing their finances. Yuanta Securities, as the leading domestic warrant issuer, has been listening to the market demand for many years and timely provides warrant products that meet the market conditions and investors' needs, so that people can make an investment even with small amounts of money.

In order to familiarize the investing public with the products and enhance the popularization of professional financial knowledge, Yuanta Securities has set up the "Yuanta Warrants Online" simulation trading platform through the LINE platform, combining functions such as simulation trading, online warrant classroom, intelligent search, and popular stock information. It also holds simulation trading competitions to help more investors learn warrant investment tools in a fun and educational way. There are 56 live streaming warrants/ETN videos, which have been watched 230,000 times from May 2019 to December 2022. By utilizing the advantages of the Internet, we provide a more complete and independent learning environment for the investing public, and integrate into investors' daily lives without the restrictions of time and location to enhance the effectiveness of learning.

### Warrant Related Product

Unit: NT\$ thousand

Year	Number of Warrant Products Issued	Total Issued Amount	Total Transaction Amount
2020	9,595	106,210,120	181,056,212
2021	11,898	93,976,652	234,488,302
2022	12,958	124,474,578	188,451,865

### Contract for Difference (CFD)

Yuanta Futures offers CFDs on foreign exchange, commodities (gold, crude oil, etc.), foreign stock indices, and U.S. stocks. CFDs have the advantage of low capital trading threshold, so that even small investors can afford to invest in the commodity options market. At present, the smallest trading unit is 0.01 lot, which means that using less than NT\$10,000 the investor can take part in the market. Compared with the futures contract, the margin cost is less, and the average cost can be reduced by investing in batches, lowering the risk. Yuanta Futures hopes to meet the needs of small investors to participate in the financial market through designing innovative products with quality risk control.

#### Gold, Crude Oil, & Silver CFD

2022	Total Number	20-40 Age Group	20-40 Years Old in Total (%)
Accounts	912	456	50
Transactions	53,820.90	19,375.52	36
Total Amount Invested for the Year (NT\$ billion)	255.092	102.037	40

Note: From October 2021 onwards, foreign stock index, foreign individual stocks, and silver were added.

#### Stock Index CFD

2022	Total Number	20-40 Age Group	20-40 Years Old in Total (%)
Accounts	497	308	62
Transactions	778,622.60	381,525.10	49
Total Amount Invested for the Year (NT\$ billion)	84.422	46.43	55

#### US Stocks CFD

2022	Total Number	20-40 Age Group	20-40 Years Old in Total (%)
Accounts	144	81	56
Transactions	572,948	355,228	62
Total Amount Invested for the Year (NT\$ billion)	1.324	1.006	76

## Social Issue-Related Financial Products

The Group implements the core concept of financial inclusion and observes issues derived from social trends. According to the observation, diversified products designed for underprivileged and low-income groups are developed, so that the customers can choose the most suitable plan at the moment for themselves. In this way, the Group is able to make impacts to solve social change issues from the standpoint of the financial industry.

### Older Adults



Older adults are prone to hospitalization and needing medical care for bone fractures due to accidents. The Group offers annuity, lifelong healthcare, and long-term care insurance policies. In the event that an older adult is determined to be totally and permanently disabled or in need of long-term care due to an illness, a lump-sum payment and an installment payment of subsidies will be made to cover the huge medical expenses due to unexpected illness. The Group hopes to alleviate the economic burden on the caregiver in the family and serves as the best backup force for our customers in enjoying their retirement life.

In 2022, a total of **1,073** cases of such insurance policies were signed

the premium income was **NT\$24.61 million.**

### Maternal and Child Protection



Taiwan has become an aging society with sub-replacement fertility and Taiwanese people have been getting married and having children later and later. As the average age of maternity increases, the possibility of babies having congenital diseases increases. Yuanta Life has been paying attention to the infant insurance market and come up with our first lifelong health care insurance policy for infants. The babies will be covered for all kinds of healthcare for their entire life starting as soon as they're born. Newborns diagnosed with specific diseases are eligible to recover 50% of the insured amount. Their parents don't have to worry that their congenital diseases would result in a decline or delay of their insurance policies. The policies can be purchased during pregnancy to reduce the economic burden on new parents.

In 2022, a total of **54** cases of such insurance policies were signed

the premium income was **NT\$2.36 million.**

### Housing Issue



The high mortgage burden rate and ratio of house price to income have been placing pressure on people who plan to buy a house or are already paying the mortgage. If the borrower loses their income permanently due to a disease or an accident during the amortization period, their inability to pay may result in the foreclosure of their house. To prevent their family from becoming homeless, if the insured individual suffers total permanent disability or dies during the insurance period, relevant payment will be made to cover the mortgage payment; extra money left after paying the mortgage can be used to cover the family expenses. In this way, the assets can be preserved so that the family can live without worries.



## Products for Disadvantaged Groups

### Accessible Financial Services

#### Installing Accessible ATMs

Since 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 402 of our ATMs, 79% of the total, are accessible by wheelchair users. Priority will be given to improve the ATMs which are currently non-accessible 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.

#### Friendly Service Measures

The following service measures designed and provided to meet various customer needs by Yuanta subsidiaries:

#### Non-counter Service

- Financial services and customer services via telephone, voice, web, and mobile platforms.
- Provide personal, voice interaction-based, and online text-based customer services to meet the investment and financial needs of people who are visually or hearing impaired.

#### Counter Services

- Barrier-free facilities: elevators, ramps, handrails in staircases, and threshold-free entrance ways.
- Professional reception by service staff.
- Customer service hotline and counter service booking function on the corporate website.
- 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 Act.

#### Making Digital Platform More User Friendly

- The official website offers relevant information on the bank's products/services. Accessible website, financial inclusion services, and consumer protection sections are established.
- Level A Certificate issued by Taiwan's National Communications Commission is obtained for our website, online banking, and online ATM.
- The Mobile Banking has obtained the accessibility conformance testing certificate issued by Taipei Parents' Association for the Visually Impaired.

The online application system allows customers with disabilities to apply for "three fee-free withdrawals per month" from out-of-network ATMs 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. In 2022, Yuanta Bank's mobile banking customers had a 30% increase in the number of logins compared to the previous year.

## Friendly Service Initiatives

### Set up a "Financially Friendly Service Counter"

A sign of "Financial Friendly Service Counter" is placed on the "high counter" that is the most visible for all the customer entering a branch office. An indication card explaining such financially friendly service should be affixed to the left side of the waitlist monitor for the welcoming system. The function of "financially friendly service: priority" should be added to the welcoming system in the Financially Friendly Service Counter. Starting from 2022, a pop quiz about financially friendly concepts (e.g., how to apply for sign language interpretation) has been added to the internal training sessions.



### Basic Sign Language Classes

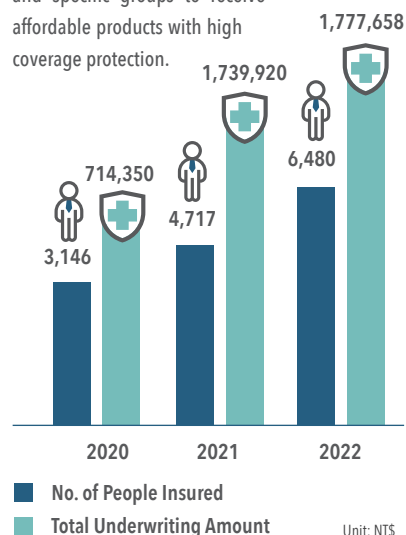


Yuanta Funds organized a Basic Sign Language Course for our employees to learn about basic courtesy and simple communication regarding financial services. We collaborate with the Taiwan Association of Sign Language Interpreters and set up equipment on the counters to facilitate account-opening and contract-signing works through real-time remote sign language interpretation service as part of the diverse and friendly financial service initiatives. An online sign language course for all employees and an Advanced Sign Language Course are expected to be organized in 2023.

### Micro Injury Insurance

To enhance the basic insurance protection for the economically disadvantaged and other specified groups, Yuanta Life launched "Yuanta Life Micro Injury Insurance (MC)" in 2014. This product is to be purchased as a collective group and is a one-year personal injury insurance with the features of low sum insured, low premiums, and easy-to-understand coverage. By paying a small premium, disadvantaged people can protect themselves or their families from falling into financial difficulties should disaster strike. In the event of a major accident, disadvantaged families can have basic insurance protections to help in their time of need.

"Yuanta Life Group Accident Microinsurance" was again offered to provide easy-to-understand accident coverage for the economically disadvantaged and specific groups in 2021. The product features low premium and single premium rate, regardless of gender or profession. This enables more economically disadvantaged and specific groups to receive affordable products with high coverage protection.



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

The financially inclusive insurance products offered by Yuanta Bank and Yuanta Life are mainly long-term care insurance, low-cost elderly insurance, and microinsurance. These products provide the public with affordable coverage to plan for their personal risks.

Unit : NT\$ thousand

Insurance Product	Number of Policies	Total Premiums	Intended Customer	
Long-Term Care	798	10,380	<ul style="list-style-type: none"> <li>Concerned with healthcare quality, risk conscious</li> <li>Family history of illness, potentially high-risk group</li> </ul>	<ul style="list-style-type: none"> <li>Primary breadwinner</li> <li>Single or married without children</li> </ul>
Low-Cost Elderly Insurance	208	5,049	<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> </ul>	<ul style="list-style-type: none"> <li>Does not want to be an economic burden on their children</li> </ul>
Micro-insurance	73	1,778	<ul style="list-style-type: none"> <li>Economically disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>Specified groups</li> </ul>
Total	1,079	17,207		

### Charitable Trusts

Yuanta Bank offers charitable trust services to help corporations or individuals plan and set up charitable trusts. Each year, we publish the annual trust transaction report and asset statement of each trust on our website to make the flow of donations more transparent and to realize our goal of giving back to society. As the end of this year, Yuanta Bank has handled five charitable trusts valued at nearly NT\$156 million and include "Mountains Fund", "Huangwu Social Welfare Fund", "Taian Social Welfare Fund", "Shanlin International Charity Trust", and "Cheng Shin Maxxis Social Welfare Fund".

Yuanta Bank continues to develop trust services that meet the needs of the elderly. As a result of the launch of the "Elderly Care Trust Foresight Program" in the fourth quarter of this year, the number of new commitments for this business has grown rapidly, and the size of trust assets has increased accordingly. By the end of 2022, the trust assets reached NT\$272 million, an increase of more than NT\$55 million or 25.5% compared to 2021.

Unit : NT\$ thousand

Type	2021			2022		
	Total Trust Assets	Total Trust Assets Overall <sup>Note</sup>	Proportion of Total Trust Assets (%)	Total Trust Assets	Total Trust Assets Overall <sup>Note</sup>	Proportion of Total Trust Assets (%)
Elderly Care Trusts	217,078	27,367,409	0.79	272,344	32,415,893	0.84
Urban Renewal Trusts	1,892,296		6.91	3,074,896		9.49
Employee Welfare Trusts	6,015,785		21.98	6,939,458		21.41
Charitable Trusts	149,016		0.54	156,230		0.48
Total	8,274,175		30.22	10,442,928		32.22

Note : Total Trust Assets overall does not include specific-amount trusts and funds under custody.

### Group Annuity

In order to help disadvantaged groups in society build saving, reduce the financial pressure on government from the public labor pension system, and assist corporate employees to plan for their retirement and health care early, in January 2017, Yuanta Life introduced Interest Sensitive Group Annuities Type A and Type B. As of the end of December this year, twelve groups are insured under these group annuities, which contribute a total of approximately NT\$30 million in premiums.

Unit : NT\$ thousand

Year	Total Group Annuity Premiums
2020	40,350
2021	33,707
2022	34,111

### Mortgage Subsidies

Yuanta Bank cooperates with government agencies in offering individual household policy-subsidized mortgages and social housing mortgages. This year, there were 114 cases of policy-subsidized mortgages and social housing mortgages for individual households, totaling NT\$247 million. The total balance is approximately NT\$5.364 billion.

### 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 offers support and assistance to social welfare organizations, so that they can feel the warmth of society. The cumulative number of donations made this year by Internet bank transfer was over 44 with a donation amount of about NT\$27,168, and 487 by credit card with a donation amount of NT\$1.284 million.

### Support for SMEs and New Startups

Yuanta Bank lent 7,918 loans to small and medium-sized enterprises (SMEs) to promote their stable operation on December 31, 2022. The lending targets are SMEs that meet the criteria for SMEs forwarded by Taiwan's Executive Yuan. We hope to provide funding to assist SMEs with cash flow and in maintaining working capital, and to help SMEs to stabilize their operations. Of the following loans to SMEs, the balance of loans to 4,994 small and new SMEs was NT\$127.9 billion and the balance of loans to 1,477 micro enterprises was NT\$590 million. This was done to support the growth of micro enterprises and promote economic development.

Unit : NT\$ thousand

Lending Categories	2021			2022		
	Loan Amount	Total Amount of Lending <sup>Note</sup>	Proportion of Total Lending (%)	Loan Amount	Total Amount of Lending <sup>Note</sup>	Proportion of Total Lending (%)
SME and Microenterprise Loans	170,102,117	411,623,889	41.32	171,995,449	492,459,811	34.93

Note: Total Amount of Lending is defined as the total lending balance from Corporate Banking for the entire bank.

### Financial Literacy Promotion

Due to the technical and complex nature of financial products, financial institutions should reduce information asymmetry and establish communication channels to increase information transparency, so that different groups can understand financial products, social equity can be promoted, and consumer rights can be protected. The Group has been holding campus competitions and implementing various industry-academia cooperation projects with universities and colleges, and is deeply involved in public welfare activities to promote financial knowledge while providing quality financial services. For more details, please refer to 6.1 Employee Attraction and Retention-Financial Talent Development and 7.4 Public Service Highlights.



## Financial Instruments Innovation and Services

### Creating Digital Journeys for Customers

The Group has insight into the changes brought about by innovative technologies in the financial industry in recent years. With an increase in technical risks such as information technology system failures resulting in disruption of market information communication, transactions, and transfers or the system capacity or operation failing to ensure normal transactions that results in damage to the client's rights and interests, we conduct regular inspections of the stability and security of digital banking channels and based on the inspection results, timely resolve the abnormalities found. If an actual incident of such nature occurs, we will take actions to determine the scope and the level of impact immediately, provide impacted clients the assistance required and the compensation for their losses (if applicable), and promptly issue an external explanation of the incident as well as take proactive actions to minimize the negative impacts. The Company shall also maintain in close communication with the clients via the customer service telephone line, email, online customer service channel, client satisfaction survey of all subsidiaries.

In recent years, the Group has been committed to developing digital low-carbon service processes and optimizing service quality. By combining the business expertise and channel resources of its subsidiaries, the Group is able to link up financial services such as application, financial management and payment functions that consumers need in their daily lives to form a financial ecosystem and create a customer-centric service with zero time difference. Subsidiaries ensure information security and system stability while developing digital services. Regular inspections of the systems are conducted and the analysis results are used to anticipate weaknesses and potential threats to facilitate timely prevention and improvement. We also collect feedbacks from clients regarding digital service systems and monitor the trends in digital finance as we continue to upgrade our digital infrastructure. The Group has been developing a digital low-carbon service procedure that optimizes service quality. Big data and artificial intelligence are applied to investment decision-making. A variety of investment products and services are combined to improve user experience via application scenarios and achieve diversified channels and types of investment. Inclusive and convenient services are provided to meet the needs of different generations. Comprehensive product planning and real-time sensible services are offered to demonstrate smart financial life.



#### Online Application

#### Yuanta Securities: Account Opening APP

Yuanta Securities continues to optimize the online account opening service. In addition to employing optical character recognition (OCR) technology to simplify the process, the Company was the first in the industry to introduce the fund management accounts (sub-accounts). With the application programming interface (API) technology, the clients can register their own accounts as settlement debit accounts, as well as opening securities, wealth management, and sub-brokerage accounts and apply for a New Taiwan Dollar or foreign currency digital savings account for securities with Yuanta Bank. These functions resolved the inconvenience of having to open a trading account before opening a securities account that the clients used to face before. In addition, for younger investors, we are the first to offer an online identity verification mechanism for minors, breaking through the limits of distance in digital finance.

#### Yuanta Bank: Yuanta e-counter services

Yuanta E-Counter offers a one-stop online application service; this year, an additional service of digital savings account for securities was added. Clients with a New Taiwan Dollar savings account may open a digital foreign currency savings account online; applications for credit cards, personal mortgage loans, credit loans, and auto loans can all be done online. By connecting with My Data platform established by the Ministry of Digital Affairs, when clients make an application for a New Taiwan Dollar savings account, a foreign currency savings account, or other services online and upload their documents from the front-end, the OCR technology is applied to auto-fill in corresponding information to shorten the time needed for applying. In 2022, with the added service of opening digital savings account for securities, the number of online account opening cases have grown by 256%.

#### Yuanta Life: Distance Insurance Contracts

Yuanta Life established a new distance insurance contract signing model and implemented the model in all the channels so that insurance services can be offered beyond the geographic distance. The process is completely paperless, AI technology is employed to examine watermarks and laser labels as means of identity authentication, and the latest biometric technology is used to determine whether the ID matches the user in front of the camera. In addition, all video calls are recorded to protect the rights of our clients. The recordings are immediately saved in a cloud server to minimize the risk of information leakage. In 2022, a total of 2,232 contracts were signed during the trial period.



#### Smart Financial Management

#### Yuanta Securities: Mr. Investor APP

Yuanta Securities has been focusing on cultivating the young adult market; the free Mr. Investor APP offers analysis of 17 technical indicators of individual stocks, including candlestick chart and trading volume for analyzing the trends of each stock. Moreover, the App offers AI intelligent stock selection, investment strategy setting and real-time monitoring function; a shortcut function can be customized to allow users to design a personalized main page. With research report issued by Yuanta Securities Investment Consulting linked to the App, the App is equipped with stock selection, tape reading, and order placing functions all in one place. Yuanta continues to promote "rejuvenation of equity investors" and develop a pocket investment advisor.

#### Yuanta Securities: Inescapable Net Automated Trading System

Yuanta Securities established the Inescapable Net Automated Trading System; as soon as the user activates the system and completes the settings, the system will track specific stocks and automatically place order to buy or sell according to the price range set by the user. With this system, the user can profit from the price difference through constantly buying low and selling high, overcome their own blind spots in facing market changes, and save time from following market movements. In 2022, the total number of users is 2,478 with NT\$34 billion in trades.

#### Yuanta Funds: Mr. Yuanta Funds APP

Yuanta Funds developed the Yuanta Mr. Funds App compiling the most-used functions that investors adopt to select funds and ETFs. Big data and algorithms are employed to offer users with most-searched funds, funds that may interest them, and optimized keyword search; biometric technology, dynamic browsing technology, and push mechanism are used to improve user experience. The App offers critical information such as funds inquiry, ETF dividend distribution records, and fund net worth trends and performance for users to place a one-time order and a dollar cost averaging plan easily. With the App, investors can stay on top of fund inventory and inquire their ETF dividend records any time; such functions allow the investors to understand their investment situation and asset allocation, and facilitate the planning and management of dividends. From October 25, 2021 to December 31, 2022, the accumulated number of installations of both platforms is 130,000.



Smart  
Financial  
Management

Yuanta Futures: iTRADER trading platform

Yuanta Futures developed iTRADER trading platform order platform with an upgraded trading system and operation interface that allows personalized window combination to improve the speed and efficiency of placing orders. Complete futures and options products from Taiwan and abroad are available on the platform. To upgrade user experience, the platform supports full-view cloud orders, visualized cloud order, and cloud strategy orders while providing the function for keeping a pending order up to 30 days.

Yuanta Bank: Digital Financial Management Ecosystem

Yuanta Bank established the Digital Financial Management Ecosystem that allows the clients to receive investment and financial management services, including currency exchange, investing in Taiwanese and foreign funds, investing in foreign bonds, and investing in ETFs, via a mobile phone. With the diversified financial options such as the mutual fund plan of NT\$100 investments at daily interval offered by the bank, investors can adjust their investment methods and targets according to their own risk tolerance; the function is well-liked by the clients.

Yuanta Bank: Currency Exchange  
Discount for Automated Channels

The Currency Exchange Discount for Automated Channels offered by Yuanta Bank has the following three features:

- Offering online currency exchange discount of 13 different currencies every day for timely currency exchange services;
- Supporting the functions of regular and fixed-amount of currency exchange, foreign currency exchange order watch, and exchange rate notification to facilitate users tracking the changes and fluctuations of exchange rates in the global market and diversifying the risks of currency exchanges;
- Offering convenient currency exchange services and abundant foreign currency investment products to give clients the flexibility to profit from both the gains from the difference in exchange rates and the interest rate spread.

Yuanta Bank: Account Link

Yuanta Bank offers Account Link service and allows the account to be linked to seven major mobile payment services. Clients with a savings account can apply to link their accounts to an electronic payment service. The mobile banking App allows Taiwan Pay QR code scan and pay service; transfers, purchases, and paying taxes or fees can be completed by showing the QR code or by scanning one. This year, the account linking service has been expanded to Easy Wallet, O'Pay, and Pxpap Plus; such cross-industry collaborations promoted non-cash payment services. In addition to common consumers, store owners and vendors can benefit from such services; in 2022, we introduced the Taiwan Pay Acquiring business and promoted relevant services to remote areas such as the offshore island of Kinmen through local branch offices, offering special discount to encourage local stores to adopt electronic payment so that stores and vendors in remote areas that rely heavily on cash can simplify their money collection process. Moreover, the adoption of electronic payment can reduce the risk of contact, mitigate the risk of handling cash, and simplify the management process. So far, more than 1,500 transactions have been made. The most interesting case is that of an old temple; measures such as setting up a QR code sign, establishing an exclusive QR code for social medias, and assisting congregations visiting the temple or in a distance in lighting worship lights or Tai Sui lamps, paying offerings, and making donations were taken to improve the efficiency in manually checking the account balance, optimize cash flow management of the temple, and apply digital financial services to non-profit scenarios. As of the end of 2022, the percentage of clients adopting the account linking service is about 63%, which stimulates the account usage rate.

Yuanta Bank: Campus Cash Flow Service

Through Yuanta E-payment, Yuanta Bank has been focusing on the student market for years. With years of practical experiences and information integration technology, the bank is capable of developing payment collection platforms with high flexibility to meet the requirements of different schools and expand the service to customers without a credit card (e.g., students) to connect all kinds of cash flow. The platform is now accepting channels, including convenience stores, credit cards, UnionPay card/ Alipay, iPayment, and post office, to achieve the benefits of inclusive finance. The tuition fee collection platform also allows the collection of administrative fees; the use of various payment tools is acceptable without the need to download additional Apps or link to a specific wallet, which minimizes the risk of handling a large amount of cash, and the digital records of the payment can serve as a way to educate students of financial management. As of the end of 2022, the bank has collaborated with almost 65 schools and more than 270,000 pieces in helping with payment collection, and create a cashless campus life.

Considering the needs of different groups such as students, schools, and faculties, Yuanta Bank has established a brand new "Yuanta Enjoy Learning platform". On the basis of tuition fee payment collection, the platform includes other additional functions such as mobile payment function, company transfer for salary payment, and domestic payment collection on campus. In recent years, the platform serves as a space to promote campus activities. The bank offers the school industry-academic collaboration, enterprise visits, and student career planning and organizes lectures on finance in schools to cultivate the mobile payment ecosystem on campus.

Yuanta Bank: Yuanta Prestige Corporate Banking

Yuanta Bank established a brand-new Yuanta Prestige Corporate Banking to offer all kinds of cash flow management services for enterprises to minimize the financial operation cost for corporate clients, optimize the fund procurement efficiency, and adopt the top FXML security control certificate. This secured and highly efficient digital platform offers both Chinese and English interfaces to offer online services beyond borders and allow online transactions regardless of distance. The secured and convenient Yuanta Prestige Corporate Banking can optimize operation procedure and reduce labor costs to accelerate the realization of sustainability through digital transformation. Comparing to the previous year, the number of our clients increased by 15% in 2022 and the trading volume also increased by 26%.



Digital  
Cash Flow



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

First in creating the model of using electronic payment account to purchase funds, Yuanta Funds collaborates with icash Pay to set another milestone.



Yuanta Funds observed that the consumers in Taiwan have grown accustomed to electronic payment, so a collaboration with icash Pay regarding fund purchases was born. The users of icash Pay can open a Yuanta Funds account and link the account for payment online as well as use it to purchase five main funds including the 0050 ETF feeder fund and 0056 ETF feeder fund; for both one-time order and dollar cost averaging plan, the minimum amount each month is NT\$1,000 and discounts such as zero transaction fees in the designated period were offered. The collaboration with an innovative financial technology company allowed us to build omnipresent financial services and the application of financial scene enabled differentiated services that helps to create a financial ecosystem. In addition to icash Pay application discounts, Yuanta Funds created an official account on Line at the end of this year; clients successfully purchasing on icash Pay and linking their accounts to Yuanta Funds official Line account can check their funds inventory, trading details, and dividend information online and perform simple management of their fund assets. Yuanta Funds continues to expand the convenience of online account opening and electronic trading.

National Brand Yushan Award - ★ Best Product: Grain Market Newbie Village



Product design concepts

The "Grain Market Newbie Village" is a mobile game-based learning platform with elements such as educating and clearing stages. The platform helps beginners in the stock market obtain basic knowledge of the stock market and establish correct concepts of investment; it also guides novice investors to start their first investment when they are well prepared.. In recent years, with the availability of financial products for small investments and the age of investors decreasing. With an increased accessibility of the securities and stock market, investment beginners have increased and relevant education on financial knowledge is largely needed. The Grain Market Newbie Village is the first gaming education platform in the securities industry and is free for all clients. The objective of this platform is to create a friendly and healthy investment environment for the Taiwanese stock market and all the investment beginners.

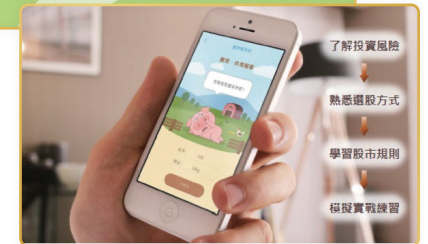
Product features

- Guiding clients to learn about investment through immersive games and personalized characters.
- Helping clients understand their investor type and risk tolerance.
- Showing clients how to choose investment target wisely.
- Key rules of stock markets that all beginners must know.
- Comprehensive introduction of financial products.
- The only trade simulation system in the industry, which simulates real environment to provide novice investors to practice investing.
- Offering a simulation of real market situation for real-time experience.
- Offering a simulation of the complete trading system for actual practice.

Results

★ The platform has attracted a total of **550,000** users.

★ Up to **85%** of the users made their first trading operation within 3 months.





## 4.3 Customer Rights

### Customer Relationship Management

The Group attaches great importance to the rights and interests of customers. If we do not pay attention to treating customers fairly, or fail to fully understand their needs, our procedures or services may have unfavorably affected their rights and interests. The five major subsidiaries have set up dedicated units based on the principle of treating customers fairly, which are responsible for the promotion of the fair customer treatment plan and reporting the implementation status to the board of directors. These units should stay in contact with their clients via the customer service telephone line, email, online customer service channel, and client satisfaction survey. The Company and its subsidiaries have established strict grievance handling procedures in accordance with the regulations of their respective industries. When receiving complaints from customers, they will classify the complaints according to their nature and immediately notify relevant units to deal with them while reporting to the complainants, Yuanta Financial Holdings, or the competent authority to accurately understand the situation and handling progress. Concurrently, they shall strengthen the education and training of colleagues and improve their professional capabilities, to provide customers the assistance to meet their needs.

### Fair Treatment of Customers

#### Management Mechanism

The Group has incorporated the spirit of fair treatment of customers into its corporate culture and implemented the "Principle for Financial Service Industries to Treat Clients Fairly" set by the Taiwan's Financial Supervisory Commission (FSC). Yuanta Futures ranked in the top 25% in the evaluation of fair treatment of customers in 2022.

To uphold the principle of fair treatment of customers in our daily operations, we also assist departments in the implementation of the "Fair Customer Treatment Principle" and incorporate internal compliance and codes of conduct into our education and training programs, as well as incorporate it as items to be audited in our internal control and auditing programs.

#### Demonstrating Professional Integrity in Service

The Group engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the policy of honest management, ensure honest management and its duty of care, the "Integrity Management Guidelines" and the "Procedures for Integrity Management and Guidelines for Conduct" specify the prevention plan, including the following key points: to ensure the accuracy and integrity of information and data provision and disclosure in business services, to comply with the confidentiality of trade secrets and intellectual property protection mechanism, and to ensure the correct production, management, preservation of documents and information practices and obligations. In the course of conducting business, the Company shall abide by the principle of interest avoidance and shall not receive any improper benefits or engage in any other acts of integrity violation, illegal conduct, or breach of fiduciary duties. If a person is involved in an illegal act, he or she will be punished according to the relevant laws or the Company's internal rules and regulations after the Company found it to be true.

The Group attaches great importance to the rights and interests of disadvantaged groups such as those with physical or mental disabilities and the elderly. Therefore, relevant procedures have been established for the provision of financial services to disadvantaged groups, so as to strengthen the protection of their rights and interests while establishing a corporate culture that treats customers fairly. When elderly customers purchase equities, Yuanta Securities will provide an alert based on product characteristics, price fluctuations, or risk levels. If necessary, the customer will be asked to sign the "Client Statement on Prudent Evaluation of Investment" as a strengthened measure.

Yuanta Bank not only classifies risk levels based on factors such as customer age and education, but also includes professional investors and product types to evaluate product suitability. In addition, when the elderly purchase financial products, they must sign an additional investment risk notification to confirm that they understand the transaction content and risks.

Besides handling sales-related procedures in accordance with the "Insurance Business Personnel Business Solicitation Handling System and Procedures," Yuanta Life also emphasizes important matters through highlighting them on the sales documents in implementing financial consumer protection.

For those over 70 years old requesting to open an account with Yuanta Futures, a risk statement, as well as proof of relevant knowledge and financial resources are required. Yuanta Futures will approve the transaction limits according to their risk tolerance (risk profile). It will also provide education and training to internal colleagues, strengthen communication with disadvantaged groups, and improve professionalism in business to make the communication between the two parties more effective and provide appropriate customer-friendly financial services.

#### Fair Treatment of Customers Education and Training

Company	Sessions	Personnel Trained	Hours of Training	Completion (%)
Yuanta Financial Holdings	4	77	165	100%
Yuanta Securities	15	13,589	23,869	100%
Yuanta Bank	22	14,458	14,830	100%
Yuanta Life	7	1,503	3,030	100%
Yuanta Funds	2	293	857	100%
Yuanta Futures	8	1,205	1,496	100%
Yuanta Securities Investment Consulting	1	76	228	100%
Total	59	31,201	44,475	100%



## Financial Education Activities

The Group attaches great importance to the rights and interests of customers, maintains good interaction with them by holding online and physical briefing sessions and other activities, and continues to convey the latest financial trends. Concurrently, it has also held campus competitions and diversified industry-academic cooperation programs with various colleges and universities in a long-term manner. Please refer to "6.1 Employee Attraction and Retention" (P.102) of this report for more details.

Company	Description (Methods to Improve Customer Financial Knowledge)		Events Held Content	Performance Results <sup>Note</sup>
	Object	Target		
Yuanta Financial Holdings	Investors	Wealth Magazine ESG Forum: Create green finance, work together for the common good, and move towards sustainability	1	228 participants 108,111 views
Yuanta Securities	Investors	ETN Seminar, Warrant Seminar (Online)	5	1,346 views
		Grain Market Newbie Village (online event promotion)	1	550,000 people in total
	General customers	Small-scale customer briefings at branches: Branches around Taiwan each held their own customer briefings on a variety of themes for different customer groups or offered classes on how to use the electronic platform for insurance, stocks, and funds.	2,054	27,867 people
Yuanta Bank	General customers	Mr. Investor APP Class	1	34,855 website clicks <sup>note</sup>
		Saving Good Stocks, Choosing Good Bonds: Yuanta Global Quality Leading Balanced Fund VIP Seminar	11	564 people
	General customers (teachers)	Online and physical small-scale sessions held in bank branches Mobile Payment Service Application Seminar	486 1	6,749 people A total of 72 schools and 122 teachers
Yuanta Funds	General customers	Customer briefings	1,728	22,464 people
Yuanta Futures	General customers	Customer briefings	297	Over 20,000 people
		Introduction to Subjective Trading	76	38,154 people
		Introduction to Program Trading	32	21,729 people
		Consulting Courses / Seminars	23	28,136 people
		Leverage Trading Video Tutorials	36	4,122 views
		Live Seminar on Leverage Trading	75	2,200 people
Yuanta Securities Investment Consulting	General customers	Introduction to Subjective Trading, Introduction to Program Trading, Consulting Courses / Seminars, Leverage Trading Video Tutorials, Live Seminar on Leverage Trading	446	Average number of participants at each event:40 people
		Large online conference	39	Average number of participants at each event:2,000 people

Note : Performance results include number of attendees, views, clicks and cumulative number of users.

### Yuanta Futures Research Team set up a YouTube channel - "Money Management Frontline"



Yuanta Investment Consulting has established a new YouTube channel called "Money Management Frontline," with its Chairman, Christine Hu, as the program host. Chairman Hu has more than 25 years of experience in the field of financial news. Her professional financial knowledge and eloquence have attracted a large number of loyal audiences. The program started broadcasting in September 2022. By the end of March 2023, 86 videos had been produced and broadcast, with a cumulative view count of about 1.12 million, and the number of channel subscriptions exceeding 30,000. In addition to focusing on domestic and foreign finance current affairs, the themes of the program include objective analyses of macroeconomic and industry trends that are presented in an easy-to-understand manner to allow the audience to quickly understand financial trends. In the program, financial industry experts and scholars are regularly invited as guests, so that the audience can acquire various dimensions of financial knowledge. Among the 25 videos in 2022, the theme of "Rising Interest Rates and Dollar Cost Averaging Investment" was the most popular. Besides the record-high number of views, the viewers discussed enthusiastically in the message area and strongly supported the content of the program. Through diverse platform tools such as audio visual equipment and social media, Yuanta Investment Consulting has made every effort to provide investors with up-to-date financial knowledge and achieve the task of promoting financial knowledge and education.

### Yuanta Funds publishes the Book "Practice and application of sustainable investments and asset allocation"



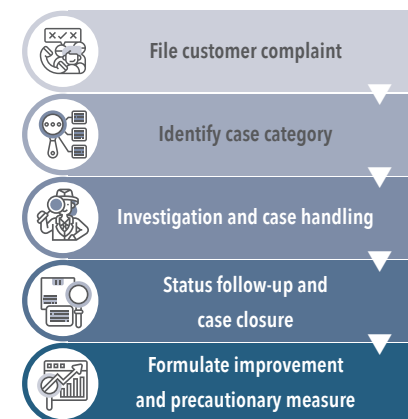
The topic of sustainable development continues to set off new waves around the world. With the promotion of carbon neutrality and net zero carbon emissions across the globe, the application of sustainable ESG investment methods has become a new investment trend. This book introduces the history and policies of sustainable development in sequence, and then extends to practical financial products, helping readers understand trends and invest in sustainable investment-related assets, as well as turning sustainable business opportunities into competitiveness.

## Customer Complaint Mechanism

Yuanta subsidiaries have set up various open channels including their own corporate website, customer service hotline, and web-based email for customers to use to request for consultation and reflect their needs at any time. Customers can file a consumer dispute complaint by telephone, visiting a branch office, letters, faxes, e-mails, or raise it with the competent authorities or other channels. We have also set up rules including regulations governing the internal control system and customer complaint handling process, to efficiently track and make improvements on issues, aiming to provide best service and rights protection for our customers.

The number of customer complaints received by the Group in the year was 721, of which about 564 were from the Financial Ombudsman Institution or the competent authority, and about 157 were through Yuanta channels. The overall number of cases decreased compared to 2021. Upon receipt of a customer complaint, each subsidiary immediately notifies the relevant unit to handle the case and replies to the complainant, Yuanta Financial Holdings or the competent authority to keep track of the status and progress of the case. The Company and its subsidiaries have established strict complaint handling procedures in accordance with the regulations of their respective industries in order to properly handle and respond to each complaint case. We also enhance the education and training of our employees and raise their professional ability to provide assistance to our customers to avoid the reoccurrence of customer complaints.

In order to establish a customer-oriented, consistent, systematic and responsive complaint handling process, Yuanta Securities, Yuanta Bank, Yuanta Futures and Yuanta Life obtained renewed certification of ISO 10002 Customer Satisfaction and Complaints Handling this year to establish an international standard customer complaint handling system. Yuanta Fund verification was passed in early 2023, and we hope to use it to strengthen our consumer-protection mechanism.



## Customer Satisfaction

Yuanta Financial Holdings takes a proactive attitude, 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.

In order to seek an objective perspective, Yuanta Bank conducted a mystery customer project with third-party vendors, allowing the inspectors to observe and evaluate as customers, formulate improvement measures based on the evaluation results, and include them in the appraiser's service performance indicators as it strives to improve customer satisfaction and protect the rights and interests of customers.

## Digital Channel Customer Satisfaction Survey

In order to effectively develop the bank's digital finance business, we have coordinated and integrated various units for the planning and development of digital finance business to improve the operational synergy and market competitiveness of the bank. We have established a digital development strategy committee and held meetings on a regular basis. The committee is responsible for the development strategy of the bank's digital finance business, creation of virtual and physical channels and formulation and review of digital customer service strategies, as well as promotion of improvement plans.

In order to improve the quality of digital finance services and create a good online experience for customers, we conduct customer satisfaction surveys on Internet banking and mobile banking apps, sending electronic questionnaires to customers who have recently used personal Internet banking or mobile banking, and asking them to rate their overall satisfaction with "functionality," "operating experience," "aesthetic design," "web speed," and "overall satisfaction." In addition to conducting data analysis and collecting customer suggestions, we incorporate suggestions for optimization and improvement to create a positive and beneficial cycle, while maintaining sound customer relationship management. In this year's customer satisfaction survey, the overall satisfaction score was 4.24 (out of 5) on average. In addition to the increase in overall customer satisfaction compared to the previous year, customer were analyzed by gender. The overall satisfaction rating given by females was 4.27, slightly higher than the overall satisfaction rating of 4.24 by males. We also analyzed the age group of our customers and divided them into 7 age groups. The data shows that the overall satisfaction rate of more senior customers over 61 years old is 4.44, indicating that in promoting digital financial services, Yuanta Bank not only continues to innovate and optimize the platform to provide customer satisfaction but it also takes into account the service quality and needs of more senior age groups.

Customer Satisfaction Survey(%)	2019	2020	2021	2022	2022 Goal
Yuanta Securities	97.91	98.59	98.87	99.43	97.00
Yuanta Bank	97.49	98.52	98.96	99.02	93.00
Yuanta Life	97.87	97.76	97.40	98.82	91.00
Yuanta Funds	97.30	97.90	97.90	98.01	95.30
Yuanta Futures <sup>Note 1</sup>	96.01	97.05	97.16	98.12	95.00
Subsidiary Weighted Results <sup>Note 2</sup>	97.72	98.08	98.19	98.98	93.00
Data Coverage Rate <sup>Note 3</sup>	98.00	98.00	100.00	100.00	

Note:

- Satisfaction with Yuanta Futures has risen compared to 2021. Yuanta Futures continues to uphold the core value of "warm service", gives priority to providing friendly financial services, and creates better service quality.
- Average of subsidiary customer satisfaction results for the year in question weighted by subsidiary income.
- Calculate what proportion of the revenue of domestic subsidiaries with customers is represented by the domestic income of subsidiaries included in the customer satisfaction survey data.

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

Yuanta Securities and Yuanta Bank launched the service mechanism of “Caring for Customers at the Counter.” A total of 359 cases of fraud was prevented this year, and 569 staff were awarded with recognition the police authority. The amount blocked in the fraud prevention cases was NT\$191.75 million and US\$226,234. Employees will be rewarded for protecting the safety of customers' property in accordance with the Key Points for Employee Rewards and Punishment.

In cooperation with the FSC, the Ministry of Finance and the Bureau of Investigation of the Ministry of Justice, Yuanta Bank's 505 ATMs broadcasted five anti-fraud videos 24 hours a day. The contents of the videos included: remittance operations, ATM operations, and fraud prevention reminders. The anti-fraud videos were played about 300,000 times per ATM during the year on average, increasing fraud prevention awareness.

## Customer care measures

Yuanta Group introduces diversified care measures to protect the rights and interests of its customers.

Caring for Investments of Customers	Yuanta Securities notified customers of commodities with price fluctuations to care for customers: 283 times of 77 funds, 1,867 times of 556 overseas structured commodities, 143 times of 15 domestic structured commodities, 143 times of 56 overseas bonds and 243 times of 69 equity commodities.
	In order to improve the rights and interests of customers possessing over-the-counter derivatives, Yuanta Securities will remind them of important information and announcements about convertible bond investment targets by e-mail or telephone when the customer base of the convertible bonds asset swap for derivatives is mainly natural persons, depending on market conditions or investors' investment targets, so as to protect the rights and interests of customers.
	When commodity market prices are highly volatile, Yuanta Bank's Wealth Management Department will notify customers by sending them text messages. Each text message will be reviewed by the Legal Affairs Department and Legal Compliance Department. In 2022, a total of 8,066 text messages were sent to inform customers of market risks.
	Yuanta Futures cares for its clients' trading positions before the daily trading session and reminds investors to be prepared with risk control mechanism to cope with the rapid market changes.
Wealth Management of Customer Care Program	Yuanta Bank divides customer care situations into proactive care and passive care based on the key points of customer care program implementation. <b>Proactive care includes any of the following:</b> 1. Risk prediction: After the Trust Department advises of a market risk, the relevant unit in charge of the product will predict product risk based on the market risk alert and notify the Wealth Management Department to execute customer care. 2. Target case: The Wealth Management Department evaluates the client's asset status, initiates the care mechanism and plans implementation measures when necessary.
	<b>Passive care refers to any of the following situations:</b> 1. Significant warning from competent authorities: Based on the relevant information released by competent authorities to strengthen investment risk monitoring (e.g. high yield bond fund investment risk, enhanced management of senior citizens financial management), the Wealth Management Department plans customer care plan for the month and implements it after approval by the department head. 2. Significant market events: The distinction is made between significant market news and significant price fluctuations. The Wealth Management Department uses an external data collection and analysis system to monitor and screen valid messages for follow-up alerts when there is a major market event that may trigger investor panic. The Wealth Management Department monitors market signals and price changes of mutual funds and ETFs on the shelf, and will activate the care mechanism if a major signal or significant price fluctuation (single-day decline $\geq$ 3% or five-business-day cumulative decline $\geq$ 10%) is detected.
	A total of 67 customer care programs were executed for 2022, including 49 proactive care-risk predictions, 7 proactive care- target case, 2 passive care-significant warnings from competent authorities, and 9 passive care-significant market events.
Elderly Care Measures	The function of “answering phone calls from the elderly first” has been added to Yuanta Securities' customer service hotline: The Financial Supervisory Commission emphasizes customer service for seniors. Thus, the customer service phone system has been upgraded to include the option to select senior caller identity in interactive voice response for elderly customers when they called, which will direct the call directly to a dedicated personnel, to provide a convenient and considerate shortcut service exclusively for elderly customers.

## Protection of Customer Rights

### 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:

1

A personal data protection team was set up. The personal data protection team is a permanent cross-departmental task group responsible for promoting, coordinating and supervising the company's various personal data protection related matters. The CEO designates the relevant department heads as the convener and deputy convener of the personal data protection team, with each department assigning a representative to form as its team members. The personal data protection team convene meetings to discuss personal data protection matters based on implementation of its business affairs.

2

The collection, processing, use, transmission, storage, and destruction of personal data 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 data.

3

When employees, customers or anyone else find any concern of personal data leakage or breach of relevant personal data protection regulations at the company, they can immediately notify the company's dedicated unit and personnel in writing, by phone, email or by any means; the personal data protection team members shall collect and review the reported incidents, analyze the causes of incidents, and provide suggestions for improvement on the work items they are responsible for.

4

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 data 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 items for Company's internal auditing, and regular annual education and training courses are held to enhance employee awareness of personal information protection.

5

If a staff is found to have violated the personal data protection policy and related regulations, which led to losses of others, he or she will be subject to the relevant disciplinary measures in accordance with the work rules.

6

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

### Customer Personal Information Management

The subsidiaries of Yuanta Financial Holdings have established regulations and management practices in line with the "Personal Data Protection Act" and regulations from the competent authorities to protect the privacy of customers and investors. Each subsidiary handles and collects customer information in accordance with the Personal Data Protection Act, and customers shall be informed of the information as required by the act 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 data. Each year, a personal data safety breach contingency drill is held to ensure our ability to respond to any potential personal data incidents. We also hold an annual personal data protection management review to ensure personal data protection policies are implemented properly. Yuanta Securities, Yuanta Bank, and Yuanta Life completed the BS 10012:2017 Personal Information Management System (PIMS) annual surveillance audit this year, while Yuanta Funds and Yuanta Futures continued to maintain the PIMS and has passed the verification for the first time in 2022. In 2022, there was no breach of customer privacy.

Yuanta Financial Holdings has established regulations including the Yuanta Financial Holdings and Subsidiary Companies Customer Privacy Statement and holds personal data protection and information security management training courses. This year, 45 personal data protection training courses were held, with 13,650 participants passing the training and amounting to a total of 15,074 training hours. There were 146 classes of information security, in which 31,967 people passed training, cumulating 39,964 total training hours. These courses aim to ensure that all our staff fully understand the importance of personal data processing and protection, to maintain the privacy of customers and investors.

The Company uses customer information for non-primary collection purposes (secondary use) in compliance with laws and regulations and with customer consent to engage in telephone marketing, email marketing, mail marketing, SMS marketing, and app promotion to specific customer groups by the company which the customer has business with. There is no incident of inter-subsidiary use of customer information for marketing purposes. We comply with relevant government laws and regulations and information management principles, ensure that the collection and the 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 fulfill our duty of confidentiality of personal information of customers or investors. The total percentage of secondary use of customer information by the Company's subsidiaries for the year was 30.44%.

## Negative Events Resolved with Integrity

In order to prevent and eliminate misappropriation of customers' funds by financial management professionals, Yuanta Bank stipulates in the "Professional Ethics and Behavioral Standards for Wealth Management Practitioners" that wealth management practitioners should uphold the principle of good faith in soliciting and serving customers, and are not allowed to keep bank passbooks, seals, or signed blank transaction receipts on behalf of customers. They are also prohibited from engaging in unauthorized transactions, improper solicitation, and other behaviors. Under the principle of complying with relevant laws and regulations, the following control measures have been implemented to effectively prevent wealth management personnel in conducting fraud:



If a customer's contact information is the same as that of the wealth 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 wealth management personnel or branch.



Establish a risk status monitoring list for branch managers or wealth management business managers to verify by telephone or in-person whether there are any abnormalities in the asset transactions with customers in the bank and whether the customers are clear about the status of investment gains and losses.



Create 14 monitoring reports based on the misappropriation patterns as recommended in the Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists to confirm the legitimacy of customer connections or transactions.



Send transaction letters to customers every year irregularly to provide them with investment details and balance for confirmation.



Internal audits are conducted during the leave of absence of the wealth management personnel to facilitate random checks on the transactions of customer accounts.



Add the "Customer Service Risk Early Warning System" to avoid improper sales behaviors by wealth management personnel.



For those wealth management personnel who have worked in the same unit for a certain period of time or more, appropriate transfer procedures are established and an enhanced inspection of the wealth management personnel's interaction with customers is performed.



Purchase a keyword scanning system, which conducts keyword scanning on wealth management personnel's computer from time to time to ensure that there are no self-produced bank statements.

During the year, Yuanta Bank and Yuanta Life was negatively affected due to some omissions in business processes. The Group responded immediately and took response measures to protect the rights and interests of customers. It subsequently improved internal processes to prevent related situations from re-occurring. The details are as follows:

### Description

Abnormal money transactions between Yuanta Bank's financial management specialists and customers that involved deficiencies

### Improvement Measures

1. By regularly producing and reviewing customer asset transaction monitoring and abnormality management reports, we have established a monitoring mechanism for large or frequent outflows of customer assets while also implementing customer care.
2. Display warning messages on the first page of the statement and on reminders to customers of important customer rights and interests to strengthen customer awareness.
3. Engage in managing wealth management personnel's daily behavior, provide them with life counseling, and care for them.



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
**A LEADER IN CORPORATE  
GOVERNANCE**

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

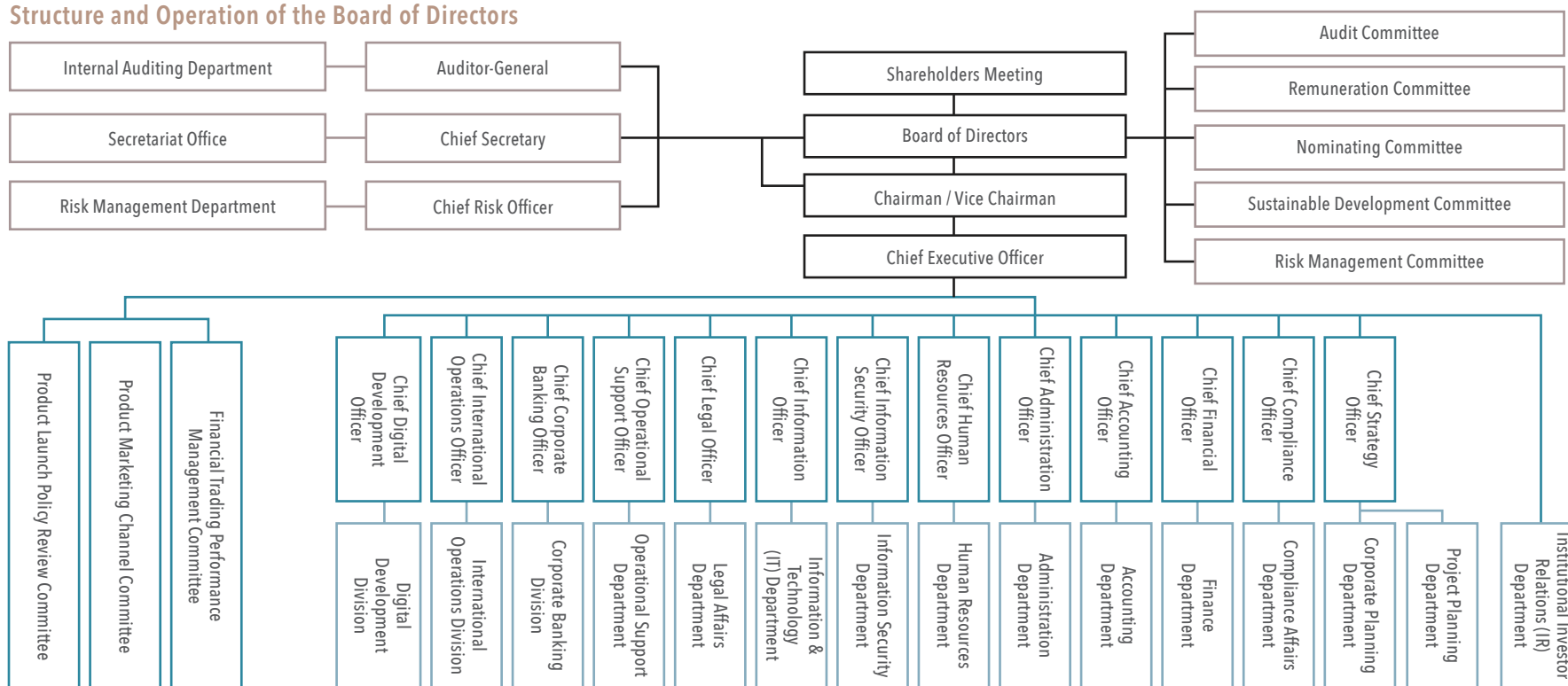
CHAPTER 5

A LEADER IN  
CORPORATE GOVERNANCE

5.1 CORPORATE GOVERNANCE    5.2 INTEGRITY MANAGEMENT  
5.3 RISK MANAGEMENT    5.4 LEGAL COMPLIANCE    5.5 INFORMATION SECURITY

## 5.1 CORPORATE GOVERNANCE

### Structure and Operation of the Board of Directors



Following the Company's Director Selection Process, on June 10, 2022, the Company convened the 2022 Annual General Meeting of Shareholders to elect the ninth (9<sup>th</sup>) term Board of Directors (including independent directors) with the directors to serve a term of three years. All directors are eligible for re-election. The ninth (9<sup>th</sup>) term board of directors is comprised of five directors and four independent directors (no separate executive directors). Eight are males and one is female, with an average tenure of six years. The number of independent directors accounted for 44% of the board of directors.

#### 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 proxy attendance) was clearly defined in 2019. The attendance rate should reach more than 80% and be included in the director performance evaluation. A total of fourteen board meetings were held in 2022. The average attendance rate of directors was 99%. The attendance rate of individual directors was over 93%.

#### Responsibilities and Operation of Committees

Committee Name	Organizational Status	Minimum Number of Meetings per Year	2022 Number of Meetings	Average Attendance Rate
Audit Committee	Composed of 4 independent directors.	12	13	100%
Remuneration Committee	Composed of 4 independent directors, without the engagement of any remunerated advisors.	2	7	100%
Sustainable Development Committee	Composed of 1 director and 4 independent directors.	2	5	100%
Nominating Committee	Composed of 2 directors and 3 independent directors.	2	5	100%
Risk Management Committee	The convener of the committee is the chairperson of the financial holding company. Committee members consist of the chairpersons and chief risk officers of the financial holding company and its subsidiaries, as well as other individuals deemed suitable and designated by the convener.	4	5	100%

## Responsibilities and Operation of Function-Based Committees

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

Committee Name	Main Responsibilities	Organizational Status	2022 Number of Meetings	Average Attendance Rate
Financial Trading and Performance Management Committee	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.	Currently convened by the chief executive officer of the Yuanta FHC with the chairperson of Yuanta Futures as deputy convener. The chairwoman of Yuanta Securities Investment Consulting, the chief executive officer of Yuanta Bank, the chief executive officer of Yuanta Futures, the senior vice president of Yuanta Securities, the chief financial officer and the chief risk officer of Yuanta FHC are members. These 8 individuals make up this 8-person committee.	11	82%
Product Marketing Channels Committee	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.	Convened by the chief executive officer of Yuanta FHC and composed of members of relevant managers from the Group.	3	87%
Product Launch Policy Review Committee	The committee is responsible for coordinating the issuance and sales of financial products across all relevant subsidiaries within the Group. Its responsibilities include the following: (1) Coordinating the formulation and review of principles for the issuance and sales of financial products within the Group. (2) Supervising the implementation of the principles for the issuance and sales of financial products within the Group by all relevant subsidiaries.	Convened by the chief executive officer of Yuanta FHC and composed of members of relevant managers from the Group.	3	93%

## Corporate Governance Enhancement of Board Directors

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 roadmap of the competent authorities, the Company establishes a "Head of Corporate Governance" who 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.

### Business Performance of Head of Corporate Governance in 2022

- ① We actively promoted the implementation of fair treatment of customers in the Group, adjusted relevant organizations in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", and introduced enterprise risk management mechanisms in compliance with the "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies" to enhance our corporate governance standards.
- ② Handling all matters pertaining to the ninth (9<sup>th</sup>) board of directors election and establishing various functional committees.
- ③ Handling all matters pertaining to the 2022 Annual General Meeting of Shareholders.
- ④ Supervising the revision of important company regulations, including amendments to the Articles of Incorporation, Organizational Rules, Nominating Committee Charter, Sustainable Development Committee Charter, Rules and Procedures of Board Meetings, Corporate Governance Guidelines, and Board and Functional Committees Evaluation Procedures.
- ⑤ Managing the meeting operations of the Board of Directors and functional committees, and strengthening compliance with legal procedures and matters pertaining to conflicts of interest.
- ⑥ Follow-ups on the progress of revision after suggestions or opinions made by directors at board meetings.
- ⑦ Assisting in facilitating the signing of the Integrity Pledge and Financial Report Confidentiality Statement by the Board of Directors, and strictly monitoring anti-money laundering and insider trading prevention operations.
- ⑧ Assisting in diverse training mechanisms and matters related to director training.
- ⑨ Undertaking the performance evaluation of the board of directors and functional committees.
- ⑩ Assisting in the CG6013 (2021) corporate governance system assessment for the Company with the result of this assessment being rated as "excellent".

## Director Professionalism and Independence

### 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.

For more information on the academic and professional backgrounds of the directors, please refer to the board membership section on the Company website.



The members of the Company's board of directors

### Director Independence

The "Scope of Duties for Directors of the Board of Yuanta Financial Holdings" clearly lays out the primary duties and responsibilities of directors and the "Scope of Duties for Independent Directors of Yuanta Financial Holdings" lays out the primary duties and responsibilities of the independent directors. Independent directors shall maintain their independence within the scope of their business operations and shall not have any direct or indirect interest in the Company. In addition to complying with the relevant provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the independent directors of the Company also meet the expectations of the S&P Global Corporate Sustainability Assessment (CSA) for independent directors' qualification requirements.

Name	Title	External Independence <sup>Note 1</sup>	Nationality	Gender	Industry Experience <sup>Note 2</sup>
Tony Ting Chien Shen	Chairperson	Independent director	Republic of China	M	Financials
Chien Weng	Director/Chief executive officer	Executive director	Republic of China	M	Financials
Wei Chen Ma	Director	Independent director	Republic of China	M	Financials/Information technology/Real estate
Chung Yuan Chen	Director	Independent director	Republic of China	M	Real estate
Daniel Y.M. Somg	Director	Independent director	Republic of China	M	Legal services
Ming Ling Hsueh	Independent director	Independent director	Republic of China	M	Educational and cultural industry/Accounting Services
Kuang Si Shiu	Independent director	Independent director	Republic of China	M	Financials
Hsing Yi Chow	Independent director	Independent director	Republic of China	M	Educational and cultural industry
Sharon S. Yang	Independent director	Independent director	Republic of China	F	Financials/Educational and cultural industry

Note:

1. Key Definitions Independent directors: are nonexecutive directors that are independent by meeting at least 4 of the 9 criteria (of which at least 2 of the 3 first criteria) listed below:

- The director must not have been employed by the company in an executive capacity within the last year.
- The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company's securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed.
- The director must note a "Family Member of an individual who is [...] employed by the company or by any parent or subsidiary of the company as an executive officer."
- The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
- The director must not be affiliated with a significant customer or supplier of the company.
- The director must have no personal services contract(s) with the company or be a member of the company's senior management.
- The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- The director must not have been a partner or employee of the company's outside auditor during the past year.
- The director must not have any other conflict of interest that the board itself determines to not be considered independent.

2. It refers to the industry work experience of non-director positions; the industry is classified according to GICS Level 1.

## Director Diversity

### Age Distribution of Directors

The average age was 65.

Age	51-60	61-70	71 or more	Total
Number	2	4	3	9
Distribution	22%	45%	33%	—

### Director Diversity

In addition to professional backgrounds and practical experience, we also focus on diversity and gender equality. We plan to nominate at least one female director candidate from the ninth (9<sup>th</sup>) board of directors in 2022 and increase the proportion of female directors to 20% of the board of directors by 2030, with a long-term goal of 30%. Six of eight 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, thereby helping inject a more diverse perspective into the Group's development for the sake of sustainable operations.

Company	Number of Female Directors and Supervisors
Yuanta Financial Holdings	1
Yuanta Securities	1
Yuanta Bank	2
Yuanta Life	4
Yuanta Futures	3
Yuanta Venture Capital	2
Yuanta Securities Investment Consulting	3

Data Base Date: December 31, 2022



## Board of Directors' Performance Evaluation

### 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." The performance evaluation of the board of directors and functional committees shall be conducted annually, with each director completing the evaluation questionnaire by himself/herself or his/her peers. Based on the results, the board also considers adjusting its member composition. For the results of the self-assessment, please refer to the board of directors' performance evaluation. To strengthen the board of directors' oversight function on sustainability, we are considering adding a sustainability governance dimension to the board member performance evaluation questionnaire.

Additionally, performance evaluations of the board of directors shall be conducted by either an independent third-party institution or outside experts at least once every three years. In 2021, the Company commissioned the "Taiwan Corporate Governance Association" to conduct an evaluation of the effectiveness of the board of directors for the period from September 1, 2020 to August 31, 2021. The evaluation covers eight major dimensions and ten indicators, and assesses the effectiveness of the Board of Directors through questionnaire responses and on-site interviews.

The organization and the experts conducting the evaluation have no business dealings with the Company and are independent and have presented their evaluation report on October 8, 2021.



Performance Evaluation	BOD's Performance Evaluation	Board Member (self or peer) Performance Evaluation	Third-Party Institution
Assessment Items	<ul style="list-style-type: none"> <li>Level of participation in Company operations</li> <li>Decision-making quality of the board</li> <li>Composition &amp; structure of the board</li> <li>Director selection and continuing education</li> <li>Internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Mastery of the Company's goals and tasks</li> <li>Awareness of director's responsibilities</li> <li>Level of participation in Company operations</li> <li>Internal relationship management and communication</li> <li>Director professionalism and continuing education</li> <li>Internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Board composition</li> <li>Board guidance</li> <li>Board authorization</li> <li>Board supervision</li> <li>Board communication</li> <li>Internal control and risk management</li> <li>Board self-regulation</li> <li>Other aspects</li> </ul>

### Remuneration Policy for Directors and Executive Managers

Regarding the details for the highest governance unit and senior management, please refer to the Corporate Governance Report section on remuneration paid to directors, chief executive officer, vice presidents, consultants, etc. and distribution of employee remuneration in the most recent year in the Company's 2022 Annual Report.

### Remuneration policy for directors (including independent directors)

The director's remuneration includes director's fees, fixed monthly compensation, as well as transportation and attendance allowances for meetings, among other items. The allocation of director's fees is subject to the Company's Articles of Incorporation, taking into account the overall performance of the current year, the usual industry standards, and the reasonableness of the connection to future risks, which is determined by the remuneration committee and the board of directors, and reported to the shareholders meeting. The fixed monthly compensation for independent directors is determined by the board of directors subject to the Company's Articles of Incorporation, with reference to the usual industry standards. The salary of the chairperson of the board is not to exceed 1.5 times that of the chief executive officer. The retirement benefits of the chairperson of the board are determined by the board of directors, based on their involvement in the company operations, their contribution value, and the usual industry standards.

### Remuneration Policy for Executive Managers

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 own 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 Regulations" of the Company, midterm and final performance appraisals are conducted annually to review the actual implementation results of various work objectives of senior management staff, and the performance ratings of senior management staff are evaluated by weighting the various objectives together.

The Company has established a "Bonus Plan", which provides for a group performance bonus each year based on the operating performance and earnings achieved by the Company. The remuneration committee and the board of directors shall consider the reasonableness of the relationship between 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 deal with future risk-adjusted profits, the Company has put in place a method for awarding bonuses to executive managers. Bonuses for the chief executive officer and executive managers are awarded based on the Company's operating performance and consideration of the deferred issuance of future risk factors. The variable bonus of fifteen percent (15%) is deferred for risk consideration, and is stored in a savings-type stock ownership trust for a period of 3.5 years. The performance measurement period for the variable bonus is up to five years, linking personal rewards, corporate profits, and shareholder benefits.

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

Note: Executive managers' shareholding guideline is applicable to the chief executive officer, functional executives, and executives above the vice president level. The average total shareholding value of executive managers other than the chief executive officer in 2022 was 4.01 times the total annual fixed salary.



## Salary Recovery Policy

Regarding the distribution of bonuses to the chief executive officer and other senior management personnel: in the event of significant risks that result in company losses, the distribution percentage may be adjusted or the reward distribution may be recovered, subject to approval by the board of directors.

## Remuneration Measure Matrix

The annual work targets of the Group's chief executive officers are divided into four categories, including financial objectives, business objectives, sustainable development objectives, and Group objectives. The annual targets and measurement standards for each subsidiary's chief executive officer are set furthermore according to different lines of business, such as financial holdings, securities, banking, life insurance, funds, futures, and securities 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 chief executive officer and the variable bonus is directly linked to performance level.

Category	Ratio	Description
Operational Objectives	Financial Objectives	<ul style="list-style-type: none"> <li>(1) Financial indicators: Revenue achievement rate, return on equity (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>(2) Competitiveness indicators: Market share, return on equity (ROE), return on assets (ROA), double leverage ratio, debt-to-equity ratio, and asset-liability ratio.</li> </ul>
	Business Objectives	<ul style="list-style-type: none"> <li>(1) Annual business indicators: business scale and profit ratio, asset scale, system platform construction, Group resource efficiency, operational efficiency, etc.</li> <li>(2) Risk management indicators: Loan-to-deposit ratio, loan coverage ratio, and stress testing.</li> <li>(3) Performance management indicators for reinvested businesses.</li> </ul>
	Sustainable Development Objectives (above 10%)	<ul style="list-style-type: none"> <li>(1) 2021-2025 Sustainable Development Strategy Roadmap for the Group: Based on five major dimensions, specific indicators and targets have been established, including 15 items and 52 KPIs.</li> <li>(2) Annual ESG key projects: Proportion of green energy and green procurement, internal carbon pricing management and carbon reduction performance, domestic and international ESG ratings, ESG risk management mechanisms, Corporate Governance 3.0, number of sustainable finance projects, etc.</li> <li>(3) Medium- to long-term (3-5 years) development goals: Business and revenue structure transformation, financial product development strategy, overseas development strategy and synergy, progress in blue ocean strategy, employee sustainable engagement, etc.</li> </ul>
Group Objectives	30%	<ul style="list-style-type: none"> <li>(1) Succession planning team and talent cultivation indicators.</li> <li>(2) Compliance with laws and regulations and internal control system management indicators.</li> <li>(3) Group operation support indicators.</li> </ul>

**ESG Performance and Reward System** The Company's Performance Management Regulations stipulate that the work objectives of senior managers in each group company must be linked to ESG. Through the performance management mechanism, the ESG performance of managers and employees are linked to the reward system to implement the effectiveness of ESG promotion.

### Performance of Material Topic Linked to the Reward System of Senior Managers

Title	Key Performance Index	Percentage
<b>Material Topics: Information and Transaction Security</b>		
Chief Information Officer (CIO)	<ul style="list-style-type: none"> <li>Assist each subsidiary in information equipment system maintenance and information security project management.</li> <li>Strengthen the Group's continuous operation system and information security event monitoring mechanism and verification.</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate information talents.</li> <li>Accurately complete information-related internal control checks and legal compliance assessments.</li> </ul> <p>85%</p>
Chief Information Security Officer (CISO)	<ul style="list-style-type: none"> <li>Strengthen information security monitoring and the stability of major system changes.</li> <li>Third-party information security assessment and testing management.</li> <li>Tracking management and information security verification of additions and revisions of relevant information security regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate information security talents.</li> <li>Complete information security-related internal control checks and legal compliance assessments.</li> </ul> <p>90%</p>

Title	Key Performance Index	Percentage
<b>Material Topics:Sustainable Finance</b>		
Chief Strategy Officer (CSO)	<ul style="list-style-type: none"> <li>Assist in promoting the Group's green financial products.</li> </ul>	20%
Chief Risk Officer (CRO)	<ul style="list-style-type: none"> <li>Strengthen the major risk early warning and risk response mechanism, optimize the value of dual-dimensional risk management of financial investment and financial services.</li> <li>Strengthen the climate change scenario analysis module, improve the financial impact assessment and disclosure of risks.</li> <li>Develop ESG risk management mechanism.</li> </ul>	10%
Chief Corporate Banking Officer (CCBO)	<ul style="list-style-type: none"> <li>Promote the Group's sustainable financial product development strategy, and introduce the "Sustainable Finance Guidelines" assessment case growth of more than 30%.</li> <li>Taking social and environmental risks into transaction considerations, the Group completed "social and environmental risk assessment" cases and increased by more than 30%.</li> <li>The Group's total sustainable investment and lending grew by more than 5%.</li> </ul>	15%
Chief Human Resources Officer (CHRO)	<ul style="list-style-type: none"> <li>Participate in the "Coalition of Movers and Shakers for Sustainable Finance-Empowerment and Licensing Group", responsible for promoting the integration of ESG training maps and course resources for senior managers in Taiwan's financial industry.</li> </ul>	5%
Chief Executive Officers (CEOs) of Subsidiaries	<ul style="list-style-type: none"> <li>Assist in the promotion of sustainable finance, follow the Equator Principles, etc.</li> <li>Develop ESG products and services, such as ESG-related underwriting cases and issuance of perpetual bonds, ESG funds, etc.</li> <li>Pilot internal carbon pricing management system and achieve carbon reduction goals.</li> </ul>	5%~10%
<b>Material Topics:Talent Cultivation and Development</b>		
Chief Human Resources Officer (CHRO)	<ul style="list-style-type: none"> <li>Establish a complete talent cultivation, leadership development, and succession system, and regularly report to the board of directors on the talent cultivation system, annual education and training projects, and important management succession projects.</li> <li>Promoting sustainable talent action plans: future financial talent industry-academia cooperation project, core talent cultivation and transformation project, sustainable financial talent project, employee sustainability engagement survey and action plan, EAP employee assistance project, human rights due diligence and action plan.</li> <li>Implement internal control inspections related to human resources risks and legal compliance assessments.</li> </ul>	75%

### Family Member Shareholding

On December 31, 2022, the total percentage of shares held by the Company's founding family members (Ma family) was 20.49% in accordance with "Administrative Measures for the Total Number of Voting Shares Issued by the Same Financial Holding 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).

Inquiry Information on  
the Report Form of  
Changes in the  
Shareholding of Major  
Shareholders



## 5.2 INTEGRITY MANAGEMENT

### Mechanism for Integrity Management

#### Integrity Management Organization and Policy

In order to establish a corporate culture of integrity management and to strengthen the integrity management by the Board of Directors, the Sustainable Development Committee has been set up under the board of directors as a special unit to help integrate integrity management into the Company's business strategy, formulate measures to ensure integrity management in accordance with laws and regulations, and oversee the implementation of integrity management and evaluate its effectiveness, etc. The Integrity Management Office which is responsible for the promotion and coordination of daily related affairs has been set up under the committee and is composed of department heads from the Company's Secretariat Office, Corporate Planning Department, Administration Department, Human Resources Department, Compliance Affairs Department and Legal Affairs Department. The Integrity Management Office reports regularly to the Sustainable Development Committee on its work plans and implementation results. On the other hand, the committee shall regularly report on its management matters to the board of directors, in order to facilitate the board's supervision of the Company's implementation of integrity management practices.

#### Daily operational tasks of the Integrity Management Office:

- |  |   |
|--|---|
| ① Hold regular meetings.   | ⑥ Compile the implementation status of the whistleblowing system.   |
| ② Draft the office's annual work plan for the following year.                                | ⑦ Compile the implementation status of integrity management education and promotion.                                      |
| ③ Compile the company annual performance report on integrity management.                     | ⑧ Periodically update disclosure of information related to integrity management.  |
| ④ Compile the office's achievements and results for the first and second halves of the year. | ⑨ Revise regulations related to integrity management.   |
| ⑤ Conduct potential risk assessments related to unethical conduct.                           | ⑩ Respond to and prepare data for domestic and international assessments and evaluations related to integrity management. |

In line with the legal system, the Company formulated the "Yuanta Financial Holding Co., Ltd., Integrity Management Guidelines" (hereafter referred to as the "Integrity Management Guidelines") and "Yuanta Financial Holding 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 during execution of duties.

To facilitate our directors, supervisors and senior management in understanding and practicing the philosophy of integrity management, the Company has included the "Declaration of Integrity" as a mandatory document to be signed by board directors, supervisors, and senior management and preserve in a safe place from 2019 onwards. The signing of the document has to be completed in the event of re-election of directors and supervisors or new appointments and new senior management. The main content of the statement includes not engaging in unethical conduct, not offering or accepting improper benefits, not making illegal political contributions or improper charitable donations or sponsorships, abiding by the principle of interest avoidance, fulfilling confidentiality obligations and not infringing on intellectual property rights, abiding by confidentiality agreements and not engaging in insider trading, fulfilling disclosure obligations and not accepting improper benefits, and avoiding transactions with unethical business operators.

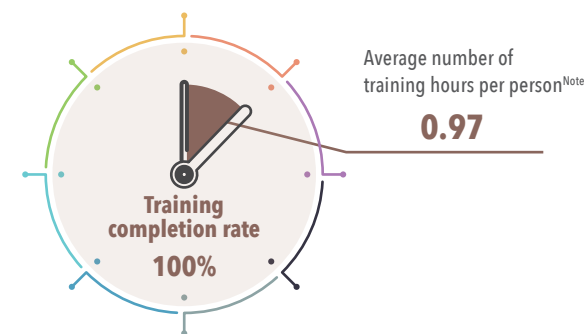
#### Evaluation Mechanism

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

#### Implementation of Integrity Management

In order to equip all employees (including new employees) and managers with proper knowledge and judgment on relevant laws and regulations and ethical practices, each year the Group conducts regular training courses on "Integrity Management and Compliance Promotion". The training courses are as follows: Information Protection of Customers and Financial Consumers, Stakeholders Transactions, Regulations of Insider Trading, Merger and Acquisition Information Disclosures, Integrity of Financial Practitioners, Integrity and Legal Responsibilities, Compliance Resources and Reporting Mechanism, etc. All aforementioned personnel must attend the course and pass the test. In 2022, a total of 11,781 participants took the course and passed the test, with a total of 10,903 training hours.

#### 2022 Integrity Management Education and Training Statistics



Note: Average number of training hours per person =  
total hours of training / total number of employees at the end of the year

In terms of education of board directors, two corporate governance related seminars were held for directors and supervisors of the Group. The topics and the training hours of the seminars are as follows: "The Latest Trends of Money Laundering Prevention and Countering Financing of Terrorism (Including Insider Trading Prevention Promotion)", which was attended by 63 directors and supervisors for a total of 189 hours; and "The Principle of Fair Treatment and Empowerment of Financial Consumers", which was attended by 49 directors and supervisors for a total of 147 hours.

If an employee of the Company is involved in unethical conduct or violates the integrity of the Company in serious circumstances, he or she will be dealt with in accordance with relevant laws and regulations or the Company's personnel policy. In 2022, the Company reported no incidents pertaining to violations of integrity management, such as corruption, bribery, discrimination, harassment, conflicts of interest, money laundering, and insider trading. In 2022, 100% of the Company's directors and senior management have signed the "Declaration of Integrity".

## Reporting Mechanism

### Whistleblowing System and Policy

In accordance with Taiwan's "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Company has established the "Whistleblowing System and Implementation Measures", which stipulates and encourages any person who discovers a crime, fraud or violation of laws and regulations to file a whistleblower report, and has been approved by the board of directors. The Company's subsidiaries follow these rules and regulations in establishing their implementation rules in line with their respective business functions.

### Responsible Unit

The Company designates an independent unit with the authority to process case reporting and investigate whistleblower cases, and specifies that the processing unit for the whistleblower system is the "Compliance Affairs Department" and the investigating unit is the "Internal Auditing Department". When an accepted case is received by the Internal Auditing Department, it will investigate the content of the report and related evidence, and make a written report on the investigation results and recommendations.

## Requirements for Case Acceptance

As a matter of principle, any person who finds suspected crime, fraud or other violations of the law may report it, where the following criteria is applicable:

- 1.Criminal acts** (acts that are punishable under the laws of the Republic of China)
- 2.Fraudulent acts** (unethical conduct as defined in the Company's "Procedures for Integrity Management and Guidelines for Conduct")
- 3.Violations of laws and regulations** (violations of financial-related laws, and other rules, regulations and orders issued by the Taiwan's Financial Supervisory Commission)

However, this reporting system does not apply to the following situations.

- 1.The Company's internal management rules and operating procedures** (e.g., leave system, terms of employment, applications for expenses).
- 2.Matters which the Company has already established grievance or processing procedures for** (e.g., performance appraisal, promotion, salary and compensation, workplace sexual harassment prevention measures and complaints).
- 3.Private disputes arising from social activities, family or family relations.**
- 4.Any matters not related to the business of the Company or the Company's subsidiaries.**

## Reporting Channels

The Company has set up a hotline and an email address to facilitate reporting, and has posted the information on the Company's website. In order to facilitate the Audit Committee's timely detection of possible acts of malpractice, the Company has also set up an "Audit Committee Mailbox" on the Company website which is reviewed by the convener of the Audit Committee, to establish a communication channel between employees, shareholders, and stakeholders and the Audit Committee.

### Whistleblowing Reports Unit of Yuanta Financial Holdings Co. Ltd.

☎ Telephone: +886 2 2173-6834

✉ No. 66, Section 1, Dunhua South Road, Songshan District, Taipei City 10557

Reporting Channels  
Website and Emails



## Whistleblower Protection and Interest Avoidance

In order to encourage the reporting of wrongdoing, the Company has adopted a dual reporting system of names and anonymity. The anonymous reporting system encourages reporting without revealing the identity of the person making the report, and allows the person making the report to be free to 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 prosecution case is to make a written statement to keep the identity of the informant and the contents of the prosecution confidential; if the officer handling the prosecution case discovers that the subject matter of the prosecution is of interest to him/her, he/she 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.

## Incentive Measures

The Company's "Guidelines on Reward and Discipline Management" stipulate that employees who reported fraud or prevented incidents that harm the Company's reputation or interests and as such saved the Company from suffering losses or mitigated the damage to the Company shall be rewarded with record of minor merit, while those who reported or assisted in the detection of illegal or dereliction of duty cases and saved the Company from significant damage shall be rewarded with a record of major merit.

## Whistleblowing System Promotion

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 17,208 participants consisting of managers and employees attended the courses, cumulating to 20,831 hours of awareness courses.

## Investigation Procedures

All incidents reported through the reporting channel will be properly recorded and carefully tracked by the Company. If the person being reported is a director of the board (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 chairperson of the board of directors, but shall first be reported to the audit committee for review and report to the board of directors. If the case is substantiated, the following procedures shall be followed in accordance with the "Whistleblowing System and Implementation Measures":



With regard to whistleblowing reports which the content does not involve the Company and the subjects of the report are individuals in the Company's subsidiaries, the processing unit will transfer the case over to the subsidiary for handling according to its whistleblowing system. In such cases, the subsidiary shall reply to the Company in the process of handling the case. If the reported cases received by the subsidiary involve major violations of laws and regulations, they shall be reported to the Company immediately.

Cases received in accordance with the "Whistleblowing System and Implementation Measures" in the past three years are broken down as follows:

Year	Number of Cases Handled	Report Type
2020	1	External public reporting
2021	2	External public reporting
2022	3 <sup>Note</sup>	External public reporting

Note: As of the end of 2022, the Company received three cases. All reported individuals were employees of subsidiaries, and were processed according to the whistleblowing systems of their respective subsidiaries. The investigations, however, found no criminal conduct, fraud, or violation of laws and regulations.

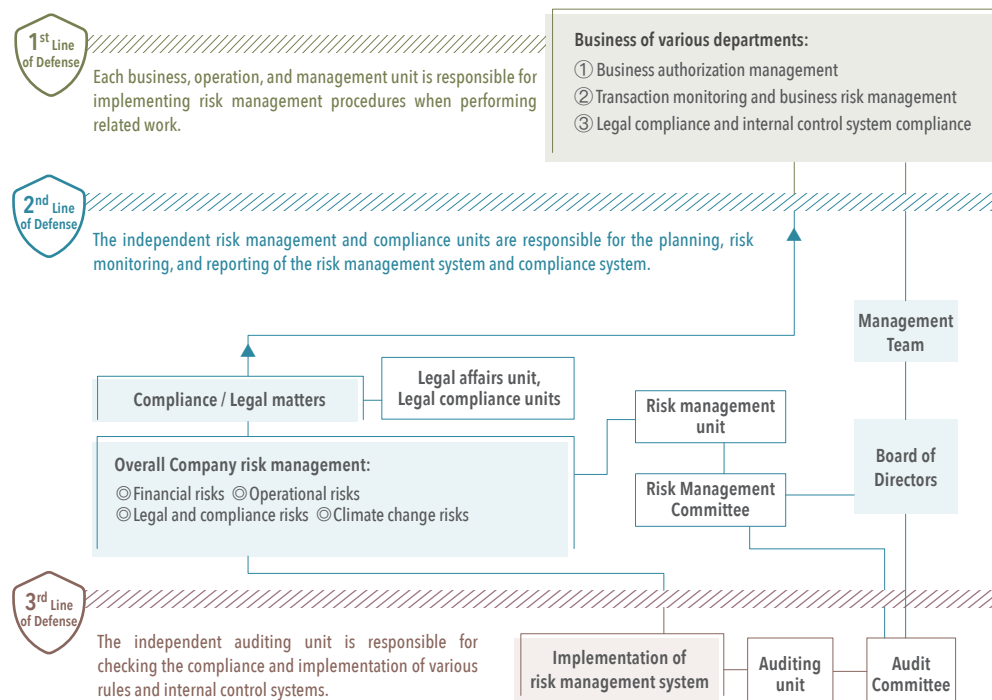


## 5.3 RISK MANAGEMENT

### Risk Management Policy and System

#### Risk Governance Structure

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 corporate governance and risk management process, including risk identification, measurement, monitoring, reporting, and response. Through cross-departmental integration, the risk management mechanism is not only deeply embedded in the policy-making and supervision, it is also integrated into the daily operations of the organization, establishing a comprehensive "three lines of defense for risk management" to effectively identify and measure the level of risks and monitor and manage them, so as to reduce the frequency and impact of risks. The Risk Management Committee is a non-functional committee of the board of director. The chairperson of the board of directors is the convener of the committee, and the chairperson of the board of directors of the Company, chairpersons of the board of directors of our direct subsidiary companies, chief risk officer, and other appropriate persons designated by the convener are appointed as members of the committee.



Yuanta Financial Holdings has a Chief Risk Officer who is responsible for supervising the establishment of the system and coordinating the risk management activities of its subsidiaries. The matters that have been established and implemented include the risk management items that are to be reported beforehand, the various risk management information that are to be reported regularly, and immediate reporting of major risk incidents.

The chief risk officer meets with the heads of risk management of our subsidiaries on a nonscheduled basis 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 issues of the business of the subsidiaries' transfer of investment, etc., so that the Company can stay abreast of the business risk orientation of the subsidiaries and the risk profile of various risks and supervise the implementation of risk management of the subsidiaries. In this regard, the Company also regularly monitors changes in major risk exposures, including daily review and monitoring of market risk and market liquidity risk; monthly review and monitoring of credit risk, large exposure, climate risk monitoring indicators and operational risk monitoring index. The Company has established the "Key Points for Reporting Significant Risks", which defines the standards and procedures for reporting significant risks and requires each subsidiary and its controlled entities to establish their own reporting procedures for such risks to ensure timely reporting and facilitate prompt implementation of corresponding measures.

#### Risk Management Policy

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 highest guiding principle for its risk management efforts, and systems for managing the various risks are to be based on this policy to categorize the risk category and its potential impact on operational stability and capital security in establishing an appropriate risk management system. The Company has also incorporated sustainability risk management into its risk management policy. In addition to financial risks, it includes operational risks, legal and compliance risks, and climate change risks, which the relevant departments are responsible for establishing various risk management procedures, monitoring indicators and thresholds to strengthen the Company's ESG risk management mechanism. The Company has also established the "Crisis Management Policy and Procedures Rules" as the highest standard 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.

#### Risk Appetite and Limits

Risk appetite is defined as the level and type of risk that the Company is willing to take in achieving our strategic goals and business plans. On this basis, the Company establishes risk management and quantification procedures, and sets qualitative statements and quantitative limits.

Risk Category/Type	Description of Risk Appetite and Limits
Capital Adequacy Limits	Monitor whether the Company's capital can ensure stable operation of each sector after suffering from the maximum potential losses of all the sectors.
Indicators of Sustainable Risk Management	Monitor the Company's main operational risks. Assess and detect the loss that may be caused by the monitored areas.

## Risk Management Identification and Response Plan

### Risk Management Scope

The scope of Company's risk management system is outlined in the following chart. Subsidiaries shall establish a risk management system in accordance with the Company's Risk Management Policy and the regulations of the local competent authorities, in line with their business portfolio, business scale, and capital size. Each subsidiary has established an appropriate risk management policy based on the aforementioned elements. The Company continues to review these policies, ensuring that they can effectively manage the various risks that each subsidiary bears. The Company and its subsidiaries also take various risk factors into consideration when designing products to ensure compliance with the Company's risk management system.

Financial risks	Operational risks
<ul style="list-style-type: none"> <li>· Market risks</li> <li>· Credit risks</li> <li>· Market liquidity risks</li> <li>· Funding liquidity risks</li> </ul>	<ul style="list-style-type: none"> <li>· Asset liability matching risks</li> <li>· Exposure risks</li> <li>· Insurance risks</li> <li>· Operational risks</li> </ul>
Legal and compliance risks	Climate change risks
<ul style="list-style-type: none"> <li>· Regulatory compliance risks</li> <li>· Legal risks</li> <li>· Money-laundering and terrorism-financing risks</li> </ul>	<ul style="list-style-type: none"> <li>· Investment and financing climate change risks</li> <li>· Operational climate change risks</li> </ul>

### Risk Identification Results

The Company evaluates the internal and external risks that finance-related businesses may encounter annually and presents the report and a response plan to the board of directors. The operational risk factors identified in 2022 are as follows: the changes in macroeconomic, emerging risks, cross-border risks, corporate governance, wealth management, consumer protection, uninterrupted operation, and backup plans. For details of risk factors, causes, and responses, please refer to the Company's Annual Report of 2022.

### Emerging Risk Management

With the increasing global regulatory requirements, 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

**Risk Identification:** Yuanta Financial Holdings will initiate the process of identifying and evaluating emerging risks by referring to the risk research reports published by domestic and international institutions, and each subsidiary will identify and inventory emerging risk patterns that may affect the Company based on factors such as its scale of operation, business attributes, and the likelihood of risk occurrence.

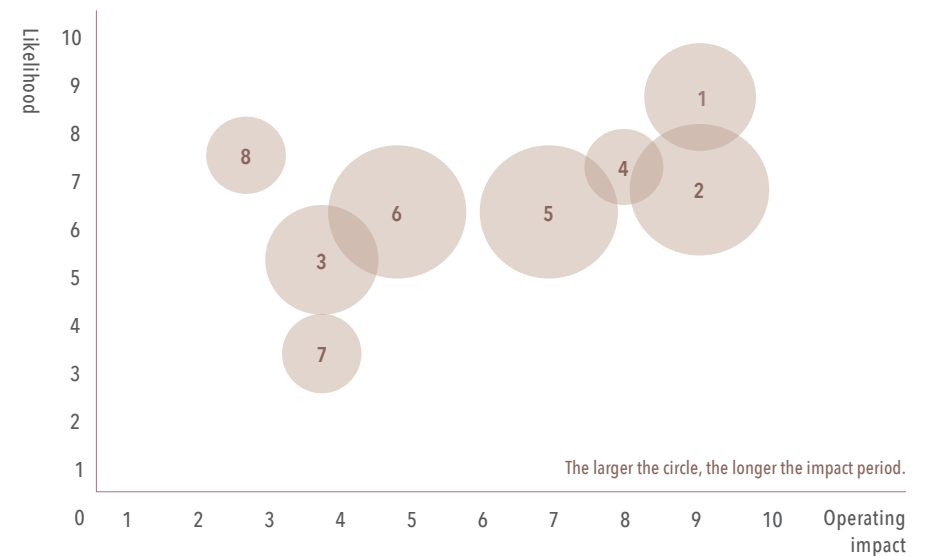
**Risk Analysis and Assessment:** Each subsidiary assesses potential operational impacts based on the emerging risk patterns identified and inventoried.

**Risk Management:** Based on the identification and evaluation results of the subsidiaries, and taking into account the scale of the Group's business and degree of impact, Yuanta Financial Holdings evaluates and discusses the emerging risks of the Group and prepares countermeasures to reduce the impact of emerging risks on the Group's operations.

**Risk Reports:** The types of emerging risks identified for the Group, potential operational impacts and countermeasures will be reported to the sustainable development cand presented to the board of directors for discussion.

### Ranking of Emerging Risks

The Group's emerging risks are evaluated based on the level of impact on business operations, possibility of occurrence, and the duration of impact. Economic stagnation and geopolitics are relatively significant among other emerging risks. To tackle such risks, the Group thus formulates countermeasures to foster resilience, ensure business operations, and enhance the ability of responding to risks.



1 Economic Stagnation	4 Information Security	7 Adverse effects of technological progress
2 Geopolitics	5 Extreme Weather	
3 New Infectious Diseases	6 Aging Society	8 Uncertainty in overseas markets

## Emerging Risk Identification Results and Response Actions

Risk Description	Operational Impact or Effect	Response
<b>Risk Factors: Economic stagnation</b>		
<ul style="list-style-type: none"> <li>Central banks in various countries are shifting towards tighter fiscal, monetary policies. If the contraction is too rapid, it will suppress global economic activity. However, if inflation cannot be effectively controlled, the world may fall into "stagflation".</li> <li>The Russia-Ukraine war has led to a sharp rise in food and energy prices, causing inflation rates in most economies such as the United States and Europe to reach their highest levels in decades, impacting economic growth in Europe. China's epidemic prevention policies, global supply chains, and real estate issues could also affect financial stability.</li> <li>The global economy is facing multiple downside risks, and in the future, it may face economic stagnation, with years of close-to-zero or slow global growth.</li> </ul>	<ul style="list-style-type: none"> <li>Economic stagnation will reduce corporate investment willingness and hinder banks' lending business expansion. High inflation may also impact customer net income, lower their repayment capacity, leading to an increase in loan default rates.</li> <li>If risk asset prices experience significant correction, emerging countries suffer major defaults, or abnormal fluctuations in oil or commodity prices take place, they may cause price losses in Yuanta's financial asset trading positions and client wealth management positions, leading to an increase in default rates for clients or investment positions.</li> </ul>	<ul style="list-style-type: none"> <li>We already employ graded management of investment countries and industries and we will strengthen 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 lending, investment, and financial trading counterparties in emerging countries and countries with such risk.</li> <li>We strengthen the monitoring of changes in the price of risky assets, changes in credit ratings or related negative news and disclose them to our wealth management clients in a timely manner in order to provide the best services to our clients and protect their interests.</li> </ul>
<b>Risk Factors: Geopolitics</b>		
<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>Tensions between countries will add obstacles to the recovery of the global economy post the pandemic, and increased volatility in the capital markets will trigger investor panic, which will affect 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 have an impact on the growth of the recovering economy, which may affect the fiscal health of vulnerable countries and lead to capital outflows, raising the credit and liquidity risks of countries and enterprises, which in turn will increase the investment losses of Yuanta's financial assets portfolio and clients' wealth management portfolio, and increase the default rate of risky targets.</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, Indonesia, and Singapore. 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 site adjustments for general risk events (countries / industries / groups / commodities) and individual abnormal events (negative news targets), and improve monitoring of countries or regions with higher geopolitical risks.</li> </ul>

### Sensitivity Analysis and Stress Testing

The Company conducts stress tests on financial risks (including market risk, market liquidity risk, and credit risk) on a quarterly basis, and evaluates the impact on capital adequacy based on the results of the stress tests; and major subsidiaries also conduct stress tests on capital liquidity risks, in order to assess the potential impact of deposit loss or insurance withdrawal on the Company, and propose a response plan when necessary. On the other hand, the Company conducts sensitivity analysis on model risk every year, such as the evaluation of unlisted common stocks, and uses different models to test the rationality of the fair price calculated by the two models.

### Risk Management & Internal and External Audit

To effectively implement internal control and risk management, the Company has established three lines of defense to effectively disperse, transfer, or reduce risk. Among them, the Internal Auditing Department under the board of directors is responsible for checking compliance with various regulations and execution of internal control systems. The Internal Auditing Department conducts audits over the Company and its subsidiaries' business operations, with an audit scope covering risk management items in order to identify and control potential risks and ensure that all business operations comply with relevant regulations. In terms of external audits, Taiwan's Financial Supervisory Commission, the competent authority, conducts financial inspections of our risk management mechanisms on a nonscheduled basis. The Company continues to cooperate with the inspections, implement related risk management mechanisms, strengthen self-management, and ensure sound operations.

### 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 Procedures Rules to serve as the highest standard for responding to crises. Stakeholders can file complaints through multiple communication channels.

Upon notification, the Company establishes a crisis management team, convened by the chairperson, to analyze and evaluate possible crisis management plans. If necessary, meetings will be held to keep up-to-date with the latest developments and propose improved response plans. If the event is considered a major crisis requiring announcement according to regulations, the information should be disclosed within the prescribed time limit on the Market Observation Post System to faithfully communicate the relevant event to the public while safeguarding the interests of stakeholders.

### Employee Feedback Mechanism

To effectively control the results of risk management, the Company has established an employee risk management reporting mechanism and a feedback channel to actively encourage employees to proactively report any discovered or potential risks. The Company has also established an operational risk reporting mechanism for the reporting of operational risk taking place, and the responsible units should submit feedback recommendations to reduce risk or improve processes.

Furthermore, subsidiaries have conducted an annual self-assessment for operational risk control, known as the Risk Control Self-Assessment (RCSA) mechanism. Business units are self-assessed and provide feedback on various operational processes, and are rewarded upon adoption of their feedback recommendations through the RCSA. In addition to RCSA feedback rewards, incentives are also given to business units that propose specific executable suggestions or identify potential high-risk operations or procedures regarding risk management.

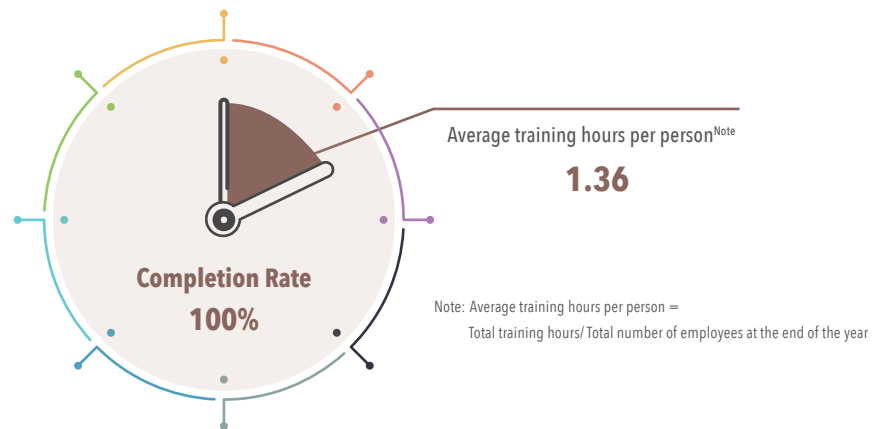
The Company conducts an Employee Sustainable Engagement Survey every two years for employees worldwide. The survey includes the evaluations and related feedback on risk management from all employees. According to the results of the 2021 survey, 89% of employees hold a positive view of the risk culture.

### Education and Training

The Company arranges annual educational training on risk management and internal control for directors of the board and supervisors to enhance their experience and ability to make professional judgment on risk management-related matters. A total of 93 participations by the directors and supervisors of the Company and its subsidiaries took place in this training with a total of 279 training hours.

The Company also arranges annual training for its staff to strengthen the risk awareness and risk management capabilities of all employees and managers, to familiarize them with the Company's internal risk management mechanism, and to implement risk management procedures in their daily business activities. This year, 17,383 participants attended courses, with a total of 15,337 training hours.

#### 2022 Risk Management/Internal Control Education and Training Statistics



## 5.4 LEGAL COMPLIANCE

### Legal Compliance Management Mechanism

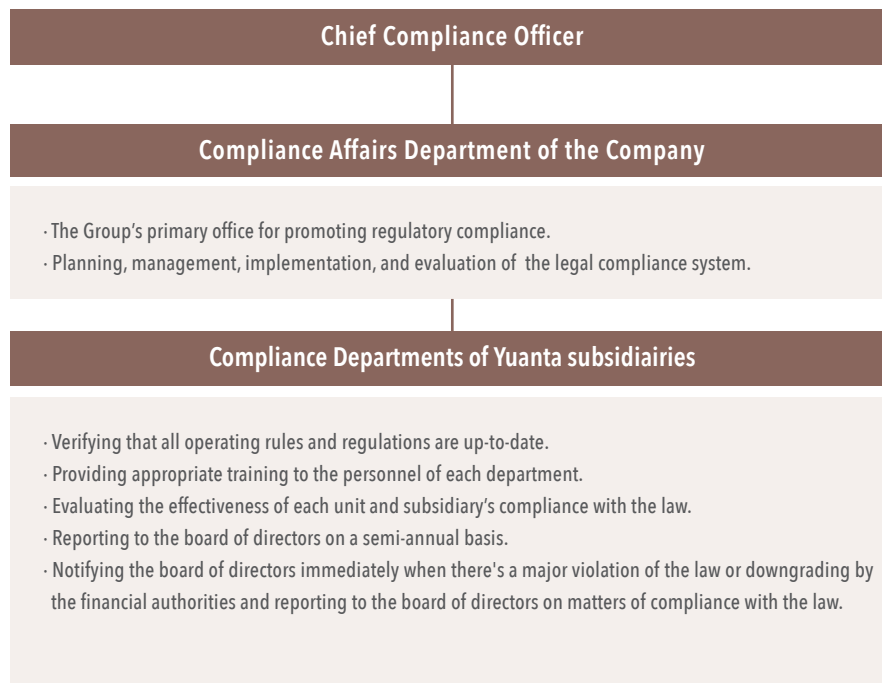
#### Compliance Handbook

In order to establish the basic concept of legal compliance and to create awareness of legal compliance among all members of the Group, the Company has developed a compliance handbook that details the operation of the Group's legal compliance system, introduces important laws and regulations, and provides relevant resources for members of the Group to obtain relevant reference information when performing business. New employees are to receive enhanced education on the content of the handbook after boarding.

#### Governance Structure

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, implementation, and evaluation, ensuring that legal compliance systems are operating effectively.

The Company's chief compliance officer serves as the head office chief compliance officer and the head of the Compliance Affairs Department, and is responsible for managing the Company's compliance affairs, reporting regularly to the audit committee and the board of directors, supervising the implementation of regulatory compliance of subsidiaries through hierarchical management as well as the implementation of their investee companies. The overall management organization structure is as follows:



To strengthen legal compliance of overseas branches, Yuanta Financial Holdings Compliance Affairs Department supervises the establishment of legal compliance systems and implements compliance reporting mechanisms (including reporting of changes in important local regulations affecting the overseas reinvestments, major violations of laws and regulations found through internal and external audits, etc.) to assess the legal compliance status of subsidiaries. In addition, the International Operations Division, under the auspices of the chief executive officer, supervises subsidiaries' regular convening of Overseas Unit Management Meetings. Each subsidiary's compliance affairs are reported to the board of directors in accordance with its authority and responsibility, and the report includes the improvement of major deficiencies and major penalty cases.

#### Internal Compliance Audits

Yuanta Financial Holdings establishes effective corporate governance and internal controls through the Internal Auditing Department under the board of directors. This department assists the board of directors and executive managers review and evaluate the effectiveness of risk management and internal control operations and to ensure that the Company operates in compliance with relevant laws and regulations.

At the end of each year, the Internal Auditing Department of the Company prepares an audit plan for the following year. In accordance with the regulations, the Company conducts general business audits at least once a year and project business audits every six months, in which the project business audits include important legal compliance as one of the key items to be audited. The deficiencies identified in the audits are continuously managed and tracked until improvement is completed. No significant deficiencies were found in the Company's internal audits in 2022. Each subsidiary has also established internal auditing practices and conducts internal audits on a regular basis every year.

The Internal Auditing Department includes the operation of the board of directors, stakeholder transactions and other important issues related to corporate governance as the main focus of audits, and reviews the audit reports, system deficiencies, and improvements on the Group's internal control system and self-assessment of compliance with laws and regulations as the basis for the board of directors and the heads of related departments to assess the effectiveness of the internal control system and issue declarations.

#### Regulatory Compliance Status

##### 2022 Major Penalty Cases and Improvement Measures

In 2022, there was one major penalty case with total fines of NT\$6 million. Please refer to Chapter 4.3 Customer Rights, and the Company's 2022 Annual Report, for the complete details.

##### 2022 Major Non-monetary Penalty Cases and Improvement Measures

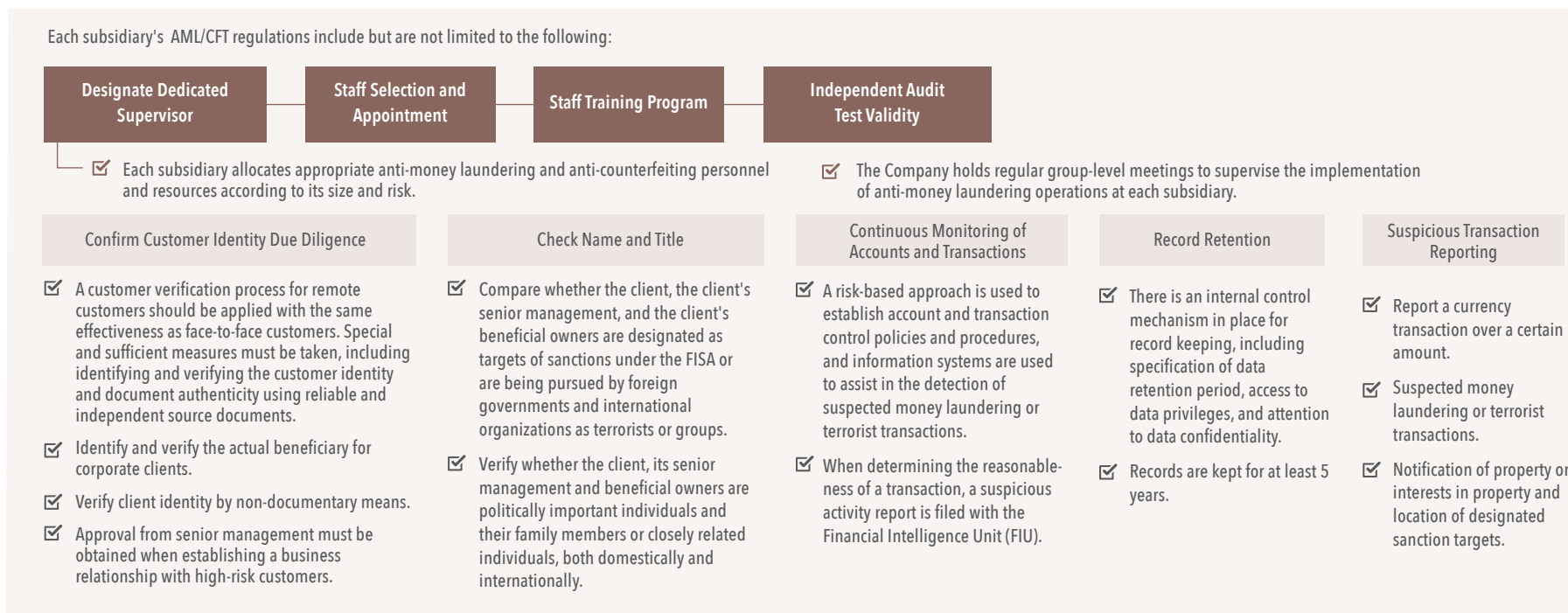
A total of two significant non-monetary penalty cases appeared in the current year. The first case involves Yuanta Bank's inadequate internal procedures in handling underwriting of unsecured commercial promissory notes. As a result, the competent authority imposed a three-month suspension on the bank's underwriting of unsecured commercial promissory notes. The second case involves Yuanta Life's practice of setting the declared interest rates for three insurance products without fully following the prescribed calculation formula. The competent authority imposed a suspension on the sale of these three insurance products. Further details about the improvement measures taken in response to these cases can be found on the Company's 2022 Annual Report.



## Anti-Money Laundering and Counter-Terrorist Financing/Anti-arms Proliferation Financing

### Management Policy

In response to the international trend of global anti-money laundering, anti-terrorist financing, and anti-arms proliferation financing, and domestic and international regulatory requirements, the Group has established the "Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Policy" and procedures 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, terrorist financing, and arms proliferation financing at the Group level are clearly defined to enable each subsidiary to effectively identify and assess various risks and to adopt appropriate control measures. Each subsidiary shall establish relevant internal regulations according to the nature and type of its business and the board of directors shall assign a special director to coordinate and supervise the implementation of AML/CFT and report to the board of directors once every six months. Any significant violations of the law will be immediately reported to the board of directors and the audit committee.



### AML/CFT Three Lines of Defense

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 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".

#### 01 Yuanta Financial Holdings



· Building an AML culture

· Consistent Group risk approach

#### 02 Subsidiaries



· Training and raising risk awareness of employees

· Implementing three lines of defense

· Enhancing Group management efficiency

#### 03 Domestic and Overseas Branches



## Risk Management

The Group has established the AML/CFT program and related internal regulations and operating procedures, including the Group's risk appetite, consistency of the Group's risk methodology, and information sharing procedures. Each subsidiary has also established a risk assessment framework and risk assessment procedures for money laundering, financing of terrorism, and proliferation financing, and regularly conducts comprehensive money laundering, financing of terrorism and arms proliferation financing risk assessments and reports them to the board of directors, so that the management can understand the risks they face in a timely and effective manner.

### Internal Audit

The Internal Auditing 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 2022.

**1**




Verify the effectiveness of the implementation of the AML/CFT program and the compliance of the relevant regulations with regulatory requirements.

**2**



The verification shall include independent testing of the Company's assessment of high-risk products, customers, and geographic areas, screening of relevant transactions, and verification of the effective implementation of anti-money laundering and counter-terrorist financing regulations.

**3**



Any identified lapses in the implementation of such management measures shall be provided to the supervisor for review and shall be used as reference for on-the-job training of employees.

**4**



Any person who is found to have deliberately concealed a major violation without disclosing it shall be dealt with appropriately by the responsible unit.


### External Audit

**1**




Competent authorities conduct regular general financial examinations or anti-money laundering and counter-terrorist financing/anti-arms proliferation targeted examinations on a nonscheduled basis.

**2**



Perform anti-money laundering/counter-terrorist financing/anti-arms proliferation audits upon request of competent authorities.

**3**



Annually appoint an external consultant to conduct tests on the AML system name check mechanism and suspected money laundering transaction monitoring mechanism.

The chairperson, chief executive officer, auditor-general, and the head of the anti-money laundering and counter-terrorist financing department of each subsidiary jointly issued a declaration on the internal control system for anti-money laundering and counter-terrorist financing, and made a declaration on the website designated by Taiwan's Financial Supervisory Commission. In 2022, Yuanta Bank and Yuanta Life appointed an external accountant to conduct anti-money laundering and counter-terrorist financing assurance checks to confirm the effectiveness of the design and implementation of related operations.

## Information Sharing

In compliance with the data confidentiality regulations of our domestic and overseas subsidiaries, we establish internal rules and operating procedures for information sharing within the Group. The Group's information sharing is carried out in accordance with the Group-level laws and regulations, auditing, and anti-money laundering and counter-terrorist financing functions, and appropriate security measures are implemented for the shared customer information.

## Compliance with Laws and Anti-Money Laundering Digital Systems and Databases

The establishment and maintenance of the Company's AML/CFT database adhere to the Company's information security regulations. The database primarily contains the following information:

1. Information pertaining to anti-money laundering and counter-terrorist financing measures published by international organizations and other countries: We have established domestic and international risk trend platforms and share in real-time, within the Group, summaries or key translations of important AML guidelines, risk information, and other relevant information, to deepen the Group's understanding of money-laundering and terrorism-financing risks.
2. Significant negative news and information related to anti-money laundering and combating financing of terrorism: To prevent money laundering and combat terrorist financing, a database of negative news is being established. This database will collect AML/CFT negative reports from major news media outlets. Then the negative news screening process will gradually be automated and optimized through the use of AI technology and screening bots in assisting with news collection and filtering. This will significantly improve the efficiency and accuracy of negative news screening, and the database will be shared among the Group.

### Negative News Screening Process (Post-Optimization)



## Education and 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, counter-terrorist financing, internal audit, and internal control. This year, there were 92,623 participants and 114,505 training hours.

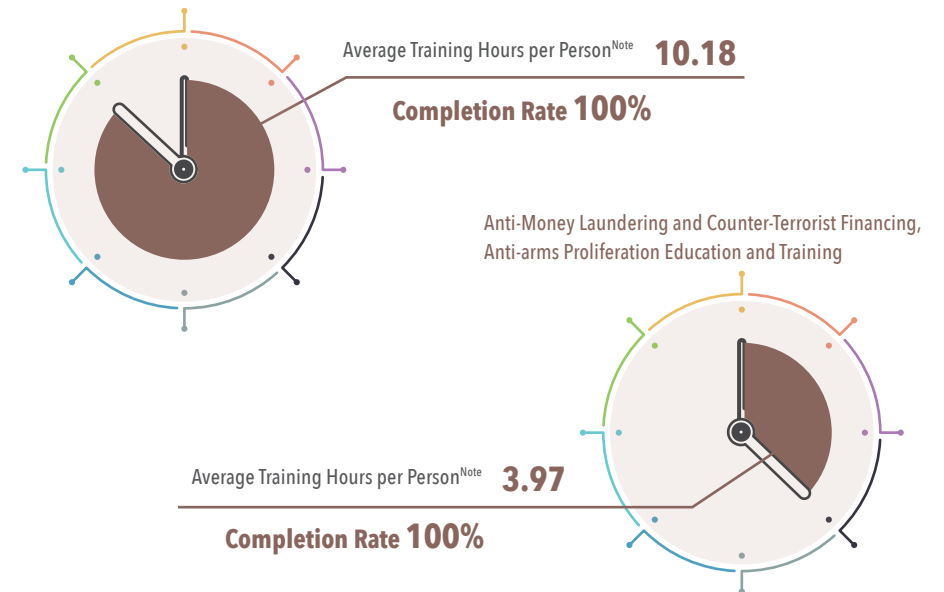
To stress the concept of anti-money laundering, countering the financing of terrorism, and counter-arms proliferation and to embed the concepts deeply into the corporate culture, board members also took part in training courses to enhance their relevant knowledge. This year, 63 Group directors and supervisors participated in a total of 189 hours of related training.

The Company also arranges for all the employees to receive mandatory annual training. The training is divided into internal online courses (including practical case studies and post-course self-assessment tests) and physical courses conducted by anti-money laundering and counter-terrorist financing, counter-arms proliferation specialist units and external specialists. 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-arms proliferation work. This year, there were 27,969 participants and 44,689 training hours in total.

In addition, the Group encourages its employees to obtain domestic and international professional licenses to enhance their professional knowledge and anti-money laundering capabilities. This year, a total of 82 staff members have passed the Certified Anti-money Laundering Specialist (CAMS) certification.

### 2022 Legal Compliance Relevant Education and Training Statistics

#### Compliance/Internal Audit Education and Training



Note: Average training hours per person=Total training hours/ Total number of employees at the end of the year

## 5.5 INFORMATION SECURITY

### Information Security Policy and System

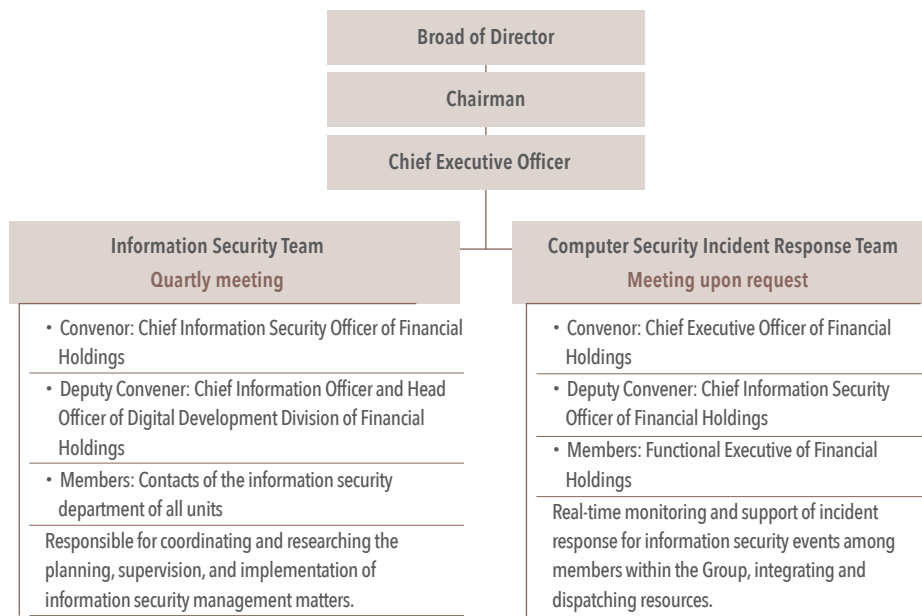
#### Information Security Policy

An "Information Security Policy" has been approved by the board of directors in order to establish an information security management system and relevant standards and procedures, as well as ensuring the confidentiality, integrity, and availability of important information assets of the Company.

#### Information Security Governance and Mechanism

To enhance our decision-making capabilities on information security issues, the Company and its major subsidiaries have established a Chief Information Security Officer (CISO) position to oversee the development, coordination, and allocation of information security policies and resources. We have also charged dedicated units with specific responsibilities for information security planning, monitoring, and executing information security management operations. These units report on the overall implementation of information security to the board of directors annually to strengthen information security oversight.

Timely responses to information security incidents are critical, and the resources of a single organization are limited. To enable the timely detection and support of information security incidents, and integrate and allocate resources across the Group, the Company has set up a "Computer Security Incident Response Team" to effectively respond to significant information security incidents and reduce their impact and damage. To manage information security in a coordinated fashion, a cross-departmental "Information Security Team" has been set up to oversee information security across the organization. The team is led by the chief executive officer, who appoints a convener and a deputy convener, and conducts regular information security meetings and management review meetings.



#### Strengthening the Information Security of Directors of the Board

A director of the Company, Director Wei Chen Ma, was formerly the chief executive officer of SYSPOWER, whose main business is real-time financial information integration and related software and system development. This year's theme seminar is titled "Strengthening the Financial Industry's Information Security Resilience and Risk Management Trends and Practices in the Financial Industry", which was attended by 44 directors and supervisors with a total of 132 hours.

#### Group Joint Information Officers Meeting

Joint meetings of the Group's CISOs are convened on a regular basis and chaired by the Chief Information Security Officer of the Financial Holding Company. The attendees include the CISOs and info-security managers from subsidiaries. The meetings aim to focus on the Group strategy, key issues, and coordination among subsidiaries, to enhance communication and strengthen the joint defense of information security within the Group.

#### Monthly meeting

##### Group Joint Information Officers Meeting

- Members: CISOs and info-security managers from subsidiaries.
- Agenda: Group strategy, key issues, coordination or discussion items among subsidiaries, experience sharing, and other related matters.

#### Monthly meeting

##### Subsidiary information security meeting

- Members: Responsible information security unit or authority unit directors and team leaders of each subsidiary
- Agenda: Information security project execution reports, information monitoring indicators, status of vulnerability remediation, information security incident reports, information security intelligence, and other related matters.

CISO

#### Introduction of International Information Security Management Standards

In order to continue to improve the information security governance system, in addition to compliance with domestic and international information security laws and regulations, the Company, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, and Yuanta Funds have each implemented ISO 27001 Information Security Management System (ISMS), passed the British Standards Institution (BSI) certification, and followed by annual reviews and re-audits every three years to ensure the validity of the certification as well as applied the PDCA (Plan-Do-Check-Act) cyclical quality management framework to enhance the oversight and management of information security.

In order to enhance the operational continuity of management capabilities and compliance with the financial information security action plan, Yuanta Bank and Yuanta Life introduced the International Standard for Business Continuity Management Systems (ISO 22301) in 2022 and passed the verification by the BSI. Based upon a risk-oriented approach, the system combines various resources from both the business and system ends to ensure operations remain at acceptable levels under any situation, reducing the risk of business interruptions, and providing the organization with greater resilience and recovery capability.

## Information Security Management and Response

### Information Security Intelligence and Joint Defense

The Company and its five subsidiaries assign dedicated personnel to handle Financial Information Sharing and Analysis Center (F-ISAC) and external information security information, 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.

Yuanta Securities, Yuanta Bank, Yuanta Life, and Yuanta Futures 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 to ensure the effectiveness of information security protection. In addition, Yuanta Funds also plan to introduce SIEM.

### Trading Systems and Internal Operations Defense Actions

	Trading Website and APP	Detection and Preventive Measures	Third-Party Security Assessment
<b>Purpose</b>	Enhanced information security for mobile applications and external web pages.	Strengthen network and information system protection capabilities and establish a multi-level defense framework.	To ensure the stability, security and control effectiveness of the information system.
<b>Measure</b>	<p><b>Mobile Application</b> All APPs released on the shelves are sent to qualified laboratories for annual testing and obtain the "Basic Information Security Mark for Mobile APPs".</p> <p><b>Network Platform</b> Introduce anti-phishing website detection service to reduce the risk of customers being scammed by counterfeit websites or APPs, and monitor unintended behavior and suspicious activities on transaction service websites in real time.</p>	<p>Depending on the different core businesses of the subsidiaries, information security barriers are set up in different operational areas within the Group, including:</p> <ul style="list-style-type: none"> <li>• Network firewall</li> <li>• Software application firewall</li> <li>• Intrusion detection system</li> <li>• Spam filtering</li> <li>• Advanced persistent threat (APT)</li> <li>• Antivirus system</li> <li>• Internet behavior management</li> <li>• Security information and event management (SIEM)</li> <li>• Endpoint detection and response (EDR)</li> </ul>	<p>Each year, we engage a third-party professional organization to perform the following operations and schedule improvements in response to inspection results:</p> <ul style="list-style-type: none"> <li>• Vulnerability scan</li> <li>• Penetration testing</li> <li>• Distributed denial of service (DDoS) attack and defense exercises (including cyber attack simulation, etc.)</li> <li>• Computer system information security assessment (including information architecture review, network activity review, network equipment inspection, security settings review and compliance review, etc.)</li> </ul>
<b>2022 Enhanced Action</b>	<ul style="list-style-type: none"> <li>• Shortening the patching cycle for DMZ systems such as mobile apps and transaction websites, in order to enhance the security of external service transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Introducing the Security Information and Event Management System (SIEM). The collection and analysis of security data generated by various devices in real-time, promptly alerting any suspicious activity, and enhancing the ability to protect against information security threats.</li> <li>• Establishing an Endpoint Detection and Response (EDR) defense mechanism to enhance endpoint security by promptly detecting malicious programs and automatically blocking attack behavior.</li> </ul>	<ul style="list-style-type: none"> <li>• Discovering information security threats and vulnerabilities through red/blue team attack and defense drills, enhancing personnel ability to respond to hacker attacks, and improving network and information system defense capability.</li> <li>• Engaging a third-party professional organization to conduct a information security governance maturity assessment.</li> </ul>



## Continuity of Operations Management

In order to identify potential impacts in the face of major disasters and to establish a framework for resilience and effective response capabilities to protect the interests, reputation, brand, and value creation of the Company and its key stakeholders, Yuanta Bank and Yuanta Life have been implementing the ISO 22301 Business Continuity Management System and have been fully certified by the BSI. Yuanta Securities and Yuanta Funds have also started the implementation of ISO 22301 Business Continuity Management System, which is expected to be certified in 2023.

	Operational Continuity Management Mechanism	Information System Recovery and Backup Exercise	DDoS Drills	Digital Forensics Service Mechanism (MOU)
<b>Purpose</b>	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.	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.	By simulating DDoS network attacks, the effectiveness of the existing information security protection and response mechanisms is verified to ensure the continuous operation of the organization's business without interruption and improve information security defense.	To enable prompt clarification of issues and preservation and analysis of subsequent evidence in the event of a major information security incident.
<b>Main Content</b>	<ul style="list-style-type: none"> <li>The business management unit and information unit conduct an operational impact analysis based on criticality, availability, and impact on business operations.</li> <li>The information system disaster recovery plan is formulated.</li> </ul>	<ul style="list-style-type: none"> <li>Perform disaster recovery and backup drills for critical information systems.</li> <li>Relevant personnel complete related operations according to the business content and responsibilities defined in the backup and recovery plan, verify the availability and completeness of related mechanisms, and review and refine the backup and recovery plan.</li> </ul>	<ul style="list-style-type: none"> <li>Procedures and matters needing attention in formulating the exercise plan.</li> <li>Conducts simulated hacking incident drills.</li> <li>Results report and recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Signing a Memorandum of Understanding (MOU) with a third-party professional organization with an ISO 17025 certified laboratory to establish a digital forensics service mechanism, which can immediately initiate evidence preservation, investigation, analysis, and other related procedures when a major information security incident occurs.</li> </ul>
<b>Scope</b>	The Company and its five subsidiaries	The Company and its five subsidiaries	The Company and its five subsidiaries	The Company and its five subsidiaries
<b>Frequency</b>	Once a year	Twice a year	Once a year	Activated at the time of the incident
<b>Results</b>	We completed the operational impact analysis according to the planning schedule and formulated the disaster recovery plan for the information system according to it.	The results of the exercise met the requirements.	The results of the exercise met the requirements.	Execution results met the requirements.

## Information Security Training

The Group provides general information security education and training to all employees, as well as professional level information security education and training to designated personnel on a nonscheduled basis, so as to reinforce employee information security mindset and encourage them to obtain international information security certifications.

	General Education Training	Professional Information Security Education and Training
<b>Object</b>	All employees of the Group	Group information security specialists
<b>Purpose</b>	Shape a corporate culture that values information security. Enhance the awareness of information security among employees. Enhance and strengthen internal information security awareness.	Enhance the professional competency and skills of information security personnel.
<b>Training Frequency</b>	Implement at least 3 hours of "Information Security Education Training" course and evaluation for all employees every year.	We provide more than 15 hours of training and evaluation for information security professionals every year.
<b>Training Content</b>	Information on recent major information security incidents, information security regulations, basic information security awareness, personal data protection, and attack and defense strategies for social engineering.	Info-security governance, info-security development, info-security operations, intelligence processing and analysis, and security attack and defense exercises.
<b>2022 Result</b>	A total of 137 sessions were held, with 31,160 training participants and 37,805 training hours, representing a completion rate of 100%	A total of 9 sessions were held, with 807 training participants and 2,159 training hours, representing a completion rate of 100%

## Social Engineering Exercises

In order to raise the information 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 information security monitoring area and simulate external phishing letters to send emails to tested mailboxes. In 2022, the Company and its five subsidiaries have completed social engineering exercises and arranged for employees who have not passed the exercises to attend information security education training courses and assessments. The Group's annual staff test completion rate was 100%.

## Supplier Information Security Management

The selection of outsourcing supplier for critical information system business is based on the evaluation mechanism of the major aspects, including business, function, information security, etc. 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

To ensure the quality of internal operational controls and customer rights, supplemental contracts and non-disclosure agreements have been implemented when outsourcing operations to third-party vendors.



### Information Security Requirements

Information security requirements include incorporating information security responsibilities, vendor sustainability clauses, and integrity commitments into contracts, as well as providing information security training and education to vendors to enhance their management capabilities.

Through the above mechanism, the Company and its five major subsidiaries reduce the unauthorized use of various information assets of the Company by outsourced manufacturers, ensure that the information assets can still maintain security control when internal information needs to be outsourced, and protect the rights and interests of customers.

## Information Security Incident Management

### Information Security Incident Process Mechanism

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.

In addition, the Company and its five subsidiaries have established personal information management procedures. In the event of an information leakage incident involving customers' personal data, the Company will notify<sup>Note</sup> the parties concerned of the facts of the incident, response measures and consultation service lines in an appropriate manner after the incident has been identified, in order to avoid panic and impact on the rights of customers.

Note: The Act on "Notice by Appropriate Means" is based on Article 22 of the Enforcement Rules of the Personal Data Protection Act of Taiwan's National Development Council, "Notice by appropriate means as referred to in Article 12 of this Act means immediate notification by word, writing, telephone, SMS, e-mail, fax, electronic document, or other means sufficient to make the person concerned aware or available to him/her. However, if the cost is too high, we may use the Internet, news media or other appropriate means of public disclosure, taking into account the technical feasibility and protection of the privacy of the parties involved."

### Information Security Incidents and Results

The Group has not experienced any major incidents<sup>Note 1</sup> of information security and network security in the past three years, and no data breach (including personal data breach) has occurred in 2022. Information leakage incidents related to personal data account for zero percent (0%) of all information leakage incidents, nor has any customer been affected by data breach. Therefore, no related fines were incurred.<sup>Note 2</sup>

Note:

1. A significant information security incident is defined as an event that occurs in accordance with the "Operating Guidelines for Reporting Significant Incidents", pertaining to cyber security incidents that result in damage to customer rights or affect the sound operation of the organization.
2. From 2020 to 2022, the Group did not experience any data leakage (including personal data leakage), and no customer was affected by the information breach; therefore, no relevant fines were imposed.



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

**CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN**

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## CHAPTER 6

# AN EXCEPTIONAL WORKPLACE EMPLOYEES ASPIRE TO WORK IN

6.1 EMPLOYEE ATTRACTION AND RETENTION    6.2 TALENT CULTIVATION AND DEVELOPMENT  
6.3 FRIENDLY AND EXCELLENT WORKING ENVIRONMENT    6.4 HUMAN RIGHTS    6.5 EMPLOYEE COMMUNICATION

## 6.1 An Exceptional Workplace Employees Aspire to Work in

### Employee Attraction and Retention

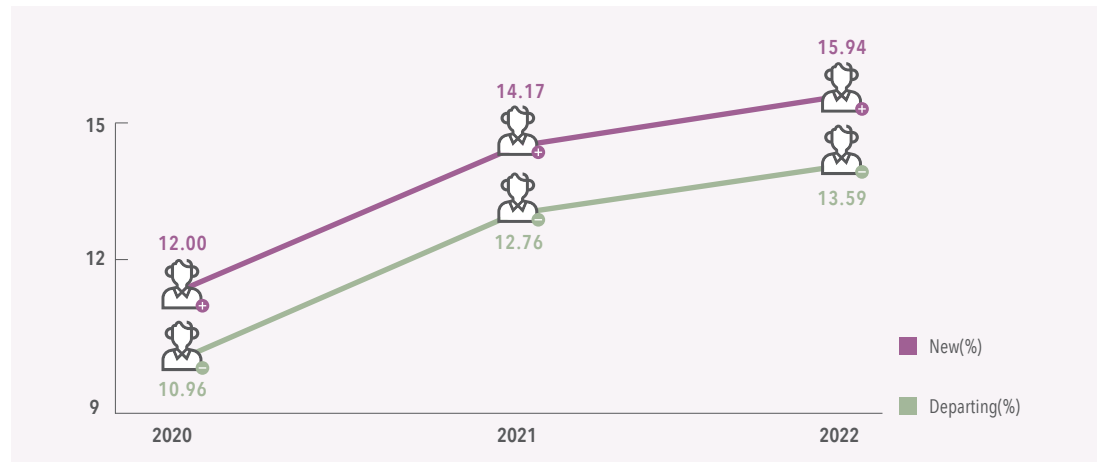
#### Talent Recruitment Strategies

The Group's vision is to become the "Best Financial Services Provider in the Asia Pacific" and "An International Benchmark Enterprise for Sustainability" by cultivating Taiwan and establishing itself overseas. We actively recruit talents at home and abroad to strengthen the foundation of our sustainable operations. We believe that diverse talent composition is the key to enhancing corporate competitiveness, and we attract like-minded partners through industry-academic cooperation while conveying our core corporate values and our brand as an employer. In addition, through our philosophy of constant innovations, sound business performance, comprehensive talent development and system, competitive remuneration and bonuses, well-rounded employee physical and mental caring program and other measures, we welcome talents with exceptional potential from home and abroad and provide a career path primed toward sustainable development, working together to build an inclusive workplace environment.

#### New Arrivals and Departures

This year, the Group recruited a total of 1,794 new full-time employees in Taiwan, which made up 15.94% of the workforce. Among these new hires, 788 were male and 1,006 were female. During the same period, the total number of departing full-time employees was 1,529 or 13.59% of total employees and included 681 male employees and 848 female employees.

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



#### Employee Diversity and Inclusion

This year, there were a total of 11,253 employees in the Group, consisting of 36.13% male and 63.87% female. In particular, the ratio of females who serve in science, information engineering, and mathematics-related roles accounts for 33.78%. Among Taiwan workforce, 53.98% of the management positions are female with the proportion of females in entry level management positions at 61.06% and senior management positions at 36.70%. The proportion of female managers in revenue-generating units is 48.15%. We employed a total of 83 physically disabled employees in 2022.

### Financial Talent Development

The Group actively nurtures a new generation of financial talents. We continue to engage in industry-academic cooperation with various colleges and universities. Through classroom instructions, keynote speeches, corporate visits, internships, and campus competitions, we cultivate youth to develop financial knowledge and hands-on experience and explore the possibilities in pursuing a career in finance, as well as enhancing their competitiveness in the workforce and financial competence. A total of 18,477 new talents were trained through industry-academia cooperation this year.

#### Financial education promotion and youth empowerment

##### Campus Recruitment and Financial Promotion Activities

By giving guidance through school clubs, competitions and recruitment activities, we bring students closer to the financial industry.

Cooperated with a total of **52** schools in 2022.

A total of **9,286** students participated in 2022.

##### Outstanding Underprivileged Talent Scholarship

By combining the scholarship resources of the Yuanta Cultural and Educational Foundation, we endeavor to assist outstanding students from impoverished families in their future development, and recruit talents from among them to join the Group to serve the community, thereby forming a positive cycle.

Scholarships and Grants: **NT\$13.5** million in 2022.

A total of **68** students were benefited in 2022.

**7** scholarship recipients were recruited to join the Group.



## Financial Talent Development

### On-campus financial education

#### Financial Literacy Program

We share with students the current state of and developments in the financial industry, financial products and practices, and the working experience and insights of practitioners, etc. We actively cultivate international financial talents in Taiwan and build brand recognition of Yuanta among students.

Cooperated with a total of **22** schools in 2022.

A total of **2,809** students participated in 2022.

#### Course Credit Collaboration

We cooperate with schools in credit-bearing courses to systematically introduce practical practices at all levels of the financial industry and help students integrate theory and practice to shorten the distance from the classroom to the financial institution.

Cooperated with a total of **10** schools in 2022.

A total of **5,689** students participated in 2022.

### Internships in financial industry

#### Internship Program

We provide students with the opportunity to gain practical experience in the financial industry and to participate in business operations, helping them identify their future aspirations and bridge the last mile between graduation and employment.

Cooperated with a total of **65** schools in 2022.

A total of **469** students participated in 2022.

#### Corporate Visits

Students are invited to visit Yuanta for corporate visits, in the hope of helping them understand the current financial industry, future trends, and the working environment of the financial industry.

Cooperated with a total of **7** of schools in 2022.

A total of **224** students participated in 2022.

### School campus financial competitions

#### Yuanta Formula Trade Competition

In order to cultivate the investment literacy on the campus, Yuanta Securities has created stock trading simulator platform for the competition using the "Mr. Investor APP" which allows people new to the stock market to accumulate trading experience through simulated competitions, and draws young customers to enter the stock market and also establish good investment concepts and financial habits.

Nearly **100** colleges and universities participated in 2022.

More than **8,472** professors and students participated in 2022.

#### Forex Trading Competition

In order to improve students' ability to apply theories learned in class to actual investment transactions, Yuanta Futures holds a foreign exchange simulated trading competition to allow students from universities and colleges across Taiwan to get an actual feel for the trading changes in the financial market. This year, we also added a contest for creative foreign exchange videos to provide students with a fun and easy way to understand the foreign exchange market.

A total of **2,316** students participated in 2022.

### Digital finance advocacy

#### Nurturing Digital Financial Talent

Yuanta Futures collaborated with Asia University's Department of Finance in the discussion on the topic of "Information System and Financial Big Data Analysis" to cultivate future digital financial talents on campuses.

A total of **117** students participated in 2022.

#### College and University Campus Mobile Payment Promotion

This year, in response to the Ministry of Education's "Mobile Payment Promotion Program for College and University Campuses," we were invited to hold an orientation session at a pilot school of the Information Service Association of Chinese Colleges (ISAC). Through online meetings, we explained the current status of mobile payment services on campuses and shared digital financial practices and outlooks with school personnel, so that young people could better understand the possibilities of digital deposit accounts, e-payments, and Open API applications for school services in the future. We also hope that through hands-on experience, the school will better understand the convenience of mobile payment for school visitors.

A total of **72** schools and **122** teachers participated in 2022.



## Salary and Compensation

### Salaries

Information on the Group's gender pay ratio in Taiwan is as follows. We will continue to pay attention to issues related to the gender pay gap and regularly review our pay and compensation policies and their reasonableness. We are committed to implementing equal pay for equal work and no differential treatment based on gender or sexual orientation.

### 2022 Pay Ratio (Male : Female) in Taiwan

Employee Level	Salary	Salary and Other Cash Incentives
Executive Level	110%	113%
Management Level	114%	116%
Non-managerial Level	116%	109%

Note:

1. Executive level refers to vice president or department head and above positions; management level refers to all managers who are not included in the executive level
2. Pay ratios vary slightly due to the number of employees, positions held, and individual performance.

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

Non-managerial FTEs	2020	2021	2022	Difference from the Previous Year(%)
Weighted Average Number of Persons (Persons)	9,130	9,216	9,308	1.00
Average Salary (NT\$ thousand)	1,276	1,612	1,252	-22.33
Median Salary (NT\$ thousand)	1,057	1,346	1,078	-19.91

Notes:

1. In line with Taiwan Stock Exchange (TWSE) regulations, non-managerial FTEs of a financial holding company include the domestic banking, insurance, and securities subsidiaries of the consolidated 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 as compiled and published by the Taiwan Stock Exchange (TWSE).

## Diversified Benefits

### Employee Benefits

In order to create an excellent working environment and to take care of the physical and mental health of our employees, the Group provides a wide range of benefits for our full-time employees, such as subsidies, recreational activities, further studies and other preferential services. For our employees overseas, we also have set up welfare systems based on local conditions.

<b>1</b> Learning and Growth	e-learning or Online Learning	<b>2</b> Family Care	Marriage Subsidy	<b>3</b> Physical and Mental Care	Workplace Employee Clubs (15 clubs including Badminton, Culinary Arts, and Flower Arrangement)
	English Certification Award		Childbirth Subsidy		Health Checks
	International Financial License Award		Parental Leave		Employee Group Insurance
<b>4</b> Financial Programs	Employee Stock Ownership Trust	<b>5</b> Friendly Workplace	Education Scholarship for Children of Workers	Medical Subsidy	Emergency/Disaster Relief
	Preferential Loan Rate for employees		Flexible Working Hours <sup>1</sup>	Funeral Subsidy	
	Employee Group Annuity Policy		Working-from-home arrangements <sup>2</sup>	Employee Assistance Programs (EAPs)	
Employee Fee Discounts on Financial Product Purchases		Three Festivals Gifts			
		Birthday Present			

### Family Care

The Group provides employees with a comprehensive marriage and childcare system that is beyond regulatory requirements, as well as subsidies and care plans, including maternity leave<sup>3</sup>, menstrual leave, pregnancy-checkup leave, paternity leave<sup>4</sup>, family care leave<sup>5</sup>, part-time work<sup>6</sup>, accepting applications for unpaid parental leave, and assisting the employee return to work when the unpaid parental leave period expires. In addition, we work with specific organizations to provide employee childcare services to help employees balance work and family life, enhance work efficiency and retain talented employees. 127 employees took parental leave, 92.91% were women and 7.09% were men. (Please refer to Appendix II for statistics on parental leave.)

Note

- 1 The Group's work rules provide for flexible working hours and employees may apply for adjustment of working hours based on their business or personal circumstances.
- 2 The Group's employees may apply to work remotely based on their work and according to their personal situation.
- 3 Employees in the Group can take up to 8 weeks of maternity leave, and 2 days of paid miscarriage leave (superior to statutory requirements) are also provided. (Those who miscarry within 3 months of pregnancy can take 9 days of leave, while those who miscarry within 2 months of pregnancy can take 7 days of leave.)
- 4 The Group's employees are entitled to a paternity leave with a total of 8 days which is in excess of the minimum legal requirement by 1 day.
- 5 The Group's employees may apply with their supervisors other types of paid leave according to their emergencies or reasons to assist employees in providing comprehensive family care.
- 6 Employees who are raising children under the age of 3 may apply to reduce the number of working hours per day

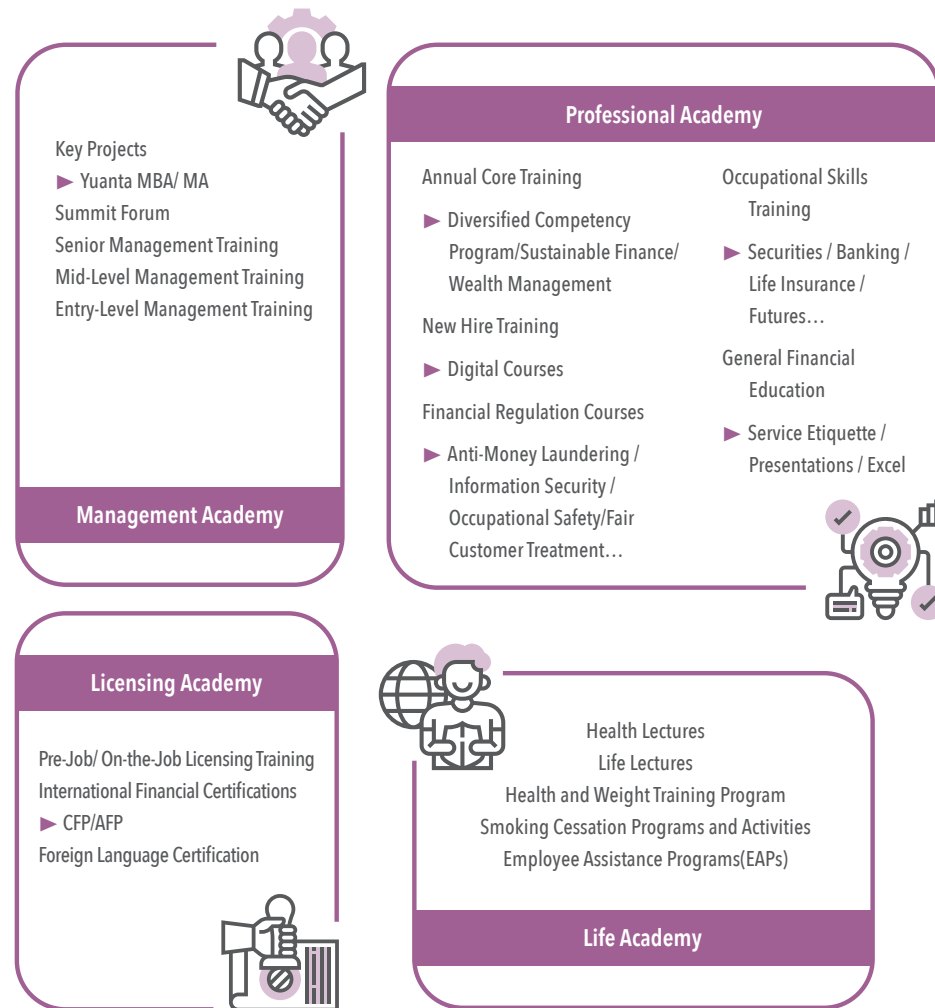
## 6.2 Talent Cultivation and Development

### Talent Cultivation System

#### Talent Development System

In order to achieve the goal of “meeting the needs of the financial industry and the Group's business development,” the Group actively develops diverse on-the-job training mechanisms and resources for continuing studies, which includes comprehensive professional finance training courses and a variety of financial aid for continuing studies and lifestyle seminars. We have built a robust talent development system through comprehensive internal rotation mechanisms and multi-faceted performance evaluation and development systems. Our talent development performance has also won widespread recognition and continues to win various external awards.

<p><b>Diverse occupational training</b></p>	<ul style="list-style-type: none"> <li>◎ Dual-track career development: Managers at all levels will strive to find talents needed by the Group at all times and to train them through training courses, project assignments, meeting participation, and/or work rotation, thereby helping employees develop into professional or managerial talents based on their aptitudes.</li> <li>◎ Employees may select courses from four academies: The Group has formulated four curriculum frameworks, including the Management Academy, Professional Academy, Licensing Academy, and Life Skills Academy, which allows employees to explore various professional fields of finance, develop diverse competencies required for different functions, and enhance their own professional knowledge and broaden their perspectives.</li> <li>◎ Incentivize work-related studies: To encourage employees to partake in various seminars and training, training fees of employees who have been designated or approved by the Company to participate in seminars will be fully paid by the Company. Various incentive systems are also formulated to encourage employees to acquire professional and international financial certificates and foreign language certificates, so as to strengthen their professional competencies or to increase their workability for the future.</li> </ul>
<p><b>Internal transfer mechanism</b></p>	<p>By utilizing the advantage of subsidiaries being involved in diverse financial business activities, the Group encourages employees to apply for internal or cross-Company transfers. This effectively promotes employees' diverse developments and talent flow within the Group, while helping to duplicate and spread successful experiences and benefits within the Group.</p>
<p><b>Performance evaluation</b></p>	<p>The Group is committed to talent development. By using multi-faceted performance evaluation methods, we can regularly examine employee performance, attributes, and potential for development. Through communication on their performance, we assist employees in understanding their own strengths and developmental needs and provide the necessary training resources and functional experiences to support employees in their career development goals and excel.</p>



#### Human resources and talent development related recognitions received in 2022




- ◎ Bloomberg Gender-Equality Index (GEI)
- ◎ Taiwan Institute for Sustainable Energy - Talent Development Leadership Award
- ◎ Golden Goblet Award — Outstanding Talent Cultivation, Outstanding Securities Talent, Outstanding Futures Talent, Outstanding Securities Investment Trust and Consulting Expertise
- ◎ Best Company to Work for in Asia
- ◎ Asia Responsible Enterprise Awards — Investment in People

## Financial Professional Training

### Employee Training Program

In accordance with the Group's strategic roadmap for sustainable development, the operational strategy of "solidification of cores and driving of growth" and the Group's key objectives, we are promoting three key projects, including the succession preparation training, cultivation of talents in sustainable finance and personnel transformation and diversified occupational training. We continue to actively invest in employee training in spite of ongoing impacts from COVID-19 in 2022. By adopting large quantities of digital courses and live streaming courses, we were able to maintain our momentum for talent development.

This year, the average number of training hours per person was 57.9 hours, and the average training cost per person was NT\$3,869, which represented a 25.5% increase in total training hours and a reduction of 3.6% in total training expense. This is mostly attributable to the application of digital courses. The Group's philosophy for sustainable operations relies on employees at all ranks to continuously enhance their professional skills, put their hearts to serving the customers, and focus on contributing their efforts toward performance, with all Yuanta subsidiaries assisting to promote the transitions of personnel and diversify their competencies to comprehensively enhance the professional financial knowledge and productivity of employees.

Training objective   Succession preparation training		
Target	Description	Training performance
 <p>Ratio of employee trained</p> <p>2.7%</p>	<p>Motivation  </p> <ol style="list-style-type: none"> <li>1. Systematically nurture diverse and sustainable talents for the Group's succession plan by passing on corporate culture and leadership expertise.</li> <li>2. Train a new generation of talents to lead new businesses and teams through exchanging of experience between people of different generations and inter-disciplinary integrations.</li> </ol>	
<p><b>Yuanta MBA: High-performing employees</b></p> 	<p><b>Yuanta MBA Program</b></p> <p>To accelerate the development of high-performing employees as management trainee as part of succession planning, diverse professional learning is offered through a six-month Yuanta MBA program. Board directors and senior managers are invited to instruct courses in five disciplines, including strategies, legal compliance and audit, financial expertise, operational analysis, and leadership management. By knowledge and experience sharing and teaching, leadership expertise and corporate culture may be passed on and interdisciplinary teamwork skills fostered. The effectiveness of learning is also evaluated through project reports and problem-solving proposals.</p>	<ul style="list-style-type: none"> <li>• In 2022, there were 1,601 persons in the talent bank (including those in management roles and key functions), a growth of 11.3% over the previous year.</li> <li>• In the recent 3 years, 148 persons have completed the training and 38 have received promotions, reaching a promotion rate of 25.7%. In particular, department supervisor training has been completed by 83 persons and 21 of whom have been promoted as supervisors, reaching a promotion rate of 25.3%; team leader training has been completed by 65 persons and 17 of whom have been promoted as team leaders, reaching a promotion rate of 26.2%.</li> <li>• The "work experience from younger generations" category of the 2021 employee sustainability and engagement survey has grown by 3 percentage points over the previous survey, while for "willingness to stay" has improved by 1 percentage point.</li> </ul>
<p><b>Yuanta MA: new graduates</b></p> 	<p><b>Yuanta MA Program</b></p> <p>The 2.5-year Yuanta MA Program nurtures management associates (MAs) with inter-disciplinary skills for the Group. Presidents and department heads from each subsidiary are invited to serve as mentors and to teach courses on the Group's core business and challenges. The goal is to foster the MAs' professional skills and help them acquire hands-on experiences through working in various departments and projects.</p>	<ul style="list-style-type: none"> <li>• As of December 31, 2022, MAs assigned to overseas managerial roles account for 24% of all overseas managers.</li> <li>• As of December 31, 2022, 76.4% of MAs who have worked at the Company for over six months have completed job transfers; for those who have completed 2.5-year MA program, 40% have been promoted to a managerial role.</li> </ul>

**Long-term operational benefits**

In response to the rapidly changing environment, in order to accelerate the selection and promotion of young talents, the Company has organized the Management Associate (MA) training and MBA program. Inter-disciplinary talents with project integration skills are externally recruited, and high-performing employees are also promoted from within the subsidiaries. These individuals are systematically trained to become diverse and sustainable talents who will carry on the Company's culture and leadership wisdom. By cross-generational experience-sharing and creativity, we systematically cultivate the Group's interdisciplinary management talents and shape them into senior managers and middle managers to meet the needs of the Group's business expansion in various fields.





Training objective | Talent development for sustainable finance



Ratio of  
employee trained

100%

Motivation | Founded on the core concept of "DREAM," sustainable goals and actions are promoted in five major aspects, namely corporate governance, customer rights and interests, employee care, environmental sustainability, and social welfare.

Target	Description	Training performance
 <b>Board directors and senior managers</b>	Provide courses on important ESG issues and international development trends, with themes ranging from corporate governance risks to principles of fair customer treatment, protection and empowerment of financial consumers, opportunities and challenges posed by climate change and sustainable development to the finance industry, and fintech and intellectual property.	In 2022, 95 sustainable finance-related course sessions were organized for directors and senior managers. Cumulatively, 1,075 persons (headcount) completed the training, and the cumulative number of training hours reached 2,517. The number of persons trained has grown by 136.8% compared to the previous year, while that of training hours has also increased by 108.9%.
 <b>Professional staff associated with green finance business</b>	Provide professional ESG skills training, with themes ranging from climate risk management and stress testing to ESG investment and practical application, green and sustainable financial talent programs, friendly services, fair customer treatment, and other professional practices of sustainable development goals (SDGs), so as to deepen financial professionals' sustainable financial knowledge and skills in various fields.	<ul style="list-style-type: none"> <li>In 2022, 334 sustainable finance-related course sessions were organized, and 53,227 persons (headcount) completed the training. The cumulative number of training hours reached 60,717, and the number of persons trained has grown by 1.9% compared to the previous year.</li> <li>In 2022, the scale of sustainable investment assets reached NT\$638.8 billion, an increase of 33.2% over the previous year. Sustainability-related credit business of corporate banking has reached NT\$492.46 million, growing 19.64% over the previous year.</li> </ul>
 <b>All employees</b>	Disseminate the philosophy and trends of ESG, as well as the core issues and benchmarking case studies. Themes include general knowledge courses such as ESG studies, integrity management and legal compliance, personal data protection, and information security.	In 2022, 425 sustainable finance-related course sessions were organized. Cumulatively, 132,761 persons (headcount) completed the training, and the cumulative number of training hours reached 164,016. The number of persons trained has grown by 11.8% compared to the previous year, while that of training hours has also increased by 18.9%.
 <b>Personnel in finance industry</b>	<ul style="list-style-type: none"> <li>The Company serves as a convener of the Empowerment and License Workgroup under the Finance Sector Net-zero Promotion Platform founded by the Financial Supervisory Commission (FSC) in 2022, and is in charge of consultancy and recommendations regarding sustainable finance training courses for board directors and senior managers in the finance industry.</li> <li>Participated in "TALENT, in Taiwan" alliance for talent sustainability campaign and published our talent sustainability declaration.</li> </ul>	<ul style="list-style-type: none"> <li>The Company has been committed to promoting ESG business since 2016. Our sustainable finance and empowerment efforts were recognized by the competent authority, and we are invited to join the initiatives and promote sustainable finance talent training for the finance industry.</li> <li>Provide training standards for sustainable finance talent for over 650,000 personnel in the finance industry in Taiwan, enhancing the mind-set and professional skills of Taiwan's financial talents in sustainability.</li> <li>Openly joined initiatives regarding six aspects and actions of talent sustainability, including meaning and value, diversity and inclusion, organizational communication, rewards and incentives, mental and physical health, and talent growth, in order to blend ESG philosophy with operational strategies and foster Yuanta's DNA for sustainability.</li> </ul>

Long-term  
operational  
benefits

In line with the Company's Group-wide Sustainable Development Strategy Roadmap, the sustainable finance business objectives of each subsidiary will be implemented along with ESG training, in order to integrate the concept of sustainable finance into day-to-day operations and practical training. In addition, by linking sustainability indicators with performance management, we ensure that sustainable finance development goals are implemented in practice. Moreover, we have also formulated green investment/financing policies through the "Sustainable Finance Guidelines". By prudently evaluating business planning and transaction activities using the ESG screening mechanism, the funds are used to assist the development of sustainable social enterprises and launch ESG-related financial products. By joining hands with our customers to exercise financial impact, we further instill the philosophy of sustainable finance into the ESG talent standard and training resources of Taiwan's financial sector, becoming the force that leads social and environmental change from inside out as we proactively promote a better world for future generations.

### Training objective | Diverse occupational development



Ratio of  
employee trained

100%

**Motivation |** Establishing a comprehensive training system and a variety of learning resources to promote employee development in diverse functions and enhance their competitiveness to ensure employee sustainability .

Target	Description	Training performance
<p><b>All employees</b></p>	<ul style="list-style-type: none"> <li>The Yuanta e-Academy Weekly Newsletter is issued every week to continuously strengthen employees' professional skills, develop their diverse competencies, and build their advantageous skill-sets for the future through thematic exhibits along with hot topics in the global finance industry and the focus of Group's business.</li> <li>Promote personnel transition and diverse functional development training, including financial license and certificate training, financial product seminars, and product sales training.</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, a total of 1,770 employees received cross-functional, inter-departmental, and inter-industry occupational development opportunities, accounting for 15.7% of all employees. 1,944 employees received internal promotions, accounting for 17.3% of all employees.</li> <li>A total of 216,953 hours of diverse occupational-related courses were held in 2022, accounting for 33.3% of total number of training hours. These courses were participated by 56,673 persons (headcount); on average, every employee participated 5.1 times.</li> <li>The domestic and overseas employee satisfaction survey conducted in 2021 indicated that 87% of all participating employees gave a positive response on learning and development. This is 12 percentage points higher than the norm of financial service sector in Taiwan, and 7 percentage points higher than the norm of high-performers worldwide.</li> </ul>

**Long-term  
operational  
benefits**

The finance industry changes rapidly. To enhance employees' competitiveness and sustainable career development, the Company provides a variety of training systems and learning resources to help them understand the latest political and economic developments and trends at home and abroad, as well as having a grasp of the Group's business development. At the same time, we also provide our employees with comprehensive professional training through diverse transition and occupational training courses to enhance their occupational skill-sets, thereby building the foundation in talent competitiveness to meet the needs of the Group's future development strategies.

### Cross-border Digital Collaboration for Talent Development

We have cooperated with CWLC digital courses and Live ABC digital courses to provide the latest digital teaching materials daily, covering the latest knowledge in digital trends, industry trends, international finance, business cases, etc. In addition to purchasing digital teaching materials for employees to choose from, we also publish the Yuanta e-Learning Weekly Newsletter every week with a learning curatorial mindset and hot topics of the global financial industry and the Group's business focus, bringing the world to employees. In 2022, we issued 49 issues of e-newsletters, disseminated 205 financial industry news and practical English phrases for the workplace, and continued to develop talents in multiple functions, strengthen the professional capabilities of our employees, and build an inventory of quality talents for the future.

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

Items	2021	2022	Increase/Decrease	Increase/Decrease (%)
Total Courses Held	3,332	3,639	307	9.2
Training Hours	519,285	651,622	132,337	25.5
Training Attendance	326,648	392,557	65,909	20.2
Training Cost (NT\$1,000)	45,150	43,542	-1,608	-3.6
Number of Employees	11,040	11,253	213	1.9
Average Hours of Training Per Employee	47.0	57.9	10.9	23.2
Average Number of Training Sessions per Person	29.6	34.9	5.3	17.9
Average Training Cost Per Employee (NT\$)	4,090	3,869	-221	-5.4

Notes:

- Currency: New Taiwan Dollar.
- 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.
- 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.



## Internal Promotion and Transfer

The Group's talent cultivation is formed using a strategy of "solidifying core business and driving growth." We provide various internal development opportunities using our diverse financial services. For high-performing employees, we provide timely opportunities for promotion or transfer based on their interests, expertise, and future career plans. This practice helps the employees achieve personal learning and development objectives that "solidify their existing core competencies, while driving them to develop new, competitive competencies." It also helps the Group systematically nurture elites as management reserves. As of December 31, 2022, of all current department heads or above, 93.2% of whom have been promoted to their current positions through internal transfers or promotions.

Mechanism	Description	Results
Internal promotion	Managers at all levels identify and maintain a pool of management and professional talents to meet needs of the financial sector and the development of the Group. High-performing employees will receive promotions, and talent training will be carried out through diverse methods including course training, project assignments, meeting participation, and job rotation.	In 2022, a total of 1,944 employees received a promotion, accounting for 17.3% of all employees.
Internal transfer	The Group encourages employees to apply for internal transfer, and makes good use of having comprehensive financial services within the Group to engage in planned cross-functional or inter-company transfers based on organizational needs. This helps the employees to become familiar with business in different areas or fields, while facilitating the integration of cross-field expertise with their own competencies, thereby becoming talents with diverse abilities.	In 2022, a total of 1,681 employees engaged in job transfers, accounting for 14.9% of all employees. Moreover, 89 employees engaged in cross-company transfers.

## Performance Evaluation and Development

The Group regularly carries out performance evaluation, and assesses employees' annual work performance using "management by objectives," "multi-faceted performance assessment," "team performance evaluation," and "agile conversations." The results of these evaluations will be used as a reference in the human resources decision making process for performance-based bonuses, promotion and salary adjustments, and talent development. We assist employees to develop and set career objectives on a daily basis through management by wandering around (MBWA) and communications. In 2022, 100% of employees underwent regular performance evaluations and career development reviews no matter their gender or managerial/non-managerial classification.

- Performance of all employees (except those in sales) is examined every six months
- Salespersons' performance is examined on a monthly/quarterly basis

The "target setting" for individual employee is discussed and set between the employee and his/her department head at the beginning of the period, and performance management is achieved by following up with "midterm tracking and improvement" and "end of period review and assessment." This cycle evaluates the employee's annual work performance and sets his/her career development goals for the future.

- Performance is regularly examined in each month

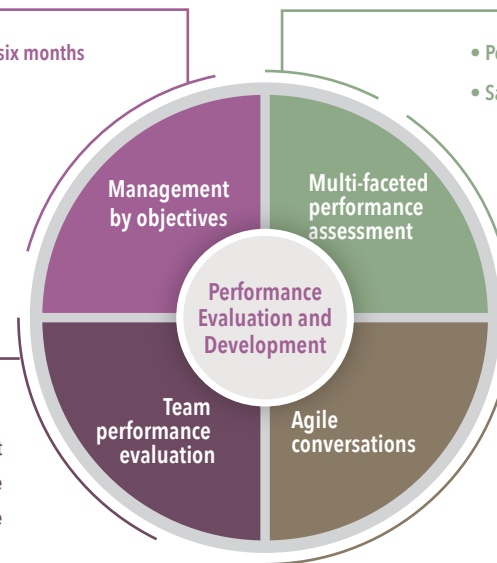
All departments will set department KPIs based on the Group's development strategies. The KPIs are also linked with personal performance, and will be regularly examined at monthly meetings, where all departments will share experiences and learn from each other to enhance the overall performance.

- Performance of all employees (except those in sales) is examined every six months
- Salespersons' performance is examined on a monthly/quarterly basis

The multi-faceted performance evaluation system is executed by evaluating the employee's performance and the status of achieving department targets. Feedback from supervisors, colleagues, and customers is also provided to help the employee examine his/her performance from all angles.

- Instant feedback

MBWA is actively implemented to promote bi-lateral communications between the staff and supervisors, which helps to form an organizational culture of agile feedback and timely guidance.



## 6.3 Friendly and Excellent Working Environment

### Safe Workplace

#### Occupational Health and Safety Management Systems

The Group is extremely committed to the occupational safety and health of our employees. Besides the occupational safety and health policies formulated by Yuanta Financial Holdings and all its subsidiaries, which have been endorsed by senior managers including the Chairman or President, we have also developed dedicated hazard identification, risk evaluation, and incident investigations as part of the occupational safety and health issues in line with the Occupational Safety and Health Act and applicable by-laws. In addition, we have established a safety and health unit to promote tasks related to occupational safety and health, and employees can provide feedback and suggestions on optimizing occupational safety and health via labor unions, labor-management meetings, or the Occupational Safety and Health Committee meetings convened every quarter.

To ensure the effectiveness of the aforesaid safety and health unit, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, and Yuanta Futures have been actively planning and gradually implementing ISO 45001 Occupational Health and Safety (OH&S) Management System for their operations (including employees and contractors) since 2019. Third-party verification for the system is also conducted on an annual basis. Moreover, dedicated and licensed occupational safety and health staff are set up in each unit. Besides regularly partaking in retraining courses to assist in the implementation of OH&S management system, they also strengthen the compliance of each subsidiary with relevant occupational safety laws in Taiwan, thereby raising the importance of occupational safety in the Group's culture.

The Group strives to maintain a healthy and safe workplace environment and regularly identifies hazards and prevents risks in the workplace. This helps to reduce its employees' exposure to occupational diseases and accidents. By ensuring the effectiveness of the system via internal audit and committing to continuously enhancing the completeness and validity of the OH&S management system, we provide a healthy workplace that is safe and friendly to all staff. To respond to potential emergencies, we have also formulated corresponding crisis handling and response measures. In case of a crisis, the President will preside over the response team of the organization.

In dealing with a post-pandemic era of coexisting with COVID, we are dedicated to building a healthy workplace, and have not only rigorously implemented epidemic prevention measures, but also taken inventory and integrated internal and external resources. In 2022, we implemented the "rehabilitation plan for workers after contracting COVID-19" for the first time and received highly positive feedback from our staff. The plan is also gradually implemented throughout the Group.

#### Process for Occupational Injuries, Occupational Disasters, Occupational Disease Investigations



The aforesaid plan will provide one-on-one health consultation and out-patient service in the workplace for workers recovering from long-haul COVID symptoms through integrating services from Chinese medicine, family medicine, nutritionists, physical therapists, and psychologists. This is done in the hope of providing proper care to workers recovering from the virus infection for their mental and physical well-being. Moreover, the Company and Yuanta Securities are the first financial institutions in Taiwan to implement ISO/PAS 45005:2020 COVID-19, and obtained relevant international certification in January 2022. By building standardized operating procedures, we can ensure the safety of our workplace environment and operating grounds, and protect all of our employees and customers.

#### Occupational Health and Safety Committee

Under Taiwan's Regulations Governing Occupational Safety and Health, the Group is classified as a Category 3 business. Both Yuanta Securities and Yuanta Bank have established an Occupational Safety and Health Committee as required by law and hold quarterly meetings of the Occupational Safety and Health Committee to discuss plans to optimize workplace safety and promote employee health.

Year of 2022	Yuanta Securities	Yuanta Bank
Total Committee Membership	9	11
Number of Labor Representatives	4	4
Member Term (Year)	2	2
Meetings Held Each Year	4	4

## Healthy Workplace

### Risk Mitigation and Prevention Measures

The financial services industry is a knowledge- and human capital-intensive, highly government-regulated chartered industry. Our employees are subject to high levels of work stress, so caring for their physical and mental well-being and promoting their health is an ongoing effort.

To effectively safeguard the safety and health of the workplace, after analyzing important indicators including the type of work, operating environment, results of health examinations, and the five major health protection plans (maternity protection, ergonomic hazard prevention, preventing diseases induced by abnormal workloads, unlawful infringement prevention, and middle-age and senior care), the Group has identified hazards and risks that directly and indirectly threaten employees' health based on the frequency of occurrence and level of impact. These threats and risks include communicable diseases, traffic accidents while commuting, accidents and injuries from tripping/falling in office, stress, musculoskeletal pain, and metabolic syndrome. We continue to pay attention to the protection of working mothers and middle-aged and senior workers as well as tobacco hazards prevention in the workplace. To respond to high-risk hazards, relevant prevention programs and improvement measures have also been formulated accordingly.

#### Health risk: Communicable diseases

Level of impact: High

	Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
1	<ul style="list-style-type: none"> <li>Implemented the ISO 45005 Occupational health and safety management – General guidelines for safe working during the COVID-19 pandemic certification.</li> <li>Launched the “rehabilitation plan for workers after contracting COVID-19” and hired Chinese medicine physicians, nutritionists, physical therapists, and psychologists to provide post-COVID health consultancy/out-patient services.</li> <li>Established the Chief of Epidemic Prevention as well as disaster and epidemic emergency response team to monitor the status of the pandemic at home and abroad on a daily basis and adopted rolling adjustment for the Group's internal epidemic prevention measures. An epidemic prevention section on the website is also set up to timely provide information on communicable diseases and health recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Organized 72 “integrated COVID-19 consultation and out-patient service” sessions in line with the “rehabilitation plan” and achieved a 92.3% satisfaction rate.</li> <li>Published 56 e-bulletins regarding communicable diseases and health consulting service, cumulatively reaching more than 10,000 persons.</li> </ul>	<ul style="list-style-type: none"> <li>The number of operating sites with business interruption due to the pandemic should be less than 1.</li> <li>Organize 6 expert consultancy/out-patient service sessions every month to provide a channel for obtaining health consulting service during the pandemic.</li> <li>Implement the Group-wide “rehabilitation plan for workers after contracting COVID-19” with an average satisfaction rate of 85%.</li> </ul>	<ul style="list-style-type: none"> <li>No operating sites had business interruption caused by the pandemic.</li> <li>More than 100 expert consultancy/out-patient service sessions were held throughout the Group; on average, 8.3 sessions were held every month, reaching a completion rate of 138%.</li> <li>The integrated service for workers recovering from COVID-19 reached an average satisfaction rate of 92.3%.</li> </ul>



Awards  
& honors

- ★ First company in Taiwan's finance industry to implement ISO 45005 and to obtain BSI certification.
- ★ Certification for indoor air quality self-management of public places.

#### Health risk: Traffic accidents while commuting

Level of impact: High

	Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
2	<ul style="list-style-type: none"> <li>Regularly organize occupational safety and health training for new and current employees to promote the transportation safety concept and the importance of timely occupational disaster reporting.</li> <li>Regularly promote transportation safety knowledge through internal communications.</li> <li>Provide 2 shuttle buses every day to reduce the need for employees to drive.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 11,518 persons completed the occupational safety and health training throughout the year.</li> <li>Reached over 10,000 persons to strengthen their transportation safety awareness via internal advocacy.</li> <li>The number of reported occupational disasters resulting from commuting accidents this year was 30.</li> </ul>	<ul style="list-style-type: none"> <li>Promote driving safety awareness through the occupational safety and health training courses; the participation rate of the courses should reach 100%.</li> </ul>	<ul style="list-style-type: none"> <li>The participation rate of occupational safety and health training reached 100%.</li> </ul>



Awards  
& honors

- ★ Received the Excellent Enterprise Award in the Corporate Sustainability Report – Occupational Health and Safety Benchmark Voluntary Assessment Plan from the Occupational Safety and Health Administration, Ministry of Labor. Yuanta is the first in Taiwan's financial sector to receive this award.



Awards  
& honors

★ Received Gold Award in the Taipei City Workplace Gender Equality Certification. ★ Received the "Best Companies to Work for in Asia" award from HR Asia.

**Health risk: Accidents and injuries from tripping / falling in office**

**Level of impact: Moderate**

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>3 Supplier Safety and Health Management:</b></p> <ul style="list-style-type: none"> <li>To implement external control measures, the signing of supplier's commitment to occupational safety and health is required for all contracts.</li> <li>To fulfill obligations as a business owner, identity verification is required and operating hazards are informed when suppliers enter the operating grounds.</li> <li>Regularly participate in worker safety negotiation groups to discuss and promote occupational safety and health.</li> </ul> <p><b>Worker health protection:</b> At least 6 patrols of the environment are conducted every month to ensure occupational safety.</p>	<p><b>Supplier Safety and Health Management:</b></p> <ul style="list-style-type: none"> <li>Participated in 104 worker safety negotiation meetings in 2022 to promote key issues including fall prevention, electrocution, and environmental safety concerns.</li> </ul> <p><b>Worker health protection:</b></p> <ul style="list-style-type: none"> <li>Organized 6 or more rounds of patrols of the environment which are conducted by occupational safety managers every month; no material deficiency has been found.</li> </ul>	<ul style="list-style-type: none"> <li>Complete 6 patrols of the environment at operating sites every month.</li> <li>Deficiency improvement rate should reach 90%.</li> <li>The number of occupational hazards related to accidents throughout the Group should be less or equal to 20.</li> </ul>	<ul style="list-style-type: none"> <li>Completed 6 patrols of the environment at operating sites every month.</li> <li>Deficiency follow-up and improvement rate reached 100%.</li> <li>There were 11 cases of occupational hazards related to accidents reported this year.</li> </ul>

**Health risk: Stress**

**Level of impact: Moderate**

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>4</b></p> <ul style="list-style-type: none"> <li>Commissioned the Taiwan Institute of Psychotherapy to establish an external "employee assistance program," while internally, we also hired professionals to assist in finding problems, referring cases, and promoting activities related to mental well-being.</li> <li>Established the "Employee Assistance Section" to provide reports on mental health on a monthly basis, with diverse topics ranging from parenting to gender, middle-aged and senior citizens, organizational communications, and self-actualization.</li> <li>Formulated "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Treatment" to prohibit any form of sexual harassment, prejudice or violence, or threats in order to build a gender-equal and friendly workplace.</li> <li>Formulated the "Prevention Plan for Unlawful Acts of Assault in the Performance of Duties" in line with relevant laws, and set up a regular employee grievance mailbox and employee internal communication channel.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 146 persons are using the employee assistance program throughout the Group.</li> <li>Organized a series of work-life balance and health promotional courses, including "Enhancing self-awareness and workplace performance," "Workplace emotional check-up and stress-relief," etc. More than 20 sessions were held with a total of 1,980 participants (headcount).</li> </ul>	<ul style="list-style-type: none"> <li>Receive 2 or less grievance reports related to "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Treatment."</li> <li>To achieve a comprehensive unlawful incident reporting procedure, the grievance reporting channel and procedure of a Group-wide "Prevention Plan for Unlawful Acts of Assault in the Performance of Duties" should be formulated; the completion rate should reach 90% or more.</li> <li>Organize at least 1 work-life balance seminar/course/activity every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>There were no grievance reports related to "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Treatment."</li> <li>A total of 6 grievance reports related to the "Prevention Plan for Unlawful Acts of Assault in the Performance of Duties" this year; workers suffered mental stress, and after discussion held by the investigation team, the resolution was to provide either employee care, employee assistance, work adjustments, or punishments in line with internal procedures, reaching a 100% completion rate.</li> <li>Organized more than 20 "work-life balance and health promotion" course sessions, and on average received a satisfaction rate of 95% or more.</li> </ul>

Health risk: Musculoskeletal pain

Level of impact: Moderate

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>5</b></p> <ul style="list-style-type: none"> <li>Formulated and enacted the "ergonomic hazard prevention plan," and plans annual health promotional activities in line with the musculoskeletal analysis results obtained from the employee health examinations.</li> <li>Regularly organize occupational safety and health training courses for new and current employees; promote ergonomic hazard prevention in the workplace; and devise pain and soreness prevention measures.</li> <li>Medical staff and occupational safety staff make on-site examination of the workplace to evaluate risks at the site and help to improve the environment and employee's posture.</li> </ul>	<ul style="list-style-type: none"> <li>Organized more than 20 sessions of ergonomic hazard prevention activities such as "technology-assisted physical fitness test" and "musculoskeletal hazard prevention promotion," which were cumulatively participated by more than 1,397 persons.</li> <li>Provided onsite clinical service and suggestions for improvements at branches across Taiwan. More than 80 operating sites were visited in 2022, and assistance in reducing musculoskeletal pain caused by problems with posture at work or work environment was provided. A total of 9 employees were assisted.</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of employees scoring 3 points or more on the quantitative musculoskeletal pain scale in the employee health examination and the situation continues for more than 3 months should be less than or equal to 1%.</li> <li>The participation rate of occupational safety and health courses (including ergonomic hazard prevention) should reach 100%.</li> <li>Organize 1 session or more of ergonomic hazard prevention seminar/course/activity every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of employees scoring 3 points or more on the quantitative musculoskeletal pain scale in the employee health examination and the situation continues for more than 3 months in this year was 0.91%.</li> <li>The participation rate of occupational safety and health courses (including ergonomic hazard prevention) has reached 100%.</li> <li>More than 20 sessions of ergonomic prevention seminars/courses/activities were held this year and average satisfaction has reached 90% or above.</li> </ul>



Awards & honors

★ Obtained "Taiwan iSports" (Certificate of Corporate Wellness) from the Sports Administration, Ministry of Education.

Health risk: Metabolic syndrome

Level of impact: Moderate

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>6</b></p> <ul style="list-style-type: none"> <li>Formulated and enacted the "plan for prevention of diseases induced by abnormal workloads," and planned annual health promotional activities based on the results of employees' health examinations.</li> <li>Regularly organize occupational safety and health training courses to new and current employees to teach new information on disease prevention, and provide nutritional, healthcare information related to metabolic syndromes, as well as other relevant day-to-day health information, to enhance workers' health awareness.</li> <li>The Group has hired 10 dedicated nurses and set up a nurse hotline to provide one-on-one health consultation during work hours and emergency medical services.</li> <li>Set up AED for emergency use in all buildings with 100 persons or more that are operated and owned by the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Organized seminars related to preventing diseases from abnormal workloads, including "cardiovascular disease prevention," "wintertime healthcare from Chinese medicine doctors," and "a date with nutritionists."</li> <li>Organized workplace health promotional activities including online cycling and marathon, spring and summer weight loss program, burning fat through jump rope campaign, and exercise for health event.</li> </ul>	<ul style="list-style-type: none"> <li>The participation rate of occupational safety and health training courses (including preventing diseases induced by abnormal workloads) should reach 100%.</li> <li>Exposure of monthly updates on nutrition and health care information related to metabolic syndrome (high blood pressure, high blood cholesterol, and high blood sugar) should reach 10,000 persons.</li> <li>Organize at least 1 seminar/course/activity related to preventing diseases induced by abnormal workload in each quarter.</li> </ul>	<ul style="list-style-type: none"> <li>The participation rate of occupational safety and health training courses (including preventing diseases induced by abnormal workloads) has reached 100%.</li> <li>Exposure of monthly updates on nutrition and health care information related to metabolic syndrome (high blood pressure, high blood cholesterol, and high blood sugar) has reached more than 10,000 persons.</li> <li>More than 20 sessions of seminars/courses/activities related to prevention of diseases induced by abnormal workloads were organized this year, and average satisfaction has reached 95% or more.</li> </ul>



Awards & honors


★ Received the "Badge of Accredited Healthy Workplace" from the Ministry of and Health and Welfare.

★ Obtained "Friendly Workplace" certification from the Ministry of Health and Welfare.




Health risk: Middle-aged and senior worker protection

Level of impact: Moderate

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>7</b></p> <ul style="list-style-type: none"> <li>Formulated and enacted the Group's "work adaptability management plan for middle-aged and senior workers".</li> <li>Organized 6 sessions of environmental inspection in Yuanta's own buildings and operating sites per month with medical professionals to jointly identify the risk of hazards to middle-aged and senior workers.</li> <li>Organized biennial health examinations and included the screening for four types of cancer in the examinations to increase participation rate.</li> </ul>	<ul style="list-style-type: none"> <li>The "work adaptability management plan for middle-aged and senior workers" was approved by the President and executed in 2022.</li> <li>Organize 6 sessions of environmental inspection to be conducted by occupational safety manager every month; no environmental deficiency was found.</li> <li>Organized screening for four types of cancer during employee health examination at Yuanta's own buildings with 100 persons or more.</li> </ul>	<ul style="list-style-type: none"> <li>Perform 6 sessions of middle-aged and senior worker adaptability evaluation and health improvement suggestions every month.</li> <li>Organize screening for four types of cancer during employee health examination at Yuanta's own buildings with 100 persons or more.</li> </ul>	<ul style="list-style-type: none"> <li>Cumulatively, 210 middle-aged and senior workers received adaptability evaluation this year, 115 of whom were interviewed and provided with customized health recommendations.</li> <li>Organized screening for four types of cancer during employee health examination at Yuanta's own buildings with 100 persons or more; 8 events were held and 744 persons were served.</li> </ul>
<p> Awards &amp; honors</p> <ul style="list-style-type: none"> <li>★ Received the Workplace Health Enterprise Award from workplace cancer screening event held by the Health Bureau of Taichung City Government.</li> </ul>			

Health risk: Maternity protection

Level of impact: Low

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p><b>8</b></p> <ul style="list-style-type: none"> <li>Formulated and enacted the "maternity protection plan" according to law, and provide tool books, health promotional brochures and care package, as well as software/hardware during female employees' terms of pregnancy to care for their health.</li> <li>Breastfeeding rooms are provided in offices with more than 100 persons in Yuanta's own buildings. Nurses provide consulting service regarding breastfeeding, and mothers' physical fitness and weight loss activities are also held annually to help our employees stay fit.</li> <li>Regularly organize occupational safety and health training courses for new and current employees to advocate workplace gender equality and equal rights.</li> </ul>	<ul style="list-style-type: none"> <li>Yuanta's baby shower package contains moisturizers, pacifiers, baby wipes, baby products, and a signed card from Yuanta Securities' President. A total of 59 care packages were given.</li> <li>The expecting mothers care package contains bottle sterilizers, privacy nursing covers, and nursing pads. A total of 9 packages were given.</li> <li>The "baby gift package" has a baby teether, waterproof bib, breastmilk storage bags, and a congratulations card from the President of Yuanta Futures. A total of 7 packages were given.</li> <li>Selected maternity books covering nutrition and exercise recommended for the three stages of pregnancy and post-partum and childcare guide. A total of 83 sets of books were given.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to care for pregnant workers and mothers; the maternity protection consultancy ratio should reach 85% or more.</li> <li>Continue to care for pregnant workers and mothers, with the satisfaction rate of the maternity protection plan to reach 80 points or above.</li> <li>The participation rate of occupational safety and health training courses (including maternity protection plan, as well as workplace gender equality awareness and rights advocacy) should reach 100%.</li> <li>Continue to be certified for providing quality nursing rooms.</li> </ul>	<ul style="list-style-type: none"> <li>The maternity protection consultancy rate reached 90.9% this year.</li> <li>The satisfaction rate of the maternity protection plan reached 83.7 points.</li> <li>The participation rate of occupational safety and health training courses (including maternity protection plan, as well as workplace gender equality awareness and rights advocacy) reached 100%.</li> <li>All Yuanta's own buildings in Taipei City have obtained the "Quality Nursing Room" certification.</li> </ul>
<p> Awards &amp; honors</p> <ul style="list-style-type: none"> <li>★ Obtained "Quality Nursing Room" certification from the Department of Health, Taipei City Government.</li> <li>★ Received the gold medal in Workplace Gender Equality certification from Taipei City Government.</li> </ul>			

**Health risk: Tobacco hazards prevention in the workplace**

Level of impact: Low

Risk mitigation/prevention measures	Implementation effectiveness	Goals	Results
<p>9</p> <ul style="list-style-type: none"> <li>Encouraged smokers to utilize the second-generation smoking cessation program from the National Health Insurance Administration through the advice of onsite nurses. Gift cards are provided as incentives for quitting to increase the cessation rate.</li> <li>Regularly promote tobacco hazards prevention through the health e-bulletin and arrange smoke cessation seminars to create a smoke-free work environment.</li> <li>Joined the "2022 Quit &amp; Win" competition co-organized by Health Promotion Administration, MOHW and John Tung Foundation to encourage employees who were smokers to partake in the competition and quit smoking.</li> </ul>	<ul style="list-style-type: none"> <li>Organized "A refreshing, smoke-free life" smoke cessation seminar which 24 persons participated.</li> <li>The "2022 Quit &amp; Win" competition was participated by 6 persons.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to organize 6 onsite medical service activities every month to provide consultancy on smoke cessation, and provide referrals for second-generation smoking cessation program.</li> <li>Organize at least 1 smoke cessation event/seminar this year.</li> </ul>	<ul style="list-style-type: none"> <li>Completed 6 onsite medical service activities per month; the completion rate reached 100%.</li> <li>Completed 2 smoke cessation activities; on average, the activities reached a satisfaction rate of 96%.</li> </ul>

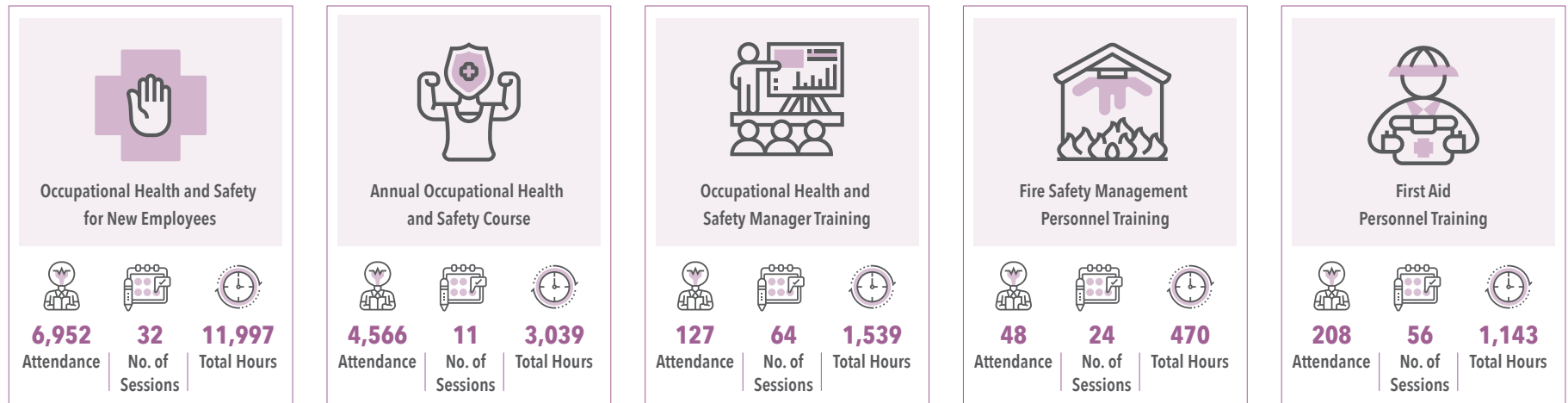
**Employee Mental Health**

To help employees maintain a positive work-life balance, the Group promotes a culture of health at the workplace, and establishes Employee Assistance Programs (EAPs), which combine external social resources and company community activities to provide resources on five major topics, including "psychological counseling," "legal counseling," "medical prevention and treatment," "care/other counseling," "self-assessment," and "safe work environment," to promote employee physical and mental health and enhance work efficiency.

In October 2021, we also partnered with an outside non-profit professional psychological counseling organization to provide free counseling services to help employees resolve family, interpersonal, and legal issues through counseling lines and in one-on-one sessions with psychologists. The total number of consultation sessions in 2022 was 146 and all the employees who used the consultation service gave positive comments in a survey. Internally, the Group also assists employees in utilizing internal and external resources to improve and solve their personal issues through nurses. A total of 4,798 persons received relevant services in 2022.

For possible hazards and risks to personal health in the workplace, the Group has formulated qualitative and quantitative workplace health evaluation targets. In addition, we continue to plan physical and mental health promotional actions (such as the rehabilitation program for workers recovering from COVID-19) through integrating public health tiered management and preventive strategies with onsite medical consultations, quantitative monitoring of safety data at the operating environment, and current events. This helps us to properly maintain the occupational safety net here at Yuanta.

**Occupational Safety and Health Training Course Statistics**



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## 6.4 Human Rights

### Human Rights Policy

The Company recognizes and supports the spirit and basic principles of human rights protection as outlined in international covenants including the Universal Declaration of Human Rights, United Nations Global Compact, and International Labour Conventions and complies with the relevant labor laws and regulations of the Company's locations.

In 2018, the Company established its "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, 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.

#### 1

#### Employees

The Company has established the "Human Rights Policy," which includes 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-management relations, the protection of personal data, and the propagation of human rights policies. In addition to the commitment to respect and protect the basic human rights recognized internationally, we comply with relevant labor laws and regulations, protect the legal rights of our employees, and prohibit any acts that violate or infringe upon human rights.

#### 2

#### Suppliers and Partners

In addition to supporting and practicing human rights protection, the Company has established the "Human Rights and Environmental Sustainability Terms" to encourage its partners, including suppliers, to work together to pay attention to human rights issues and to manage related risks.

#### 3

#### Customers and local communities

The Company has established the "Sustainable Finance Guidelines" as a reference for each subsidiary's investment/financing decisions and further ensures the implementation of human rights policies for its customers by incorporating ESG considerations.

The Company has formulated the "Personal Data Protection Policy" and actively ensures the confidentiality of important customer information by enhancing the quality of information governance and maintaining the right to personal data privacy.

The Company has formulated the "Social Welfare Activity Management Guidelines" based on our three major social welfare strategies, and we actively addresses social and environmental issues we are concerned with through commercial activities, donations, corporate volunteer services, or other substantive actions through charity services.

### Human Rights Due Diligence

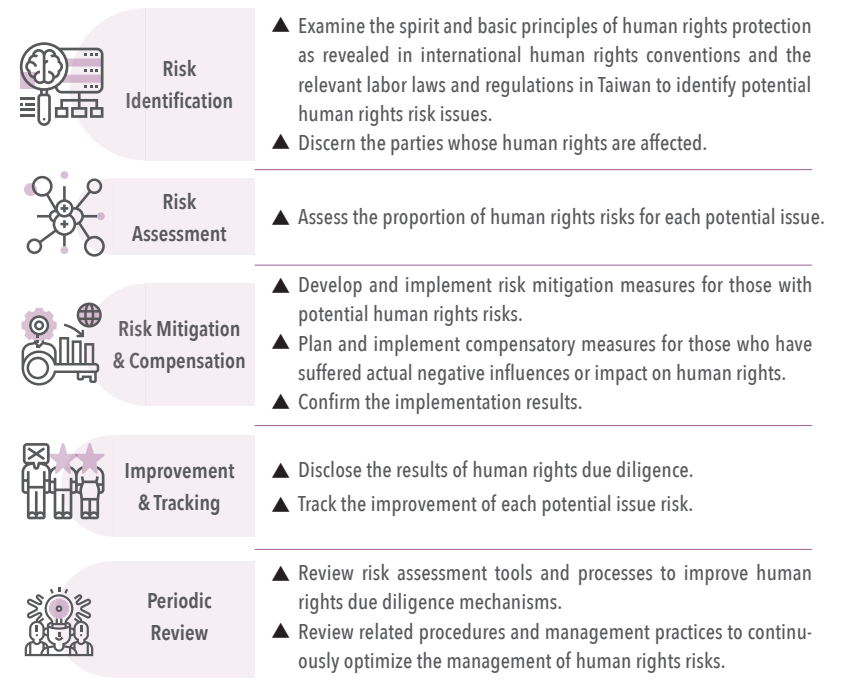
In order to implement the "Human Rights Policy", the Company has established a human rights due diligence procedure. Every year, we review information on domestic and overseas human rights issues and relevant labor laws and regulations in Taiwan to identify potential human rights concerns, the affected parties and the source of the risk, examine the corresponding management based on the results of risk assessment, and formulate or adjust 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 assessment management measures and results (including statistics on the Group's operational activities subject to human rights impact audits)



#### Human Rights Due Diligence Process

Relevant groups: Employees, suppliers/partners, customers, and local communities



## 6.5 Employee Communication

In order to listen to employees' voices and achieve effective communication, the Group has established various channels and mechanisms for communication, grievance, and reporting. Since 2017, we have commissioned a foreign management consultant to conduct an annual employee engagement survey, and in 2019, for the first time, the survey was extended to overseas employees. We provide communication channels and mechanisms, such as labor-management meetings, employee complaint lines, employee engagement surveys, learning and development evaluations, and performance feedback interviews to ensure effective labor-management communication. On issues related to occupational safety and health, employees can express their opinions through labor-management meetings or through proposals from the Occupational Safety and Health Committee.

### Union Participation

The Group has always valued communication with unions and employees. Every 3 months we hold regularly scheduled labor-management meetings and discuss issues to promote labor-management harmony with unions or labor representatives to strengthen labor-management relations. The contents of the labor-management agreement apply to 100% of all employees. 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.

The Group maintains an open and liberal attitude towards employees joining unions. As of the end of 2022, the total number of union members accounted for 30.36% 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	490	4.35	0.24
Yuanta Commercial Bank Co., Ltd. Corporate Union	2,406	55.21	0.34
Yuanta Commercial Bank Co., Ltd. Union	923	21.18	0.48
Yuanta Life Insurance Co., Ltd. Corporate Union	82	12.18	1.34

Note:

- 1.The number of people that is applicable to the collective agreement with Yuanta Commercial Bank Co., Ltd. Union accounts for 8.2% of the Group's domestic employees.
- 2.Union representatives are members and supervisors of the union and the representatives of the members.

### Employee Engagement Surveys

Since 2017, the Human Resources Department has planned and commissioned a foreign management consultant to independently conduct the Employee Sustainable Engagement Survey (ESES) on a third-party platform, inviting Taiwan and overseas employees who have completed their probation period to participate in the survey. From 2019 onwards, based on the consultant's recommendation, the engagement survey only need to be conducted biennially.

In 2021, 13,186 domestic and overseas employees were invited to participate in the employee engagement survey, which includes topics such as work satisfaction, employee motivation, sense of happiness, and stress. 42% of respondents were male and 58% were female. There were no significant gender differences in the survey results by dimension. The percentages of male and female employees who rated the 7 dimensions, including level of engagement, willingness to stay, and learning and development as positive were the same for both domestic and overseas participants. The differences in the positive ratings of the other 14 dimensions, such as innovation, customer orientation, salary and benefits, and health and well-being, ranged from 1 to 3 percentage points across genders, which is consider to be within a reasonable range. Among participating employees in Taiwan, the percentages of male and female employees with positive response are the same in as many as 14 dimensions with only 7 dimensions having a difference of 1 to 3 percentage points.

In 2022, the Company continued to undertake improvements based on the results of the employee engagement survey. By focusing on and addressing employees' feedback and making relevant improvements via diverse channels of communications, we have built a highly efficient and harmonious environment that balances work and life, and strive to enhance employee engagement from all perspectives.

### Employee Engagement Survey Data by Year

Year	Region	No. of Participants	No. of Respondents	Survey Ratio (%)	Positive Response(%)
2019	Taiwan and Overseas	12,945	11,148	79	88
2021	Taiwan and Overseas	13,186	11,183	78	86

Notes :

1. The base dates for the number of employees responding to the engagement survey in 2019 and 2021 were August 1, 2019, and June 30, 2021, 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.
2. We were recommended to conduct biennial survey by the consulting company in 2019; therefore, the survey was not carried out in 2020 and 2022.
3. The ratio of employees who participated in the survey is derived by dividing the number of employees who responded by the total number of employees in the Group.



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

**CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION**

APPENDIX

## CHAPTER 7

# OUR COMMITMENT TO SOCIAL PARTICIPATION

7.1 PUBLIC WELFARE GOALS AND STRATEGIES

7.2 KEY PERFORMANCE OF PUBLIC WELFARE PROJECTS 7.3 PUBLIC SERVICE HIGHLIGHTS



## 7.1 Public Welfare Goals and Strategies

The Group has long integrated our core business in finance with internal and external resources to actively invest in social welfare. The Corporate Sustainability Office coordinates resources and sets development goals under three major social welfare strategic directions. Short-, medium-, and long-term goals are established to track the effectiveness of the social welfare actions and whether goals have been achieved, while the results of implementing social welfare are publicly disclosed through multiple channels. In addition, feedback is also collected to continuously optimize the Group's social impact and to substantially address the SDGs, thereby implementing the social welfare responsibilities that the Group persists in.

### 1 NO POVERTY



#### Care for Society

Because we are concerned about social change, we encourage our subsidiaries to integrate their operations with the concept of giving back to the community and working with stakeholders to expand their social impact.

The Group has long been concerned about disadvantaged groups and has used its core competencies in financial services to help build a charitable donation platform, linking shareholders, customers, employees, suppliers, communities, and the media to help rural areas, children from disadvantaged families, physically and mentally challenged, and disadvantaged groups to enjoy equitable access to socio-economic resources. We are also committed to narrowing the gap between urban and rural areas and building a society with equal opportunities and balanced resources.

#### Long-term goals

- 1 Utilizing corporate financial services in conjunction with philanthropic donations to help charity organizations and disadvantaged groups who lack material goods and equal opportunities because of poverty.
- 2 Supporting the activities of social welfare organizations and inviting stakeholders to join us in caring for the rural areas, children from disadvantaged families, the physically and mentally challenged, and the underprivileged, so that we can exert our corporate influence and build good relationships.
- 3 Continuing to develop digital core business, use financial innovation technology and the convenience of mobile payment, and strive to mitigate the problem of insufficient service in remote areas or small-scale stores.
- 4 Caring about vulnerable groups affected by major disasters (e.g. COVID-19) and supporting them with practical actions to help them overcome their financial difficulties through our corporate influence.

### 4 QUALITY EDUCATION



#### Helping to Educate

We continue to provide in-depth support for education and increase the number of beneficiaries to protect the rights of disadvantaged students to receive fair and high-quality education and to provide employment opportunities to help young people become self-sufficient.

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; to promote knowledge and skills for sustainable development; to provide internship and employment opportunities to help youth become self-reliant, and to build a sound social and financial ecosystem.

#### Long-term goals

- 1 Continue to help the underprivileged pursue education and employment opportunities to cultivate talents and care for society.
- 2 Invest resources in the most needed disadvantage school districts and communities.
- 3 Provide higher education research grants to encourage and support the development of related industries and the nurturing of professional talent.

### 11 SUSTAINABLE CITIES AND COMMUNITIES



#### Positively Impact Society

We use our sales office as a relay station for community exchange, deepen the interaction with the community, and build a safety net for support, and utilize the power of volunteers to promote cultural and creative industries and care for social and environmental issues as well as prioritize cooperation with strategic partners.

The Group is committed to the belief that "the power of change begins with caring." By cooperating with campuses, social welfare units, and medical and nursing institutions, the Group has made its operating bases the core of community development, regularly organizes public welfare activities such as blood donations, provides space for public welfare cultural and creative exhibitions, constructs a safety net for community support, reaches out to community interaction, and nurtures local organizations or groups to become a relay station for community exchange. We also use our volunteer power to focus on environmental issues, reduce the harmful effects of the city on the environment, and promote an inclusive, safe and sustainable living environment.

#### Long-term goals

- 1 Through our subsidiaries' business offices and local volunteers, we are able to serve our customers by reaching out to their neighbors, deepening the interaction between stakeholders and helping to resolve issues of concern.
- 2 We continue to support childcare and senior care and medical services, build community-based care networks, and promote an atmosphere of community support and healthy culture.
- 3 We nurtures local organizations or groups to enhance the well-being of the community and promote cultural and creative industries and serving as a relay point for community exchange.
- 4 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 the environment.

## 7.2 Key Performance of Public Welfare Projects Highlighted Performance

Total investment

NT\$ **119.99** million Note



We have been caring for important social issues and working with stakeholders to provide practical assistance.

Total number of beneficiaries

**672,520**



Yuanta business offices are used as community communication relay stations, combining the power of volunteers to build a tight-knit safety support net.

Scholarship amount

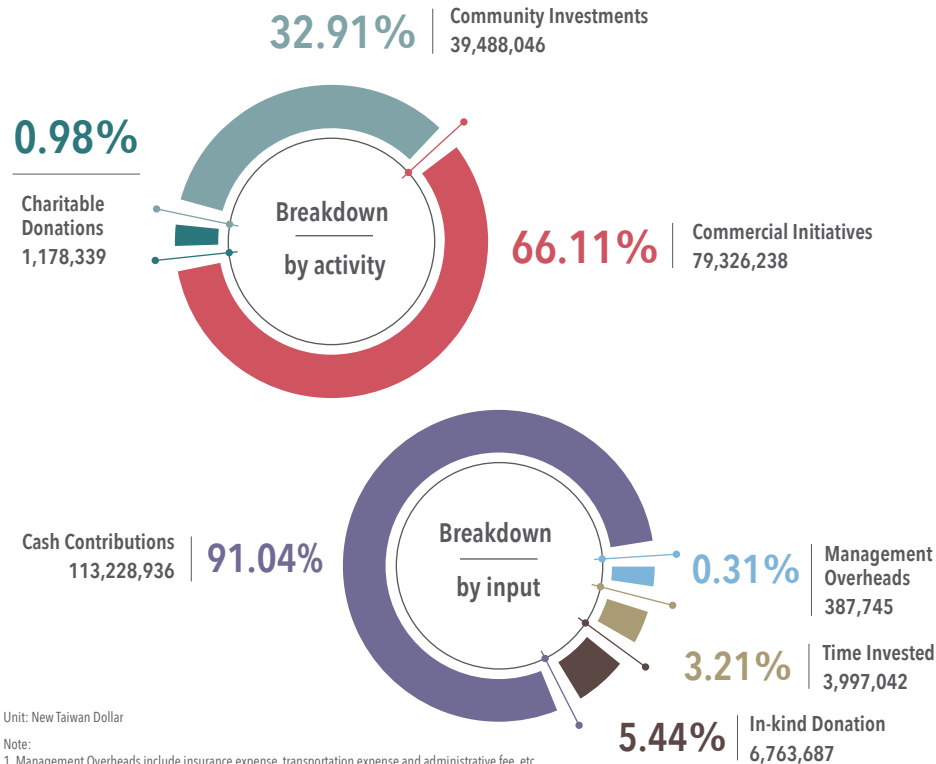
NT\$ **47.44** million



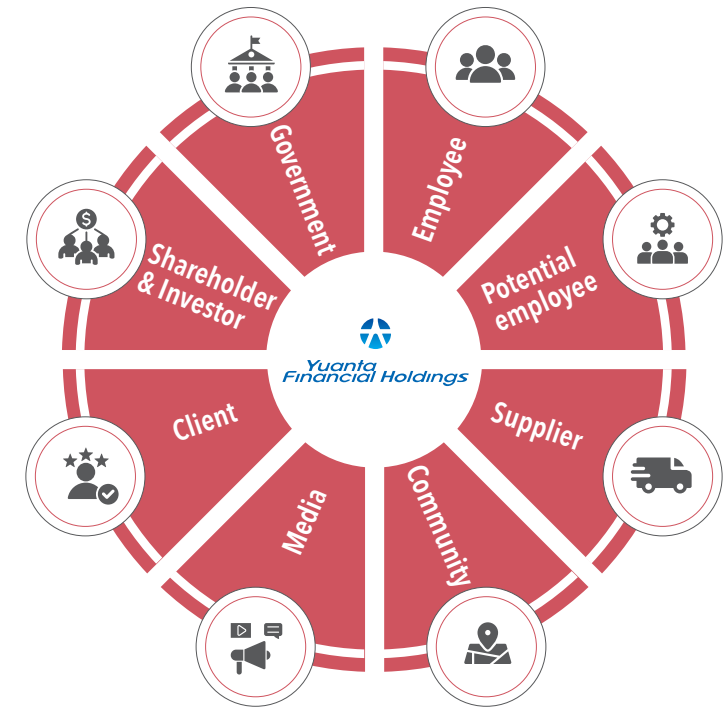
We invest in resources to enable disadvantaged students to complete their studies, help young people become self-sufficient, and nurture professional talents.

Note: Total value of cash and in-kind donations.

### Investment for Public Welfare



### Use core functions to engage stakeholders



1 NO  
POVERTY



Care for Society SDG1

## Action Plans

- Care for disadvantaged groups affected by major disasters
- Yuanta Bank "Give Love, Give Warmth" Donation Platform
- Yuanta Happiness Day
- Yuanta Charity Shoebox
- Financial education for disadvantaged groups
- Microinsurance donations
- Long-term cooperation and support of social welfare organizations: Taiwan Fund for Children and Families, Taitung Kids' Bookhouse, Harmony Home Taiwan

## Secondary Goals (SDGs)

3 GOOD HEALTH  
AND WELL-BEING



4 QUALITY  
EDUCATION



10 REDUCED  
INEQUALITIES



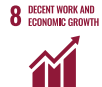
Indicator	2022 Goal	2023 Goal	2025 Goal	2022 Results
<b>Operational Benefits</b>				
Brand recognition and corporate image exposure	More than 100,000 times.	More than 200,000 times.	More than 200,000 times.	<ul style="list-style-type: none"> <li>• Attracted over 210,000 instances of brand exposure.</li> <li>• Use Yuanta Credit Card to make 487 donations, NT\$1.284 million, on the donation platform, accounting for 97.93% of donations.</li> <li>• Using Yuanta's online banking to transfer 44 donations of NT\$27,168 accounting for 2.07% of donations.</li> <li>• The groups collaborating with "Give Love Give Warmth" platform achieved 27.</li> <li>• Donated more than NT\$1.75 million to underprivileged groups to get micro insurance coverage with Yuanta Life.</li> <li>• As of this year, the number of transactions that have used Yuanta mobile payment tools exceeded 1.4 million with transaction amounts exceeding NT\$1.1 billion.</li> </ul>
Increase in the number of social welfare groups that can directly receive donations on the donation platform through integrating with business operations to donate through Yuanta Bank credit cards and Yuanta Bank e-banking website	Add 1 social welfare group each year	28 social welfare groups	30 social welfare groups	<ul style="list-style-type: none"> <li>• Increase the number of projects that integrate financial operations and services with social welfare to continuously promote the model of integrating financial operations with social engagements.</li> </ul>
Dollar amount of micro-insurance donations for disadvantaged groups	Reach NT\$1 million	Reach NT\$1.3 million	Reach NT\$1.6 million	
<b>Social/Environmental Benefits</b>				
Number of partner organizations	Reach 100 groups	Reach 100 groups	Reach 120 groups	<ul style="list-style-type: none"> <li>• Donated NT\$19.28 million.</li> <li>• The value of the material donation is approximately NT\$372,000.</li> <li>• 11,000 beneficiaries.</li> <li>• 114 organizations benefited.</li> <li>• A total of 1.31 million was donated using the philanthropic donation platform.</li> <li>• Financial education for disadvantaged groups includes 6 Yuanta Financial Management Day events, benefiting 152 people; 2 "Little Sapling" events, benefiting 31 people; 1 "Bringing the Smiles Back to the Elders" event, benefiting 63 people; 11 "Safeguarding Senior Citizens" events, benefiting 211 people. A total of 20 events were held during the year, benefiting a total of 457 people.</li> </ul>
Continue to focus on rural children and vulnerable groups, organizing financial and wealth management events.	At least 10 events	At least 20 events	At least 25 events	

4 QUALITY EDUCATION



Helping to Educate SDG4

Secondary Goals (SDGs)



Action Plans

- Yuanta-FJU Dreams Take Flight Project
- Yuanta Scholarship for Outstanding Underprivileged Talent
- Yuanta Cultural and Educational Foundation Physician-Scientist Merit Award
- Yuanta Internship Program with Colleges and Universities

Indicator	2022 Goal	2023 Goal	2025 Goal	2022 Results
<b>Operational Benefits</b>				
Brand recognition and corporate image exposure	More than 20,000 exposures	More than 20,000 exposures	More than 20,000 exposures	<ul style="list-style-type: none"> <li>• Attracted over 22,000 instances of brand exposure.</li> <li>• Students have chosen to join Yuanta after participating in various cultivation activities sponsored by the Yuanta Cultural and Educational Foundation, and 23 employees have been recruited from 2015 through 2022.</li> <li>• The Group has recruited a total of 123 employees (17 new recruits this year) from 2014 through 2022 for its internship program with universities and colleges.</li> </ul>
				<ul style="list-style-type: none"> <li>• Work with key partners to continue to help motivated students complete their education.</li> <li>• Provide internship opportunities, increase employment opportunities, and create economic benefits.</li> </ul>
<b>Social/Environmental Benefits</b>				
				<ul style="list-style-type: none"> <li>• Provide ongoing scholarships to build equal access to education.</li> <li>• Continue to nurture disadvantaged students and reduce the gap in education.</li> <li>• Provided NT\$41.57 million in scholarships.</li> <li>• Nurtured 4,222 disadvantaged students.</li> <li>• 123 additional job opportunities by the end of 2022.</li> </ul>



11 SUSTAINABLE CITIES  
AND COMMUNITIES



Positively Impact Society SDG11

Secondary Goals (SDGs)



Action Plans

- Yuanta Dream Big Project
- Yuanta Blood Donation Campaign
- Taiwan Fund for Children and Families' Good Neighbor Child Protection Program
- Community Adoption (pedestrian walkway, trees)
- Working with community health and hospice organizations to care for seniors
- Beach cleanups and community cleaning activities

Indicator	2022 Goal	2023 Goal	2025 Goal	2022 Results
<b>Operational Benefits</b>				
Brand recognition and corporate image exposure	More than 150,000 exposures	More than 150,000 exposures	More than 150,000 exposures	<ul style="list-style-type: none"> <li>• Attracted over 157,000 instances of brand exposure.</li> </ul>
<b>Social/Environmental Benefits</b>				
Number of beach/community cleanup events each year	At least 4 events	At least 6 events	At least 8 events	<ul style="list-style-type: none"> <li>• Yuanta Dream Big Project empowered 7 groups with sponsorship award of NT\$2.1 million.</li> <li>• 7 beach and community clean-up events were held, with 2,061 kg of litter being collected.</li> <li>• Organized a total of 17 events for elderly care and medical services, benefiting 3,143 people.</li> </ul>
Number of community and neighborhood caring activities held by Yuanta branch locations each year	At least 1 activity	10% of Yuanta branch locations held a community and neighborhood caring activity	15% of Yuanta branch locations held a community and neighborhood caring activity	<ul style="list-style-type: none"> <li>• Adopted the pedestrian walkway in front of the Baoqing Building from February 2020 to January 2023 in order to contribute toward urban greenery and landscape.</li> <li>• We adopted the street trees in front of Yuanta Financial Holding Buildings from August 2019 to August 2024 to enhance urban greenery and save energy and reduce carbon.</li> <li>• Leveraging the Group's dense network of locations along with ATMs and electronic credit card statement to increase the number of channels for disadvantaged groups to receive assistances, and setting up a place for child abuse reporting at the Group's 309 locations to bring into play the community support mechanism.</li> </ul>
Number of social events for elderly care and medical services held each year	At least 2 events	At least 12 events	At least 15 events	



## 7.3 Public Service Highlights



### Helping Disadvantaged Groups, Supporting Medical System in Pandemic

For many years, the Group has integrated our financial operations and services with social welfare to help charity groups and care for residents in remote areas and the disadvantaged groups. While the economy gradually recovers from the COVID-19 pandemic, the fundraising efforts made by social welfare groups have once again taken a hit from the rising inflation. In 2020, the Group donated the "Economy Revitalization Charity Cards" with a face value of NT\$3,000 to seven charity groups, including Taiwan Fund for Children and Families (hereinafter referred to as "TFCF"), which we have supported for many years. The donations totaled NT\$120 million. Schoolchildren from disadvantaged families could use the charity cards for meals at convenience stores during summer break, thereby alleviating some of their families' burdens. More than 100,000 individuals benefited from these donations. Continuing this philosophy, when more than 10,000 children receiving assistance from TFCF desperately needed external support as school was about to begin in September 2022, the Group took action to donate NT\$10 million to TFCF with the aim of setting as an example for others to follow with their donations.

Realizing the significance of our corporate impact, Yuanta Financial Holdings is constantly standing at the forefront of social welfare actions. During the pandemic in 2021, feeling the shortage of medical supplies and the enormous physical and mental stress on the medical staff, the Group and our major shareholders collectively donated NT\$160 million to three major medical systems in Taiwan to contribute toward national epidemic prevention and fulfill our corporate social responsibilities.

### Joining Hands with Stakeholders to Create Sustainable Environmental Impact Afforestation with BNP Paribas and Yuanta Family Day

Yuanta Securities actively integrates our core business with the sustainability of the planet. We encourage customers to respond to climate change and promote biodiversity by partaking in afforestation through their financial actions. In 2022, Yuanta Securities took part in BNP Paribas Asset Management's afforestation program; whenever a customer invests US\$10,000 toward designated products, 1 tree will be planted in the mangrove in Sumatra Island, Indonesia by the partnering social enterprise of the program.

A total of 1,177 trees have been planted this year, helping customers make an impact in sustainability while participating in long-term value investments. In addition, to support the competent authority's green finance policy and the Group's sustainable development strategies, Yuanta Securities has realized our ESG philosophy through the "Walkathon and Afforestation Family Day." Employees and suppliers were invited to join our walkathon and ecological restoration efforts, and a total of 5,150 seedlings indigenous to Taiwan were donated to 15 elementary schools throughout Taiwan in 2022. These seedlings will be nurtured and grow alongside with the 16,310 students in these schools, which will also stimulate our stakeholders to thinking green.





## CARE FOR SOCIETY

### Little Saplings Campaign

Yuanta Life has always been committed to disadvantaged children and youths in remote areas, and actively practices inclusive finance. Besides providing basic protection through offering the injury micro-insurance, we help to instill the roots of financial education in children through the “Little Saplings” volunteering event. Yuanta Life colleagues actively serve as volunteers and combine education with games to teach the children to understand, prevent, diversify, and transfer risks, as well as develop proper concept of risk and financial knowledge.



### Safeguarding Senior Citizen Programs

Yuanta Life is concerned about the risk of financial frauds committed against senior citizens. By organizing activities designed to care for senior citizens and to prevent financial frauds, including “Bringing the Smiles Back to the Elders” and “Safeguarding Senior Citizens” programs, Yuanta Life leads corporate volunteers to visit and serve senior citizens, elders residing alone, and elders suffering from dementia at community centers and day care centers throughout Taiwan. Financial fraud prevention handbooks are also used to assist the senior citizens in becoming more aware of financial risks.

### Charity Shoebox

Yuanta Funds regularly holds the charity shoebox donations. This year marks the fifth year of the charity shoebox event. Starting in Hualien, the event has been held in Taitung, Pingtung, and Kaohsiung and this year in Tainan, with the aim of eventually making a full circle around Taiwan. Each year we collaborate with the education bureau of each city to conduct a survey on the stationery disadvantaged children need, use the shoe boxes which are reusable from our employees, and wrap the stationery as Christmas presents for the children. In 2022, we brought 465 heartwarming Christmas presents for students at 13 schools throughout Tainan to celebrate an early Christmas with the children, and to turn our care for society into action.



元大投信





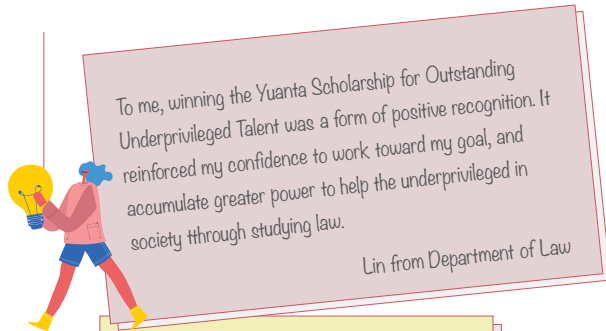
## HELPING TO EDUCATE

### Yuanta Outstanding Underprivileged Talent Scholarship

Yuanta Financial Holdings and Yuanta Foundation have been organizing the “Yuanta Scholarship for Outstanding Underprivileged Talent” program since 2016 to encourage high-performing students to transform their lives via education. Each person could receive up to NT\$200,000, and it is one of the very few scholarships accepting applications from high school students to graduate students. Moreover, by integrating social welfare with financial expertise, Yuanta Foundation has invited employees from Yuanta’s subsidiaries to serve as lecturers on financial courses to help scholarship recipients acquire financial awareness and knowledge, as well as making good use of their funds.

A total of 68 students were awarded in 2022, the highest number ever. Over the past 7 years, 7 scholarship recipients have graduated and joined Yuanta to put their learning into practice. The Group will continue to develop and cultivate the area of education from schooling to employment, protect the rights of of underprivileged students, and practice talent development.

### Sharing from Scholarship Recipients



To me, winning the Yuanta Scholarship for Outstanding Underprivileged Talent was a form of positive recognition. It reinforced my confidence to work toward my goal, and accumulate greater power to help the underprivileged in society through studying law.

Lin from Department of Law

Yuanta Foundation stands in our shoes in designing the program to help those in need, which allows me to focus on my research on financial management and internship and truly practice what I learn.

Lee from Graduate Institute of Finance



### Yuanta-FJU Dreams Take Flight Program

Yuanta Financial Holdings and Yuanta Foundation have been collaborating with Fu Jen Catholic University (FJU) over the “Dreams Take Flight” project for many years now. Launched in 2011, the project focuses on talent cultivation in remote areas by providing financial aid to students in these regions. In addition, leveraging on the Group’s industry experiences and professional knowledge, we invite corporate volunteers to share financial management concepts and career planning in these regions.



Besides basic financial assistance, FJU students tutor schoolchildren on schoolwork in remote areas through digital technology and visit these areas during summer and winter breaks to provide physical courses onsite. Since its inception, educational grants have been provided to 1,881 persons; 127 of whom have become undergraduate students, and 6 went on to graduate studies and more than 300 elementary and junior high school students in remote areas have been tutored. By using diverse resources and accompanying the children, we have successfully transformed the education in remote regions.

## POSITIVELY IMPACT SOCIETY



### Caring for Dementia Patients

Yuanta Funds and Yuanta Futures have always been concerned about dementia in middle-aged and senior citizens, and have launched a series of events to care for the elderly. In 2022, we partnered with the Social Welfare Foundation of Wisdom, and volunteers from Yuanta learned to interact with elders with declining cognitive functions at the Church of Revival. Guided by professionals, our volunteers accompanied the elderly suffering from dementia through physical and mental exercises. In addition, we donated 110 sets of Yuanta care packages to the Social Welfare Foundation of Wisdom. The packages contained objects that could delay the deterioration of cognitive functions, including board games, paint by number sets, and hand grips. We hope that they could warm the hearts of the elderly patients this winter.



### Community Caring

Upholding the Group’s belief of “the power of change begins from caring”, Yuanta Bank is committed to practicing the spirit of serving neighborhoods and customers as a financial institution. By using our operating sites as the core in our community outreach, we fostered interactions and deepened our ties within the communities. Our employees actively participated in neighborhood social welfare events, including community clean-ups and earthquake prevention drills at kindergartens. We also actively promoted anti-fraud awareness to safeguard the assets and properties of our neighborhoods and customers. A total of 10 community outreach activities were held in 2022, benefiting nearly 3,000 persons and demonstrating our determination to promote co-prosperity in the neighborhoods.

## Appendix 1 Sustainable Finance Performance

### Responsible Investment Management Action Plan

Abiding by the Principles for Responsible Investment (PRI) and the Group's Sustainable Finance Guidelines, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Funds, Yuanta Futures and Yuanta Venture Capital have formulated or revised related policies, rules, and standard operating procedures (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

Company	Engagement Policy/Practice	Voting Policy/Practice
Yuanta Securities	In accordance with the Stewardship Policy, Yuanta Securities continues to pay attention to its investees, conduct appropriate dialogue and interaction with them, and engage them on ESG-related issues. Yuanta Securities assists invested companies in improving their ESG performance through participation in shareholder meetings, exercising voting rights, and appropriate communication with the management of the company.	In accordance with the Institutional Shareholder Voting Policies, before participating in a shareholders' meeting to exercise voting rights (including electronic voting), Yuanta Securities shall refer to Yuanta Financial Holdings' Sustainable Finance Guidelines and reach an internal agreement on voting options that do not violate the Guidelines.
Yuanta Bank	In accordance with the Stewardship Policy, Yuanta Bank continues to pay attention to invested companies on their CSR compliance and assist them to improve ESG performance through engagements with invested companies by attending shareholder meetings, exercising voting rights, and communicating with the management of the company.	
Yuanta Life	In accordance with the Procedures Governing Exercising Shareholder Rights for Holders of Securities, Yuanta Life continues to pay attention to ESG issues of invested companies and takes appropriate actions to communicate and engage with the company.	In accordance with the 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, non-intervention, and ESG promotion.
Yuanta Funds	In accordance with the provisions of the Operating Guidelines for Engagement Procedures, we regularly pay attention to the operating performance of the invested companies and their environment, social, and corporate governance (ESG) risks and performance and propose engagements with the invested companies on a timely basis to increase investment performance and reduce ESG risks.	In accordance with Procedures Governing Shareholder Meeting Attendance and Exercise of Voting Rights, in case that due to improper management by the management of the issuing company that there is any concern of damage to company integrity, social responsibility, or environmental protection efforts, fund management units shall hold a meeting to discuss the issue. After the result from the meeting is approved by the department head and the company president (CEO), the designated personnel shall exercise voting rights in accordance with the meeting resolution.
Yuanta Venture Capital	In accordance with the Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital reviews invested company on CSR compliance when appropriate. Should assessment find there are potential negative impacts on ESG, Yuanta Venture Capital shall communicate related risks through participation in shareholder meetings, exercise of voting rights, and communication with the management of the company.	

### Responsible Investment Management Action Plans

#### Yuanta Securities

Types of Assets	Stocks (Listed Equity ), Private Equity, Fixed Income
Management of Own Assets	In accordance with the Guidelines for Proprietary Investment Trading Decision Making, Yuanta Securities shall base its trading decisions on the spirit and principle of responsible investing, and only after the potential investment target is evaluated for ESG compliance (such as showing specific evidence of ESG compliance or violation) before any investment is to be conducted. The meeting minutes shall include records on the summary of the relevant conditions. The selection of investment targets is to actively support those sustainability-related enterprises with good potential, and prohibits investments in companies on the exclusion list.

#### Yuanta Bank

Types of Assets	Stocks (Listed Equity )
Management of Own Assets	In accordance with the 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 (exclusion list), and that ESG factors shall be included in our investment decision-making. After investing, the fulfillment of social responsibilities of the investment targets is re-examined on the last business day at the end of each year.
Types of Assets	Fixed Income
Management of Own Assets	In accordance with the Guidelines for Transactions involving Investment of Bank Funds, for our bond positions, Yuanta Bank shall not invest in targets which are on the list of prohibited companies (exclusion list) and shall incorporate ESG factors into investment decisions. Should the bond issuer be a controversial enterprise, an explanation must be provided in the investment report and the appropriate level of management approval must be obtained before the investment can be executed. After investing, the fulfillment of social responsibilities of the investment targets is re-examined on the last business day at the end of each year.
Types of Assets	Property
Management of Own Assets	In accordance with the Guidelines Governing the Acquisition or Disposal of Real Estate, Yuanta Bank evaluates the characteristics, market conditions, and benefits of the property for acquisition or disposal to serve as the basis to formulate the price and method of property acquisition or disposal.

### Yuanta Life

Types of Assets	Stocks (Listed Equity), Private Equity, Fixed Income
Management of Own Assets	In accordance with its Investment Policy, Yuanta Life incorporates ESG factors into investment decision consideration. Yuanta Life, in accordance with its Operating Procedures for Investment-related Application of Funds, actively supports sustainability-related enterprises with good potential and prohibits investments in companies on the exclusion list.
Types of Assets	Derivative Products and Alternative Investments
Management of Own Assets	In accordance with its Investment Policy, when investing in hedge funds, Yuanta Life selects products issued by fund management firms with an ESG policy or consider ESG risks and opportunities in its fund strategy.
Types of Assets	Infrastructure
Management of Own Assets	In accordance with its Investment Policy, when evaluating potential investment in special projects, public utilities and social welfare businesses, Yuanta Life shall consider environmental impact and social benefits when making the investment decision.
Types of Assets	Property
Management of Own Assets	In accordance with its Investment Policy, when selecting real estate investment targets and new construction projects, Yuanta Life shall consider the potential impacts of climate change on asset value.

### Yuanta Funds

Types of Assets	Stocks (Listed Equity), Private Equity, Fixed Income
Management of Own Assets and Customer Asset Management	In accordance with the Management Procedures for Investment of Own Funds, the Operation Guidelines for Investment Analysis of Funds and Dedicated Accounts and Investment Decision-Making Team, and the Procedures for Managing Stock Pool of Taiwan Listed Companies, Yuanta Funds has incorporated ESG factors into its investment decisions. The addition of investment targets (to the Main List) must be reviewed to see if the target meets the ESG evaluation criteria, and in accordance with the ESG Risk Management Rules, if there is a significant ESG issue associated with a target, a meeting shall be held to decide whether or not the target is to be removed.

### Yuanta Futures

Types of Assets	Stocks (Listed Equity), Private Equity
Management of Own Assets	In accordance with the Guidelines Governing Medium and Long-Term Investment of Securities, Yuanta Futures shall base its trading decisions on the spirit and principle of responsible investing, evaluate the ESG performance of related investment targets and keep it for the record. The selection of investment targets is to actively support those sustainability-related enterprises with good potential, and prohibits investments in companies on the exclusion list.

### Yuanta Venture Capital

Types of Assets	Stocks (Listed Equity), Private Equity
Management of Own Assets	In accordance with the Standard Operating Procedures Governing Investment Operations, Yuanta Venture Capital has included ESG factors as key criteria in evaluating investments. The investment targets may not be controversial enterprises or on the list of prohibited enterprises (exclusion list), and any investment letter of intent will explicitly state Yuanta Venture Capital's expectations for the investment target in the areas of environmental protection, corporate ethical management, and social responsibility. For medium and long-term investments, timely review of the investment target's fulfillment of corporate social responsibility shall be conducted.

### Total Value and Number of Underwriting in 2022

Unit : NT\$ thousand

Type		Number	Amount
Underwriting	Fixed Income	134	165,932,192

### Total Value and Number of Market Making Transactions in 2022

Unit : NT\$ thousand

Market Making Targets	Number	Amount
Derivatives (futures/options)	22	582,640,947
Derivatives (warrants)	18,857	194,414,691,880
ETN	12	2,819,356,780
ETF	93	274,663,420,010



### Total Proprietary Investment and Breakdown as of December 31, 2022

Unit : NT\$ thousand

Business Type	Industry	Number <sup>Note</sup>	Total Investment Size at the End of the Year <sup>Note</sup>
Proprietary Investment (Bonds)	Finance & Insurance	45	8,097,266
	Plastic Industry	13	8,055,878
	Semiconductor industry	18	8,561,490
	Cement Industry	5	4,800,000
	Government Agencies	18	12,908,558
	Communication Network	7	2,033,310
	Leasing	2	820,450
	Energy Industry	6	1,464,530
	Textile and Fiber	5	1,550,000
	Investment	6	2,604,895
	Trading and Consumer Goods	3	396,867
	Food Industry	5	958,285
	Health Care Industry	6	874,816
	Steel (excluding stainless steel)	6	1,520,006
	Computer and Peripherals	2	980,316
	Real Estate Investment	4	942,537
	Real Estate Management	4	2,050,000
	Electricity, Natural Gas, and Water	1	28,876
	Electrical Machinery	2	332,387
	Biotechnology and Pharmaceuticals	2	412,621
Information Services	1	60,604	
Cultural and Creative Industries	1	212,885	
Automobile industry	1	302,198	
Air freight industry	1	300,000	
DRAM	1	28,380	
<b>Total</b>		<b>165</b>	<b>60,297,155</b>

Note: The total investment size and the number of investments of Yuanta Securities as of December 31, 2022.

### Total Loan Balance as of December 31, 2022 and Corresponding Number of Loans

Unit : NT\$ thousand

Business Type	Number <sup>Note</sup>	Amount <sup>Note</sup>
Margin purchase	5,790,275	34,373,132
Short sale	1,436,266	8,408,308
Non-restricted lending	43,508	28,014,582
<b>Total</b>	<b>7,270,049</b>	<b>70,796,022</b>

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

### Total Investment Size and Number of Investments as of December 31, 2022

Unit : NT\$ thousand

Business Type	Industry	Number <sup>Note</sup>	Total Investment Size at the End of the Year <sup>Note</sup>
Proprietary Investment (Securities)	Semiconductor industry	2	1,678,131
	Computer and Peripherals	3	1,268,843
	Chemical Industry	1	205,880
	Tourism	1	345,322
<b>Total</b>		<b>7</b>	<b>3,498,175</b>

Note: The total investment size and number of investments of Yuanta Securities as of December 31, 2022

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

Industry-specific credit risk concentration as of December 31, 2022

Unit : NT\$ thousand

Industry	Amount	Percentage (%)
Government agencies	297,715,784	28.27
Finance and insurance	164,507,471	15.62
Construction	83,804,803	7.96
Investment	43,412,357	4.12
Semiconductor industry	39,264,902	3.73
Real estate investment	35,537,129	3.37
Computer and peripherals	30,335,842	2.88
Communication network	28,835,148	2.74
Plastic industry	28,794,324	2.73
Steel (excluding stainless steel)	28,641,333	2.72
Food industry	20,671,731	1.96
Electronic products distribution	17,580,069	1.67
Cement industry	16,655,916	1.58
Other	217,278,934	20.63
<b>Total</b>	<b>1,053,035,743</b>	<b>100.00</b>

Distribution of number of loan accounts and total deposit balance  
by account holder type

Unit : NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of loan accounts (including small business entity loan programs)	304,102	1,477	6,441
<b>Total loan balance</b>	<b>498,206,528</b>	<b>592,880</b>	<b>171,402,569</b>

Notes:

- The loan information does not include overseas bank branches and bank subsidiaries.
- Small business is defined as an enterprise that meets one of the following criteria.
  - The enterprise has been established for less than 5 years.
  - The number of employees is less than 20.
  - Less than NT\$5 million in capital.
  - Less than NT\$10 million in annual revenue.
- Small businesses and general businesses are calculated based on a single credit line.

Distribution of number of deposit accounts and total deposit balance by  
account holder type

Unit : NT\$ thousand

Item	Individual	Small Businesses	Businesses in General
Number of deposit accounts	5,849,376	881	213,738
<b>Total deposit balance</b>	<b>802,197,463</b>	<b>5,899,817</b>	<b>440,036,001</b>

## Appendix 2 Social Indicators

### 2022 New Employee Hires in Taiwan Region

New Employee Statistics	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				
Number	418	348	22	788	534	436	36	1,006	1,794	11,253	15.94
Gender by Age(%)	23.30	19.40	1.22	43.92	29.77	24.30	2.01	56.08	100	—	—

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- 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%
- In 2022, of new employees hired, 43.92% were male and 56.08% were female.

### 2022 Employee Turnover in Taiwan Region

Employee Turnover Statistics	Male			Total	Female			Total	Total Departed Employees	Total Employees	Turnover Rate (%)
	Under 30	30-50	51 or Over		Under 30	30-50	51 or Over				
Number	237	338	106	681	256	473	119	848	1,529	11,253	13.59
Gender by Age(%)	15.50	22.11	6.93	44.54	16.74	30.94	7.78	55.46	100	—	—

Notes:

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Employee turnover rate (%) = (Total departed employees / total employees at year end) x 100%; Percentage (%) = (Total employees in each category / total departed employees) x 100%
- Of the regular employees that left the Company in 2021, 44.54% were male and 55.46% were female.

### 2022 New Employee Hires and Employee Turnover by Region

New Employee Hires and Employee Turnover Statistics	New Employee Hires					Total	Employee Turnover					Total	Total Employees
	North	Central	South	East	Total		North	Central	South	East	Total		
Number	1,357	226	205	6	1,794	1,154	186	180	9	1,529	11,253		
By Regeion (%)	12.06	2.01	1.82	0.05	15.94	10.26	1.65	1.60	0.08	13.59	—		

Notes

- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes telemarketers and contracted salespeople.
- Each region percentage (%) = (Total Employee in each region / total employees at year end) X 100%

- North region : Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, Kinmen  
Central region : Taichung, Nantou, Changhua, Chiayi, Yunlin  
South region : Tainan, Kaohsiung, Pingtung, Penghu  
East region : Hualien, Taitung

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

### Employee Turnover Rate

Turnover Statistics	2019	2020	2021	2022
Employee Turnover Rate (%)	12.86	10.96	12.76	13.59
Voluntary Turnover Rate (%)	11.23	8.71	10.12	11.04

By Gender (%)	Gender	2019	2020	2021	2022
Total Turnover	Male	43.91	41.92	42.94	44.54
	Female	56.09	58.08	57.06	55.46
Voluntary Turnover	Male	44.73	44.39	45.48	46.38
	Female	55.27	55.61	54.52	53.62

By Age (%)	Age	2019	2020	2021	2022
Total Turnover	Under 30	27.87	27.08	24.84	32.24
	30-50	60.09	57.67	55.07	53.04
	51 or Over	12.04	15.25	20.09	14.72
Voluntary Turnover	Under 30	30.53	32.53	28.47	37.04
	30-50	61.39	60.23	60.97	55.15
	51 or Over	8.08	7.24	10.56	7.81

By Ethnicity (%)	Ethnicity	2019	2020	2021	2022
Total Turnover	Taiwanese (Excluding Indigenous People)	98.57	98.50	99.29	99.15
	Foreign Nationals	1.07	1.50	0.57	0.65
	Taiwanese Indigenous People	0.36	—	0.14	0.20
Voluntary Turnover	Taiwanese (Excluding Indigenous People)	98.37	98.22	99.10	98.95
	Foreign Nationals	1.22	1.78	0.72	0.81
	Taiwanese Indigenous People	0.41	—	0.18	0.24

By Position (%)	Position	2019	2020	2021	2022
Total Turnover	Managerial	9.34	9.00	9.87	10.66
	Non-Managerial	90.66	91.00	90.13	89.34
Voluntary Turnover	Managerial	8.00	8.08	8.86	8.78
	Non-Managerial	92.00	91.92	91.14	91.22

### Total Employees (Including Overseas Employees)

Year	Gender	Taiwan	Overseas	Total
2020	Male	3,890	1,820	5,710
	Female	7,054	1,341	8,395
	Total	10,944	3,161	14,105
2021	Male	3,955	1,927	5,882
	Female	7,085	1,438	8,523
	Total	11,040	3,365	14,405
2022	Male	4,066	1,919	5,985
	Female	7,187	1,425	8,612
	Total	11,253	3,344	14,597

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

### Distribution by Employee Contracts in Taiwan in 2022

Gender	Permanent employees				Total	Contract workers				Total
	North	Central	South	East		North	Central	South	East	
Male	3,127	427	493	17	4,064	2	—	—	—	2
Female	4,850	1,107	1,186	40	7,183	4	—	—	—	4
Total	7,977	1,534	1,679	57	11,247	6	—	—	—	6

Note:

1. Permanent employees: Contractually hired employees with no fixed duration.  
2. Contract workers: Contractually hired employees with fixed duration.

3. North region: Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, and Kinmen  
Central region: Taichung, Nantou, Changhua, Chiayi, and Yunlin  
South region: Tainan, Kaohsiung, Pingtung, and Penghu  
East region: Hualien and Taitung

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

### Statistics on Other Personnel in Taiwan in 2022

Gender	North	Central	South	East	Total
Male	22	—	3	—	25
Female	51	4	8	—	63
Total	73	4	11	—	88

Note:

1. Other personnel: e.g., hourly employees, interns, and part-time workers.

2. North region: Taipei City, New Taipei City, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, and Kinmen

Central region: Taichung, Nantou, Changhua, Chiayi, and Yunlin

South region: Tainan, Kaohsiung, Pingtung, and Penghu

East region: Hualien and Taitung

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

2020								
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	4	590	—	593	1	594	5.40
	30-50	493	1,908	2	2,391	8	2,401	21.90
	51 or Over	333	562	—	894	1	895	8.20
Female	Under 30	2	867	—	865	4	869	7.90
	30-50	558	3,991	4	4,534	11	4,549	41.60
	51 or Over	382	1,254	—	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	—

2021								
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	5	642	1	645	1	647	5.86
	30-50	467	1,894	3	2,348	10	2,361	21.39
	51 or Over	358	589	—	946	1	947	8.58
Female	Under 30	2	929	—	928	3	931	8.43
	30-50	530	3,855	4	4,369	12	4,385	39.72
	51 or Over	416	1,353	—	1,766	3	1,769	16.02
Total		1,778	9,262	8	11,002	30	11,040	100.00
Percentage (%)		16.11	83.89	0.07	99.66	0.27	100.00	—

2022								
Gender	Age	Managerial	Non-Managerial	Taiwanese Indigenous People	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Total	Percentage (%)
Male	Under 30	14	717	—	726	5	731	6.49
	30-50	458	1,859	2	2,304	11	2,317	20.59
	51 or Over	373	645	—	1,016	2	1,018	9.05
Female	Under 30	13	1,047	—	1,057	3	1,060	9.42
	30-50	526	3,634	4	4,147	9	4,160	36.97
	51 or Over	452	1,515	—	1,964	3	1,967	17.48
Total		1,836	9,417	6	11,214	33	11,253	100.00
Percentage (%)		16.32	83.68	0.06	99.65	0.29	100.00	—

Notes:

1. In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted salespeople.

2. Managerial refers to employees with approval authority.



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## Physically Disabled Employee Statistics

Company	2020			2021			2022		
	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	1	—	1	1	—	2	1	-1
Yuanta Securities	12	31	19	12	32	20	13	33	20
Yuanta Bank	28	31	3	25	35	10	25	28	3
Yuanta Life	7	11	4	7	10	3	6	11	5
Yuanta Funds	3	8	5	2	8	6	2	7	5
Yuanta Futures	3	2	-1	3	2	-1	3	2	-1
Yuanta Venture Capital	—	—	—	—	—	—	—	—	—
Yuanta Asset Management	—	—	—	—	—	—	—	—	—
Yuanta Securities Investment Consulting	1	1	—	1	1	—	1	1	—
<b>Total</b>	<b>55</b>	<b>85</b>	<b>30</b>	<b>51</b>	<b>89</b>	<b>38</b>	<b>52</b>	<b>83</b>	<b>31</b>

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.

## Employee Diversity Statistics for 2022

Employee Category Ratio (%)	Male	Female	Taiwanese (Excluding Indigenous People)	Foreign Nationals	Taiwanese Indigenous People
Senior Management	63.30	36.70	99.63	0.37	—
Junior and Middle Management	38.94	61.06	99.62	0.38	—
Professionals	30.06	69.94	99.86	0.07	0.07
All Other Employees	45.06	54.94	99.15	0.81	0.04

Definition of Employee Category Description:

1. Senior management is a management position up to two reporting levels 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 315-317 of Yuanta Financial Holdings 2022 Annual Report.
5. All other employees refer to those who are not listed in items 1 to 4 above.

Nationality	Proportion of Employees (%)	Proportion of Management-Level Staff (%)
Republic of China (R.O.C.)	99.70	99.62
Asian (Excluding R.O.C.)	0.27	0.27
U.S.A.	0.02	0.055
Ireland	0.01	0.055

Item	Percentage of Females (%)	Target
Female Employees	63.87	Target Year: 2025
		Target Percentage: No less than 50%
Management (Percentage of total management positions)	53.98	Target Year: 2025
		Target Percentage: Maintain or no less than 50%
Junior Management (Percentage of total junior management positions)	61.06	Target Year: 2025
		Target Percentage: No less than 50%
Senior Management (Percentage of total senior management positions)	36.70	Target Year: 2025
		Target Percentage: No less than 36%
Management Positions of Revenue-Generating Functions (e.g., sales business) (excluding support units, e.g., Human Resources, Information, Legal)	48.15	Target Year: 2025
		Target Percentage: Maintain or increase to 50%
Science, Information Engineering, Mathematics Related Positions	33.78	Target Year: 2025
		Target Percentage: Increase to at least 35%

## Parental Leave Statistics

Year	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees Eligible for Parental Leave	282	421	703	308	363	671	320	370	690
Employees that Took Parental Leave in the Current Year	12	111	123	13	101	114	9	118	127
Number of Employees on Leave Expected to Return in the Current Year	9	74	83	8	52	60	8	80	88
Actual Number of Employees that Returned	1	52	53	5	35	40	5	49	54
Return Rate (%)	11.11	70.27	63.86	62.50	67.31	66.67	62.50	61.25	61.36
Employees Who Returned from Parental Leave in the Previous Year	3	59	62	1	52	53	5	35	40
Number of Employees Still with the Company 12 Months after Returning from Leave the Previous Year	1	45	46	—	36	36	5	26	31
Retention Rate (%)	33.33	76.27	74.19	—	69.23	67.92	100	74.29	77.50

Notes:

- Return Rate = (Number of employees returning to work / number of employees expected to return) x 100%
- 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%

## 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	%
2020	10,944	591	1,056	1,647	15.10	41	37	78	0.70
2021	11,040	771	1,042	1,813	16.42	42	47	89	0.81
2022	11,253	682	999	1,681	14.94	49	40	89	0.79

Notes:

- 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.
- 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	Number of Internal Promotions			
		Male	Female	Total	%
2020	10,944	539	833	1,372	12.50
2021	11,040	726	1,195	1,921	17.40
2022	11,253	765	1,197	1,944	17.28

Year	Number of Employees Receiving Guidance			Resignation/Legal Severance		
	Male	Female	Total	Male	Female	Total
2020	129	171	300	6	5	11
2021	91	108	199	32	37	69
2022	77	94	171	16	13	29

Notes:

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

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

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

Item	2019	2020	2021	2022
Total Number of New Recruits (Person)	1,329	1,313	1,564	1,794
Percentage of Internal Transfers or Promotions (%)	94.9	80.0	82.8	84.5
Average Hiring Cost (NT\$/ FTE)	2,545	2,829	3,592	3,960

By Gender	Gender	2019	2020	2021	2022
Total Number of New Recruits (Person)	Male	581	603	692	788
	Female	748	710	872	1,006
Percentage of Internal Transfers or Promotions (%)	Male	36.50	37.40	40.26	40.28
	Female	63.50	62.60	59.74	59.72

By Age	Age	2019	2020	2021	2022
Total Number of New Recruits (Person)	Under 30	564	646	700	952
	30-50	722	626	777	784
	51 or Over	43	41	87	58
Percentage of Internal Transfers or Promotions (%)	Under 30	14.20	17.10	15.54	18.28
	30-50	69.90	65.20	65.68	60.45
	51 or Over	15.90	17.70	18.78	21.27

By Ethnicity	Ethnicity	2019	2020	2021	2022
Total Number of New Recruits (Person)	Taiwanese (Excluding Indigenous People)	1,315	1,298	1,550	1,779
	Foreign Nationals	14	15	11	14
	Taiwanese Indigenous People	—	—	3	1
Percentage of Internal Transfers or Promotions (%)	Taiwanese (Excluding Indigenous People)	99.80	99.70	99.84	99.68
	Foreign Nationals	0.20	0.30	0.16	0.32
	Taiwanese Indigenous People	—	0.10	—	—

By Position	Position	2019	2020	2021	2022
Total Number of New Recruits (Person)	Managerial	82	67	75	93
	Non- Managerial	1,247	1,246	1,489	1,701
Percentage of Internal Transfers or Promotions (%)	Managerial	6.91	5.73	8.04	8.59
	Non- Managerial	93.09	94.27	91.96	91.41

Note:  
1. Percentage of internal transfer or promotion = number of employees internally promoted or transferred / (new job vacancies + vacant positions to be refilled due to employee termination and employee transfer)

### Breakdown of Training Hours and Costs for Employees in 2022

Category	By Gender	
	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Male	57.4	3,837
Female	58.2	3,887

Category	By Position	
	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Managerial	59.4	4,398
Non-managerial	57.6	3,766

Category	By Age	
	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Under 30	74.6	4,985
30-50	55.8	3,729
51 or Over	52.4	3,501

Category	By Ethnicity	
	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Taiwanese Indigenous Peoples	49.4	3,301
Foreign Nationals	25.6	1,711
Taiwanese (Excluding Indigenous Peoples)	58.0	3,876

Category	By Class Type	
	Average Training Hours per Person (hours)	Average Training Cost per Person (NT\$)
Required Class	38.9	2,599
Elective Class	19.0	1,270

### Human Capital Return on Investment

Statistics	2019	2020	2021	2022
Human Capital Return on Investment (%)	3.98	3.70	2.94	2.90

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

### Occupational Injury Related Statistics of the Group <sup>Note 1</sup>

Year	2022
Total Annual Working Hours	22,369,176
The Number of General Work-Related Injuries <sup>Note 2</sup>	11
The Number of High-Consequence Work-Related Injuries <sup>Note 3</sup>	—
The Number of Fatalities as a Result of Work-Related Injuries	—
Total Number of Recordable Work-Related Injuries (Persons)	11
Number of Lost Workdays	87.6
Rate of Fatalities as a Result of Work-Related Injuries <sup>Note 4</sup>	—
Rate of High-Consequence Work-Related Injuries <sup>Note 5</sup>	—
Rate of Recordable Work-Related Injuries <sup>Note 6</sup> (Disabling Injury Frequency Rate)	0.49
Ratio of Lost Workdays <sup>Note 7</sup> (Disabling Injury Severity Rate)	3
Frequency-Severity Indicator <sup>Note 8</sup>	0.03

Notes:

- Occupational injuries in this table are mainly those caused by work-related hazards, and do not include traffic accidents during non-commuting hours.
- 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. Rounded to two decimal places; the third decimal place will be rounded down.
- Disabling injury severity rate = number of lost workdays x 1,000,000 / total hours worked. Rounded to the nearest whole number, the decimal places will be rounded down.
- Frequency-Severity Indicator =  $\sqrt{(\text{frequency of disabling injury} \times \text{disabling injury severity rate} / 1,000)}$ . rounded to two decimal places; the third decimal place will be rounded down.

Type of Injury	2022
Injured on Duty	7
Injured on Business Trip	4
Total	11

### Absence Statistics

Items		Total			
		2019	2020	2021	2022
Total Days of Absence	Male	3,393	3,072	2,041	12,809
	Female	9,852	9,318	4,400	25,123
	Total	13,245	12,390	6,441	37,932
Absentee Rate (AR)(%)	Total	0.49	0.45	0.24	1.35

Notes:

- 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 2022, the absentee rate goal was 0.34. Actual value was affected by the COVID-19 pandemic, which resulted in an increase in the number of sick leaves.
- In consideration of the special attributes of its business, the number of employees of Yuanta Life excludes contracted life insurance salespeople.

### Employee Sustainability and Engagement Survey Data - By Gender

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)	Positive Response (%)	
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
2021	Taiwan	10,141	8,374	Male (Taiwan)	30	88
				Female (Taiwan)	52	86
	Overseas	3,045	2,809	Male (Taiwan and Overseas)	35	88
				Female (Taiwan and Overseas)	49	85

Notes:

- Survey ratio (Taiwan) is the number of Taiwan employee respondents in the category divided by the total number of Taiwan employees.
- Survey ratio (Taiwan and overseas) is the number of employee respondents in the category divided by the total number of employees in the Group.

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

Employee Sustainability and Engagement Survey Data - By Age

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)		Positive Response (%)	
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
2021	Taiwan	10,141	8,374	Taiwan	Under 25	2	83
					25-29	8	83
					30-39	16	84
					40-49	32	87
					50-59	21	90
					60 or Over	1	93
	Overseas	3,045	2,809	Taiwan and Overseas	Under 25	2	82
					25-29	8	83
					30-39	20	83
					40-49	31	87
					50-59	20	90
					60 or Over	1	93

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 Sustainability and Engagement Survey Data - By Position

Year	Region	No. of Participants	No. of Respondents	Survey ratio (%)		Positive Response (%)	
2019	Taiwan	9,906	8,545	Junior Management Positions (Taiwan)		64	90
				Middle Management Positions (Taiwan)		2	92
				Senior Management Positions (Taiwan)		9	94
				Executive Positions (Taiwan)		4	98
				Non-Managerial (Taiwan)		0.4	88
	Overseas	3,039	2,603	Junior Management Positions (Taiwan and Overseas)		1.4	90
				Middle Management Positions (Taiwan and Overseas)		7	92
				Senior Management Positions (Taiwan and Overseas)		3	92
				Executive Positions (Taiwan and Overseas)		0.3	98
				Non-Managerial (Taiwan and Overseas)		67	86
2021	Taiwan	10,141	8,374	Junior Management Positions (Taiwan)		1.4	91
				Middle Management Positions (Taiwan)		9.9	90
				Senior Management Positions (Taiwan)		3.8	95
				Executive Positions (Taiwan)		0.6	97
				Non-Managerial (Taiwan)		66.6	86
	Overseas	3,045	2,809	Junior Management Positions (Taiwan and Overseas)		1.1	91
				Middle Management Positions (Taiwan and Overseas)		7.6	90
				Senior Management Positions (Taiwan and Overseas)		4.3	94
				Executive Positions (Taiwan and Overseas)		0.5	96
				Non-Managerial (Taiwan and Overseas)		71	85

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.



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## Appendix 3 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.	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments
	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 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.	Investment trading, investment intermediary, trust, investment consulting, discretionary investment, sideline business, and auxiliary business
	Yuanta Investment Co., Ltd.	Investment business
	Yuanta Savings Bank Korea Co., Ltd.	Savings bank deposit and lending business

Country/ Region	Name of the Entity (included in the consolidated financial statements)	Major Operations
Others	Yuanta Securities Asia Financial Services, Ltd.	Investment holdings
	Yuanta Wealth Management (Singapore) Pte. Ltd.	—
	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 trading, asset management
	Yuanta Hong Kong Holdings (Cayman) Ltd.	Investment holdings
	Yuanta Securities (Thailand) Co., Ltd.	Securities brokerage and proprietary trading, underwriting, investment consulting, mutual fund management, privately offered fund management, venture capital fund management, securities lending, and derivatives brokerage or proprietary trading
	Yuanta Securities Vietnam Co., Ltd.	Securities brokerage, proprietary trading, underwriting, securities investment consulting, and derivative products
	Yuanta Financial (Hong Kong) Limited	Investment holdings
	Yuanta Securities (Cambodia) Plc.	Underwriting counseling, financial consulting, Securities brokerage, proprietary trading, investment management consulting
	Yuanta International Investment (Hong Kong) Ltd.	Issuance of financial products, proprietary investment
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business
	PT Yuanta Sekuritas Indonesia	Securities trading, underwriting business
	Yuanta Savings Bank (Philippines) Inc.	Savings bank deposit and lending business
Yuanta Futures (Hong Kong) Co., Ltd.	Financial services	

## Appendix 4 Environmental Performance

### 2022 Categories 3~6 Greenhouse Gas (GHG) Emissions

ISO 14064-1: 2018 Categories	GHG Protocol Scope 3 Categories	GHG Emissions (Metric tons of CO <sub>2</sub> e)	Statistical Method
Category 3: Indirect GHG emissions from transportation	C4 Upstream transportation and distribution	1.05	Referenced the results on GHG emissions generated during upstream service transportation and distribution and energy spent during service provision using business-related apps.
	C6 Business travel	26.65	Referenced the results obtained from ISO 14064 GHG verification.
	C7 Employee commuting	20,400.00	Referenced the results based on the number of employees in 2022 calculated using GHG protocol calculation tools.
	C9 Downstream transportation and distribution	0.02	Referenced the results on GHG emissions generated by credit card statements and card mailing.
Category 4 : Indirect GHG emissions from products used by an organization	C1 Purchased goods and services	58,782.60	Referenced the results on the economic value of purchased goods and services in 2022 calculated using GHG protocol calculation tools.
	C2 Capital goods	29,196.98	Referenced the results on the amount of capital goods in 2022 calculated using GHG protocol calculation tools.
	C3 Purchased electricity (upstream emissions)	3,211.87	Referenced the results obtained from ISO 14064 GHG verification.
	C5 Waste generated in operations	216.20	Referenced the results obtained from ISO 14064 GHG verification.
Category 5: Indirect GHG emissions associated with the use of products from the organization	C8 Upstream leased assets	11,040.55	Referenced the results obtained by multiplying the total leased floor area to the average EUI of Taiwanese office buildings in 2022 and to the carbon emission factor in 2021.
	C10 Processing of sold products	28.02	Referenced the results on GHG emissions generated when manufacturing credit cards.
	C11 Use of sold products	2,226.00	Referenced the results on GHG emissions generated when using credits cards and business-related apps.
	C12 End-of-life treatment of sold products	21.92	Referenced the results on GHG emissions generated when disposing of credit cards.
	C13 Downstream leased assets	625.76	Referenced the results obtained by multiplying the total leased floor area to the average EUI of Taiwanese office buildings in 2022 and to the carbon emission factor in 2021.
C14 Franchises	0.00	Yuanta generated no related emissions during its operations.	

Note:

1.For details about disclosures of carbon emissions related to investing and financing activities in "Category 5: indirect GHG emissions from other sources," please refer to the relevant chapters of the ESG Report and TCFD Report.

2.GHG Protocol Calculation Tools, please refer to: <https://quantis-suite.com/Scope-3-Evaluator/>

3.The average EUI data of office building in Taiwan were referred from "Energy Audit Annual Report for Non-productive Industries, 2022": [https://www.ecct.org.tw/Knowledge/knowledge\\_more?id=62a1b665024e48bbaee45648565110f0](https://www.ecct.org.tw/Knowledge/knowledge_more?id=62a1b665024e48bbaee45648565110f0)

## Appendix 5 GRI Criteria Index

<b>Statement of Use</b>	Followed GRI Universal Standards. Report period is in 2022 (January 1, 2022 to December 31, 2022)
<b>GRI Used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard (s)</b>	The industry standards of the industry have not yet been released by GRI.

Disclosures	Related Report Sections	Pages	Omission/Description
<b>GRI 2: General Disclosure 2021</b>			
<b>The organization and its reporting practices</b>			
2-1 Organizational details	About This Report	1	
2-2 Entities included in the organization's sustainability reporting	1.1 Yuanta Financial Holdings Profile	6	
2-3 Period, frequency, and contact point	About This Report	1	
2-4 Restatements of information	—	—	We have not made any restatement in 2022.
2-5 External assurance	About This Report	1	
<b>Activities and workers</b>			
2-6 Activities, value chain, and other business relationships	1.1 Yuanta Financial Holdings Profile	6	
2-7 Employees	Appendix 2 Social Indicators	134	
2-8 Workers who are not employees	Appendix 2 Social Indicators	134	
<b>Governance</b>			
2-9 Governance structure and composition	2.3 Sustainable Governance 5.1 Corporate Governance	22 83	Please refer to the Company's 2022 Annual Report for details.
2-10 Nomination and selection of the highest governance body	5.1 Corporate Governance	83	Please refer to Yuanta Financial Holding Company Procedures of Director Election
2-11 Chair of the highest governance body	—	—	Please refer to the Company's 2022 Annual Report for details.
2-12 Role of the highest governance body in overseeing the management of impacts	2 Sustainability Strategies and Commitments	13	
2-13 Delegation of responsibility for managing impacts	2 Sustainability Strategies and Commitments	13	
2-14 Role of the highest governance body in sustainability reporting	2 Sustainability Strategies and Commitments	13	

Disclosures	Related Report Sections	Pages	Omission/Description
2-15 Conflicts of interest	5.2 Integrity Management	89	Please refer to the Company's 2022 Annual Report for details.
2-16 Communication of critical concerns	2.4 Stakeholder Engagement 5.2 Integrity Management	23 89	
2-17 Collective knowledge of the highest governance body	5.1 Corporate Governance	83	
2-18 Evaluation of the performance of the highest governance body	5.1 Corporate Governance	83	
2-19 Remuneration policies	5.1 Corporate Governance	83	
2-20 Process to determine remuneration	5.1 Corporate Governance	83	
2-21 Annual total compensation ratio	—	—	Yuanta considers salary information as confidential information.
<b>Strategy, policies, and practices</b>			
2-22 Statement on sustainable development strategy	A Word from the Chairman	2	
2-23 Policy commitments	4.1 Sustainable Finance 6.4 Human Rights	53 119	Please refer to the website : Sustainability>Sustainable Finance Sustainability >Human Right Policy
2-24 Embedding policy commitments	4.1 Sustainable Finance	81	
2-25 Processes to remediate negative impacts	3.1 Response to the International Carbon Reduction Program 4 Customers Number One Trusted Brand 5 A Leader in Corporate Governance 6.1 Employee Attraction and Retention 6.2 Talent Cultivation and Development	36 52 82 105 108	

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

Disclosures	Related Report Sections	Pages	Omission/ Description
2-26 Mechanisms for seeking advice and raising concerns	5.2 Integrity Management	89	
2-27 Compliance with laws and regulations	5.4 Legal Compliance	96	4 instances of non-compliance with laws and regulations that occurred in 2021 and total amount was 9 million. For more details please refer to 5.4 Legal Compliance
2-28 Membership associations	1.2 Operating Performance	7	
<b>Stakeholder engagement</b>			
2-29 Approach to stakeholder engagement	2.4 Stakeholder Engagement	23	
2-30 Collective bargaining agreements	6.5 Employee Communication	120	
<b>* Material Topics</b>			
<b>GRI 3: Material Topics 2021</b>			
3-1 Process to determine material topics	2.4 Stakeholder Engagement	23	
3-2 List of material topics	2.4 Stakeholder Engagement	23	
<b>Corporate governance *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	5.1 Corporate Governance	83	
<b>Integrity management *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	5.2 Integrity Management	89	
<b>Risk management *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	5.3 Risk Management	92	

Disclosures	Related Report Sections	Pages	Omission/ Description
<b>Legal compliance *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	5.4 Legal Compliance	96	
<b>GRI 206: Anti-competitive Behavior 2016</b>			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Appendix 9 Sustainability Accounting Standards Board (SASB)	151	
<b>Information and transaction security *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	5.5 Information Security	100	
<b>Climate action *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 302: Energy 2016</b>			
302-1 Energy consumption within the organization	3.2 Contribution to the Development of Green Operations	41	
302-2 Energy consumption outside of the organization	3.2 Contribution to the Development of Green Operations	41	
302-3 Energy intensity	3.2 Contribution to the Development of Green Operations	41	
302-4 Reduction of energy consumption	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 305: Emissions 2016</b>			
305-1 Direct (Scope 1) GHG emissions	3.2 Contribution to the Development of Green Operations	41	
305-2 Energy indirect (Scope 2) GHG emissions	3.2 Contribution to the Development of Green Operations	41	
305-3 Other indirect (Scope 3) GHG emissions	3.2 Contribution to the Development of Green Operations Appendix 4 Environmental Performance	41 143	

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

Disclosures	Related Report Sections	Pages	Omission/ Description
305-4 GHG emissions intensity	3.2 Contribution to the Development of Green Operations	41	
305-5 Reduction of GHG emissions	3.2 Contribution to the Development of Green Operations	41	
<b>Employee attraction and retention *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	6.1 Employee Attraction and Retention	105	
<b>GRI 401: Employment 2016</b>			
401-1 New employee hires and employee turnover	6.1 Employee Attraction and Retention Appendix 2 Social Performance	105 134	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Employee Attraction and Retention	105	
401-3 Parental leave	6.1 Employee Attraction and Retention Appendix 2 Social Performance	105 134	
<b>Talent cultivation and development *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	6.2 Talent Cultivation and Development	108	
<b>GRI 404: Training and Education 2016</b>			
404-1 Average hours of training per year per employee	6.2 Talent Cultivation and Development	108	
404-1 Programs for upgrading employee skills and transition assistance programs	6.2 Talent Cultivation and Development	108	
404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Talent Cultivation and Development	108	

Disclosures	Related Report Sections	Pages	Omission/ Description
<b>Financial product innovation and services *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	4.2 Innovative social finance products	67	
<b>Sustainable finance *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	4.1 Sustainable Finance	53	
<b>Financial inclusion *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	4.2 Innovative social finance products	67	
<b>Customer rights *</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3 Management of material topics	4.3 Customer Rights	76	
<b>GRI 418: Customer Privacy 2016</b>			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Customer Rights	76	



ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

Disclosures	Related Report Sections	Pages	Omission/ Description
<b>Other Topics</b>			
<b>GRI 201: Economic Performance 2016</b>			
201-1 Direct economic value generated and distributed	1.2 Operating Performance	7	
201-2 Financial implications and other risks and opportunities due to climate change	3.1 Response to the International Carbon Reduction Program	36	
<b>GRI 303: Water and Effluents 2018</b>			
303-3 Water withdrawal	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 306: Waste 2020</b>			
306-3 Waste generated	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1 New suppliers that were screened using environmental criteria	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1 Occupational health and safety management system	6.3 Friendly and Excellent Working Environment	113	Disclosure is currently limited to employees and does not include nonemployee workers. This is because Yuanta is in the financial services industry; so it is not considered to have a high-risk work environment and our operational activities are provided primarily by Yuanta employees. Work provided by non-employee workers is unrelated to Yuanta's primary operational items. In addition, workers make up a very small proportion.
403-2 Hazard identification, risk assessment, and incident investigation	6.3 Friendly and Excellent Working Environment	113	
403-3 Occupational health services	6.3 Friendly and Excellent Working Environment	113	
403-4 Worker participation, consultation, and communication on occupational health and safety	6.3 Friendly and Excellent Working Environment	113	

Disclosures	Related Report Sections	Pages	Omission/ Description
403-5 Worker training on occupational health and safety	6.3 Friendly and Excellent Working Environment	113	Disclosure is currently limited to employees and does not include nonemployee workers. This is because Yuanta is in the financial services industry; so it is not considered to have a high-risk work environment and our operational activities are provided primarily by Yuanta employees. Work provided by non-employee workers is unrelated to Yuanta's primary operational items. In addition, workers make up a very small proportion.
403-6 Promotion of worker health	6.3 Friendly and Excellent Working Environment	113	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2 Contribution to the Development of Green Operations	41	
403-9 Work-related injuries	6.3 Friendly and Excellent Working Environment	113	
<b>GRI 414: Supplier Social Assessment 2016</b>			
414-1 New suppliers that were screened using social criteria	3.2 Contribution to the Development of Green Operations	41	
<b>GRI 417: Marketing and Labeling 2016</b>			
417-3 Incidents of non-compliance concerning marketing communications	4.3 Customer Rights	76	

## Appendix 6 United Nations Sustainable Development Goals (SDGs) Comparison Table

SDGs Goals	Material Topics	Corresponding Disclosures of GRI Standards		Related Report Sections	Pages
<b>1. No Poverty</b> End poverty in all its forms everywhere	Financial Inclusion	—		4.2 Innovative social finance products	67
<b>3. Good Health and Well-Being</b> 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	6.3 Friendly and Excellent Working Environment	113
<b>4. Quality Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Social Welfare	—		7.2 Key Performance of Public Welfare Projects	123
<b>8. Decent Work and Economic Growth</b> 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		6.1 Employee Attraction and Retention	105
	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	6.3 Friendly and Excellent Working Environment	113
<b>9. Industry, Innovation and Infrastructure</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Talent Cultivation and Development	GRI 404-1 GRI 404-2 GRI 404-3		6.2 Talent Cultivation and Development	108
	Sustainable Finance	—		4.1 Sustainable Finance	53
<b>10. Reduced Inequalities</b> Reduce inequality within and among countries	Financial Product Innovation and Services	—		4.2 Innovative social finance products	67
	Customer Services and Privacy	GRI 418-1		4.3 Customer Rights	76
<b>12. Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns	Supplier Management	GRI 308-1 GRI 414-1		3.2 Contribution to the Development of Green Operations	41
<b>13. Climate Action</b> 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	3.2 Contribution to the Development of Green Operations	41
	Legal Compliance	GRI 206-1 GRI 2-27		5.4 Legal Compliance	96
<b>16. Peace, Justice and Strong Institutions</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Risk Management	—		5.3 Risk Management	92
	Information and Transaction Security	—		5.5 Information Security	100
	Financial Inclusion	—		4.2 Innovative social finance products	67
<b>17. Partnerships for the Goals</b> Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	Supplier Management	GRI 308-1	GRI 414-1	3.2 Contribution to the Development of Green Operations	41
	Social Welfare	—		7 Our Commitment to Social Participation	121

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## Appendix 7 ISO 26000 Social Responsibility Guidelines Comparison Table

Categories	Core Subjects and Issues	Related Report Sections	Pages
Organizational Governance	System for decision making and implementation when executing goals	2.1 Sustainable Commitment 5.1 Corporate Governance	14 83
	Due diligence	6.4 Human Rights	119
Human Rights	Human rights risk situations	6.4 Human Rights	119
	Avoidance of complicity	5.1 Corporate Governance	83
	Resolving grievances	6.5 Employee Communication	120
	Discrimination and vulnerable groups	6.4 Human Rights	119
	Civil and political rights	6.4 Human Rights	119
	Economic, social and cultural rights	6.4 Human Rights	119
	Fundamental principles and rights at work	6.2 Talent Cultivation and Development	108
	Employment and employment relationships	6.1 Employee Attraction and Retention	105
	Conditions of work and social protection	6.2 Talent Cultivation and Development	108
	Labor Practices	Social dialogue	6.5 Employee Communication
Health and safety at work		6.3 Friendly and Excellent Working Environment	113
Human development and training in the workplace		6.2 Talent Cultivation and Development	108
Prevention of pollution		3.2 Contribution to the Development of Green Operations	41
The Environment	Sustainable resource use	3.2 Contribution to the Development of Green Operations	41
	Climate change mitigation and adaptation	3.1 Response to the International Carbon Reduction Program	36
	Protection of the environment, biodiversity and restoration of natural habitats	3.2 Contribution to the Development of Green Operations	41

Categories	Core Subjects and Issues	Related Report Sections	Pages	
Fair Operating Practices	Anti-corruption	5.1 Corporate Governance	83	
	Responsible political involvement	1.2 Operating Performance	7	
	Fair competition		5.1 Corporate Governance	83
			5.4 Legal Compliance	96
	Promoting social responsibility in the value chain		4.2 Innovative social finance products	67
			3.2 Contribution to the Development of Green Operations	41
	Respect for property rights	4.2 Innovative social finance products	67	
	Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	4.3 Customer Rights	76
				76
		Protecting consumers' health and safety	4.3 Customer Rights	53
41				
Sustainable consumption		3.2 Contribution to the Development of Green Operations	76	
			76	
Consumer service, support, and complaint and dispute resolution		4.3 Customer Rights	76	
			76	
Consumer data protection and privacy		4.2 Innovative social finance products 4.3 Customer Rights	67	
			76	
Education and awareness	4.3 Customer Rights	121		
		121		
Community Involvement and Development	Community involvement	7 Our Commitment to Social Participation	121	
			121	
	Education and culture	7 Our Commitment to Social Participation	121	
			121	
	Employment creation and skills development	7 Our Commitment to Social Participation	67	
			121	
Technology development and access	4.2 Innovative social finance products	67		
Health	7 Our Commitment to Social Participation	121		
Social investment	7.2 Key Performance of Public Welfare Projects	123		

## Appendix 8 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Financial and Insurance Industry Comparison Table

The financial and insurance industry shall disclose the management policies, disclosure items, and reporting requirements of the companies' operations related to information security, financial inclusion, and major topics related to sustainable finance. Its reporting requirements shall include at least the following items:

Items	Related Report Sections	Pages
1.Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	5.5 Information Security	100
2.Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	4.1 Sustainable Finance	53
	4.2 Innovative social finance products	67
3.Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	7.2 Key Performance of Public Welfare Projects	123
	7.3 Public Service Highlights	127
4.Products and services designed by individual operating units to create benefits for the environment or society.	4.2 Innovative social finance products	67

### Climate-Related Information of TWSE/TPEX Listed Companies

Risks and opportunities for the Company due to climate change and the measures taken by the Company to address them:

Items	Related Report Sections	Pages
1.Describe the supervision and management of climate-related risks and opportunities by the board of directors and management.	3.1 Response to the International Carbon Reduction Program	36
2.Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finance (short, med and long term).	3.1 Response to the International Carbon Reduction Program	36
3.Describe the financial impact of extreme weather events and transformation.	3.1 Response to the International Carbon Reduction Program	36
4.Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	3.1 Response to the International Carbon Reduction Program	36
5.If situational analysis is used to assess the resilience to climate change, the context, parameters, assumptions, analysis factors, and key financial implications shall be provided.	3.1 Response to the International Carbon Reduction Program	36
6.If a transformation plan for managing climate risks is formulated, its content and the indicators as well as objectives used to identify and manage physical and transformation risks shall be provided.	3.1 Response to the International Carbon Reduction Program	36
7.If internal carbon pricing is used as a planning tool, the basis for price setting shall be stated.	3.1 Response to the International Carbon Reduction Program	36
8.If climate related targets are set, the scope of activities, the scope of GHG emissions, the planned schedule, and the annual goal shall be stated. If carbon offsets or renewable energy certificates (RECs) are used to achieve targets, the source and quantity of carbon reduction credits or the quantity of RECs shall be provided.	3.2 Contribution to the Development of Green Operations	41
	3.2 Contribution to the Development of Green Operations	41
9.Greenhouse gas inspection and assurance.	Appendix 14 Management Guidelines	157
	The Company's 2022 Annual Report	—

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## Appendix 9 Sustainability Accounting Standards Board (SASB)

### Investment Banking & Brokerage

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	134	Appendix 2 Social Performance
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	53	4.1 Sustainable Finance
	(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	53	4.1 Sustainable Finance
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	FN-IB-410a.3	53	4.1 Sustainable Finance
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	—	In 2022, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-IB-510a.2	89	5.2 Integrity Management
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 Affairs Department and its subsidiaries' Legal Affairs Departments were not informed of any related cases in 2022 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	—	In 2022, there are two mediation or arbitration cases related to integrity, and the cases are still in progress and no judgment has been made yet.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	—	No integrity-related monetary losses as a result of legal proceedings associated with professional integrity, including duty of care cases in 2022
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	89	5.2 Integrity Management
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 the Company's 2022 Annual Report.
Activity Metrics	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	FN-IB-000.A	130	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	130	Appendix 1 Sustainable Finance Performance
	(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	130	Appendix 1 Sustainable Finance Performance

## COMMERCIAL BANKS

Topic	Accounting Metric	Code	Pages	Notes
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1.	100	5.5 Information Security
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	100	5.5 Information Security
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1.	53	4.1 Sustainable Finance
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	—	Information unavailable / incomplete
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3.	—	Information unavailable / incomplete
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4.	127	7.3 Public Service Highlights
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1.	130	Appendix 1 Sustainable Finance Performance
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2.	53	4.1 Sustainable Finance
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-CB-510a.1	—	In 2022, Yuanta Financial Holdings did not suffer any financial losses resulting from the determination of the legal industry due to its involvement in fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.
	Description of whistleblower policies and procedures	FN-CB-510a.2	89	5.2 Integrity Management
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-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-CB-550a.2.	—	For details, please refer to Yuanta Bank's website > Statutory Disclosure > Capital Adequacy and Risk Management.
Activity Metric	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	130	Appendix 1 Sustainable Finance Performance
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	130	Appendix 1 Sustainable Finance Performance

This comparison table is based on the Sustainability Accounting Standards Board's (SASB) Accounting Standards for Commercial Banks, and certain information has been reviewed by PwC Taiwan in accordance with the Republic of China Statement of Auditing Standards No. 1, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", SASB Limited Assurance on Critical Performance Information (see Appendix 12). For more SASB-related information, please see: <https://www.sasb.org/>



## Appendix 10 Total Impact Measurement and Management

Impact	Item	Definition
Economic Impact	Profit	Net profit generated from company operations
	Salary	Company's contribution to employees' salaries and benefits
	Intangible Assets	Research and development activities and purchase of intellectual property
	Investments	Capital expenditure
	Investment (General)	Proceeds from investment and financing activities
Tax Impact	Investment (Sustainable)	Value of social impact due to investment and financing of sustainable related targets
	Profits Tax	Obligatory payment of taxes
Environmental Impact	Other Taxes (Property/Environmental/Personnel Taxes)	Obligatory payment of taxes
	Waste	Negative environmental costs arising from waste generated by the Company's operations
	Water Resources	Negative environmental costs arising from water resources consumed by the Company's operations
	Greenhouse Gas Emissions (S1+S2+S3)	Negative environmental costs due to greenhouse gases generated by the Company's operations
	Financed Emissions (S3)	Negative environmental costs due to indirect emissions caused by the Company's investment and financing
	Carbon Reduction Benefits	Positive environmental benefits from the reduction of carbon emissions
	Employee Engagement and Development	Positive social impact value through employee training and education
Social Impact	Employee Health and Safety	Positive social impact value of providing workplace safety and health services to employees
	Social Cohesion and Investment	Positive social impact value through philanthropic activities and community operations
	Financial Inclusion Support	Financial services for socially disadvantaged groups and micro-enterprises / Provide affordable financial products and services that meet the needs of the general public
	Industry Talent Development (Industry-Academia Cooperation)	Positive social value created through collaboration with academic institutions
	Supplier Partnerships	Positive social value created by optimizing supplier competitiveness

Material Topics	Output Metric		Impact Metric		Impact Description
	Item	2022 Performance	Item	2022 Performance	
Sustainable Finance	Carbon reduction of low-carbon financing	1741.6 mt CO <sub>2</sub> e	Carbon reduction benefits	NT\$ 3.25 million	Use Environmental Profit and Loss Accounting (EP&L) to calculate the positive environmental benefits generated by avoiding emissions when companies financing in power generation projects.
Talent cultivation and development	Input of industry-academia cooperation	NT\$ 49.4 million	Positive social value created through industry talent development	NT\$ 217.7 million	Use Social Return on Investment (SROI) to calculate the positive social value by internships, cooperative education, and other industry-academic cooperation projects.

## Appendix 11 Independent Assurance Opinion Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### Yuanta Financial Holding Co., Ltd. 2022 ESG 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 sustainability report, 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 following:

1. The assurance scope is consistent with the description of Yuanta Financial Holding Co., Ltd. 2022 ESG Report.
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. 2022 ESG Report provides a fair view of the Yuanta sustainability programmes and performances during 2022. The sustainability 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 performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate Yuanta's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability 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 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 1 external stakeholders to conduct interview
- interview with 25 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 the information of Environment, Social and Governance (ESG) 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 sustainable 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. 2022 ESG 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 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic-specific Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that 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 sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged not to use "confidentiality constraints" as a reason for omitting the disclosure GRI 2-21 annual total compensation ratio. The organization should consider referring to international peer practices to respond to the requirements of the standards and increase the transparency of the sustainability report.

#### 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 sustainability 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-2022049  
2023-05-12

## Appendix 12 Accountants' Limited Assurance Report



### Independent Limited Assurance Report

PWCM2200663

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 2022 Sustainability 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 "Summary of Subject Matter Assured" on page 156 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Scope and Boundary" on page 01 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies and related laws and regulations, and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.

#### Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies and related laws and regulations, and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported, 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 Sustainability Report in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of 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 limited 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, 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 Sustainability 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 Sustainability Report for 2022.

#### Compliance of Independence and Quality Management 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 Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China and accordingly maintains 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 Limitation

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial information. 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 the Subject Matter Information to be prepared, in all material respects, in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies and related laws and regulations, and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.

#### 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.



Kuo, Puo-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan

July 7, 2023

ABOUT THIS REPORT

A WORD FROM  
THE CHAIRMAN

MILESTONE

CHAPTER 1  
ABOUT YUANTA

CHAPTER 2  
SUSTAINABILITY  
STRATEGIES AND  
COMMITMENTS

CHAPTER 3  
GREEN PIONEERS  
IN ENVIRONMENTAL  
CHANGE

CHAPTER 4  
CUSTOMERS NUMBER  
ONE TRUSTED BRAND

CHAPTER 5  
A LEADER IN CORPORATE  
GOVERNANCE

CHAPTER 6  
AN EXCEPTIONAL  
WORKPLACE EMPLOYEES  
ASPIRE TO WORK IN

CHAPTER 7  
OUR COMMITMENT  
TO SOCIAL PARTICIPATION

APPENDIX

## Appendix 13 According to "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" Article 4 Paragraph 1 ("Rules") emphasize the information disclosure and statement of summary

No.	Subject Matter Information	Pages	Applicable Criteria
1.1	There were no data breaches for Yuanta Group in 2022.	103	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Information Business Manual" and "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team", the total number of data breaches of Yuanta Financial Holdings 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) are counted in 2022. The data breach is based on whether the data leak of Yuanta Financial Holdings and the data breach violate the policies of Yuanta Financial Holding of non-disclosure and information security.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.</p>
1.2	The percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Group was 0% in 2022.	103	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team" and "Regulation on Personal Information Management", the percentage of data breaches involving personally identifiable information out of total data breaches for Yuanta Financial Holdings 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) are calculated in 2022.</p> <p>Note:</p> <p>1. "Personal data" in accordance with "Personal Information Working Guidelines" refers to a natural person's name, date of birth, ID Card number, passport number, features, fingerprints, marital status, family information, education background, occupation, contact information, financial conditions, data concerning a person's social activities, special personal information and any other information that may be used to directly or indirectly identify a natural person.</p> <p>2. In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Securities Investment Trust, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to competent authority (Securities and Futures Bureau) and inspect whether these events involve the data breaches or not.</p>
1.3	There were no number of account holders affected by data breaches for Yuanta Group in 2022.	103	<p>According to "Yuanta Financial Holdings Information Security Policy", "Yuanta Financial Holdings Information Security Management Working Guidelines", "Yuanta Financial Holdings Information Business Manual" and "Yuanta Financial Holdings Guidelines for the Establishment of the Computer Information Security Incident Response Team", number of account holders affected by data breaches of Yuanta Financial Holdings and its 8 subsidiaries are counted in 2022.</p> <p>Note: In accordance with "Operational Guidelines for Circulating Reports on the Information and Communication Security Related Events Occur in Securities and Futures Markets", Yuanta Securities, Yuanta Funds, Yuanta Futures and Yuanta Securities Investment Consulting use the information and communication-security-related events notification systems to notify relevant events to authority (Securities and Futures Bureau) and inspect whether these events involve data breaches or not.</p>
2	As of the end of 2022, the balance of loans outstanding qualified to programs designed to promote stable operation to 7,918 small and medium-sized enterprises was NT\$171,995,449 (thousand dollars).	72	<p>Number and balance of loans outstanding qualified to programs designed to promote stable operation of small and medium enterprises for Yuanta Bank in 2022.</p> <p>Note:</p> <p>1. Number and balance of loans not including overseas branches and OBU is calculated by Yuanta Bank.</p> <p>2. If there are more than one loans to same enterprise, number will be counted based on the unified business number. (Same unified business number will be counted only one time.)</p> <p>3. Loan balance is defined as the total loan balance to small and medium-sized enterprises (not including non-performing loans) as of the end of 2022.</p> <p>4. Yuanta Bank's loan business operated in accordance with "Standards for Identifying Small and Medium-sized Enterprises" promulgated by Ministry of Economic Affairs. The term "small and medium-sized enterprise (SME)" mean an enterprise which has completed company registration or business registration in accordance with relevant laws, and whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees.</p>
3	In 2022, Yuanta Life held 11 "Safeguarding Senior Citizens" events, benefited 211 people.	124	<p>The number of applicants of "Safeguarding Senior Citizens" events which was designed to care for senior citizens and to prevent financial frauds, held by Yuanta Life in 2022.</p> <p>Note: According to FAQs of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", disadvantaged groups are those without adequate banking services with reference to the definition of SASB. Disadvantaged groups include but not limited to students, teenagers, new immigrants, the elderly, minorities, low-income households and those considered to be appropriate by the financial and insurance companies.</p>
4	As of the end of 2022, Yuanta Funds has eighteen funds rated as five Globes funds and the size of abovementioned funds reached NT\$512.506 billion; As of the end of 2022, Yuanta Securities has six ESG-compliant ETNs with 276,000 units of ETNs outstanding in circulation and an outstanding amount of approximately NT\$1.328 billion.	62,63	<p>As of the end of 2022, the fund size of eighteen funds of Yuanta Funds which rated by Morningstar, Inc. with the highest rating of five Globes; As of the end of 2022, the numbers, outstanding units and outstanding amounts of ESG-compliant ETNs of Yuanta Securities.</p>
5	In 2022, Yuanta Securities passed the BSI Carbon Footprint verification and the Carbon Neutrality verification of the BSI with the "Mr. Investor APP" mobile application.	61	<p>Yuanta Securities passed the British Standards Institution (BSI) ISO 14067 Carbon Footprint verification and the PAS 2060 Carbon Neutrality verification of the BSI with the "Mr. Investor APP" mobile application.</p>



## Appendix 14 Management Guidelines

### bsi. Opinion Statement



#### Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Financial Holdings and its Subsidiaries  
No. 66, Sec. 1, Dunhua S. Rd.  
Songshan Dist.  
Taipei City 10557  
Taiwan (R.O.C.)

元大金控股份有限公司暨子公司  
臺灣  
10557  
臺北市  
松山區  
敦化南路一段 66 號

Holds Statement No: GHGEV 743922

#### Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Financial Holdings and its Subsidiaries for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 1,436,98 tonnes of CO<sub>2</sub> equivalent and indirect greenhouse gas emissions from imported energy 18,562,51 tonnes of CO<sub>2</sub> equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0,509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Page: 1 of 4

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

...making excellence a habit.™

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this 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 Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by the British Standards Institution of information presented to it by the above named client. 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 Opinion Statement or matters relating to it should be addressed to the above named client only.  
Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 1149, Taiwan, R.O.C.  
BSI Taiwan is a subsidiary of British Standards Institution.

ISO 14064-1:2018 Greenhouse Gas Inventory Opinion Statement

### bsi. Opinion Statement



#### Water Footprint Verification Opinion Statement

This is to verify that: Yuanta Financial Holdings and its Subsidiaries  
No. 66, Sec. 1, Dunhua S. Rd.  
Songshan Dist., Taipei City 10557  
Taiwan (R.O.C.)

元大金控股份有限公司暨子公司  
臺灣  
10557  
臺北市  
松山區  
敦化南路一段 66 號  
10557

Holds Statement No: WFV 767245

#### Verification opinion statement

As a result of carrying out the verification of water footprint assessment, it is the opinion of BSI with reasonable assurance that:

- This verification is according to the water scarcity footprint assessment report of Yuanta Financial Holdings and its subsidiaries (元大金控股份有限公司及其子公司).
- The system boundary is defined as an organizational boundary by operational control approach.
- The organizational boundary of Yuanta Financial Holdings and its subsidiaries is described in the statement number WFV 767245-1 to WFV 767245-10.
- No material misstatements in this ISO 14046:2014 assertion was revealed.

The data quality of organizational water footprint with water assessment was verified to be acceptable against the requirements of ISO 14046:2014.

This statement shall be valid for a maximum period of two years after the latest issue date on this certificate. Should there be a change in the life cycle of the water footprint are being assessed, the validity of this opinion statement will cease.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Registration Date: 2023-04-24

Effective Date: 2023-04-24

Latest Revision Date: 2023-04-24

Expiry Date: 2025-04-23

Page: 1 of 2

...making excellence a habit.™

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated online.  
Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +886 (02)2656-0333.

Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Road Nei-Hu Dist., Taipei 11492, Taiwan, R.O.C.  
A Member of the BSI Group of Companies.

ISO 14046:2014 Water Footprint Inventory Opinion Statement

### bsi. Conformity Statement



#### Sustainable procurement - ISO 20400:2017

This is to conform that Yuanta Financial Holding Co., Ltd.  
and its Subsidiaries  
No.66, Sec.1, Dunhua S.Rd.  
Songshan Dist., Taipei City 105408  
Taiwan

元大金控股份有限公司  
暨子公司  
臺灣  
10540  
臺北市  
松山區  
敦化南路一段 66 號

Holds Statement Number SPM 767411

Yuanta Financial Holding Co., Ltd. and its Subsidiaries has followed ISO 20400:2017 guideline to implement sustainable procurement. Based on sustainable procurement management manual, sustainable procurement policy, sustainable procurement risk and opportunity assessment and supply chain management process, the sustainable procurement process of Yuanta Financial Holding Co., Ltd. and its Subsidiaries has been checked with the requirements of ISO 20400: 2017.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2023-04-25

Expiry date: 2023-04-25

Page 1 of 6

...making excellence a habit.™

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Conformity Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its sustainable procurement more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Conformity 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 Conformity Statement may be read. Any queries that may arise by virtue of this Conformity Statement or matters relating to it should be addressed to the above named client only.  
Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114700, Taiwan, R.O.C.  
BSI Taiwan is a subsidiary of British Standards Institution.

ISO 20400:2017 Sustainable Procurement  
- Guidance Conformity Statement

ESG  
REPORT 2022



---

## Yuanta Financial Holdings ESG Report

**Published by** Yuanta Financial Holding Co., Ltd.  
**Editor** The Corporate Sustainability Office  
**Address** No. 66, Sec. 1, Dunhua South Road, Taipei 105, Taiwan  
**ESG E-mail** [csr.fhc@yuanta.com](mailto:csr.fhc@yuanta.com)  
**Phone** +886-2-2781-1999  
**Fax** +886-2-2772-1585  
**Website** [www.yuanta.com](http://www.yuanta.com)  
**Publication Date** June 2023



ESG Report