

Yuanta Financial Holding Company

Sustainable Development Guidelines

Approved by the Board of Directors on October 26, 2010 (5th meeting of the 5th board)
Amendments approved on October 25, 2011 (20th meeting of the 5th board)
Amendments approved on August 30, 2017 (18th meeting of the 7th board)
Amendments approved on January 23, 2019 (36th meeting of the 7th board)
Amendments approved on June 23, 2020 (17th meeting of the 8th board)
Amendments approved on March 30, 2022 (40th meeting of the 8th board)
Amendments approved on December 25, 2024 (34th meeting of the 9th board)

Section One: General Provisions

Article 1

The Company seeks to carry out sustainable development, and promote the balance of economy, society, and environmental ecology. These guidelines follow the *Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies* in managing the Company's risk and impact on the economy, environment, and society.

Article 2

The Company actively practices sustainable development while engaging in business operations to meet international development trends, and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3

In promoting sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders, and while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance. The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4

The Company abides by the following principles in carrying out sustainable development initiatives:

1. Implementing the promotion of corporate governance.
2. Fostering a sustainable environment.

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3. Preserving social public welfare.
4. Enhancing disclosure of corporate sustainable development information.

Article 5

The Company shall abide by the laws and regulations in its Articles of Incorporation, and any signed contracts between itself and the Taiwan Stock Exchange or GreTai Securities Market, as well as any related rules. The Company shall take into consideration the correlation between the development of domestic and international sustainability issues and corporate core business operations, and the effect of the operation of the Company and of its subsidiaries as a whole on stakeholders, in establishing its policies, systems, or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by at least one-half of all members of the sustainable development committee and endorsed by the board of directors.

Section Two: Implementing the Promotion of Corporate Governance

Article 6

The Company shall adhere to the *Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies*, the *Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies*, and the *Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies* for reference in establishing an effective corporate governance framework and related ethical standards, in order to implement strong governance standards for the Company.

Article 7

The Company's board of directors shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments, so as to ensure the thorough implementation of its sustainable development policies.

In promoting the Company's sustainable development initiatives, the board of directors shall give consideration to the rights and interests of the Company's stakeholders, including the following:

1. Articulating a sustainable development mission and vision for the Company; setting sustainable development policies, systems, and related management initiatives.
2. Including sustainable development in the Company's business activities and

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developmental direction, and ratifying concrete promotional plans for sustainable development initiatives.

3. Ensuring the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall authorize the Company's senior management to handle economic, environmental, and social issues which arise as a result of the Company's business activities; these issues and their status shall be reported from the sustainable development committee to the board of directors, and the Company shall clearly define the operational procedures and responsible units for handling such issues.

Article 8

The Company shall, on a regular basis, organize education and training on the implementation of sustainable development initiatives, including promotion of the matters prescribed in Paragraph 2 of the preceding article.

Article 9

For the purpose of managing sustainable development initiatives, the Company shall establish a governance structure to promote sustainable development, set up an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same from the sustainable development committee to the board of directors on a periodic basis. The Company shall set in place reasonable remuneration policies, in order to ensure that its remuneration plans meet the Company's strategic goals, as well as the rights and interests of the Company's stakeholders.

The system for conducting employee performance reviews shall be integrated into the Company's sustainable development framework, and shall set a clear and effective system of incentives and discipline.

Article 10

In the interests of its stakeholders, the Company shall identify its stakeholders, and establish a designated stakeholders section on its Company website; the Company shall also use appropriate communication channels to understand stakeholders' reasonable expectations and demands, and shall properly respond to sustainable development issues of concern to its stakeholders.

Section Three: Fostering a Sustainable Environment

Article 11

The Company shall adhere to all environmental-related regulations and global standards, and appropriately protect the natural environment and when carrying out its business operations and internal management, striving for goals that are environmentally sustainable.

Article 12

The Company shall strive to improve the efficiency of energy use and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

The Company shall establish an environmental management system that is appropriate for its business. The Company's system shall include the following items:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
2. Establishing measurable environmental sustainability goals and periodically evaluating their development to determine their continuity and relevance.
3. Establishing a detailed plan or action plans and other implementation measures, and periodically evaluating them to ensure that they are being executed effectively.

Article 14

The Company shall establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and shall hold environment education courses for its managerial officers and other employees on a periodic basis.

Article 15

The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and be engaged in operational activities in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reducing the amount of resources and energy used in the operation of financial products and services.

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2. Proper handling of waste material.
3. Adopting the usage of eco-friendly (green) products.
4. Maximizing use of renewable resources by reusing and recycling.
5. Increasing efficiency of financial products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air, and land, and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

The Company shall assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas (GHG) inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct GHG emissions: emissions from sources owned or controlled by the Company.
2. Indirect GHG emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: emissions from the Company's activities that are not indirect emissions from energy sources, but are from sources owned or controlled by other companies.

The Company shall compile statistics on GHG emissions, volume of water consumption, and total weight of waste and to establish policies for energy conservation, carbon and GHG reduction, reduction of water consumption or management of other wastes. The Company's carbon reduction strategies shall include obtaining carbon credits and be promoted accordingly to minimize the impact of its business operations on climate change.

Section Four: Preserving Social Public Welfare

Article 18

The Company shall follow all relevant labor laws, and shall adhere to the *International Bill of Human Rights*, gender equality, and the right to work, and shall

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prohibit discrimination.

In order to fulfill the Company's responsibility to protect human rights, it shall set in place relevant management policies and procedures, including:

1. Providing a corporate human rights policy or statement.
2. Evaluating the human rights impact of the Company's business activities and internal management, and set in place procedures to respond to said impact.
3. Periodically reviewing the effectiveness of the corporate human rights policy or statement.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall respect generally accepted global labor practices, including the freedom of association, the right of collective bargaining, caring for disadvantaged groups, the banning of child labor, the elimination of all forms of forced labor, and the elimination of discrimination in hiring and employment, and shall guarantee that the Company's human resources policies prohibit differential treatment on the basis of gender, race, social class, age, marital or family status, so as to achieve a workplace that is fair and equal in terms of employment opportunities, employment conditions, remuneration, benefits, training, performance reviews and promotion opportunities.

With regards to potential violations of labor rights and interests, the Company shall provide an effective and appropriate grievance mechanism, and guarantee equality and transparency within the grievance process. The grievance channel(s) shall be concise, convenient, and smooth, and the Company shall provide an appropriate response to the employee who submitted the grievance.

Article 19

The Company shall provide information for its employees, so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20

The Company shall provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize training on safety and health for its employees on a regular basis.

Article 21

The Company shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills, and shall establish and implement reasonable employee welfare measures (including remuneration, leave, and other welfare, etc.)

Article 22

The Company shall set up a channel of communication for employees by which they may obtain information and express opinions in matters regarding business operations and strategy.

The Company shall respect the rights of employee representatives to engage in negotiations regarding the terms of their employment, and shall provide employees with necessary information and facilities to promote consultation and cooperation between the Company and the employees and their representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23

The Company shall supervise its subsidiaries to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. The Company shall also develop the relevant strategies and specific measures for implementation.

Article 24

The Company shall supervise its subsidiaries to take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of their products and services. The subsidiaries further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 25

The Company shall supervise its subsidiaries to ensure the quality of their financial products and services by following the laws and regulations of the government and relevant standards of their industries, and to follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their financial products and services, and to not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26

The Company shall evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. The Company shall supervise its subsidiaries to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and the subsidiaries shall comply with laws and regulations related to the *Personal Data Protection Act* for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27

The Company shall assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and shall cooperate with its suppliers to jointly implement the sustainable development initiatives.

The Company shall establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against the sustainable development policy of the Company.

When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with sustainable development policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27-1

It is appropriate for the Company to continue to channel resources into arts and cultural activities or cultural and creative industries through donations, sponsorships, investments, purchases, strategic partnerships, corporate volunteering of technical

services, or other modes of support for the promotion of cultural development.

Article 28

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company shall, through equity investment, commercial activities, endowments, corporate volunteering service, or other charitable professional services, etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities, and local government agencies relating to community development and community education to promote community development.

Section Five: Enhancing Disclosure of Corporate Sustainable Development Information

Article 29

The Company shall disclose information according to the *Code of Practice on Corporate Governance of Financial Holding Companies*, *Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies*, *Guidelines on Matters to be Recorded in Annual Reports of Financial Holding Companies*, and other relevant laws and regulations, and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes the following:

1. The policies, systems, or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.
3. Goals and measures for realizing the sustainable development initiatives established by the Company, and performance in implementation.
4. Major stakeholders and their issues of concern.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 30

The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of its implementation of the sustainable development policy. The Company shall obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports shall include the following:

1. The policies, systems, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their issues of concern.
3. The Company's results and review of the exercising of corporate governance, fostering of a sustainable environment, preservation of social public welfare, and promotion of economic development.
4. Future direction for improvement and goals.

Section Six: Appendix**Article 31**

The Company shall at all times monitor the development of domestic and international sustainable development standards and the change of corporate environment, so as to examine and improve its established sustainable development system and to obtain better results from the implementation of the sustainable development policy and initiatives.

Article 32

These Guidelines shall take effect, along with any subsequent amendments, upon receiving approval from the Company's board of directors.